

BMO Tactical Dividend ETF Fund Highlights

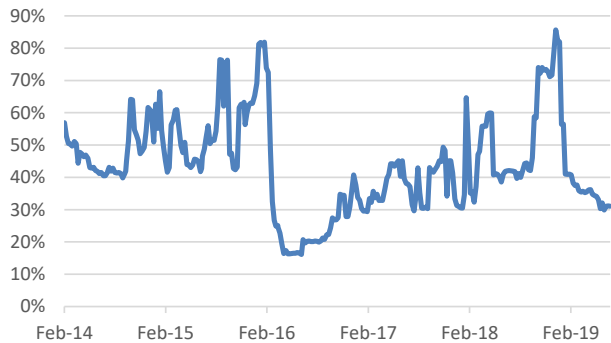
Defense

BETA SCORE

Offense



Beta (risk) Metrics



As of: Jul 12 2019	07/12/19	07/05/19	Change
FX (USD)	34.6%	34.8%	-0.2%
Beta ²	31.1%	31.1%	0.0%
Correlation	33.5%	32.8%	0.6%
Yield ³	4.28%	4.24%	0.04%
ETF Holdings	17	16	1
Volatility ⁴	7.87%	7.88%	-0.01%
CAD	1.3028	1.3081	-0.4%

Performance Metrics

Total Return	Net	Gross	Upside/Downside ⁵	
YTD	10.03%	11.03%	Upside	50%
Previous Quarter	0.94%	1.42%	Downside	7%
Previous Year	1.89%	3.81%	Months Up	38
3-Year	6.06%	7.98%	Months Dn	32
5-Year	4.92%	6.84%		
Annualized SI	6.12%	8.04%	Sharpe Ratio	0.89

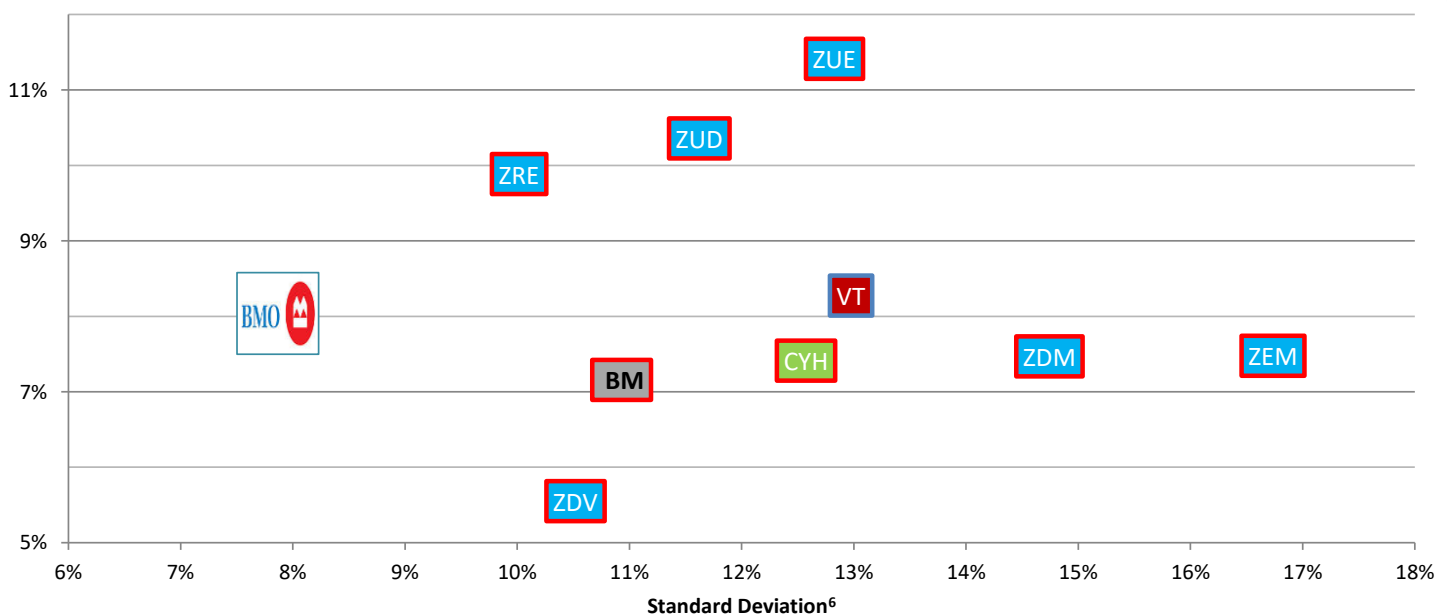
Market Strategy (Risk Management)

DEFENSE: The current beta is 31.1% vs. the benchmark of 75.4% and down from 31.1% last week. We added back some exposure to long bonds last week as the 30-year auction disappointed with weak demand and bond yields spiked. We noted weeks ago as we sold into the rally that the trade was very crowded. However, the continued deterioration in macro growth indicators is not lining up with the message from the rate cut boost to US equities and history suggests the bet should be made with bond investors and the FOMO phase takes hold. We are bullish on bonds and we see yields moving below the BREXIT low yields as the recession inevitably plays out. We look to tilt more towards the areas that will have less downside capture in the next recession. The challenge remains that there are very few pockets of intrinsic value. The traditional defensive higher yielding sectors are not cheap.

Top 20 Holdings

Ticker	Name	Position
ZST	BMO Ultra Short-Term Bond ETF	27.6%
ZWP	BMO Europe High Dividend Covered Call ETF	8.6%
ZWU	BMO Covered Call Utilities ETF	8.2%
ZGD	BMO Equal Weight Global Gold Index ETF	7.8%
EMLC	VanEck Vectors J.P. Morgan EM Local Currency Bond ETF	7.7%
AMPLP	Alerian MLP ETF	6.7%
ZPW	BMO US Put Write ETF	5.6%
TLT	iShares 20+ Year Treasury Bond ETF	4.9%
ZPR	BMO Laddered Preferred Share Index ETF	3.8%
ZDH	BMO International Dividend Hedged to CAD ETF	2.8%
DXJ	WisdomTree Japan Hedged Equity Fund	2.8%
EWUS	iShares MSCI United Kingdom Small-Cap ETF	2.4%
EDIV	SPDR S&P Emerging Markets Dividend ETF	2.3%
ZWC	BMO Canadian High Dividend Covered Call ETF	2.0%
DGS	WisdomTree Emerging Markets SmallCap Dividend Fund	1.3%
DVYE	iShares Emerging Markets Dividend ETF	1.2%
ZWE	BMO Europe High Dividend Covered Call Hedged to CAD ETF	0.8%
Total		96.3%

Annualized Return Since Inception Aug 12, 2013

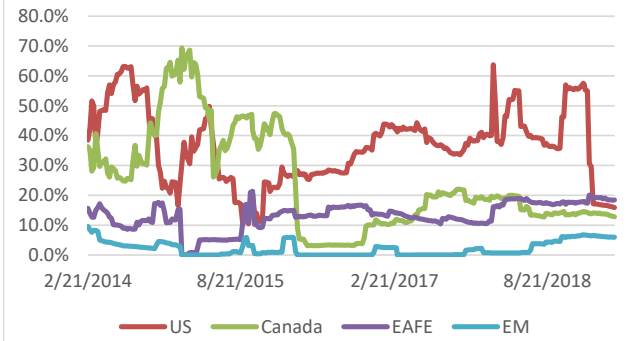


Fund Codes:

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

Tactical Asset Allocation

Equity	US	Canada	EAFE	EM
07/12/19	15.7%	13.2%	17.6%	5.9%
07/05/19	15.7%	13.0%	17.9%	5.9%
Change	0.0%	0.2%	-0.3%	0.0%



Sector	07/12/19	07/05/19	Change
Financials	6.14%	6.21%	-0.1%
Energy	11.30%	11.35%	0.0%
Health Care	2.70%	2.74%	0.0%
Technology	1.81%	1.83%	0.0%
Industrials	3.93%	3.98%	-0.1%
Discretionary	3.39%	3.44%	0.0%
Real Estate	0.89%	0.89%	0.0%
Staples	2.94%	2.97%	0.0%
Telecom	3.87%	3.90%	0.0%
Utilities	5.09%	5.12%	0.0%
Materials	10.29%	10.01%	0.3%
Government	12.33%	7.40%	4.9%
Corporate	27.82%	27.96%	-0.1%
C\$ Cash	6.32%	6.08%	0.2%
U\$ Cash	-2.65%	2.27%	-4.9%
Preferred	3.82%	3.86%	0.0%
Commodity	0.00%	0.00%	0.0%

ETF Style	Weight	ETF Style	Weight
Bonds	40.15%	Equity-Low-Vol	0.00%
Cash	3.67%	Equity-Put	5.57%
Equity-Call	19.68%	Equity-Sector	7.80%
Equity-Dividend	14.19%	Preferred	3.82%
Equity-Hedged	0.00%	Equity-REITs	0.00%
Equity-Unhedged	0.00%	Commodity	0.00%

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. The best investment skill we know is patience. Higher yield and lower volatility portfolio (sleep-at-night) is where we will sit clipping coupons and dividends until risk-adjusted returns improve.

Sector/Style Trades

The Fed told us last week they are going to need to cut rates after the smallest rate hike cycle in history. NFP suggested maybe not so much. Inflation pressures are weak and we are at full employment. While the glass half full view says that's a Goldilocks scenario, the glass half empty view says the world is growth challenged and it's only low rates and increasing leverage keeping the party going. That's not a Goldilocks foundation, it's House of Cards foundation. We took profits on our long bond exposure as it is an extremely crowded trade. But we will come back to it as yields rise a bit. The US 10-year will struggle to move below 2% until the economy actually breaks, so we are using that hurdle as major resistance for now. A break below 2% targets the post BREXIT lows at 1.32% and likely a 10-year below 1%. Extracting yield from duration is still a big part of the next year plus in markets, but for now we expect a pullback. We do not have big exposure to the traditional defensive sectors like staples and utilities given there massive over value. We see the defensive aspects of gold equities still good for another 20-25% upside.

Currency Strategy & Trades

The Fed basically capitulated on "financial conditions (read equity market weakness)" and the US 3M-10Y curve is 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. For now, Canada's economy seems to be holding up well and that is putting upside pressure on the C\$. We do not expect it to last and will look to add US\$ exposure on additional strength.

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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. * "BMO (M-bar roundel)" is a registered trade-mark of Bank of Montreal, used under licence. ETF Capital Management is a registered trade name of Quintessence Wealth, a Portfolio Manager, Investment Fund Manager and Exempt Market Dealer registered with the Canadian Securities Administrators.