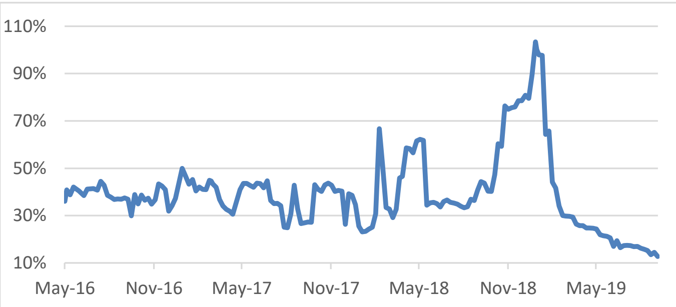
BMO Mutual Funds

BMO Tactical Global Growth ETF Fund

Defense | BETA SCORE | Offense

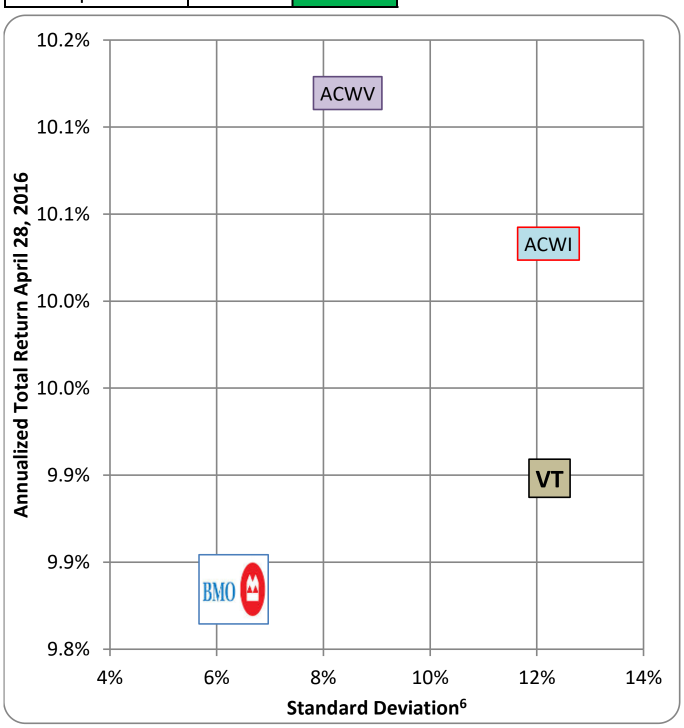
Beta (risk) Metrics



As of: Sep 6 2019	09/06/19	08/30/19	Change
FX (USD)	42.1%	37.9%	4.2%
Beta[2]	12.7%	14.5%	-1.8%
Correlation	15.8%	12.2%	3.6%
Yield[3]	3.19%	3.12%	0.06%
ETF Holdings	17	17	0
Volatility[4]	6.32%	6.33%	-0.01%
CAD	1.3173	1.3311	-1.0%

Performance Metrics

Total Return	Net	Gross	Upside/Downside[5]	
YTD	10.82%	12.08%	Upside	43%
Prev. Qtr.	1.87%	2.35%	Downside	21%
Prev. Year	5.39%	7.31%	Months Up	30
Since Inception	29.65%	35.82%	Months Dn	10
Annualized SI	7.98%	9.83%		
Sharpe Ratio		1.56		



Market Strategy (Risk Management)

DEFENSE: The current beta is 12.7% vs. the benchmark of 100% down from 14.5% last week. The absolutely bogus Canadian employment numbers and a BoC that did not meet somewhat dovish expectations boosted the C$ so we continue to build US$ exposure, which lowers our beta and increases our portfolio hedge. Maybe, DJT pulls a rabbit from a hat, but best bet is his belligerent style takes us into a global recession in 2020. Several things the market cheered last week none of which is fundamentally bullish. So as earnings weaken, the multiple grows, so do the risks, and so must we increase our hedges. We rolled our US cash into a money market holding (SHV). It is not a "short" position in UST. We ARE dip buyers of duration 2.25%ish on 30s.

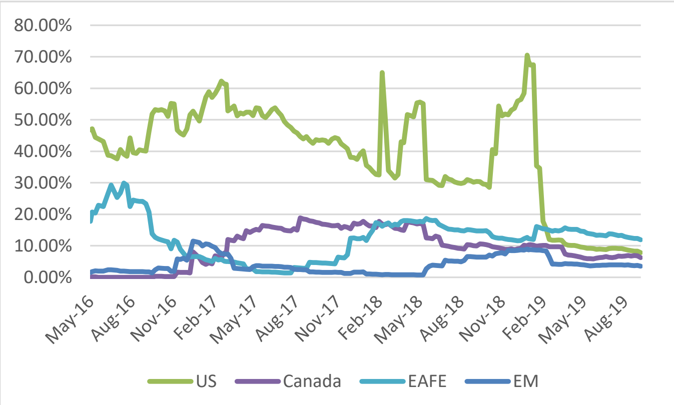
Top Holdings

Ticker	Name	Position
ZST	BMO Ultra Short-Term Bond ETF	37.2%
SHV	iShares Short Treasury Bond ETF	14.5%
EMLC	VanEck Vectors J.P. Morgan EM Local Currency Bond ETF	8.3%
ZGD	BMO Equal Weight Global Gold Index ETF	6.6%
ZWP	BMO Europe High Dividend Covered Call ETF	6.1%
TLT	iShares 20+ Year Treasury Bond ETF	4.9%
EWUS	iShares MSCI United Kingdom Small-Cap ETF	3.0%
AMLP	Alerian MLP ETF	3.0%
IYZ	iShares US Telecommunications ETF	2.5%
DXJ	WisdomTree Japan Hedged Equity Fund	2.5%
ZPW	BMO US Put Write ETF	1.6%
ZWC	BMO Canadian High Dividend Covered Call ETF	1.5%
EWW	iShares MSCI Mexico ETF	0.9%
BRF	VanEck Vectors Brazil Small-Cap ETF	0.8%
EIDO	iShares MSCI Indonesia ETF	0.7%
INDA	iShares MSCI India ETF	0.3%
ZLI	BMO Low Volatility International Equity ETF	0.1%
ZWU	BMO Covered Call Utilities ETF	0.0%
Total		**94.4%**

Fund Codes:	No Load: GGF70762; Advisor GGF99762; Low Load GGF98762; F-Class GGF95762

Tactical Asset Allocation

Equity	US	Canada	EAFE	EM
09/06/19	7.8%	6.3%	11.9%	3.5%
08/30/19	8.3%	6.8%	12.3%	3.8%
Change	-0.5%	-0.6%	-0.4%	-0.2%



Sector	09/06/19	08/30/19	Change
Financials	3.09%	3.21%	-0.1%
Energy	4.32%	4.58%	-0.3%
Health Care	1.79%	1.86%	-0.1%
Technology	1.04%	1.08%	0.0%
Industrials	2.56%	2.66%	-0.1%
Discretionary	2.50%	2.60%	-0.1%
Real Estate	0.38%	0.39%	0.0%
Staples	1.77%	1.84%	-0.1%
Telecom	3.35%	3.48%	-0.1%
Utilities	0.53%	0.55%	0.0%
Materials	8.22%	9.03%	-0.8%
Government	27.40%	13.71%	13.7%
Corporate	37.46%	39.35%	-1.9%
C$ Cash	5.08%	6.46%	-1.4%
U$ Cash	0.52%	9.21%	-8.7%
Preferred	0.00%	0.00%	0.0%
Commodity	0.00%	0.00%	0.0%

Bonds	Corp.	Govt.	Pref.	Cash
09/06/19	37.5%	27.4%	0.0%	5.6%
08/30/19	39.3%	13.7%	0.0%	15.7%
Change	-1.9%	13.7%	0.0%	-10.1%

Equity Allocation Country/Sector Trades

Late in the cycle with the yield curve now inverting, you MUST err on the side of playing defense as we have once again. Globally, economic data continues to soften, We are heading into a late cycle bear market and there is not much in the policy toolbox to change that though the Fed has now indicated easing may be needed. Crazy to believe that at full employment. The curve is pricing in almost 3 rate cuts THIS YEAR. Japan is cheap and has some great dividend payers. They have been the poster child for anemic growth for decades. Sadly, the US is heading in this direction along with most of the developed world and China that is rapidly aging. There are policy tools to fix the issues, but politically impossible to implement because it largely involves austerity budgets and reduction of promises (benefits) which makes it near impossible to implement. We will tend to shift money to places like Japan and the UK that have good dividend payers and much better valuations where bad news is mostly discounted. Emerging markets has some of these exposures too along with tilting towards a weaker US dollar scenario as the Fed will need to take rates to zero again while the rest of the developed world cannot get off of them. Low beta and low volatility have never been more expensive from a P/E perspective, but still offer lower volatility risks. Option strategies to enhance yield will play a big role as well in recessionary portfolio construction. Currency exposure will be a significant contributor as well. We see the C$ staying weak well into 2020.

Fixed-Income/Currency/Commodity Strategy & Trades

It is clear to us that we are heading for a recession and a sluggish growth environment. Historically, bonds and duration will play an increasing role in portfolio construction and capital preservation. We have started to nibble at Emerging Market Local currency government debt (EMLC) as well as long duration in USTs (TLT) on weakness. This is a growth at a reasonable price portfolio and we will increasingly seek to grow the portfolio with duration exposure. As the Fed looks to cut rates, gold (and gold equity) exposure should provide some growth as well. A weaker US dollar trend will see us shift assets to higher yielding currencies as well. Emerging market local currency debt seems particularly attractive. As for the C$, we see it below 70 cents at the trough of the next recession and it should struggle to move above 76 cents. We look to more actively tactically adjust currency exposure with a bias to be longer US$.