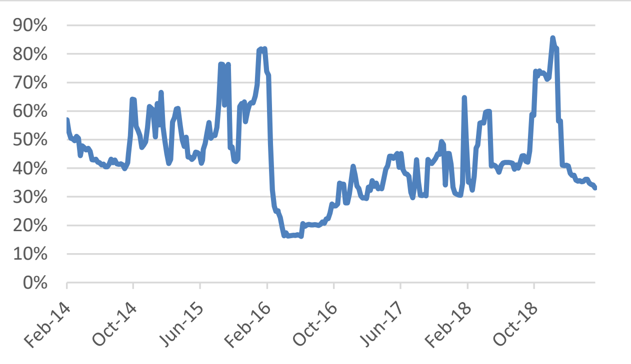
BMO Tactical Dividend ETF Fund Highlights

BMO Mutual Funds

Defense — BETA SCORE — Offense

Beta (risk) Metrics



As of: May 31 2019	05/31/19	05/24/19	Change
FX (USD)	22.4%	22.4%	0.1%
Beta[2]	33.1%	34.1%	-1.0%
Correlation	37.6%	39.0%	-1.4%
Yield[3]	4.26%	4.32%	-0.06%
ETF Holdings	17	17	0
Volatility[4]	7.93%	7.95%	-0.01%
CAD	1.3516	1.3437	0.6%

Performance Metrics

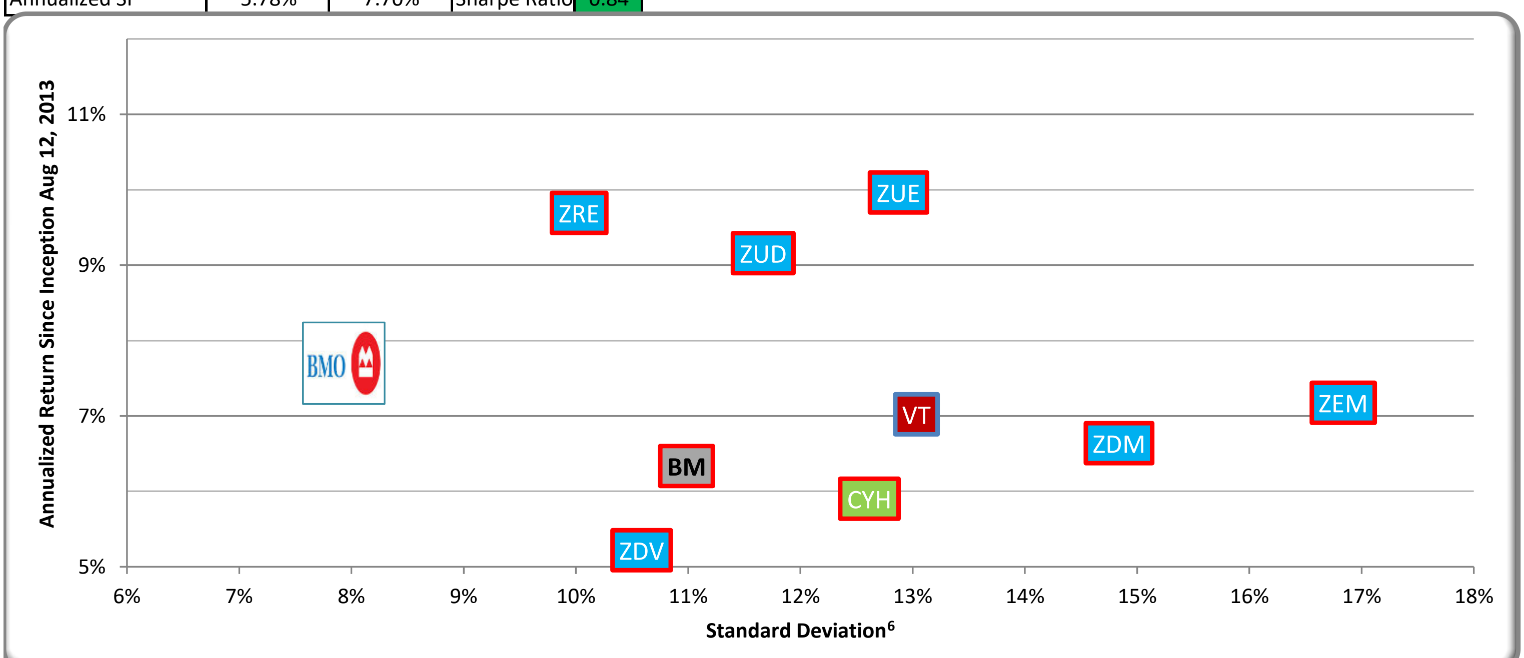
Total Return	Net	Gross	Upside/Downside[5]	
YTD	7.27%	8.05%	Upside	51%
Previous Quarter	-0.37%	0.11%	Downside	7%
Previous Year	1.30%	3.22%	Months Up	37
3-Year	5.45%	7.37%	Months Dn	32
5-Year	4.52%	6.44%		
Annualized SI	5.78%	7.70%	Sharpe Ratio	0.84

Market Strategy (Risk Management)

DEFENSE: The current beta is 33.1% vs. the benchmark of 75.1% and down from 34.1% last week. Key support broke easily last week at 2800 and again at the 200 day moving average. Adding tariffs to Mexico to build a Wall one way or the other is the next phase in Trumps misguided world view. Global bond markets and now stock markets will tell him very quickly they do not like his approach. If we do not see a resolution with China by the end of the G20 this month, support at 2650 gives way to a test of the December lows around 2350. A Fed rate cut at this point will not help one iota. In a mater of months, Trump has unwound decades of progress in global trade. We will remain defensive until valuation improves, though we do expect some tactical opportunities to add value as the global bear market plays out.

Top 20 Holdings

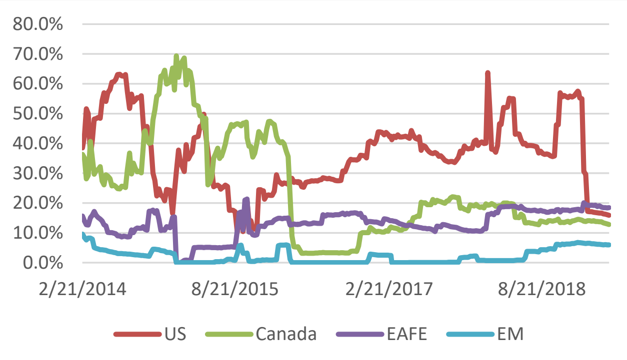
Ticker	Name	Position
ZST	BMO Ultra Short-Term Bond ETF	27.3%
ZWP	BMO Europe High Dividend Covered Call ETF	8.4%
ZWU	BMO Covered Call Utilities ETF	8.0%
EMLC	VanEck Vectors J.P. Morgan EM Local Currency Bond ETF	7.4%
ZGD	BMO Equal Weight Global Gold Index ETF	7.1%
AMLP	Alerian MLP ETF	6.5%
ZPW	BMO US Put Write ETF	5.6%
ZPR	BMO Laddered Preferred Share Index ETF	3.7%
TLT	iShares 20+ Year Treasury Bond ETF	3.4%
DXJ	WisdomTree Japan Hedged Equity Fund	2.7%
ZDH	BMO International Dividend Hedged to CAD ETF	2.6%
EWUS	iShares MSCI United Kingdom Small-Cap ETF	2.4%
EDIV	SPDR S&P Emerging Markets Dividend ETF	2.2%
ZWC	BMO Canadian High Dividend Covered Call ETF	1.9%
DGS	WisdomTree Emerging Markets SmallCap Dividend Fund	1.3%
DVYE	iShares Emerging Markets Dividend ETF	1.1%
ZWE	BMO Europe High Dividend Covered Call Hedged to CAD ETF	0.8%
Total		92.7%



Fund Codes:	No Load: GGF70734; Advisor GGF99734; Low Load GGF98734; F-Class GGF95734; F6 GGF36734; ETF ZZZD

Tactical Asset Allocation

Equity	US	Canada	EAFE	EM
05/31/19	15.4%	12.5%	17.2%	5.7%
05/24/19	15.6%	12.4%	17.6%	5.5%
Change	-0.2%	0.1%	-0.4%	0.2%



Country Allocation & Trades

What is the portfolio construction that will give us a good yield and preserve capital in a global recession? Europe is a mess and has no long-term chance to be fixed with a negative rate policy and no fiscal union. While fundamentally cheaper from a P\E perspective, it's a value trap of major proportions. Emerging markets have great relative valuation too, but carries 50% higher risk on a standard deviation basis. Japan has some great dividend payers and intrinsic relative value and we have some exposure. However, it's the oldest (demographically speaking) economy in the world and they are the poster child for anaemic growth and QE that has not worked. Let's call it strategic nibbling in the regions where there is some relative value. In Canada, it looks increasingly like we will see a change in government in 2019 towards a more pro business and investment focus, however a global recession always sees Canada lag due to the high exposure to cyclicals (energy, mining). While the US is a fiscal mess, it's the best dirty shirt in the laundry, though it's very expensive from an adjusted P\E perspective.

Sector	05/31/19	05/24/19	Change
Financials	6.04%	6.11%	-0.1%
Energy	11.04%	11.26%	-0.2%
Health Care	2.67%	2.72%	0.0%
Technology	1.79%	1.79%	0.0%
Industrials	3.88%	3.94%	-0.1%
Discretionary	3.34%	3.38%	0.0%
Real Estate	0.88%	0.87%	0.0%
Staples	2.89%	2.93%	0.0%
Telecom	3.78%	3.84%	-0.1%
Utilities	4.95%	5.05%	-0.1%
Materials	9.59%	9.19%	0.4%
Government	10.59%	15.12%	-4.5%
Corporate	27.52%	27.64%	-0.1%
C$ Cash	24.15%	23.91%	0.2%
U$ Cash	-16.84%	-21.61%	4.8%
Preferred	3.72%	3.85%	-0.1%
Commodity	0.00%	0.00%	0.0%

Sector/Style Trades

The Fed told us recently by slowing and then stopping the balance sheet run-off that we are heading for a recession and the yield curve is confirming this outlook. Defensive styles with greater use of enhanced yield with options strategies make massive sense. We will keep beta as low as possible while generating a 4% yield. High quality exposure with low volatility along with option based yield enhancements to ride out the end of the cycle. If you have any better ideas, please let us know. Our overweight position in US long bonds (TLT) was tatically reduced last week. Historically, a long duration bet offers significant capital gains potential. At a minimum, we retest the yield lows from BREXIT, which for now has been marked as the secular bull market low yield by many. In the next recession, sadly, we expect yields will go even lower. Those suggesting the bond bull has ended have not studied the history of debt. Central banks will have little choice but to monetize the debt going forward. Modern Monetary Theory is gaining traction with the political LEFT as more people get LEFT behind. Trump is trying to #MAGA, but he's only making it worse by adding to the debt accelerating the need to monetize the debt. QE to infinity should be supportive for market liquidity. The FOMC backing off on rate hikes and unwinding the balance sheet reminds us how fragile the world is to rate normalization and this liquidity and debt induced growth. Bottom line, bonds will be difficult to navigate in the coming years as well as equities. Tactical style will be amongst your best tools.

ETF Style	Weight	ETF Style	Weight
Bonds	38.11%	Equity-Low-Vol	0.00%
Cash	7.31%	Equity-Put	5.63%
Equity-Call	19.17%	Equity-Sector	7.13%
Equity-Dividend	13.78%	Preferred	3.72%
Equity-Hedged	0.00%	Equity-REITs	0.00%
Equity-Unhedged	0.00%	Commodity	0.00%

Currency Strategy & Trades

The Fed basically capitulated on "financial conditions (read equity market weakness)" and the US 3M-10Y curve inverted. We are heading into a recession in the next 12+ months and the C$ is likely heading below 70 cents and possibly towards all-time lows around 62 cents. The only question is how fast does it get there. We have moved our target ranges to 76-70 cents for now and will be more aggressive adding US$ exposure during periods of C$ strength.

1 The benchmark is the return of the targeted portfolio. As of Jan 1, 2017, the target portfolio is 80% (CYH) and 20% (ZDV); 2 Beta is a measure of how a fund responds to moves in the broader market. A beta of greater than 1.0 suggests that the fund is more volatile than the market, while a beta of less than 1.0 suggests that the fund is less volatile. 3 Yield is the most recent income received by the fund in the form of dividends, interest and other income annualized based on the payment frequency, divided by the current market value of the fund's investments. 4 Volatility is the annualized standard deviation which is a measure of risk. 5 Upside/Downside is a statistical measure of how much of the fund performance a manager captured during up-markets or down-markets. Typically, an investor would prefer a higher upside capture and lower downside capture. The time period presented is since inception. 6 Standard Deviation is a measure of risk that calculates the variation of a fund's performance around its average over a specific time period.