

BMO Tactical Dividend ETF Fund Highlights

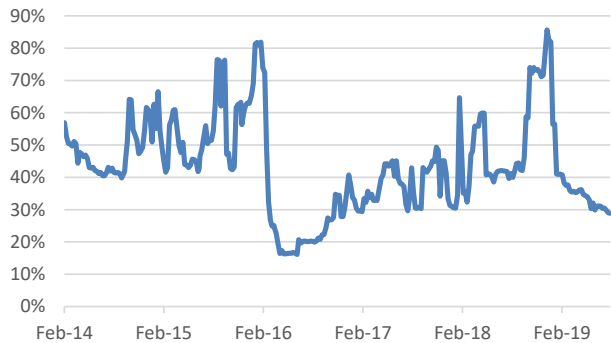
Defense

BETA SCORE

Offense



Beta (risk) Metrics



As of: Aug 19 2019	08/16/19	08/09/19	Change
FX (USD)	33.8%	33.5%	0.4%
Beta ²	28.9%	29.0%	-0.2%
Correlation	31.9%	32.1%	-0.2%
Yield ³	4.29%	4.27%	0.03%
ETF Holdings	17	17	0
Volatility ⁴	7.82%	7.83%	-0.01%
CAD	1.3269	1.3222	0.4%

Performance Metrics

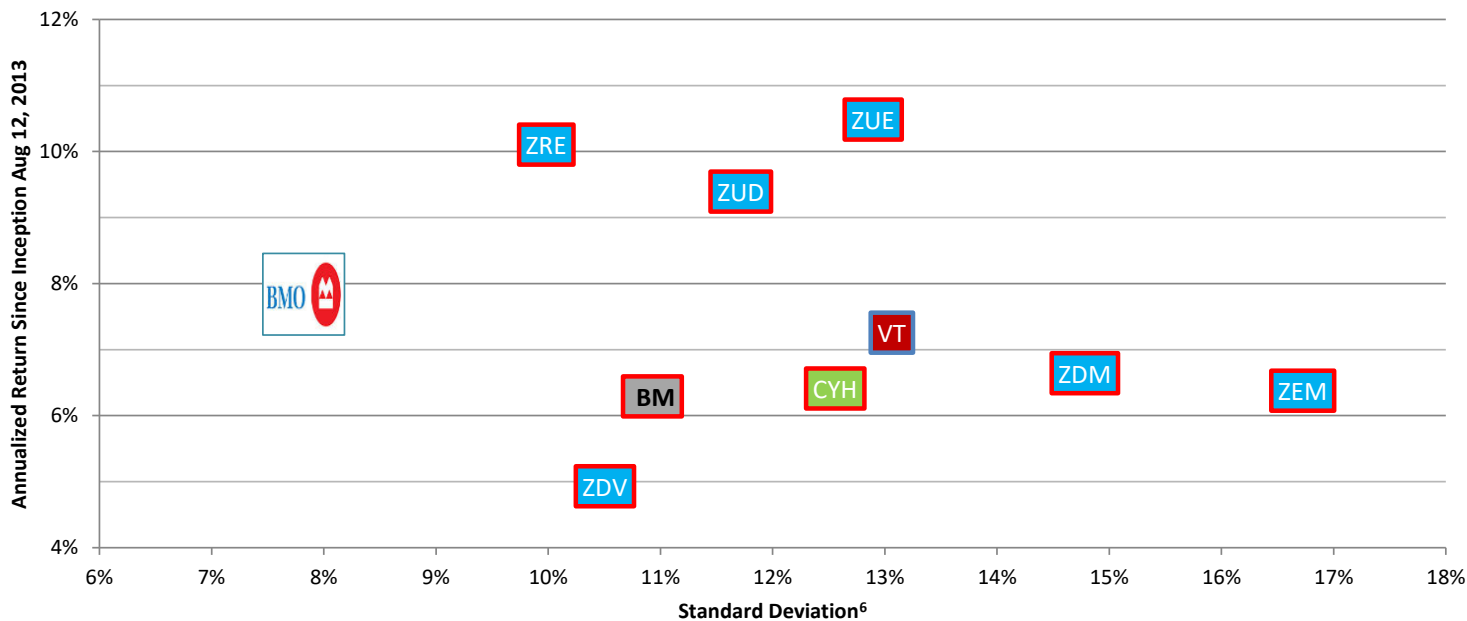
Total Return	Net	Gross	Upside/Downside ⁵	
YTD	9.42%	10.59%	Upside	51%
Previous Quarter	1.95%	2.43%	Downside	5%
Previous Year	1.97%	3.89%	Months Up	38
3-Year	5.52%	7.44%	Months Dn	33
5-Year	4.74%	6.66%		
Annualized SI	5.92%	7.84%	Sharpe Ratio	0.87

Market Strategy (Risk Management)

DEFENSE: The current beta is 28.9% vs. the benchmark of 76.1% and down from 29.0% last week. We had one of the worst 10 days last week since the inception of the fund. Our downside capture was 46bps versus almost 3% for the benchmarks. The temporary inversion of the US 2s-10s curve and the dip below zero yield of the German 30-year bund is remarkable. The world now has about \$16T of negative yielding debt including about \$1T in corporate debt. To those out there suggesting the world is just fine, let's just say we are going to disagree. We are heading for an MMT world and we have given that outcome lots of thought in recent months. Our fall road trip and client marketing updates will focus on this inevitable outcome and how we are going to navigate it. We like gold exposure now, we are going to love it in due course despite the less than 1% div yield.

Top 20 Holdings

Ticker	Name	Position
ZST	BMO Ultra Short-Term Bond ETF	27.5%
ZGD	BMO Equal Weight Global Gold Index ETF	8.8%
ZWP	BMO Europe High Dividend Covered Call ETF	8.2%
ZWU	BMO Covered Call Utilities ETF	8.2%
EMLC	VanEck Vectors J.P. Morgan EM Local Currency Bond ETF	7.5%
AMLPL	Alerian MLP ETF	6.0%
TLT	iShares 20+ Year Treasury Bond ETF	5.6%
ZPW	BMO US Put Write ETF	5.5%
ZPR	BMO Laddered Preferred Share Index ETF	3.6%
DXJ	WisdomTree Japan Hedged Equity Fund	2.6%
ZDH	BMO International Dividend Hedged to CAD ETF	2.6%
EWUS	iShares MSCI United Kingdom Small-Cap ETF	2.2%
EDIV	SPDR S&P Emerging Markets Dividend ETF	2.1%
ZWC	BMO Canadian High Dividend Covered Call ETF	1.9%
DGS	WisdomTree Emerging Markets SmallCap Dividend Fund	1.2%
DVYE	iShares Emerging Markets Dividend ETF	1.1%
ZWE	BMO Europe High Dividend Covered Call Hedged to CAD ETF	0.8%
Total		95.4%

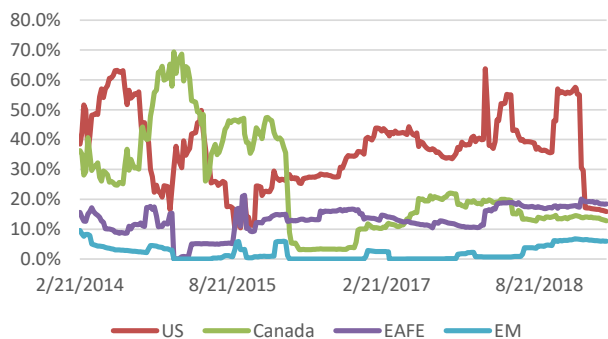


Fund Codes:

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

Tactical Asset Allocation

Equity	US	Canada	EAFE	EM
08/16/19	15.0%	13.8%	16.8%	5.7%
08/09/19	15.0%	13.9%	16.8%	5.7%
Change	0.0%	-0.1%	-0.1%	0.0%



Sector	08/16/19	08/09/19	Change
Financials	5.86%	5.88%	0.0%
Energy	10.52%	10.50%	0.0%
Health Care	2.59%	2.60%	0.0%
Technology	1.72%	1.71%	0.0%
Industrials	3.75%	3.76%	0.0%
Discretionary	3.23%	3.23%	0.0%
Real Estate	0.83%	0.83%	0.0%
Staples	2.81%	2.82%	0.0%
Telecom	3.78%	3.77%	0.0%
Utilities	5.00%	4.98%	0.0%
Materials	11.17%	11.38%	-0.2%
Government	12.83%	12.60%	0.2%
Corporate	27.73%	27.60%	0.1%
C\$ Cash	7.15%	7.30%	-0.2%
U\$ Cash	-2.53%	-2.62%	0.1%
Preferred	3.55%	3.65%	-0.1%
Commodity	0.00%	0.00%	0.0%

ETF Style	Weight	ETF Style	Weight
Bonds	40.56%	Equity-Low-Vol	0.00%
Cash	4.62%	Equity-Put	5.49%
Equity-Call	19.13%	Equity-Sector	8.79%
Equity-Dividend	13.00%	Preferred	3.55%
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. The UK has BREXIT risks, but is cheap on a currency adjusted basis. 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

Our multi-factor macro risk model assesses 1) Valuation; 2) Sentiment; 3) Business cycles; and 4) Geopolitics in the framework of game theory. The model suggests that the global economy is House of Cards built on a foundation of leverage and liquidity. We have never been more concerned about markets in our 30 plus year history (which includes 1987, but what the #@!% did we know about the world at 22). It's been said that we've been concerned about the world for years and we've been wrong. YES, we have, and when we've seen the corrections and valuation improve we have taken advantage of it--like we did in Q1 and Q4 2018. We do not believe the next dip will come back like the others have. We see the Fed out of bullets and while they will likely use a negative rate policy in the US, we see that as more toxic than simulative. The most attractive sector in the world right now is precious metals with the entire world of bonds having a negative real return. The most attractive companies right now are the ones with the cleanest balance sheets. The quality factor makes immense sense. The next best asset class for a Canadian is probably the US\$, though it really depends on what the BoC does after the Fed starts to cut rates. We see a fractured political landscape globally that will likely lead to MMT policies all over the world. It will be inflationary at some point, but it could be years away still. Real Assets should outperform, but an era of stagnation lies ahead. Real return bonds should be particularly attractive.

Currency Strategy & Trades

The US yield curve tells us we are heading into recession. Global trade wars are a major catalyst. We are now likely to see global central banks competing to cut rates. We should see a considerable increase in currency market volatility. For the C\$, we should see a stronger US dollar especially if we see Canadian data turn down. 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.