

# BMO Tactical Balanced ETF Fund Highlights

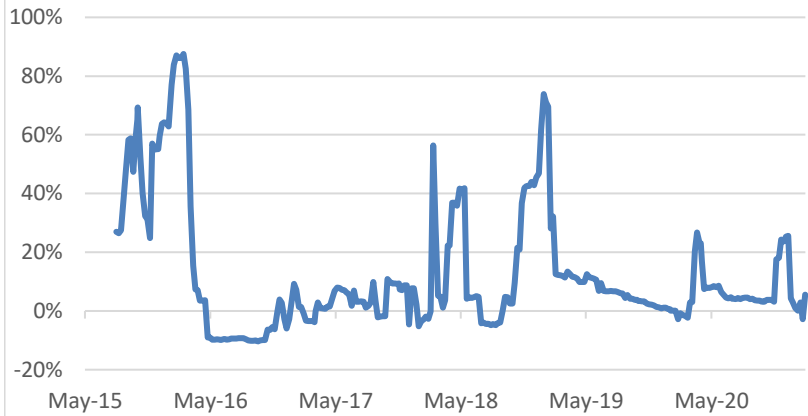
Defense

Core Beta: 28.9%

Offense



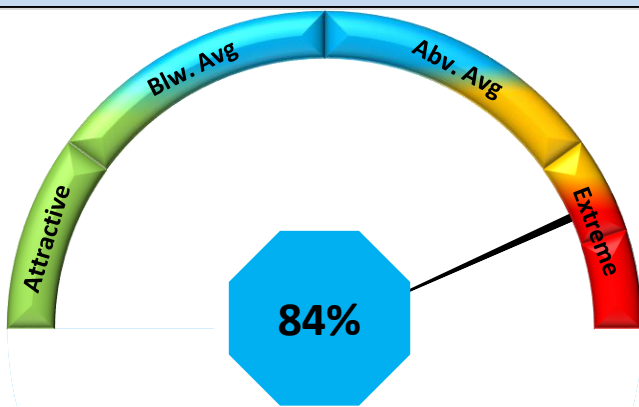
Net Beta (Core - Protection): 5.6%



## Market Strategy (Risk Management)

DEFENSE: The current beta is 28.9% vs. the benchmark of 58.9% up from 25.9% last week. The current degree of protection is about -23%. The correction risk we were expecting in Q1 has started to play out. We look to add duration to the bond portfolio as supply pushes yields back. We look to add more beta to the core equity portfolio on weakness, but we will maintain risk hedges so that upside capture and downside protection remains in line with elevated valuations. The 60:40 global balanced portfolio last month was down 0.5% and we were just in the positive. We expect bonds will have close to zero return in 2021 and plan to actively shift duration, credit and currency exposure to add value in addition to use of floating rates where it makes sense. The low rate environment and stimulus efforts could still push multiples on equities and keep the ERP boosted. Chair Powell confirmed the Fed still is not thinking about backing away and that more can be done. So basically he's waiting for more bond supply to absorb. The ECB said as much with Europe slipping back into recession. Global synchronized growth is waning. Imagine where global equities would be without the unprecedented money creation? You don't want to know the answer to that question.

## 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 protected to 3400 on the S&P 500 with upside potential to 3800 through Feb expiry.

## Top Holdings

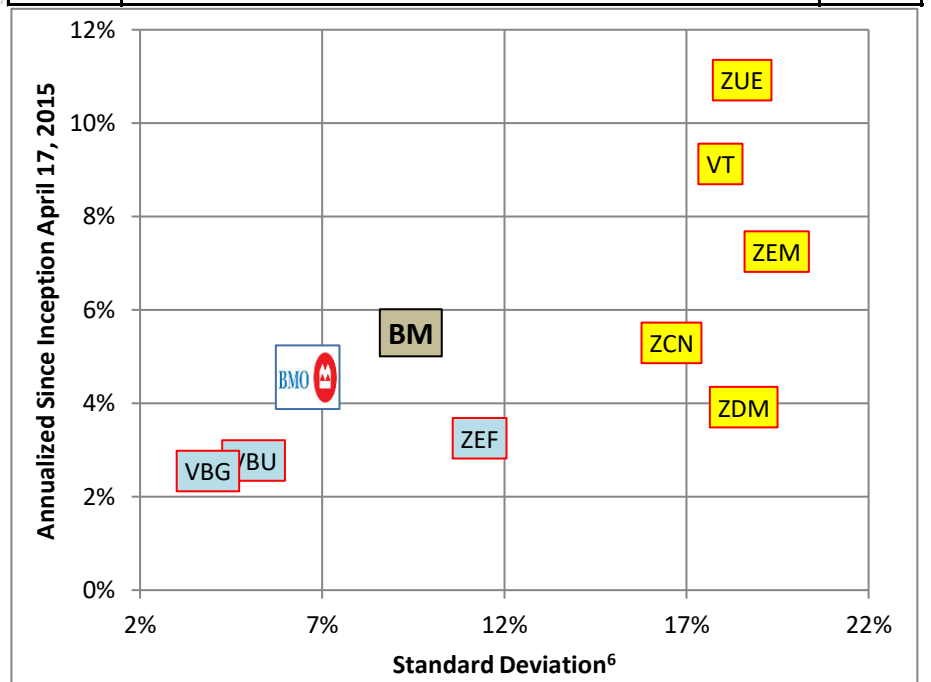
Ticker	Name	Position
ZWP	BMO Europe High Dividend Covered Call ETF	22.7%
ZPAY	BMO Premium Yield ETF	20.8%
ZGD	BMO Equal Weight Global Gold Index ETF	8.9%
ZUS/U	BMO Ultra Short-Term US Bond ETF	8.7%
ZPR	BMO Laddered Preferred Share Index ETF	6.0%
ZCB	BMO Corporate Bond Index ETF	5.7%
EMLC	VanEck Vectors J.P. Morgan EM Local Currency Bond ETF	5.7%
ZTL/U	BMO Long-Term US Treasury Bond Index ETF	5.0%
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%
AML	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%

As of: 01/29/21	01/29/21	01/22/21	Change
FX (USD)	27.7%	53.2%	-25.5%
Beta <sup>2</sup>	28.9%	25.9%	3.1%
Protection	-23.3%	-28.7%	5.4%
Correlation	73.6%	53.6%	20.0%
Yield <sup>3</sup>	4.34%	4.51%	-0.17%
ETF Holdings	15	15	0
Volatility <sup>4</sup>	6.60%	6.61%	-0.01%
CAD	1.2777	1.2733	0.3%

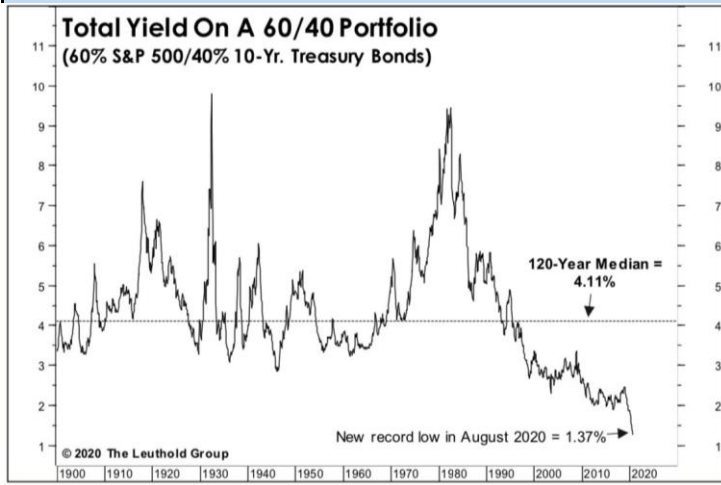
## Performance Metrics

Total Return	Net	Gross	Up/Downside <sup>5</sup>
YTD	0.00%	0.15%	Upside 12%
Prev. Month	-1.22%	-1.06%	Down 5%
Prev. Quarter	0.84%	1.32%	Mths Up 43
Prev. Year	0.96%	2.88%	Mths Dn 27
Annualized SI	2.63%	4.55%	
Sharpe Ratio	0.69		

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



# Chart(s) of The Week

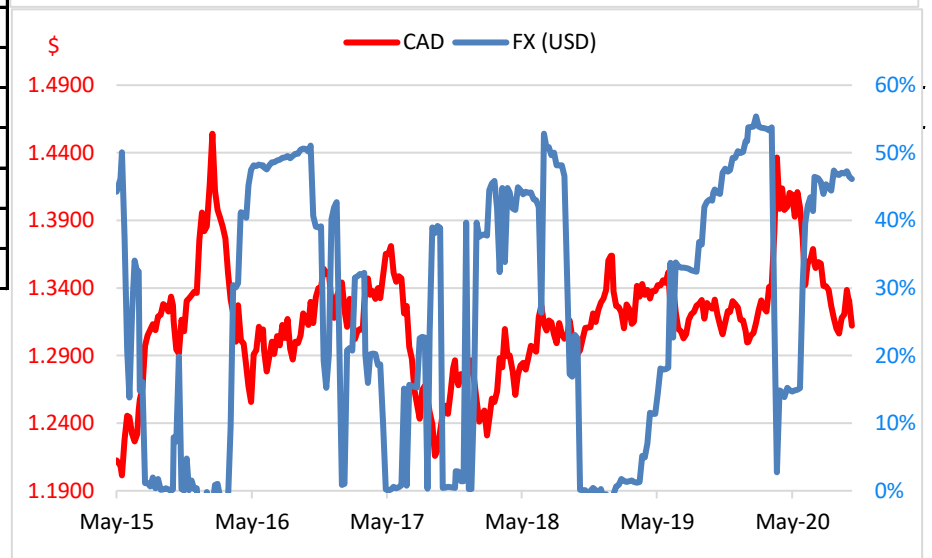
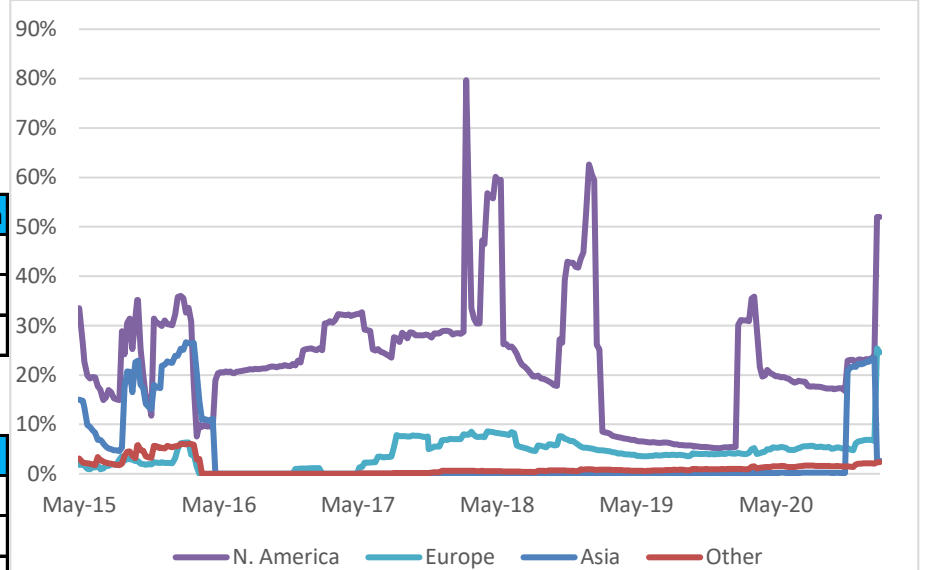


## Tactical Asset Allocation

Equity	N. America	Europe	Asia	Other
01/29/21	52.0%	24.5%	2.7%	2.3%
01/22/21	52.0%	25.4%	2.6%	2.3%
Change	0.0%	-0.8%	0.0%	0.0%

Bonds	Corp.	Govt.	Pref.	Cash	Duration
01/29/21	14.6%	10.8%	6.4%	12.1%	6.03
01/22/21	14.5%	10.8%	6.4%	12.1%	6.02
Change	0.1%	0.1%	0.0%	0.0%	0.01

Sector	01/29/21	01/22/21	Change	BM	O/U
Basic Materials	11.1%	11.2%	-0.1%	3.0%	8.2%
Communications	3.5%	3.6%	-0.1%	8.7%	-5.2%
Consumer, Cyclical	3.3%	3.3%	-0.1%	7.0%	-3.7%
Consumer, Non-cyclical	11.0%	11.3%	-0.3%	13.5%	-2.5%
Energy	4.3%	4.4%	-0.1%	2.6%	1.7%
Financial	10.1%	10.2%	-0.1%	16.1%	-6.0%
Government	28.1%	28.0%	0.1%	25.9%	2.2%
Industrial	3.7%	3.8%	-0.1%	7.0%	-3.3%
Technology	3.2%	3.2%	0.0%	10.4%	-7.2%
Utilities	2.5%	2.6%	0.0%	4.1%	-1.5%



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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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