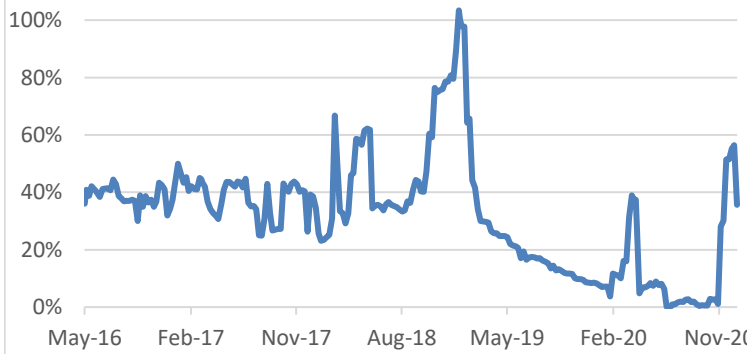


# BMO Tactical Global Growth ETF Fund

Defense BETA SCORE Offense



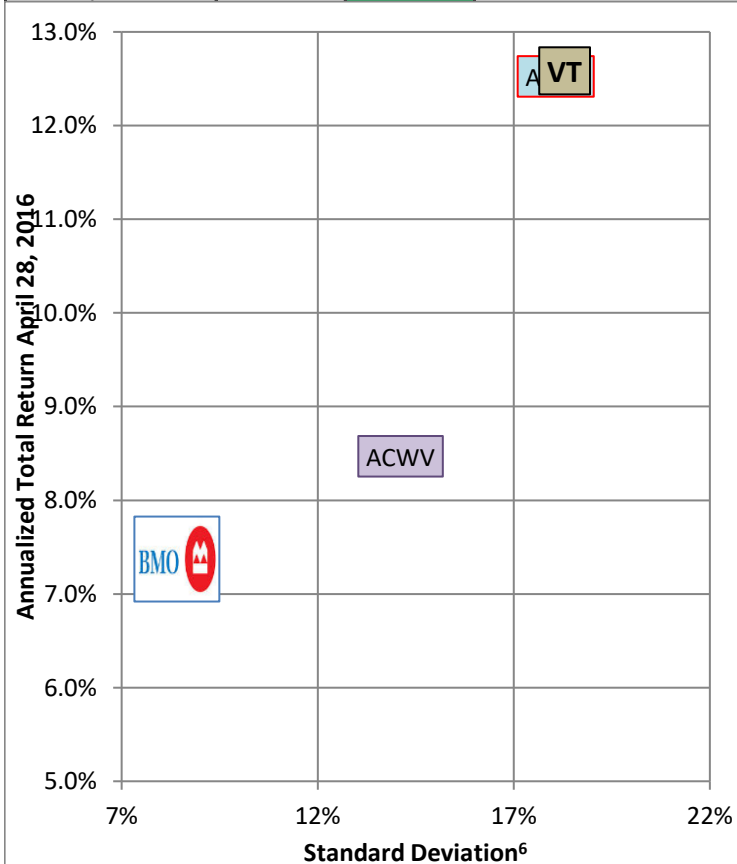
Beta (risk) Metrics



As of: Dec 18 2020	12/18/20	12/11/20	Change
FX (USD)	55.3%	61.0%	-5.7%
Beta <sup>2</sup>	35.7%	56.4%	-20.7%
Correlation	40.8%	58.4%	-17.6%
Yield <sup>3</sup>	3.65%	3.82%	-0.17%
ETF Holdings	18	18	0
Volatility <sup>4</sup>	8.42%	8.69%	-0.27%
CAD	1.2788	1.2769	0.1%

Performance Metrics

Total Return	Net	Gross	Upside/Downside <sup>5</sup>	
YTD	-2.21%	-0.42%	Upside	19%
Prev. Qtr.	-0.14%	0.34%	Downside	24%
Prev. Year	-2.19%	-0.27%	Months Up	40
Since Inception	28.10%	36.63%	Months Dn	15
Annualized SI	5.45%	7.37%		
Sharpe Ratio		0.88		



## Market Strategy (Risk Management)

DEFENSE: The current beta is 35.7% vs. the benchmark of 100% down from 56.4% last week. Friday was the second largest volume day of the year. Index rebalances are significant. But this one was special. The front running of TSLA. We have 3 key charts this week to explain the significant rebalancing we did Friday. We know US large caps are the most overvalued asset on the planet (chart page 2). It does not matter how we measure it. We also know that ETFs are great asset allocation tools, but for a little while ahead, as we look forward to the post COVID world, the stuff that's up huge, will mean revert. We sold our S&P 500 market cap (SPY) for an equal weight exposure (RSP). That means while we bought TSLA, it's bubble influence is insignificant. The chart on page 1, shows what happens with the swap of RSP for SPY. We are underweight tech and overweight value. We like this trade. At the same time we adjusted our hedges. Have a look at our seasonal chart for the S&P 500 on page 2 going back to 1927 in first year of a presidential cycle. It's ugly for the first few months. The strength comes in Q2 & Q4. It could be a very choppy year. Ripe for a policy mistake. We own put protection for the seasonality risk and left enough upside capture in case we are wrong. The net result is we have a huge (re-opening) value tilt and are way underweight the expensive stuff while our beta is higher yielding with some global exposure to EM and Europe currencies.

## Top Holdings

Ticker	Name	Position
ZPAY	BMO Premium Yield ETF	30.0%
RSP	Invesco S&P 500 Equal Weight ETF	22.9%
ZGD	BMO Equal Weight Global Gold Index ETF	16.4%
ZWP	BMO Europe High Dividend Covered Call ETF	5.7%
XLE	Energy Select Sector SPDR Fund	3.4%
EWUS	iShares MSCI United Kingdom Small-Cap ETF	3.3%
ZMT	BMO Equal Weight Global Base Metals Hedged to CAD Index ETF	3.0%
DXJ	WisdomTree Japan Hedged Equity Fund	2.7%
AML	Alerian MLP ETF	1.7%
ZWC	BMO Canadian High Dividend Covered Call ETF	1.3%
VNM	Vanek Vectors Vietnam ETF	1.3%
HMMJ	Horizons Marijuana Life Sciences Index ETF	0.9%
EW	iShares MSCI Mexico ETF	0.8%
BRF	VanEck Vectors Brazil Small-Cap ETF	0.7%
MJ	ETFMG Alternative Harvest ETF	0.6%
EIDO	iShares MSCI Indonesia ETF	0.6%
INDA	iShares MSCI India ETF	0.3%
ZLI	BMO Low Volatility International Equity ETF	0.1%
<b>Total</b>		<b>95.8%</b>

	Port	Bmrk	+/-
<b>INVESCO S&amp;P 500 EQUAL WEIGHT ETF (RSP US)</b>	<b>100.00</b>	<b>100.00</b>	<b>0.00</b>
▶ Information Technology	15.42	27.89	-12.46
▶ Communication Services	4.36	10.96	-6.60
▶ Health Care	11.78	13.66	-1.87
▶ Consumer Staples	5.77	6.65	-0.87
▶ Not Classified	0.14	0.28	-0.14
▶ Consumer Discretionary	12.15	11.23	0.91
▶ Utilities	5.11	2.80	2.31
▶ Materials	5.63	2.66	2.97
▶ Financials	13.52	10.40	3.13
▶ Energy	5.72	2.43	3.29
▶ Real Estate	5.94	2.49	3.46
▶ Industrials	14.45	8.57	5.89

Fund Codes: Advisor BMO99762; Low Load BMO98762; F-Class BMO95762; No Load Retail: BMO70762;

## CHART(S) OF THE WEEK

### S&P 500 Valuations

Model Factors	Most Recent Value	Historical Percentile
Median EV to Sales (Ex-Financials)	4.0	100%
US Total Market Cap to GDP	170%	100%
EV to Free Cash Flow Margin-Adjusted (Ex-Financials)	48.8	100%
Median Price to Sales	2.8	100%
Median Price to Book	3.9	100%
Median EV to EBITDA (Ex-Financials)	15.0	100%
Aggregate EV To Sales	3.0	100%
Aggregate EV to Trailing 12M EBITDA	17.5	100%
Aggregate EV to 2021 EBITDA Estimate	15.9	100%
Aggregate Price to 2021 Book Value Estimate	3.8	100%
Aggregate Price to Tangible Book Value	12.8	100%
Aggregate Price to Earnings	27.9	98%
Cyclically Adjusted P/E (CAPE)	32.9	97%
Aggregate Price to 2021 Earnings Estimate	25.6	97%
Aggregate Price to Book	3.9	91%

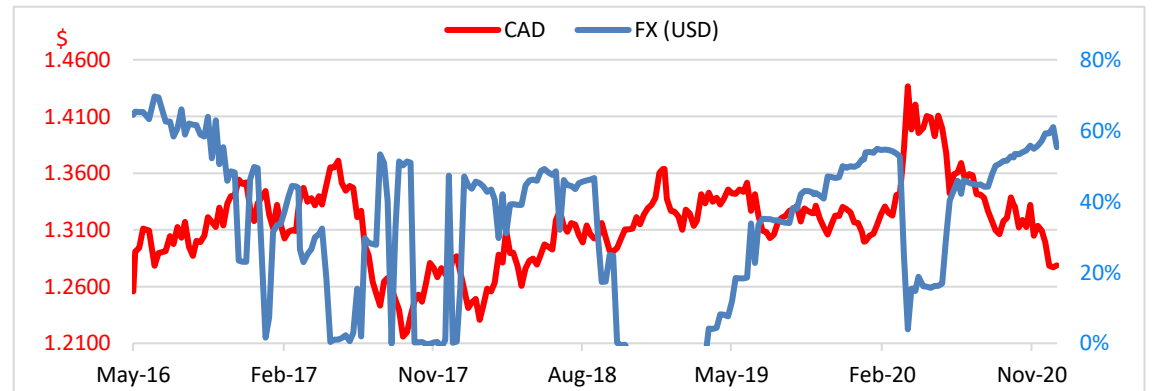
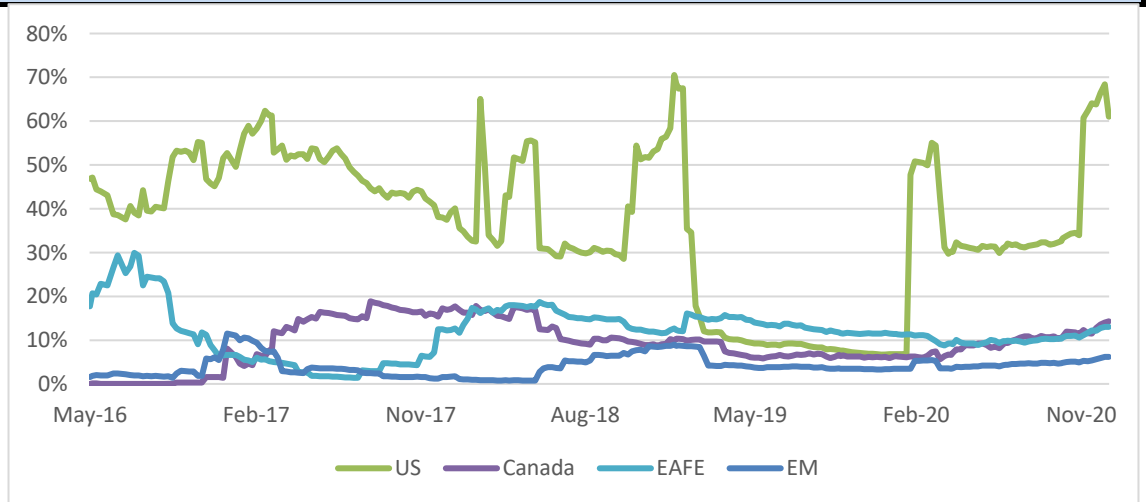
Source: Bloomberg, Yale/Robert Shiller, John Hussman \*Numbers as of November of 2020 ©2020 Crescat Capital LLC



## Tactical Asset Allocation

Equity	US	Canada	EAFE	EM
12/18/20	61.0%	14.3%	13.0%	6.2%
12/11/20	68.4%	14.0%	13.0%	6.2%
Change	-7.4%	0.3%	0.0%	0.0%

Sector	12/18/20	12/11/20	Change
Financials	7.25%	1.80%	5.5%
Energy	7.32%	8.23%	-0.9%
Health Care	7.83%	12.54%	-4.7%
Technology	9.97%	20.94%	-11.0%
Industrials	6.28%	9.05%	-2.8%
Discretionary	5.56%	9.41%	-3.9%
Real Estate	2.06%	1.79%	0.3%
Staples	4.63%	8.70%	-4.1%
Telecom	1.82%	2.80%	-1.0%
Utilities	1.82%	1.54%	0.3%
Materials	19.13%	18.49%	0.6%
Government	0.00%	0.00%	0.0%
Corporate	0.00%	0.00%	0.0%
C\$ Cash	20.31%	14.90%	5.4%
U\$ Cash	6.13%	-10.18%	16.3%
Preferred	0.00%	0.00%	0.0%
Commodity	0.00%	0.00%	0.0%



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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.