

BMO Tactical Balanced ETF Fund Highlights

Defense Core Beta: 25.5% Offense



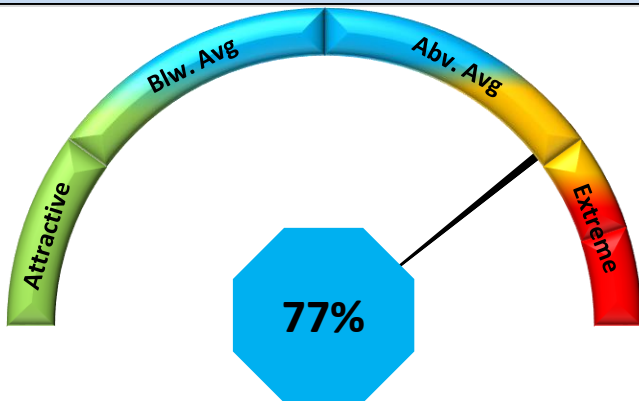
Net Beta (Core - Protection): -20.7%



Market Strategy (Risk Management)

DEFENSE: The current beta is 25.5% vs. the benchmark of 58.7% down from 25.5% last week. The current degree of protection is about -46%. As the Feb options expire this week, we look to considerably increase the upside potential. There is little doubt that we are in a FOMO bubble and there is no telling how far it will go. Our tactical indicators, listed on page 2, show the extreme levels in many indicators. History suggests a correction is coming (chart pg 1). The catalyst is likely bond supply that the Fed may not fully fund. that will serve to suck liquidity out of capital markets. We used the rise in prefs and yields overall to tactically sell more ZPR (the LCRN shift is causing a product demand surge) and added to long bonds (TLT) for a tactical trade. The duration of the 40% of the portfolio is still very low (about 3.9) as we hold ample cash like holdings as half bond exposure (ZUS/U + cash). Long bonds are almost universally hated and for that reason against key levels of 2% for long bonds and 1.25% for 10s a solid trade back to 1.80% and 1% respectively. Part of the global reflation trade will tilt our portfolio internationally where better value exists. Admittedly, we have been waiting for a correction to do it and frustrated by the FOMO market to be sure. we will be selling ZPAY and ZWP to add more growth potential this week.

PRO EYES Macro Risk Model



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 beta protected from 3875 to 3500 on the S&P 500 through Q3. We see a summer rally peak in the 4300 range. That's our upside target for the covered call.

Top Holdings

Ticker	Name	Position
ZWP	BMO Europe High Dividend Covered Call ETF	24.0%
ZPAY	BMO Premium Yield ETF	21.6%
ZGD	BMO Equal Weight Global Gold Index ETF	9.0%
ZUS/U	BMO Ultra Short-Term US Bond ETF	8.9%
ZCB	BMO Corporate Bond Index ETF	7.1%
ZTL/U	BMO Long-Term US Treasury Bond Index ETF	5.9%
EMLC	VanEck Vectors J.P. Morgan EM Local Currency Bond ETF	5.9%
ZPR	BMO Laddered Preferred Share Index ETF	3.2%
XLE	Energy Select Sector SPDR Fund	1.3%
TLT	iShares 20+ Year Treasury Bond ETF	1.0%
ZWU	BMO Covered Call Utilities ETF	0.9%
ZWC	BMO Canadian High Dividend Covered Call ETF	0.7%
AMLPL	Alerian MLP ETF	0.7%
ZUP	BMO US Preferred Share Index ETF	0.4%
ZRR	BMO Real Return Bond Index ETF	0.3%
ZCLN	BMO Clean Energy Index ETF	0.3%

As of: 02/12/21	02/12/21	02/05/21	Change
FX (USD)	54.5%	54.0%	0.5%
Beta ²	25.5%	25.5%	0.0%
Protection	-46.1%	-38.9%	-7.3%
Correlation	55.9%	55.0%	0.9%
Yield ³	4.48%	4.48%	0.00%
ETF Holdings	17	16	1
Volatility ⁴	6.69%	6.64%	0.05%
CAD	1.2696	1.2756	-0.5%

Performance Metrics

Total Return	Net	Gross	Up/Downside ⁵
YTD	0.00%	0.23%	Upside 12%
Prev. Month	-0.97%	-0.81%	Down 3%
Prev. Quarter	-1.65%	-1.17%	Mths Up 43
Prev. Year	0.08%	2.00%	Mths Dn 27
Annualized SI	2.47%	4.39%	
Sharpe Ratio	0.66		

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

Tactical Risk Monitor



Chart(s) of The Week

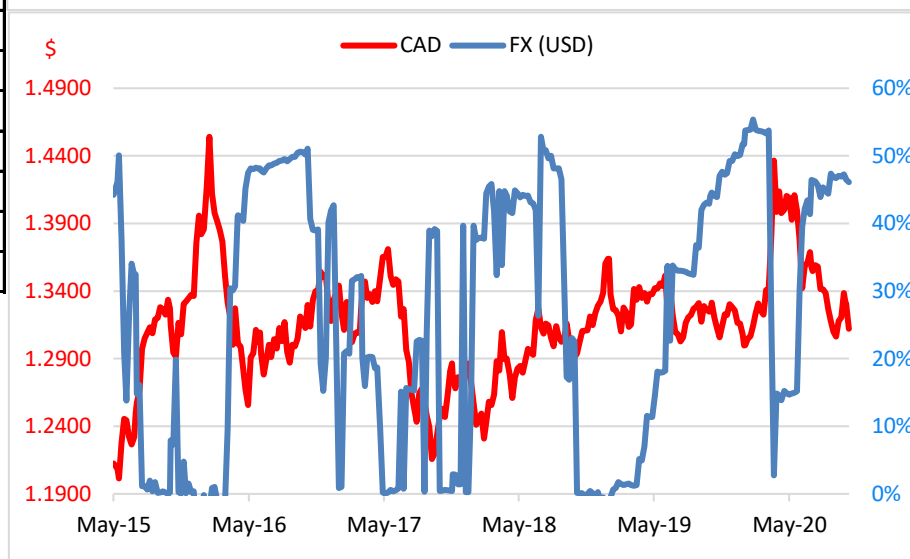
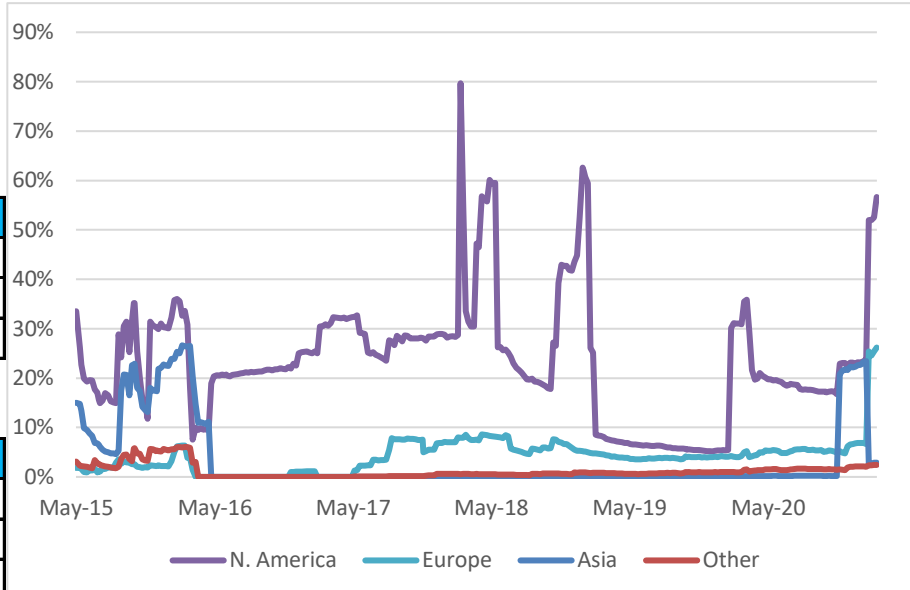
Tactical Factor	Z-Score	Confidence
5-Day Put/Call Ratio	2.44	99% A reading above 90% suggests an extreme degree of speculation.
Speculative Position S&P 500	(0.61)	27% Slight positive factor for future demand as shorts may need to cover positions.
%<>200-Day Moving Average	1.88	97% The deviation from trend is extreme. A near-term correction is a very high probability.
AAll Bull Bear Sentiment Spread	0.71	76% This is viewed as a contrary indicator. It's at a high spread, but it's not yet extreme.
Seasonal Pattern Since 1928	0.69	76% The 1-Mth forward return is poor. Historically the average return is modestly negative.
Presidential Cycle Since 1928	0.79	78% The 1-Mth forward return is poor. Historically the average return is modestly negative.
Current vs. Average Volatility	0.65	74% Volatility is modestly below recent averages. It's a moderately cautious influence.
Current vs. Future Volatility	1.69	95% The spread between current and future volatility is extreme. A high degree of caution.
Trend-% S&P 500 >50Day	0.58	72% % abv 50-Day avgs is moderately elevated. Breadth levels are a moderate positive.
Trend-% S&P 500 >200Day	1.21	89% % abv 200-Day avgs is extremely high. Breadth is strong, but correction risk is extreme.
Breadth-McClellan Summation Index	1.18	88% Breadth is strong. Extreme readings suggesting a near-term overbought condition.
Overbought-Oversold 13W RSI	0.80	79% The 13-wk RSI is elevated. Extreme RSI readings offer a strong warning.

Tactical Asset Allocation

Equity	N. America	Europe	Asia	Other
02/12/21	56.7%	26.2%	2.9%	2.4%
02/05/21	52.5%	25.4%	2.8%	2.4%
Change	4.2%	0.8%	0.0%	0.1%

Bonds	Corp.	Govt.	Pref.	Cash	Duration
02/12/21	16.2%	13.0%	3.6%	8.4%	7.65
02/05/21	16.0%	11.9%	4.4%	9.7%	7.03
Change	0.2%	1.1%	-0.8%	-1.3%	0.63

Sector	02/12/21	02/05/21	Change	BM	O/U
Basic Materials	11.5%	11.3%	0.2%	2.9%	8.5%
Communications	3.7%	3.7%	0.1%	8.7%	-5.0%
Consumer, Cyclical	3.2%	3.3%	-0.1%	7.0%	-3.7%
Consumer, Non-cyclical	12.3%	11.6%	0.6%	13.5%	-1.3%
Energy	5.0%	4.6%	0.5%	2.6%	2.4%
Financial	10.8%	10.0%	0.8%	16.1%	-5.4%
Government	29.8%	28.5%	1.3%	25.9%	4.0%
Industrial	4.3%	4.0%	0.3%	7.0%	-2.7%
Technology	3.5%	2.9%	0.6%	10.3%	-6.9%
Utilities	3.3%	2.7%	0.6%	4.1%	-0.7%



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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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