

BMO Tactical Balanced ETF Fund Highlights

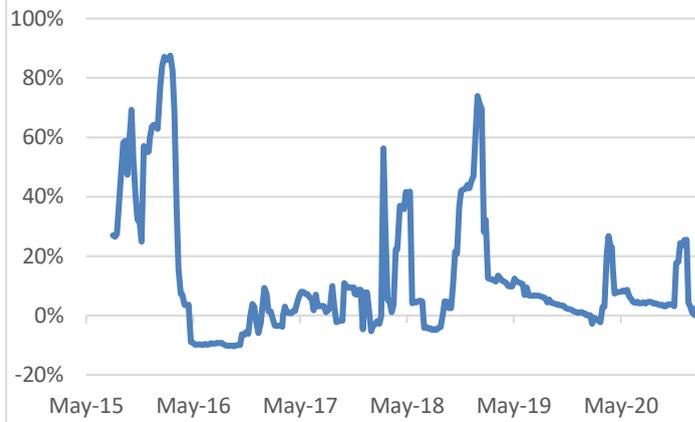
Defense

Core Beta: 27.9%

Offense



Net Beta (Core - Protection)



Market Strategy (Risk Management)

DEFENSE: The current beta is 27.9% vs. the benchmark of 59.0% up from 26.1% last week. The current degree of protection is about -25%. Following the Biden Administration's \$1.9T budget ask and the \$0.9T Bill just passed on top of an estimated 8.6% of GDP funding deficit, you have another 20% of GDP that needs funding in 2021. The Fed, for all their largesse, is only buying \$1.44T at current pace. This funding need could act as a liquidity drain in an equity market priced for perfection. The Fed will need to step on the gas, but we do not see them doing that unless asset markets falter. So the next few months will be interesting to say the least. At each pass, the Fed PUT gets drawn at a higher point. With Yellen taking over at Treasury next week and MMT all but a certainty given Powell's "Fed should fix inequality" comments, you can bet they will step up and monetize more fiscal spending. Of course, this fiscal package is not productive from the perspective of the multiplier effect. It will help States and it will plug the holes for the 20MM or so that are in need, but stimulative it is not. Mathematically, the spend creates GDP at the expense of future growth as the balance sheet gets worse. But the MMT future simply DOES NOT CARE. Asset markets will at some point. We are looking to play a counter trend bounce in duration, but it looks like the bond mark will have more stress to deal with before a bigger rally. The taper talk latter this year or in 2022 will be the next big hurdle for asset markets built on NIRP and ZIRP.



When the PRO EYES indicator is at elevated levels, we will incorporate additional downside protection in the portfolio as an overlay to the core "BEST IDEAS" holdings. The current correction risk is modest and we are protected to 3400 on the S&P 500 with upside potential to 3800 through Feb expiry.

Top Holdings

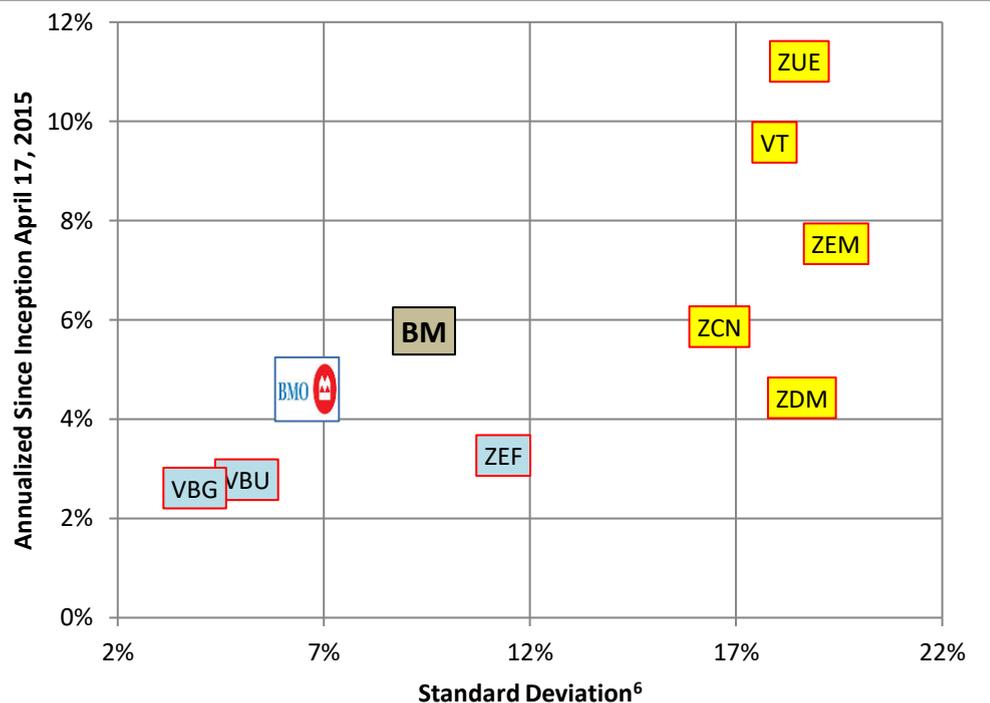
Ticker	Name	Position
ZWP	BMO Europe High Dividend Covered Call ETF	23.0%
ZPAY	BMO Premium Yield ETF	20.6%
EMLC	VanEck Vectors J.P. Morgan EM Local Currency Bond ETF	11.2%
ZGD	BMO Equal Weight Global Gold Index ETF	8.7%
ZUS/U	BMO Ultra Short-Term US Bond ETF	8.6%
ZPR	BMO Laddered Preferred Share Index ETF	5.9%
ZTL/U	BMO Long-Term US Treasury Bond Index ETF	4.9%
XLE	Energy Select Sector SPDR Fund	1.2%
ZWU	BMO Covered Call Utilities ETF	0.8%
AMLP	Alerian MLP ETF	0.7%
ZWC	BMO Canadian High Dividend Covered Call ETF	0.7%
ZUP	BMO US Preferred Share Index ETF	0.4%
ZRR	BMO Real Return Bond Index ETF	0.3%
EWU	iShares MSCI United Kingdom ETF	0.1%

As of: 01/15/21	01/15/21	01/08/21	Change
FX (USD)	53.1%	51.9%	1.2%
Beta ²	27.9%	26.1%	1.8%
Protection	-25.1%	-26.0%	0.9%
Correlation	58.9%	30.7%	28.2%
Yield ³	4.55%	4.49%	0.06%
ETF Holdings	14	14	0
Volatility ⁴	6.60%	6.58%	0.01%
CAD	1.2732	1.2702	0.2%

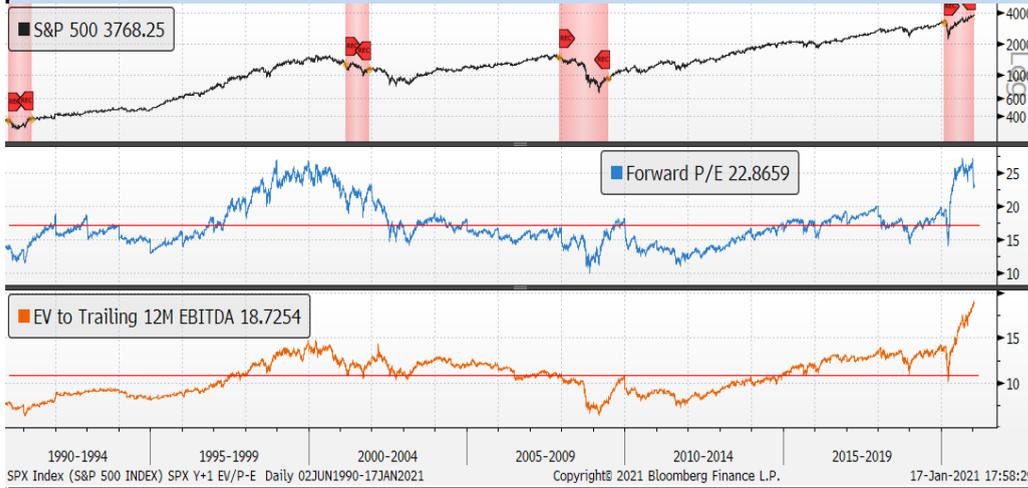
Performance Metrics

Total Return	Net	Gross	Up/Downside ⁵
YTD	0.00%	0.08%	Upside 12%
Prev. Month	-0.58%	-0.42%	Down 5%
Prev. Quarter	0.99%	1.47%	Mths Up 43
Prev. Year	2.10%	4.02%	Mths Dn 26
Annualized SI	2.68%	4.60%	
Sharpe Ratio	0.70		

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



Chart(s) of The Week

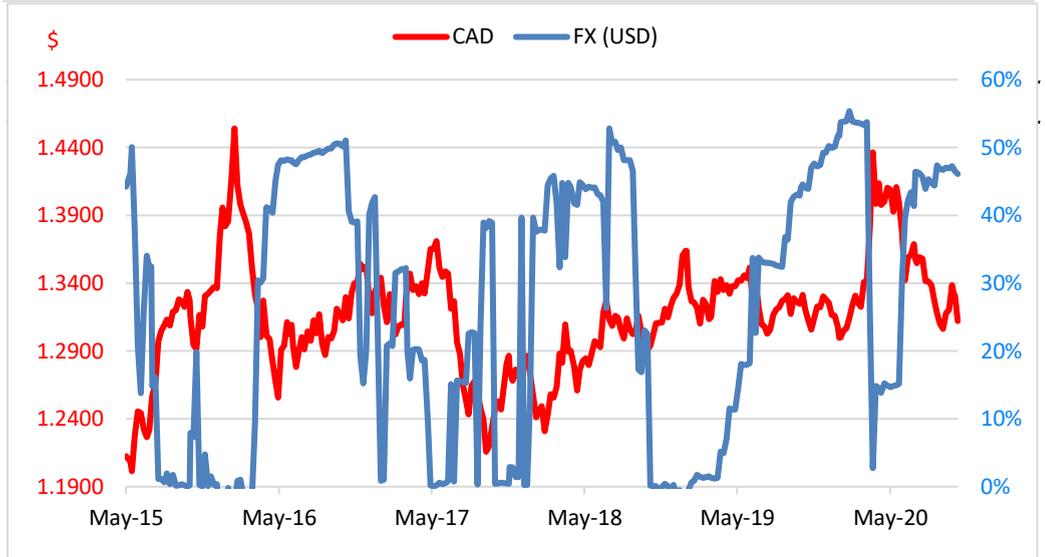
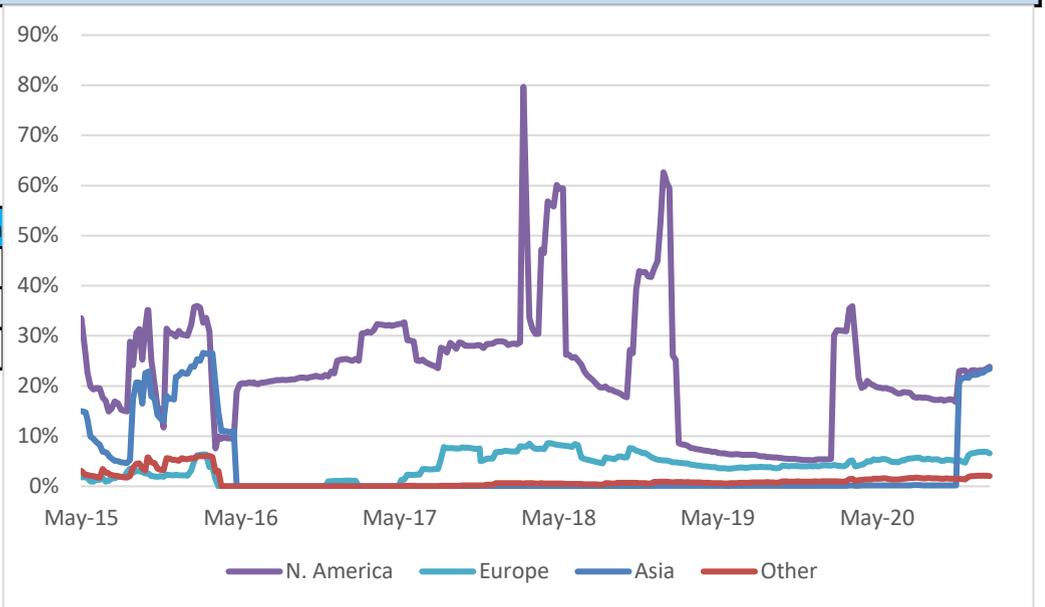


Tactical Asset Allocation

Equity	N. America	Europe	Asia	Other
01/15/21	46.3%	26.3%	4.6%	4.0%
01/08/21	23.5%	6.9%	23.3%	2.1%
Change	22.9%	19.4%	-18.7%	1.8%

Bonds	Corp.	Govt.	Pref.	Cash	Duration
01/15/21	9.0%	16.1%	6.3%	12.9%	5.55
01/08/21	8.8%	15.8%	6.2%	14.0%	5.26
Change	0.2%	0.3%	0.1%	-1.1%	0.29

Sector	01/15/21	01/08/21	Change
Basic Materials	10.99%	11.85%	-0.9%
Communications	3.02%	2.63%	0.4%
Consumer, Cyclical	2.99%	2.67%	0.3%
Consumer, Non-cyclical	10.75%	6.09%	4.7%
Energy	3.71%	3.77%	-0.1%
Financial	7.79%	5.86%	1.9%
Government	33.39%	15.80%	17.6%
Industrial	3.29%	5.55%	-2.3%
Technology	3.07%	8.17%	-5.1%
Utilities	1.50%	1.24%	0.3%



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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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