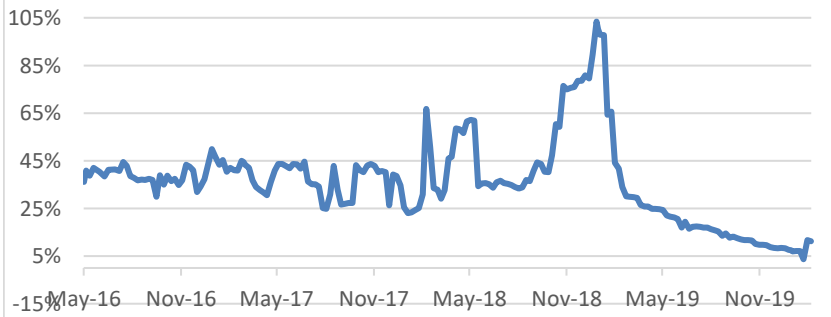


# BMO Tactical Global Growth ETF Fund

Defense BETA SCORE Offense



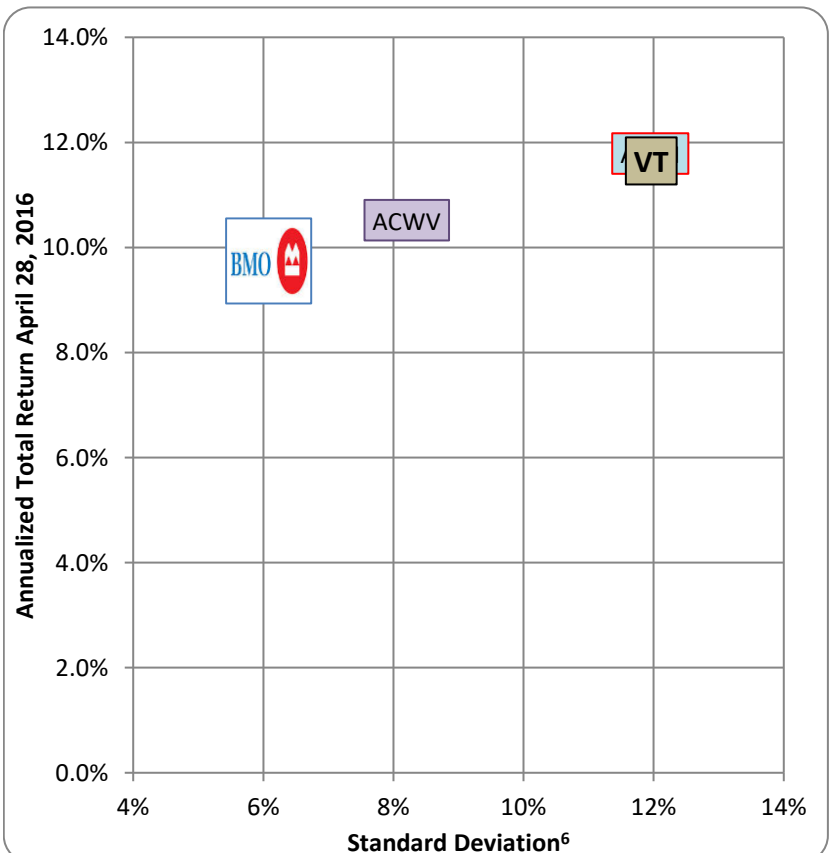
### Beta (risk) Metrics



As of: Feb 7 2020	02/07/20	01/31/20	Change
FX (USD)	54.6%	54.6%	0.0%
Beta <sup>2</sup>	11.2%	11.7%	-0.4%
Correlation	16.0%	17.2%	-1.2%
Yield <sup>3</sup>	3.50%	3.50%	0.00%
ETF Holdings	23	22	1
Volatility <sup>4</sup>	6.08%	6.07%	0.01%
CAD	1.3308	1.3237	0.5%

### Performance Metrics

Total Return	Net	Gross	Upside/Downside <sup>5</sup>	
YTD	1.66%	1.87%	Upside	35%
Prev. Qtr.	2.41%	2.88%	Downside	16%
Prev. Year	6.49%	8.41%	Months Up	34
Since Inception	33.18%	40.12%	Months Dn	11
Annualized SI	7.83%	9.75%		
Sharpe Ratio		1.60		



### Market Strategy (Risk Management)

DEFENSE: The current beta is 11.2% vs. the benchmark of 100% down from 11.7% last week. You may have seen a Trump tweet last week as the Dow, NASDAQ and S&P 500 made new all-time highs. Only 4% of stocks in the Russell 3000 made all time highs and the Value Line Geometric (the average equal weight index) closed 9% below the 2018 highs. The peak of the cycle is almost certainly in and markets are topping out. Tops are HARD. As we have said ad nauseam over the years, the downside risks far outweigh the upside potential. What is TRUTH is that breadth is weak, the employment picture is decaying, profit margins are stressed, and the only positives are free money and share buybacks. Increasingly, we need more quality and less pom-pom in portfolios. FYI: The Street will continue to push POM-POM until well after the

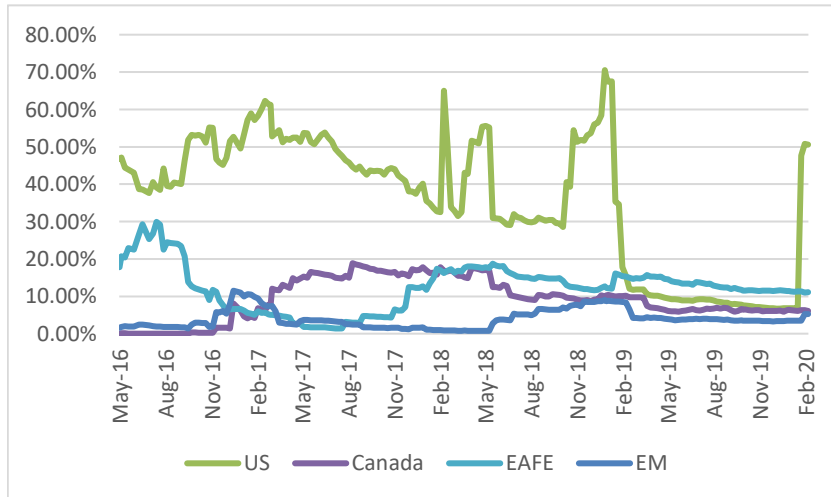
### Top Holdings

Ticker	Name	Position
ZPAY	BMO Premium Yield ETF	19.8%
BTAL	AGFiQ US Market Neutral Anti-Beta Fund	10.2%
ZTL	BMO Long-Term US Treasury Bond Index ETF	10.0%
QBTL	AGFiQ US Market Neutral Anti-Beta CAD-Hedged ETF	9.9%
SHV	iShares Short Treasury Bond ETF	8.0%
EMLC	VanEck Vectors J.P. Morgan EM Local Currency Bond ETF	7.0%
ZGD	BMO Equal Weight Global Gold Index ETF	6.5%
ZWP	BMO Europe High Dividend Covered Call ETF	5.3%
XLE	Energy Select Sector SPDR Fund	4.1%
EWUS	iShares MSCI United Kingdom Small-Cap ETF	2.9%
DXJ	WisdomTree Japan Hedged Equity Fund	2.4%
AMPL	Alerian MLP ETF	2.2%
IYZ	iShares US Telecommunications ETF	2.2%
ZPW	BMO US Put Write ETF	1.3%
ZWC	BMO Canadian High Dividend Covered Call ETF	1.3%
KBA	KraneShares Bosera MSCI China A ETF	1.0%
VNM	Vanek Vectors Vietnam ETF	1.0%
EWV	iShares MSCI Mexico ETF	0.8%
BRF	VanEck Vectors Brazil Small-Cap ETF	0.7%
EIDO	iShares MSCI Indonesia ETF	0.5%
INDA	iShares MSCI India ETF	0.3%
ZLI	BMO Low Volatility International Equity ETF	0.1%
<b>Total</b>		<b>97.5%</b>



# Tactical Asset Allocation

Equity	US	Canada	EAFE	EM
02/07/20	50.6%	6.1%	11.1%	5.3%
01/31/20	50.8%	6.3%	11.0%	5.3%
Change	-0.2%	-0.2%	0.1%	0.0%



Sector	02/07/20	01/31/20	Change
Financials	4.61%	4.57%	0.0%
Energy	7.53%	7.52%	0.0%
Health Care	5.39%	5.34%	0.1%
Technology	9.22%	9.10%	0.1%
Industrials	4.42%	4.38%	0.0%
Discretionary	4.13%	4.09%	0.0%
Real Estate	0.86%	0.86%	0.0%
Staples	4.62%	4.57%	0.0%
Telecom	3.90%	3.85%	0.1%
Utilities	0.62%	0.61%	0.0%
Materials	8.18%	8.43%	-0.3%
Government	24.73%	25.01%	-0.3%
Corporate	0.25%	0.25%	0.0%
C\$ Cash	21.02%	20.58%	0.4%
U\$ Cash	-19.55%	-19.71%	0.2%
Preferred	0.00%	0.00%	0.0%
Commodity	0.00%	0.00%	0.0%

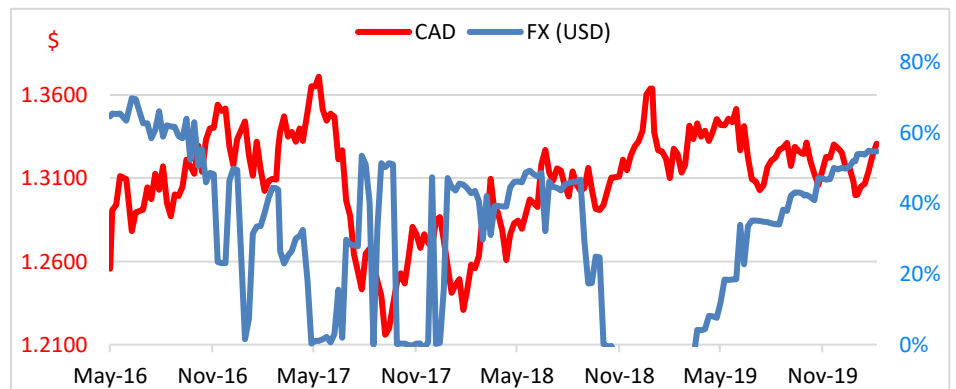
Bonds	Corp.	Govt.	Pref.	Cash
02/07/20	0.2%	24.7%	0.0%	1.5%
01/31/20	0.2%	25.0%	0.0%	0.9%
Change	0.0%	-0.3%	0.0%	0.6%

## Equity Allocation Country/Sector Trades

Late in the cycle with the yield curve warning of economic trouble ahead, we MUST err on the side of playing defense. Globally, economic data continues to soften and we are heading into a late cycle recession bear market. There is not much in the policy toolbox to change that though the Fed has ramped up the balance sheet again with more monetization--what sounds like a permanent balance sheet expansion and a permanent policy tool given massive deficits in the future. Crazy to believe that at full employment they need to add stimulus and ease conditions. 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. Instead, the world is politically shifting to more extreme polarizations. The nationalism of the extreme RIGHT vs. the socialism of the extreme LEFT. The Trump experience is likely to shift the US to the extreme LEFT and polarization will most likely intensify. Wall Street is not ready for it. It will not likely be good for growth or valuations. Still, parts of the world of EM, Japan, UK assets have some relative value and good dividend payers. Lot's of places to play defense and generate some growth at a reasonable price while we await the next Minsky Moment. In early 2018 it was volatility complacency. Now it just might be Black Swan Bernie Sanders.

## Fixed-Income/Currency/Commodity Strategy & Trades

It is clear to us that we are heading for a recession and a sluggish growth environment for several decades. 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 soft US dollar outlook 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 hold above 76 cents with Canada's economic outlook taking a serious downgrade in Q419. The BoC does not want to inflate the debt bubble by cutting rates more--they may have no choice.



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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 license. 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.