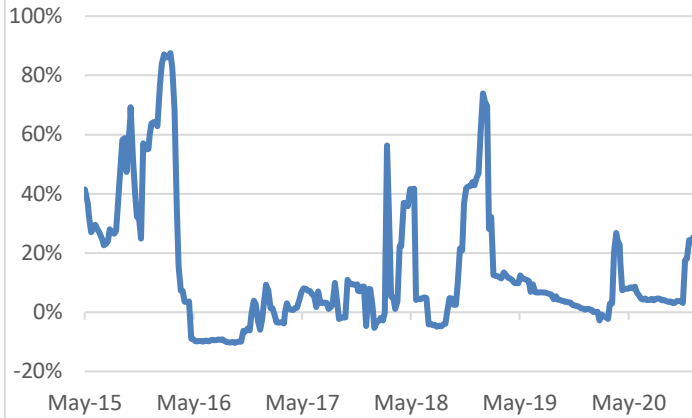


# BMO Tactical Balanced ETF Fund Highlights

Defense BETA SCORE Offense



Beta (risk) Metrics



## Market Strategy (Risk Management)

DEFENSE: The current beta is 25.3% vs. the benchmark of 59.1% up from 23.7% last week. Our US\$ exposure has had a negative impact in recent months as the Canadian dollar get caught up in the weak US dollar trend. Offsetting somewhat is exposure to a weaker US\$ in EMLC and ZWP. Our goal remain defensive and to replace the lack of yield in traditional fixed-income with alternatives. We continue to prefer a value tilt to international markets outside the US and to hold more defensive assets in the US (ZPAY). Extracting as much sleep-at-night yield as we can without increasing risk. Traditional yield in a low risk balanced portfolio has never been lower and this challenge will likely persist for at least another decade. For all the talk about the US 10-year testing 1.00%, we see the junkie Greek 10s 30 bps inside Treasuries and fragile Portuguese 10s flirting with negatives. With all the central bank intervention only likely to intensify in the coming years, free and open market price discovery and valuation is distorted well beyond reality. We look to extend duration as US supply pushes yields up and we expect the FOMC to step up their QE (Dec 16) to keep longer yields anchored.

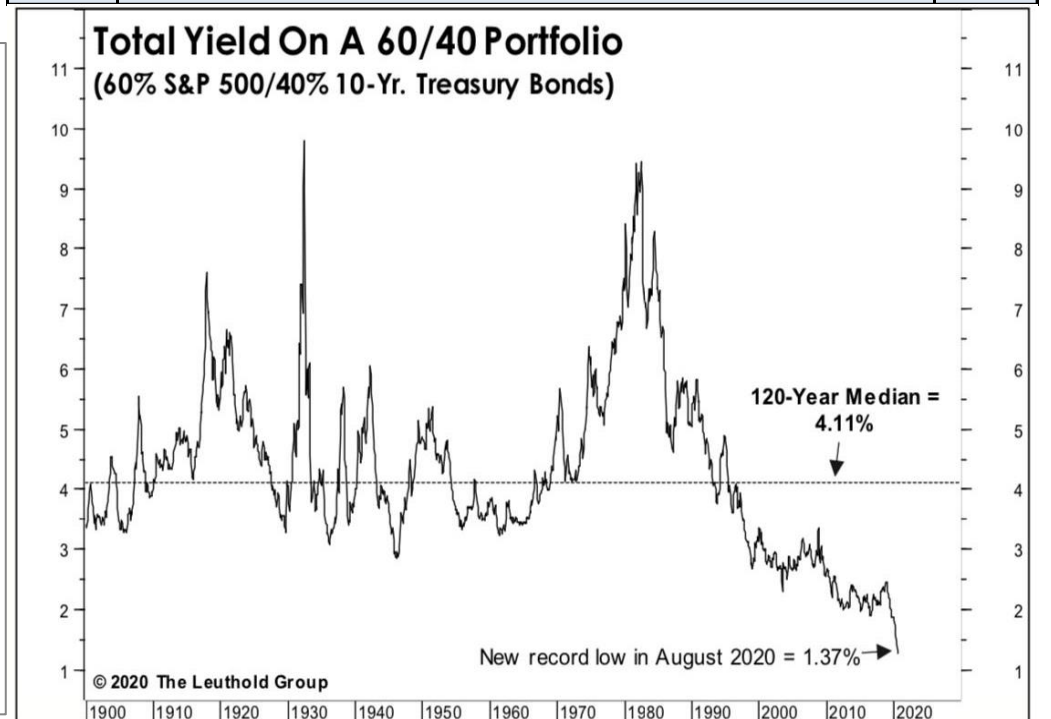
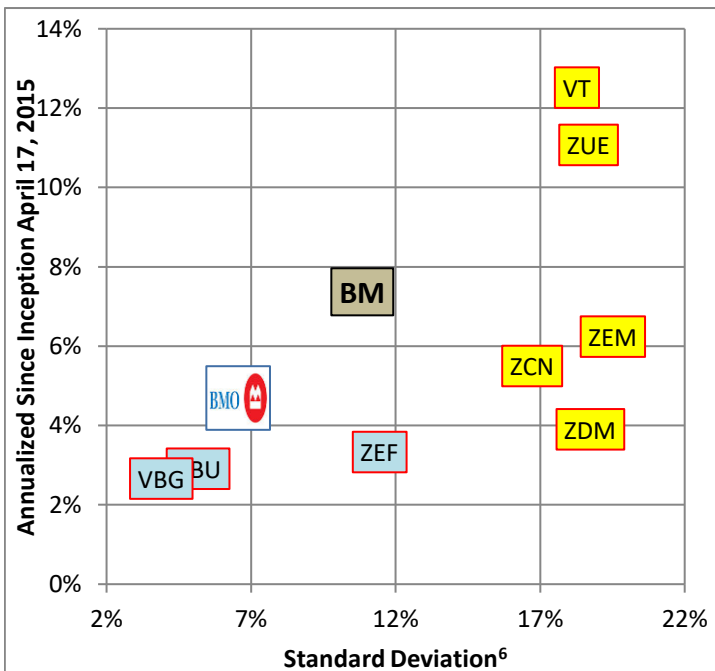
As of: 12/04/20	12/04/20	11/27/20	Change
FX (USD)	51.9%	53.1%	-1.2%
Beta <sup>2</sup>	25.3%	23.7%	1.7%
Correlation	53.1%	49.0%	4.2%
Yield <sup>3</sup>	4.70%	4.64%	0.07%
ETF Holdings	12	12	0
Volatility <sup>4</sup>	6.56%	6.57%	-0.01%
CAD	1.2784	1.2989	-1.6%

### Performance Metrics

Total Return	Net	Gross	Up/Downside <sup>5</sup>
YTD	2.73%	4.47%	Upside 14%
Prev. Month	1.35%	1.51%	Down 5%
Prev. Quarter	1.33%	1.81%	Mths Up 41
Prev. Year	2.84%	4.76%	Mths Dn 26
Annualized SI	2.77%	4.69%	
Sharpe Ratio	0.71		

## Top Holdings

Ticker	Name	Position
ZWP	BMO Europe High Dividend Covered Call ETF	22.0%
ZPAY	BMO Premium Yield ETF	20.0%
EMLC	VanEck Vectors J.P. Morgan EM Local Currency Bond ETF	15.8%
ZGD	BMO Equal Weight Global Gold Index ETF	8.7%
ZUS/U	BMO Ultra Short-Term US Bond ETF	8.3%
ZPR	BMO Laddered Preferred Share Index ETF	5.5%
XLE	Energy Select Sector SPDR Fund	1.1%
ZWU	BMO Covered Call Utilities ETF	0.8%
ZWC	BMO Canadian High Dividend Covered Call ETF	0.7%
AMLP	Alerian MLP ETF	0.7%
ZUP	BMO US Preferred Share Index ETF	0.4%
ZRR	BMO Real Return Bond Index ETF	0.3%
SPY 12	SPDR S&P 500 ETF Trust SPY 12/18/20 C309	-2.2%
<b>Total</b>		<b>82.2%</b>



# Chart(s) of The Week

## Negative Debt >\$17T Breaking Out

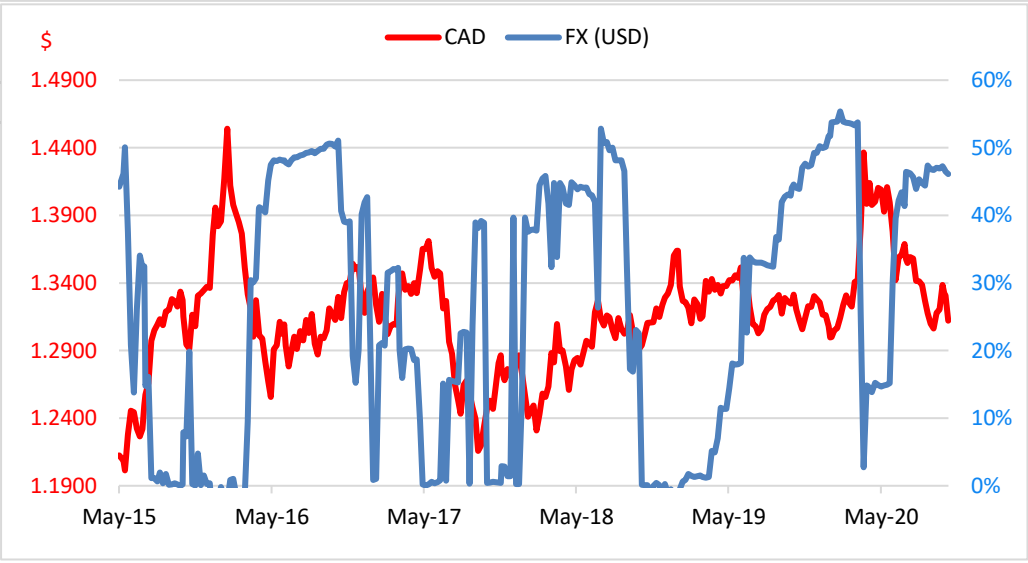
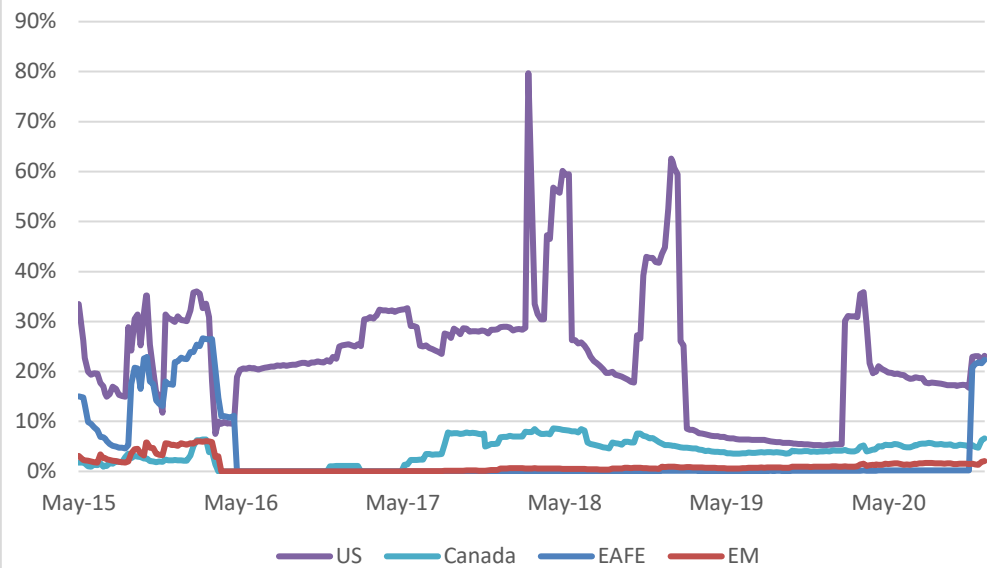


## Tactical Asset Allocation

Equity	US	Canada	EAFE	EM
12/04/20	23.1%	6.6%	22.3%	2.0%
11/27/20	22.3%	6.2%	21.6%	1.9%
Change	0.8%	0.4%	0.7%	0.1%

Bonds	Corp.	Govt.	Pref.	Cash	Duration
12/04/20	8.9%	15.6%	5.9%	17.8%	2.76
11/27/20	8.7%	15.1%	5.6%	20.5%	2.50
Change	0.2%	0.5%	0.3%	-2.7%	0.26

Sector	12/04/20	11/27/20	Change
Financials	5.66%	5.48%	0.2%
Energy	3.67%	3.47%	0.2%
Health Care	6.97%	6.75%	0.2%
Technology	8.02%	7.78%	0.2%
Industrials	5.38%	5.22%	0.2%
Discretionary	2.61%	2.53%	0.1%
Real Estate	0.79%	0.76%	0.0%
Staples	5.91%	5.73%	0.2%
Telecom	2.55%	2.47%	0.1%
Utilities	1.20%	1.16%	0.0%
Materials	11.29%	10.65%	0.6%
Government	15.61%	15.13%	0.5%
Corporate	8.90%	8.71%	0.2%
C\$ Cash	12.57%	12.79%	-0.2%
U\$ Cash	5.24%	7.75%	-2.5%
Preferred	5.89%	5.61%	0.3%
Commodity	0.00%	0.00%	0.0%



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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.

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