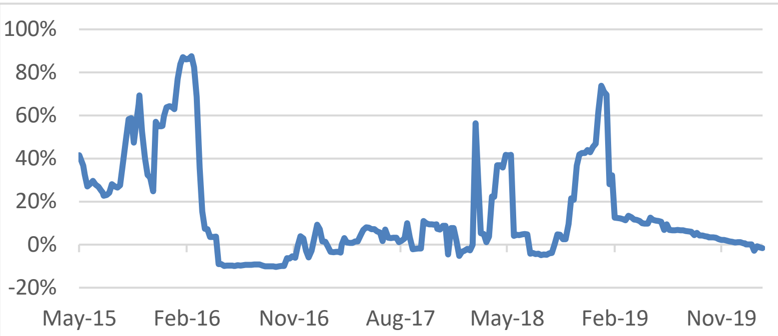
BMO Mutual Funds

BMO Tactical Balanced ETF Fund Highlights

Defense **BETA SCORE** Offense

Beta (risk) Metrics



Market Strategy (Risk Management)

DEFENSE: The current beta is -1.7% vs. the benchmark of 55.6% down from -1.3% last week. As we look around the world for value and we understand the DEBT dynamics of the world, we see a barbel trade developing. Long shorter duration EM debt and long US Treasury duration. The highest yielding safe debt in the world us the US long bond. If you don't think the US 10-year will converge on ZERO when the equity bubble bursts, you do not understand money flow. We are happy to take up the debate. But the yield is anemic and the real yield is negative. EM local currency debt is attractive and we know the US does not want or need a strong dollar. We will be adding to EMLC in the coming months along with long Treasuries (ZTL, TLT). On the equity side, clipping coupons with ZPAY also makes increasing sense. Gold and gold equity to top off the potential for real growth.

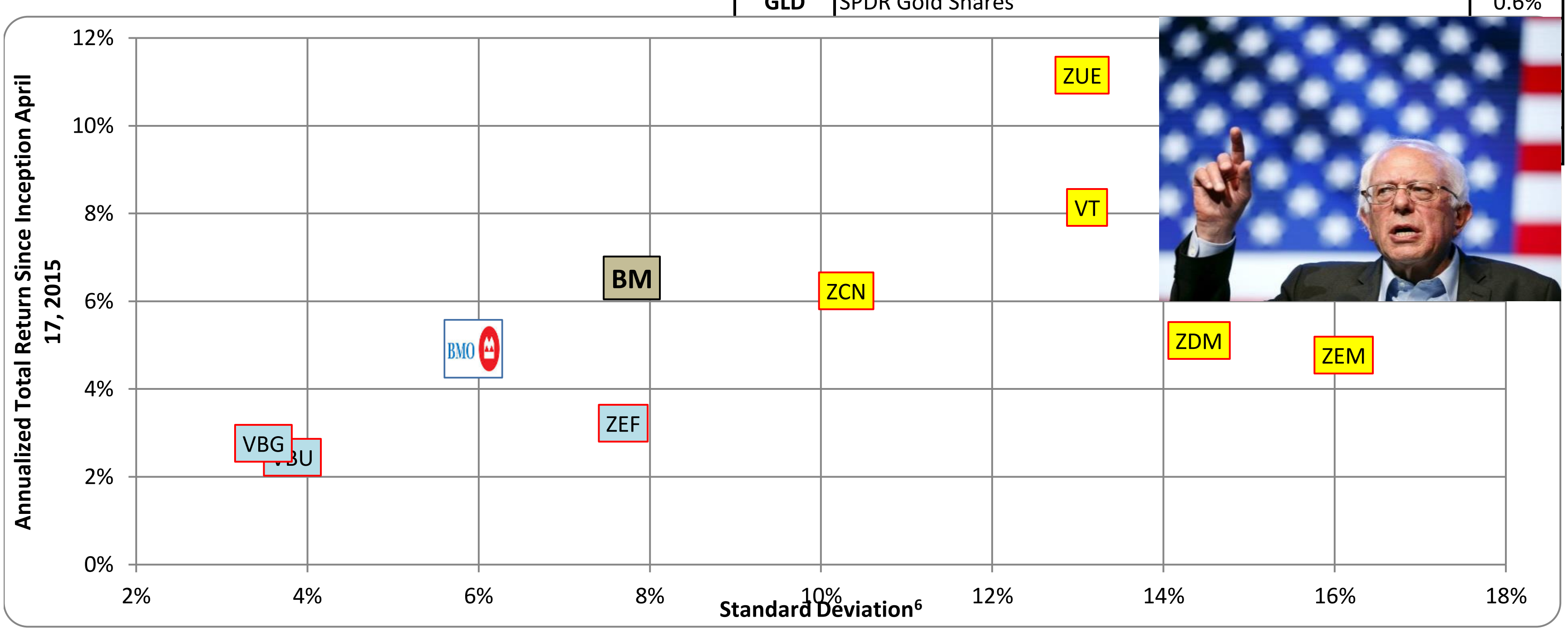
As of: Feb 14 2020	02/14/20	02/07/20	Change
FX (USD)	53.6%	53.7%	-0.1%
Beta[2]	-1.7%	-1.3%	-0.3%
Correlation	10.2%	12.0%	-1.8%
Yield[3]	3.28%	3.29%	0.00%
ETF Holdings	21	21	0
Volatility[4]	5.94%	5.95%	-0.01%
CAD	1.3252	1.3308	-0.4%

Performance Metrics

Total Return	Net	Gross	Upside/Downside[5]	
YTD	1.60%	1.84%	Upside	27%
Prev. Month	1.08%	1.24%	Downside	21%
Prev. Quarter	1.63%	2.11%	Months Up	39
Prev. Year	3.42%	5.34%	Months Dn	19
Annualized SI	3.00%	4.92%		
Sharpe Ratio	0.83			

Top Holdings

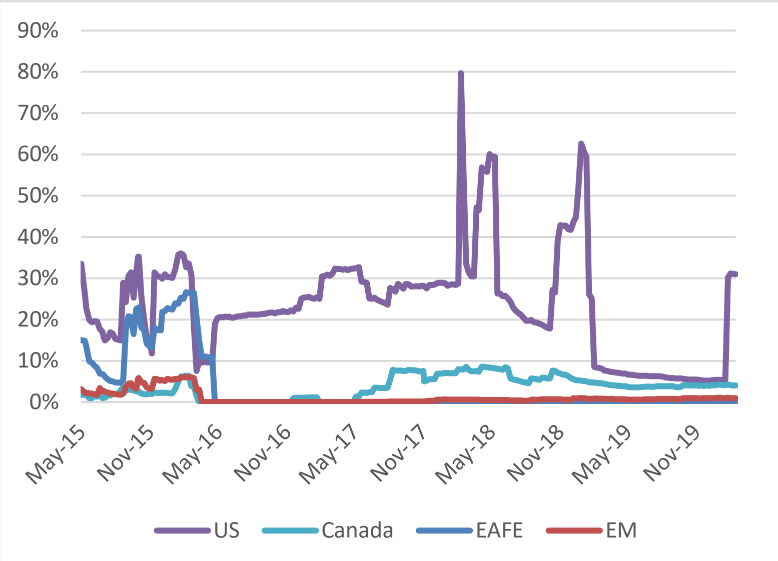
Ticker	Name	Position
ZST	BMO Ultra Short-Term Bond ETF	15.5%
ZPAY	BMO Premium Yield ETF	11.9%
EMLC	VanEck Vectors J.P. Morgan EM Local Currency Bond ETF	11.5%
ZTL	BMO Long-Term US Treasury Bond Index ETF	10.7%
BWZ	SPDR Bloomberg Barclays Short Term International Treasury Bo	9.3%
BTAL	AGFiQ US Market Neutral Anti-Beta Fund	6.0%
QBTL	AGFiQ US Market Neutral Anti-Beta CAD-Hedged ETF	5.9%
FLOT	iShares Floating Rate Bond ETF	5.6%
ZPR	BMO Laddered Preferred Share Index ETF	4.4%
ZGD	BMO Equal Weight Global Gold Index ETF	3.6%
SHV	iShares Short Treasury Bond ETF	2.9%
XLE	Energy Select Sector SPDR Fund	2.0%
ZPH	BMO US Put Write Hedged to CAD ETF	1.4%
ZWU	BMO Covered Call Utilities ETF	1.2%
AMLP	Alerian MLP ETF	1.2%
ZPW	BMO US Put Write ETF	1.1%
ZWC	BMO Canadian High Dividend Covered Call ETF	1.0%
GLD	SPDR Gold Shares	0.6%



Fund Codes: Advisor BMO99222; Low Load BMO98222; F-Class BMO95222; No Load Retail: BMO70222

Tactical Asset Allocation

Equity	US	Canada	EAFE	EM
02/14/20	31.0%	4.0%	0.1%	0.9%
02/07/20	31.1%	4.0%	0.1%	0.9%
Change	0.0%	0.0%	0.0%	0.0%



Sector	02/14/20	02/07/20	Change
Financials	1.18%	1.17%	0.0%
Energy	4.36%	4.37%	0.0%
Health Care	2.67%	2.66%	0.0%
Technology	4.81%	4.80%	0.0%
Industrials	1.40%	1.39%	0.0%
Discretionary	1.44%	1.44%	0.0%
Real Estate	0.17%	0.17%	0.0%
Staples	1.80%	1.80%	0.0%
Telecom	1.00%	0.99%	0.0%
Utilities	0.62%	0.61%	0.0%
Materials	4.55%	4.59%	0.0%
Government	35.06%	35.12%	-0.1%
Corporate	20.83%	20.83%	0.0%
C$ Cash	14.16%	14.07%	0.1%
U$ Cash	-11.52%	-11.57%	0.0%
Preferred	4.88%	4.90%	0.0%
Commodity	0.63%	0.63%	0.0%

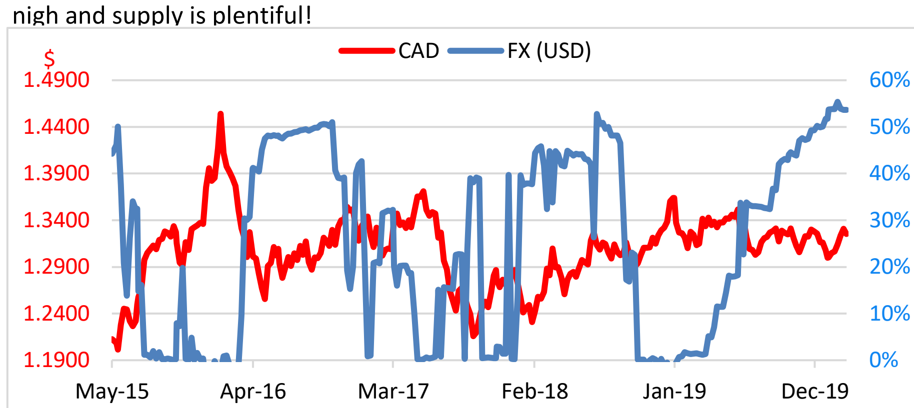
Bonds	Corp.	Govt.	Pref.	Cash	Duration
02/14/20	20.8%	35.1%	4.9%	2.6%	5.91
02/07/20	20.8%	35.1%	4.9%	2.5%	5.89
Change	0.0%	-0.1%	0.0%	0.1%	0.02

Equity Country/Sector Allocation & Trades

The FOMC (and other Central Banks) are aligning towards increasing their tolerance for inflation. Now we do not know too many people that actually believe the core trimmed mean inflation rate is below 2%, but that is what the data suggests. Add in a growing policy willingness to add to the already stressed fiscal spend and you have the makings of a stagflation cycle. Bad for most investment styles, but great for tactical that thrives off increased volatility and uncertainty. The sharp increase in equity exposure in recent weeks has been tempered with a short beta matching (QBTL, BTAL). So while yield has been boosted, the overall portfolio risk remains close to a zero beta. And our asset mix is clearly tiled towards risk off for now. We should see more downside to equities in the coming weeks. We are most interested in EM exposure that in many cases trades at half the multiple seen in the US. Despite all of China's challenges, their silk road initiative should provide a stable value base to the region that tends to throw off better yields than the grossly over priced US market.

Currency Strategy & Trades

We have moved our U$ 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 are now at benchmark exposure in the US$ around 53% of the world. We can increase that should the C$ strengthen under the geopolitical spike in world oil prices--that won't last. Peak crude demand is nigh and supply is plentiful!



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 5.91 up 0.02 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 off the debt and the only outcome we see is a debt monetization that is hugely bullish for gold long term. 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 ta 1-2% growth outlook and stop artificial policies to boost it and pull forward demand at the catastrophic cost of the debt burden.

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.