

# BMO Tactical Balanced ETF Fund Highlights

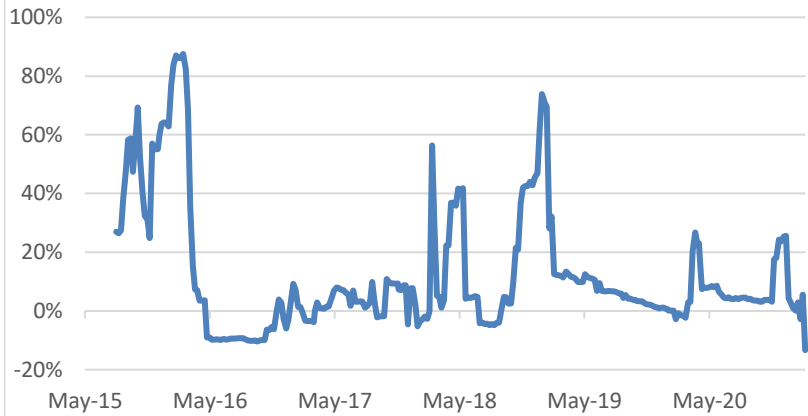
Defense

Core Beta: 25.5%

Offense



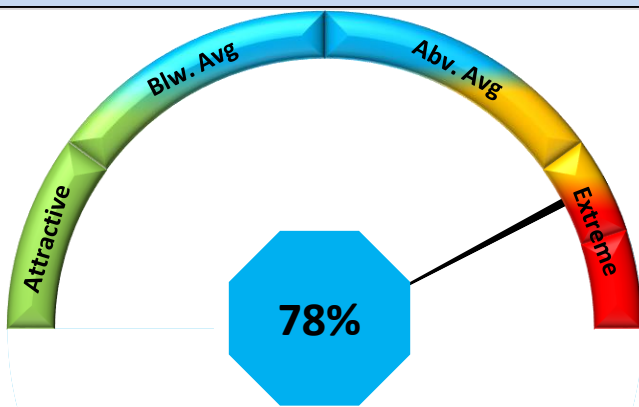
Net Beta (Core - Protection): -13.4%



## Market Strategy (Risk Management)

DEFENSE: The current beta is 25.5% vs. the benchmark of 58.7% down from 28.9% last week. The current degree of protection is about -39%. We have been more active on the bond side of the portfolio in recent weeks. We sold some Canadian Prefs (ZPR) on strength last week and the proceeds went into US long bond duration (ZTL/U). The world has turned bearish on bonds and we see long USTs as one of the most attractive assets in the world of fixed income negative yielding debt and tight credit spreads. The risk on trade in stocks fueled by liquidity is grossly mispricing assets. We also added to ZCB for a yield pick up and duration versus the front end that has no growth potential. Similar to the crowded bearish US\$ trade we see a crowded curve steepening trade. The strong move in equities saw us tighten up our beta protection against our equity exposure. The negative beta in the portfolio is coming from our increase in duration. ZPAY continue to deliver a steady eddy 6% + trend yield plus moderate growth, which we like. It looks bad in a week that rallied 2-5% in global equities, but it's not designed for max growth. Tactically, we will add beta on dips against our put protection. We added to clean energy and part of our thematic sleeve that includes gold equities and energy.

## 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 with upside potential to 3800 through Feb expiry.

## Top Holdings

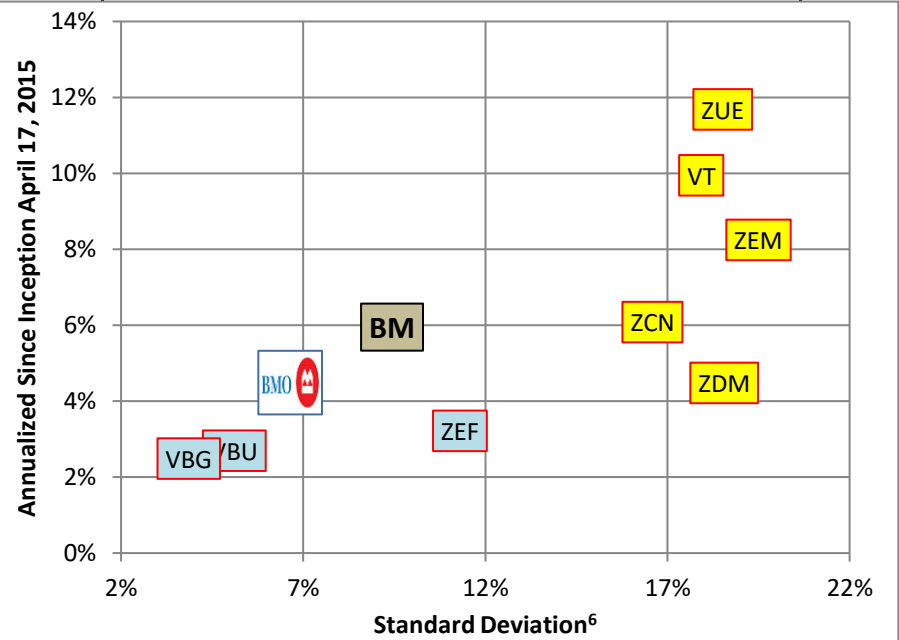
Ticker	Name	Position
ZWP	BMO Europe High Dividend Covered Call ETF	23.4%
ZPAY	BMO Premium Yield ETF	21.3%
ZGD	BMO Equal Weight Global Gold Index ETF	9.1%
ZUS/U	BMO Ultra Short-Term US Bond ETF	8.8%
ZCB	BMO Corporate Bond Index ETF	7.0%
ZTL/U	BMO Long-Term US Treasury Bond Index ETF	6.0%
EMLC	VanEck Vectors J.P. Morgan EM Local Currency Bond ETF	5.8%
ZPR	BMO Laddered Preferred Share Index ETF	4.0%
XLE	Energy Select Sector SPDR Fund	1.3%
ZWU	BMO Covered Call Utilities ETF	0.9%
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%
ZCLN	BMO Clean Energy Index ETF	0.3%
EWU	iShares MSCI United Kingdom ETF	0.1%

As of: 02/05/21	02/05/21	01/29/21	Change
FX (USD)	54.0%	53.5%	0.5%
Beta <sup>2</sup>	25.5%	28.9%	-3.4%
Protection	-38.9%	-23.3%	-15.5%
Correlation	55.0%	73.6%	-18.7%
Yield <sup>3</sup>	4.48%	4.34%	0.13%
ETF Holdings	16	15	1
Volatility <sup>4</sup>	6.64%	6.60%	0.04%
CAD	1.2756	1.2777	-0.2%

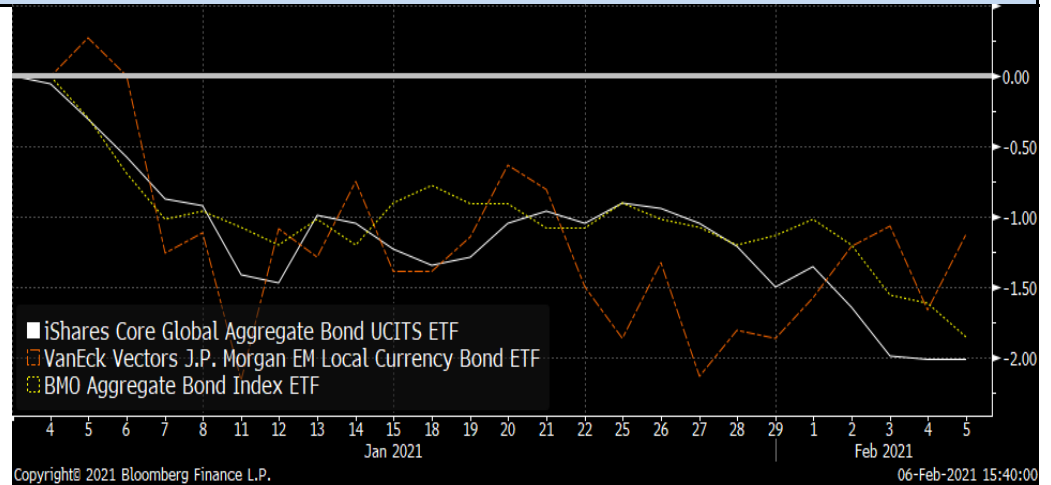
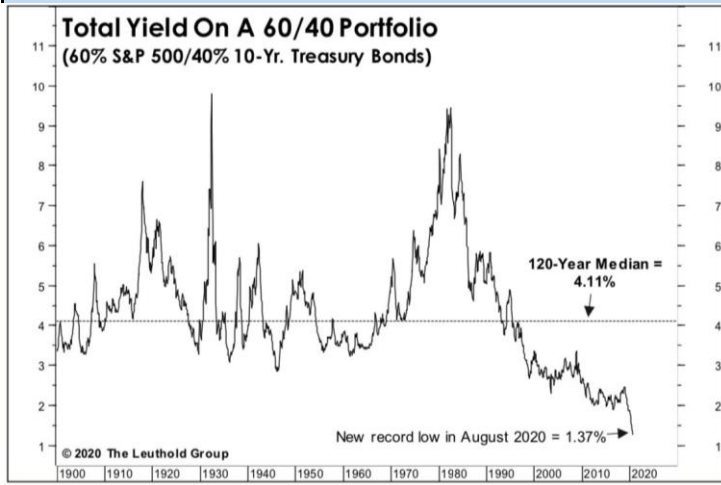
## Performance Metrics

Total Return	Net	Gross	Up/Downside <sup>5</sup>
YTD	0.00%	0.19%	Upside 12%
Prev. Month	-1.54%	-1.38%	Down 5%
Prev. Quarter	0.02%	0.50%	Mths Up 43
Prev. Year	0.35%	2.27%	Mths Dn 27
Annualized SI	2.56%	4.48%	
Sharpe Ratio	0.67		

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



# Chart(s) of The Week

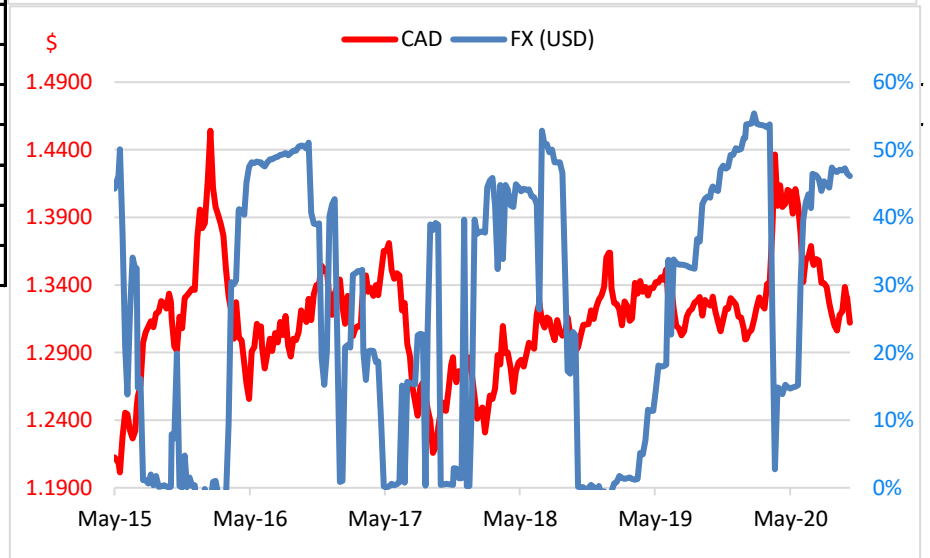
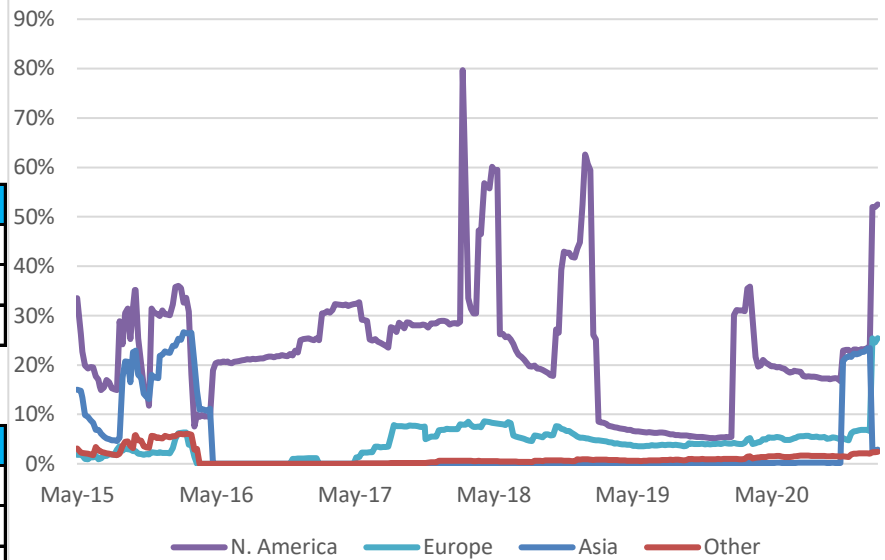


## Tactical Asset Allocation

Equity	N. America	Europe	Asia	Other
02/05/21	55.1%	25.5%	2.8%	2.4%
01/29/21	52.0%	24.5%	2.7%	2.3%
Change	3.2%	1.0%	0.2%	0.1%

Bonds	Corp.	Govt.	Pref.	Cash	Duration
02/05/21	16.0%	11.9%	4.4%	9.7%	7.03
01/29/21	14.6%	10.8%	6.4%	12.1%	6.03
Change	1.4%	1.0%	-2.0%	-2.4%	1.00

Sector	02/05/21	01/29/21	Change	BM	O/U
Basic Materials	11.4%	11.1%	0.3%	3.0%	8.5%
Communications	3.8%	3.5%	0.3%	8.7%	-5.0%
Consumer, Cyclical	3.4%	3.3%	0.1%	6.9%	-3.6%
Consumer, Non-cyclical	11.8%	11.0%	0.7%	13.5%	-1.8%
Energy	4.8%	4.3%	0.5%	2.6%	2.2%
Financial	10.5%	10.1%	0.4%	16.1%	-5.6%
Government	29.6%	28.1%	1.5%	25.9%	3.7%
Industrial	4.1%	3.7%	0.4%	7.0%	-3.0%
Technology	2.9%	3.2%	-0.3%	10.4%	-7.5%
Utilities	3.0%	2.5%	0.4%	4.1%	-1.1%



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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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