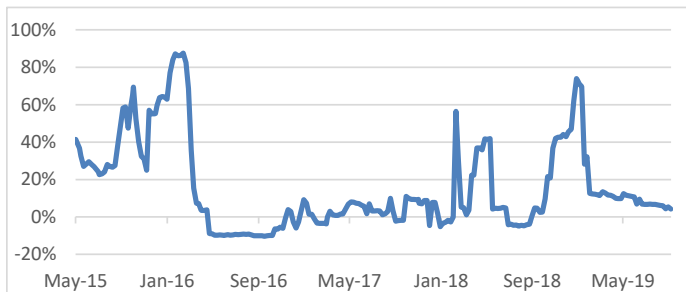


BMO Tactical Balanced ETF Fund Highlights

Defense BETA SCORE Offense



Beta (risk) Metrics



| As of: Sep 6 2019 | 09/06/19 | 08/30/19 | Change |
|-------------------------|----------|----------|--------|
| FX (USD) | 42.0% | 36.4% | 5.6% |
| Beta ² | 4.2% | 5.4% | -1.2% |
| Correlation | 13.8% | 14.6% | -0.7% |
| Yield ³ | 3.25% | 3.21% | 0.04% |
| ETF Holdings | 17 | 16 | 1 |
| Volatility ⁴ | 6.16% | 6.17% | -0.01% |
| CAD | 1.3173 | 1.3311 | -1.0% |

Performance Metrics

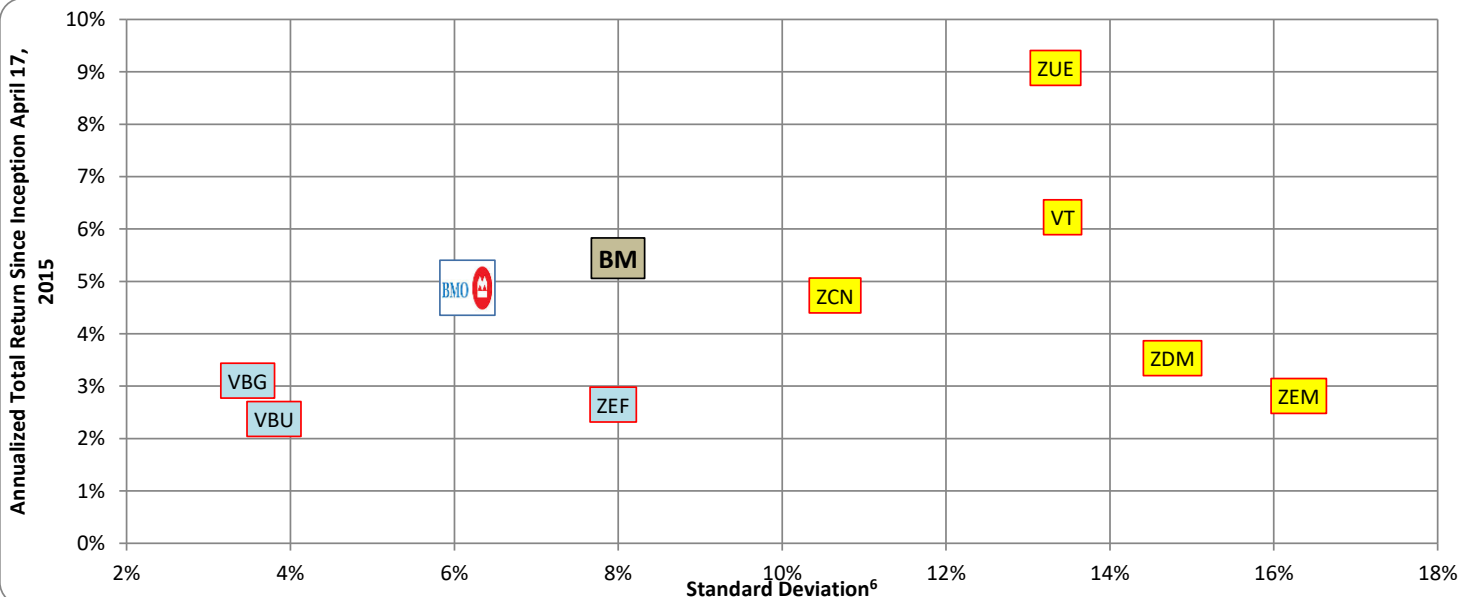
| Total Return | Net | Gross | Upside/Downside ⁵ |
|---------------|--------|--------|------------------------------|
| YTD | 6.22% | 7.50% | Upside 32% |
| Prev. Month | -0.36% | -0.20% | Downside 26% |
| Prev. Quarter | 1.37% | 1.85% | Months Up 35 |
| Prev. Year | 2.14% | 4.06% | Months Dn 18 |
| Annualized SI | 2.96% | 4.88% | |
| Sharpe Ratio | 0.79 | | |

Market Strategy (Risk Management)

DEFENSE: The current beta is 4.2% vs. the benchmark of 55.5% down from 5.4% last week. Our goal for this portfolio as we head into a global recession inspired by rapidly falling bond yields and inverted yield curve is to generate positive returns with very low portfolio volatility. We plan to do that with the wide balanced mandate we have. There are a few pockets of value developing in the markets, but there are still recession risks ahead that are not priced in to anything but bond yields. We see the US 10-year moving below 1% by the time the US job losses start to hit some time in 2020. In August, we squeaked out positive gains despite negative returns for the benchmark. Global equities offer no compelling value at this point and we expect a test of the December 2018 lows before we see them. Until then, currency and fixed income are the focus for the portfolio. We added US\$ exposure last week.

Top Holdings

| Ticker | Name | Position |
|--------|--|----------|
| ZST | BMO Ultra Short-Term Bond ETF | 37.5% |
| EMLC | VanEck Vectors J.P. Morgan EM Local Currency Bond ETF | 12.5% |
| BWZ | SPDR Bloomberg Barclays Short Term International Treasury Bond | 8.3% |
| FLOT | iShares Floating Rate Bond ETF | 6.1% |
| TLT | iShares 20+ Year Treasury Bond ETF | 5.2% |
| ZPR | BMO Laddered Preferred Share Index ETF | 4.6% |
| SHV | iShares Short Treasury Bond ETF | 4.1% |
| ZGD | BMO Equal Weight Global Gold Index ETF | 2.9% |
| ZPH | BMO US Put Write Hedged to CAD ETF | 1.5% |
| AML | Alerian MLP ETF | 1.5% |
| ZWU | BMO Covered Call Utilities ETF | 1.3% |
| ZPW | BMO US Put Write ETF | 1.2% |
| ZWC | BMO Canadian High Dividend Covered Call ETF | 1.1% |
| GLD | SPDR Gold Shares | 0.7% |
| GDX | VanEck Vectors Gold Miners ETF | 0.6% |
| ZUP | BMO US Preferred Share Index ETF | 0.6% |
| ZRR | BMO Real Return Bond Index ETF | 0.4% |



Tactical Asset Allocation

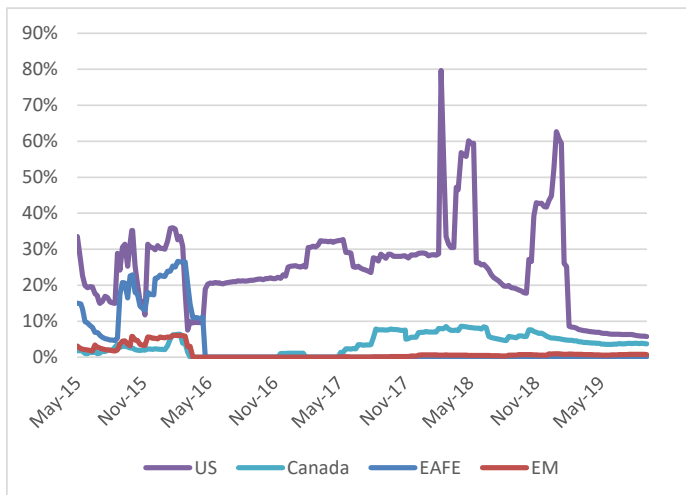
| Equity | US | Canada | EAFE | EM |
|----------|-------|--------|------|-------|
| 09/06/19 | 5.7% | 3.7% | 0.1% | 0.8% |
| 08/30/19 | 5.8% | 3.8% | 0.1% | 0.8% |
| Change | -0.1% | -0.1% | 0.0% | -0.1% |

Equity Country/Sector Allocation & Trades

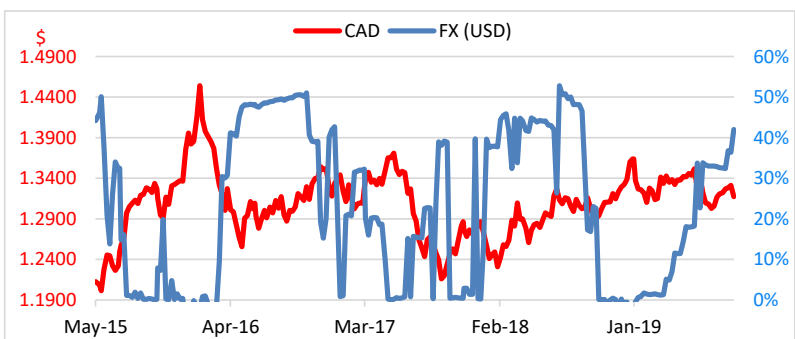
We are not concerned about a new bull market developing. The markets are excited about a trade resolution and a dovish Fed. Nevertheless, the global economy continues to slow and the lagged impact of tighter policy will likely have negative impacts for growth. The global economy is only growing based on leverage and easy money. In the long run, we are seeing huge misallocation of capital and the credit bubble that's building will likely end badly. China may be at the front of that wave with more banks going under while the credit risk of the S&P 500 flirting with the biggest credit bubble in history as the index makes all time highs. To say we are a growth skeptic would be an understatement. For the next several years, tactical asset allocation may be our only real return possibility. Europe is cheap because it's a house of cards with its strongest economy, Germany, basically in a recession. EM is cheap because it's leveraged to Europe. The US is overvalued because it's the only economy that's working, but that's been 100% leverage for the past decade with free money, which is coming to an end--especially with the political shift to the LEFT that could lead in more inflation than the debt load can

Currency Strategy & Trades

We have moved our US\$ target over the next year to 76-70 cents with a bias towards the ALL-TIME low of 62 cents by the time the global recession plays out. Twin deficits and stupidity in Ottawa are the catalysts along with world energy prices collapsing in the downturn. We look to build US\$ exposure towards 50% of the portfolio in the coming months. That would push the beta of the portfolio to negative levels where we hope to have positive returns as the bear plays out.



| Sector | 09/06/19 | 08/30/19 | Change |
|---------------|----------|----------|--------|
| Financials | 0.45% | 0.44% | 0.0% |
| Energy | 2.74% | 2.77% | 0.0% |
| Health Care | 0.48% | 0.48% | 0.0% |
| Technology | 0.51% | 0.51% | 0.0% |
| Industrials | 0.33% | 0.33% | 0.0% |
| Discretionary | 0.54% | 0.55% | 0.0% |
| Real Estate | 0.00% | 0.00% | 0.0% |
| Staples | 0.14% | 0.14% | 0.0% |
| Telecom | 0.45% | 0.45% | 0.0% |
| Utilities | 0.65% | 0.65% | 0.0% |
| Materials | 3.91% | 4.14% | -0.2% |
| Government | 30.73% | 27.00% | 3.7% |
| Corporate | 43.30% | 43.63% | -0.3% |
| C\$ Cash | 9.69% | 14.96% | -5.3% |
| U\$ Cash | 0.23% | -1.87% | 2.1% |
| Preferred | 5.18% | 5.13% | 0.1% |
| Commodity | 0.66% | 0.68% | 0.0% |



Fixed-Income/Commodity Allocation & Trades

The most important consideration in our fixed-income portfolio is interest-rate sensitivity versus the benchmark of 6.21. The duration of the portfolio is 2.65 down -0.05 last week. The idea that the FOMC should be cutting rates with the unemployment rate below 4% is a gross mispricing of risks and underscores the fragile nature of world growth. We will never be able to pay of the debt and the only outcome is a debt monetization that is hugely bullish for gold. The 2020 US election will see the Democrats looking to spend bags of money as the DEBT troubles escalate. Bond supply will cause a problem at some point, but that is when a permanent QE is likely to be the only policy choice of a failed regime. The world MUST adjust to a 1-2% growth world and stop artificial policies to boost it.

| Bonds | Corp. | Govt. | Pref. | Cash | Duration |
|----------|-------|-------|-------|-------|----------|
| 09/06/19 | 43.3% | 30.7% | 5.2% | 9.9% | 2.65 |
| 08/30/19 | 43.6% | 27.0% | 5.1% | 13.1% | 2.70 |
| Change | -0.3% | 3.7% | 0.1% | -3.2% | -0.05 |

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1 Benchmark is the return of the targeted portfolio 60% global equities and 40% global bonds hedged to Canadian dollars; 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.

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