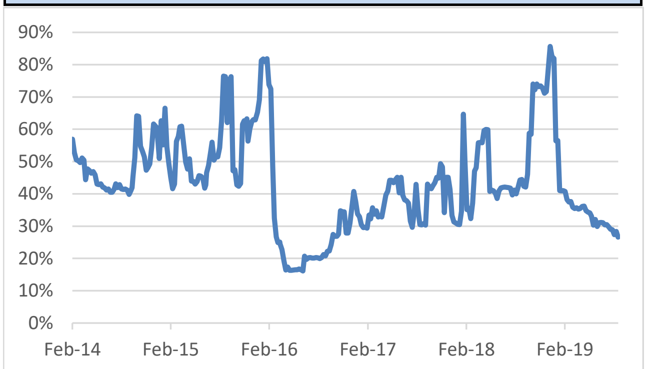
BMO Mutual Funds

BMO Tactical Dividend ETF Fund Highlights

Defense BETA SCORE Offense

Beta (risk) Metrics



As of: Sep 6 2019	09/06/19	08/30/19	Change
FX (USD)	43.7%	38.3%	5.4%
Beta[2]	26.6%	28.3%	-1.7%
Correlation	29.8%	31.3%	-1.5%
Yield[3]	4.37%	4.34%	0.03%
ETF Holdings	18	17	1
Volatility[4]	7.80%	7.81%	-0.01%
CAD	1.3173	1.3311	-1.0%

Performance Metrics

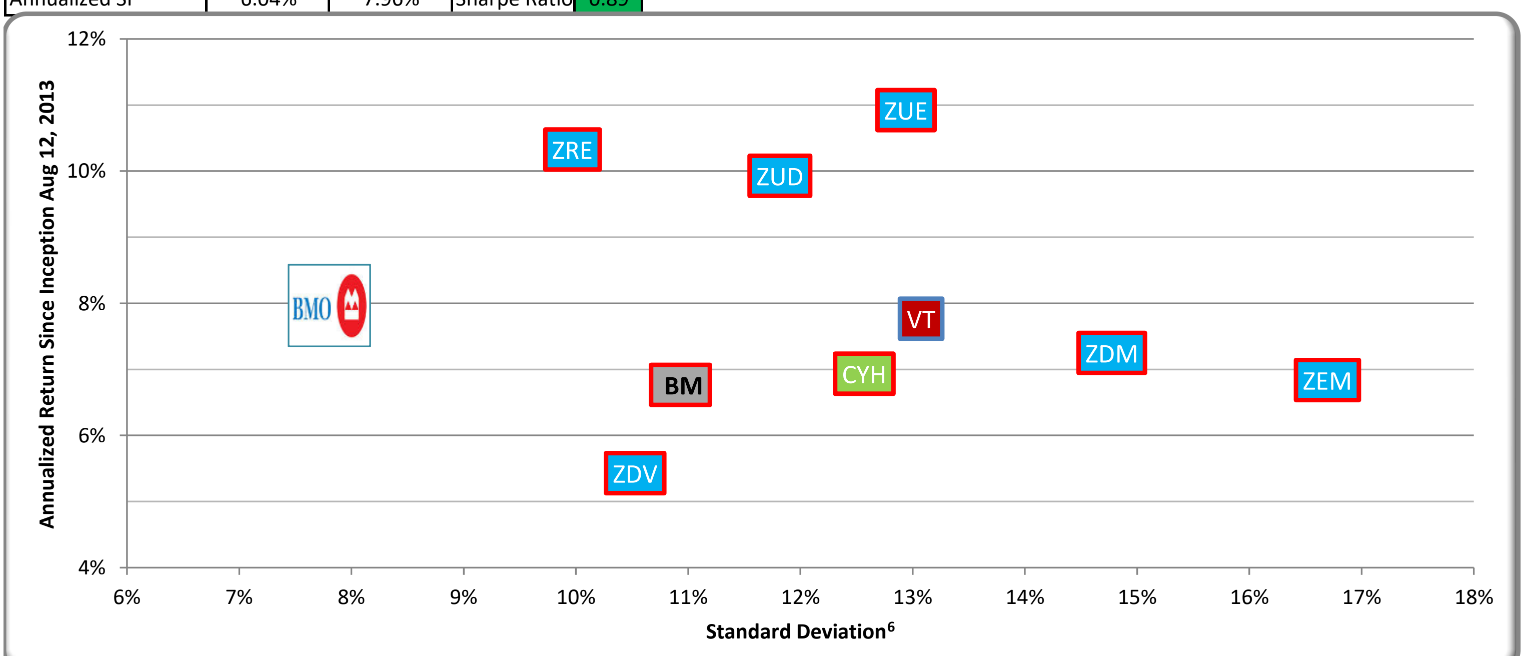
Total Return	Net	Gross	Upside/Downside[5]	
YTD	10.57%	11.84%	Upside	51%
Previous Quarter	2.42%	2.90%	Downside	5%
Previous Year	3.54%	5.46%	Months Up	38
3-Year	5.79%	7.71%	Months Dn	34
5-Year	4.70%	6.62%		
Annualized SI	6.04%	7.96%	Sharpe Ratio	0.89

Market Strategy (Risk Management)

DEFENSE: The current beta is 26.6% vs. the benchmark of 76.7% and down from 28.3% last week. Money will stay cheap for a very long time. Not because the world is healthy, it's because it's sick. Cheap money, or the expectations thereof, boost financial assets. Corporations went to town this week to lock down BILLIONS in cheap money and most of that will be tagged for financial engineering. i.e. buying back stock. Looking at US banks, they have bought back billions in stocks the past few years and their prices are no higher today then they were a few years ago. The world has not woken up yet to this toxicity, but it will eventually. Hence, why trying to time markets is impossible. As markets creep higher we look to boost yield and lower beta risks. We are long past the point where we should be bullish.

Top 20 Holdings

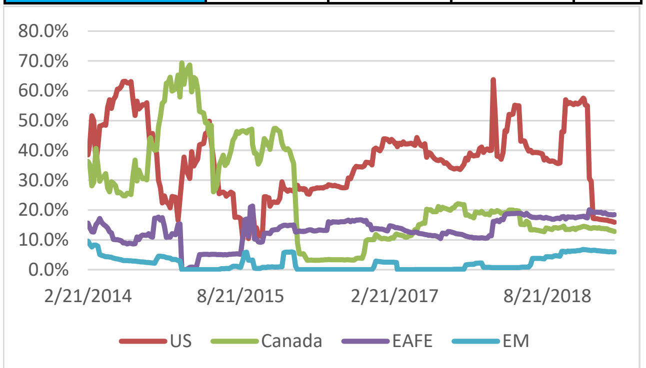
Ticker	Name	Position
ZST	BMO Ultra Short-Term Bond ETF	24.1%
EMLC	VanEck Vectors J.P. Morgan EM Local Currency Bond ETF	9.3%
ZGD	BMO Equal Weight Global Gold Index ETF	8.7%
ZWP	BMO Europe High Dividend Covered Call ETF	8.3%
ZWU	BMO Covered Call Utilities ETF	8.2%
AMLP	Alerian MLP ETF	5.9%
TLT	iShares 20+ Year Treasury Bond ETF	5.5%
ZPW	BMO US Put Write ETF	5.4%
SHV	iShares Short Treasury Bond ETF	5.0%
ZPR	BMO Laddered Preferred Share Index ETF	3.6%
ZDH	BMO International Dividend Hedged to CAD ETF	2.7%
DXJ	WisdomTree Japan Hedged Equity Fund	2.7%
EWUS	iShares MSCI United Kingdom Small-Cap ETF	2.3%
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		98.8%



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
09/06/19	14.8%	13.7%	17.0%	5.7%
08/30/19	14.9%	14.0%	16.7%	5.7%
Change	-0.1%	-0.2%	0.3%	0.0%



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	09/06/19	08/30/19	Change
Financials	5.91%	5.82%	0.1%
Energy	10.44%	10.44%	0.0%
Health Care	2.61%	2.57%	0.0%
Technology	1.73%	1.70%	0.0%
Industrials	3.79%	3.73%	0.1%
Discretionary	3.27%	3.21%	0.1%
Real Estate	0.84%	0.83%	0.0%
Staples	2.83%	2.79%	0.0%
Telecom	3.80%	3.74%	0.1%
Utilities	5.02%	4.94%	0.1%
Materials	11.09%	11.52%	-0.4%
Government	19.43%	14.46%	5.0%
Corporate	24.41%	27.17%	-2.8%
C$ Cash	-4.43%	3.18%	-7.6%
U$ Cash	5.68%	0.42%	5.3%
Preferred	3.59%	3.50%	0.1%
Commodity	0.00%	0.00%	0.0%

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.

ETF Style	Weight	ETF Style	Weight
Bonds	43.84%	Equity-Low-Vol	0.00%
Cash	1.25%	Equity-Put	5.38%
Equity-Call	19.24%	Equity-Sector	8.69%
Equity-Dividend	13.02%	Preferred	3.59%
Equity-Hedged	0.00%	Equity-REITs	0.00%
Equity-Unhedged	0.00%	Commodity	0.00%

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.**