

BMO Tactical Global Growth ETF Fund

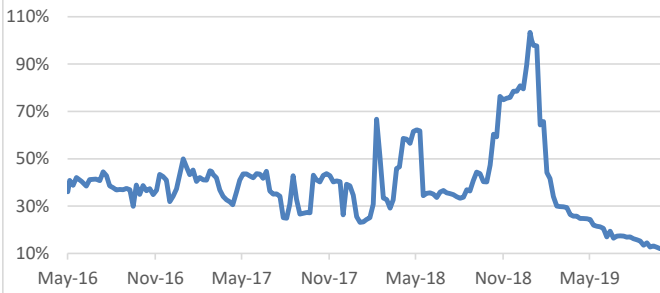
Defense

BETA SCORE

Offense



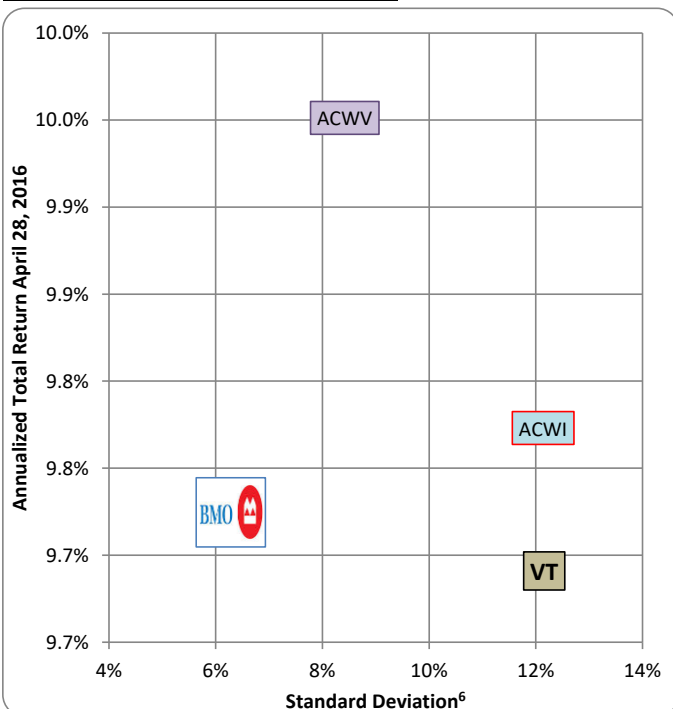
Beta (risk) Metrics



As of: Sep 27 2019	09/27/19	09/20/19	Change
FX (USD)	42.7%	43.0%	-0.3%
Beta ²	12.0%	12.6%	-0.6%
Correlation	15.0%	15.2%	-0.1%
Yield ³	3.13%	3.15%	-0.01%
ETF Holdings	17	17	0
Volatility ⁴	6.28%	6.29%	-0.01%
CAD	1.3247	1.3263	-0.1%

Performance Metrics

Total Return	Net	Gross	Upside/Downside ⁵
YTD	10.92%	12.29%	Upside 43%
Prev. Qtr.	1.09%	1.57%	Downside 21%
Prev. Year	4.95%	6.87%	Months Up 30
Since Inception	29.77%	36.05%	Months Dn 10
Annualized SI	7.87%	9.72%	
Sharpe Ratio		1.55	



Market Strategy (Risk Management)

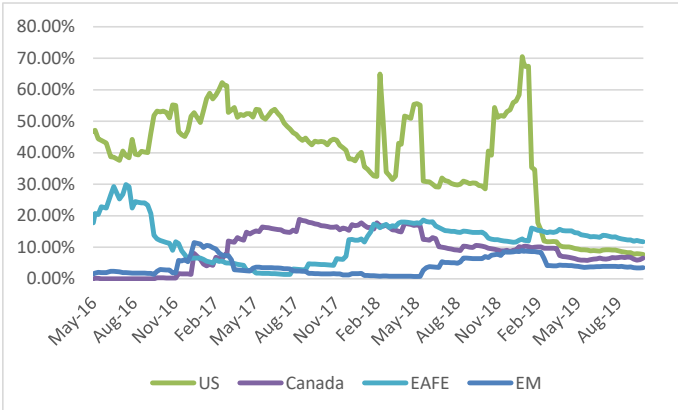
DEFENSE: The current beta is 12.0% vs. the benchmark of 100% down from 12.6% last week. In almost every scenario we model, the gold sector shines in this environment. We are heading to an MMT/permanent QE world and that at a minimum should push gold and gold equities significantly higher. We added to the sector for the first time in months on the recent weakness. Duration, currency, alternatives offer growth at a reasonable price. Most sectors of the equity markets offer stagnation at a very high price at best and Peloton type risk in general. So what does it mean when small cap growth (IWO) is leading the bull market in underperformance and large cap utilities (XLU) is leading the bull market in outperformance? One this is sure, it's not a healthy economy...

Top Holdings

Ticker	Name	Position
ZST	BMO Ultra Short-Term Bond ETF	36.1%
SHV	iShares Short Treasury Bond ETF	14.1%
EMLC	VanEck Vectors J.P. Morgan EM Local Currency Bond ETF	8.1%
TLT	iShares 20+ Year Treasury Bond ETF	6.7%
ZGD	BMO Equal Weight Global Gold Index ETF	6.5%
ZWP	BMO Europe High Dividend Covered Call ETF	6.1%
EWUS	iShares MSCI United Kingdom Small-Cap ETF	3.1%
AMPLP	Alerian MLP ETF	3.1%
DXJ	WisdomTree Japan Hedged Equity Fund	2.5%
IYZ	iShares US Telecommunications ETF	2.5%
ZPW	BMO US Put Write ETF	1.5%
ZWC	BMO Canadian High Dividend Covered Call ETF	1.5%
EWV	iShares MSCI Mexico ETF	0.9%
BRF	VanEck Vectors Brazil Small-Cap ETF	0.7%
EIDO	iShares MSCI Indonesia ETF	0.6%
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		94.5%

Tactical Asset Allocation

Equity	US	Canada	EAFE	EM
09/27/19	7.7%	6.6%	11.7%	3.5%
09/20/19	7.9%	6.1%	11.9%	3.5%
Change	-0.1%	0.5%	-0.2%	0.0%



Sector	09/27/19	09/20/19	Change
Financials	3.03%	3.08%	-0.1%
Energy	4.23%	4.37%	-0.1%
Health Care	1.75%	1.78%	0.0%
Technology	1.03%	1.04%	0.0%
Industrials	2.52%	2.57%	0.0%
Discretionary	2.46%	2.51%	0.0%
Real Estate	0.37%	0.38%	0.0%
Staples	1.73%	1.76%	0.0%
Telecom	3.26%	3.35%	-0.1%
Utilities	0.51%	0.52%	0.0%
Materials	8.71%	8.05%	0.7%
Government	28.51%	28.72%	-0.2%
Corporate	36.18%	36.42%	-0.2%
C\$ Cash	5.63%	5.36%	0.3%
U\$ Cash	0.09%	0.09%	0.0%
Preferred	0.00%	0.00%	0.0%
Commodity	0.00%	0.00%	0.0%

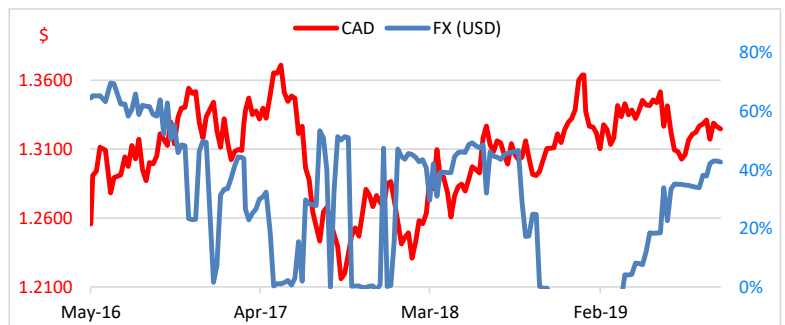
Bonds	Corp.	Govt.	Pref.	Cash
09/27/19	36.2%	28.5%	0.0%	5.7%
09/20/19	36.4%	28.7%	0.0%	5.5%
Change	-0.2%	-0.2%	0.0%	0.3%

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\$.



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1 Benchmark is the return of the targeted portfolio 100% global equities 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. © "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.