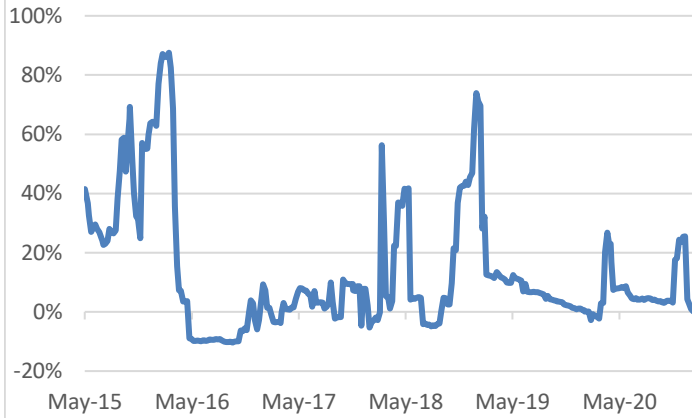


# BMO Tactical Balanced ETF Fund Highlights

Defense BETA SCORE Offense



Beta (risk) Metrics



## Market Strategy (Risk Management)

DEFENSE: The current beta is 0.1% vs. the benchmark of 59.0% down from 1.0% last week. For all the talk of exploding bond yields, the YTW of the world index is up just a few basis points last week. The Canadian bond market went from 1.11 to 1.18 and globally we went from 83 to 87 bps. The US Treasury market did break some technical levels and it made all the headlines. But here is the thing, yields are not rising because we have robust economic growth or inflation pressure in a material way. They are up because the market expect more stimulus spending--the only thing keeping the world out of a global depression at the moment. The reflation and infrastructure spending is real (though borrowed) and supply pressures are real. Key this week was several FOMC members did nothing to suggest the increase in yields is a problem for them, which suggests the next few months of supply could push 10s towards 1.25% and 30s towards 2.00%. These are our soft targets for duration extension. On the equity side, valuation in US equities is the biggest risk. We are still taking a very defensive view on US equity risk. We are adding to international exposure with a value tilt. Our EM overweight has been in the fixed income side (EMLC), but we look to rotate that into equities on a pullback. Tough in a melt up market scenario we are currently experiencing.

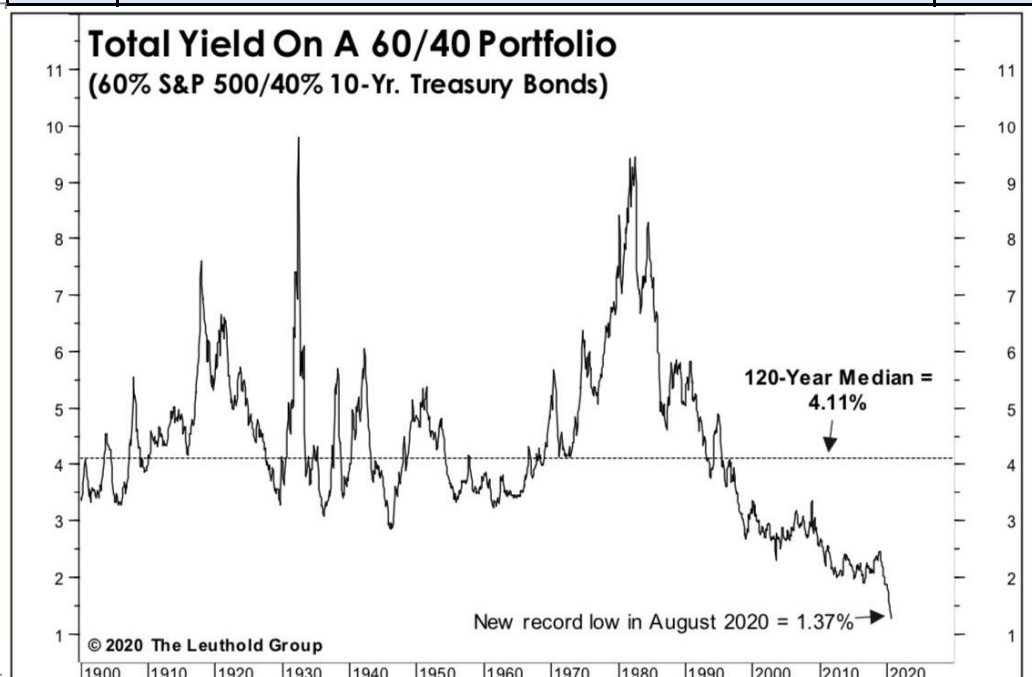
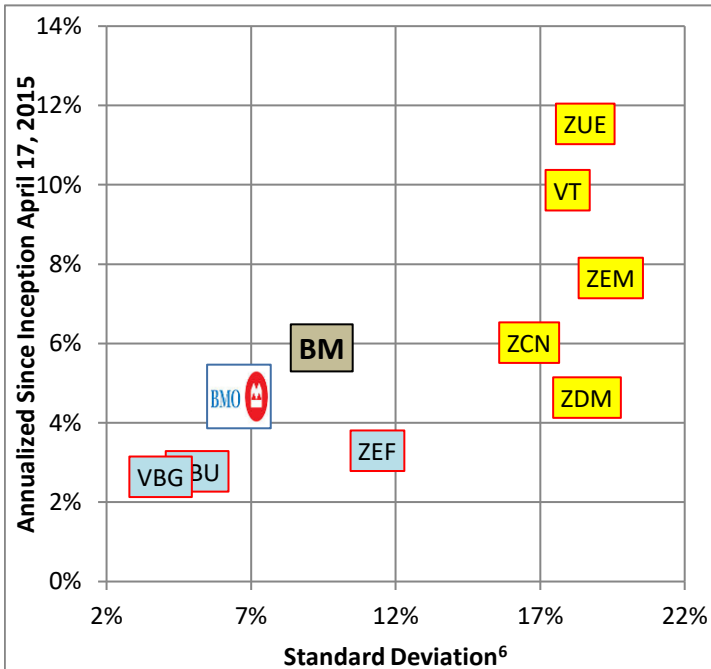
As of: 01/08/21	01/08/21	12/31/20	Change
FX (USD)	51.9%	52.1%	-0.2%
Beta <sup>2</sup>	0.1%	1.0%	-0.9%
Correlation	30.7%	31.6%	-0.9%
Yield <sup>3</sup>	4.49%	4.47%	0.02%
ETF Holdings	14	14	0
Volatility <sup>4</sup>	6.58%	6.55%	0.04%
CAD	1.2702	1.2725	-0.2%

### Performance Metrics

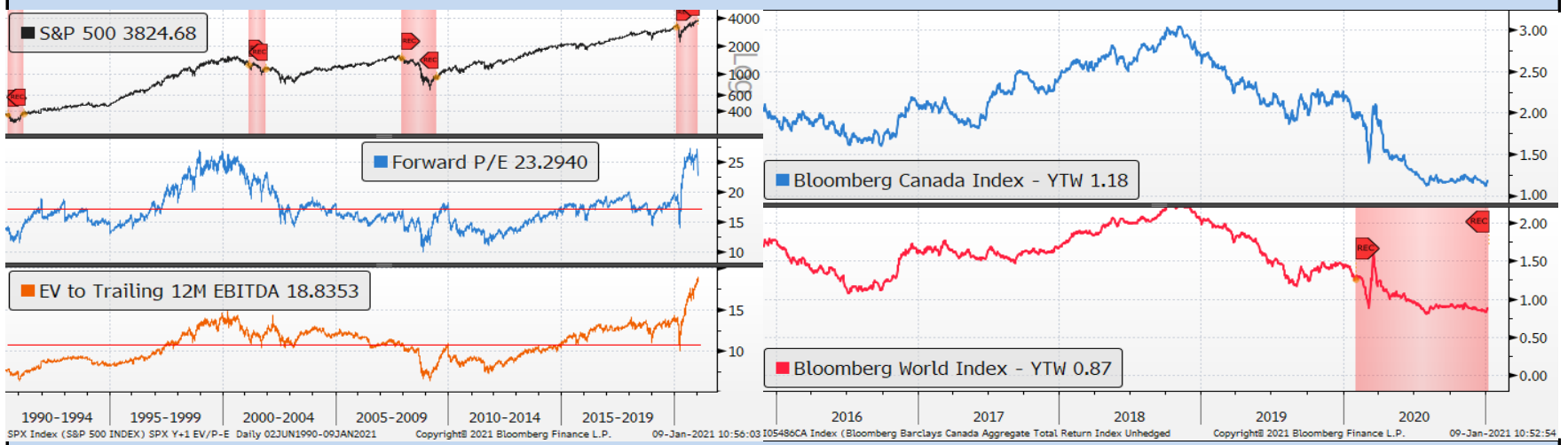
Total Return	Net	Gross	Up/Downside <sup>5</sup>
YTD	0.00%	0.04%	Upside 13%
Prev. Month	-0.11%	0.05%	Down 5%
Prev. Quarter	1.16%	1.64%	Mths Up 43
Prev. Year	2.64%	4.56%	Mths Dn 26
Annualized SI	2.74%	4.66%	
Sharpe Ratio	0.71		

## Top Holdings

Ticker	Name	Position
ZWP	BMO Europe High Dividend Covered Call ETF	22.9%
ZPAY	BMO Premium Yield ETF	20.2%
EMLC	VanEck Vectors J.P. Morgan EM Local Currency Bond ETF	11.1%
ZGD	BMO Equal Weight Global Gold Index ETF	9.2%
ZUS/U	BMO Ultra Short-Term US Bond ETF	8.4%
ZPR	BMO Laddered Preferred Share Index ETF	5.8%
ZTL/U	BMO Long-Term US Treasury Bond Index ETF	4.8%
XLE	Energy Select Sector SPDR Fund	1.2%
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%
EWU	iShares MSCI United Kingdom ETF	0.1%
<b>Total</b>		<b>86.6%</b>



# Chart(s) of The Week

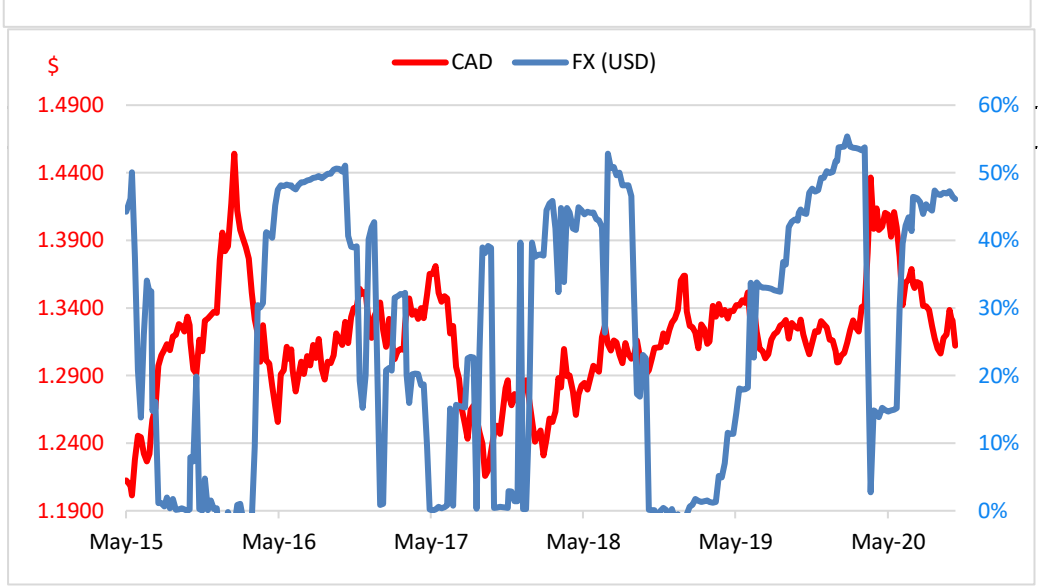
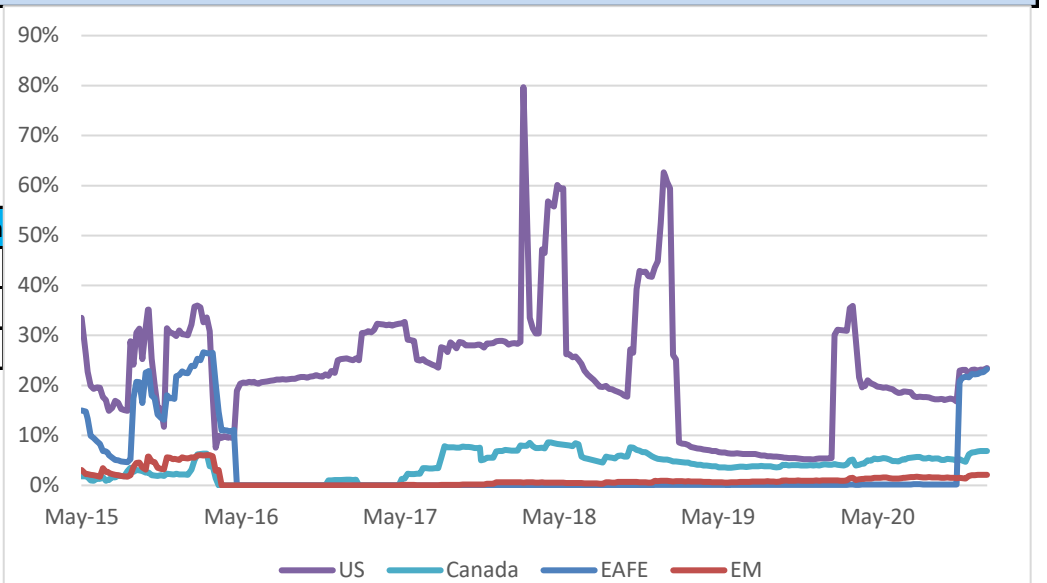


# Tactical Asset Allocation

Equity	US	Canada	EAFE	EM
01/08/21	23.5%	6.9%	23.3%	2.1%
12/31/20	23.1%	6.9%	22.7%	2.1%
Change	0.3%	0.0%	0.6%	0.0%

Bonds	Corp.	Govt.	Pref.	Cash	Duration
01/08/21	8.8%	15.8%	6.2%	14.0%	5.26
12/31/20	8.8%	16.0%	6.0%	14.4%	5.29
Change	0.0%	-0.2%	0.2%	-0.4%	-0.03

Sector	01/08/21	12/31/20	Change
Financials	5.86%	5.73%	0.1%
Energy	3.77%	3.56%	0.2%
Health Care	7.16%	7.04%	0.1%
Technology	8.17%	8.08%	0.1%
Industrials	5.55%	5.44%	0.1%
Discretionary	2.67%	2.64%	0.0%
Real Estate	0.81%	0.80%	0.0%
Staples	6.09%	5.98%	0.1%
Telecom	2.63%	2.57%	0.1%
Utilities	1.24%	1.21%	0.0%
Materials	11.85%	11.81%	0.0%
Government	15.80%	16.04%	-0.2%
Corporate	8.80%	8.76%	0.0%
C\$ Cash	11.07%	11.61%	-0.5%
U\$ Cash	2.89%	2.80%	0.1%
Preferred	6.17%	6.02%	0.2%
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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