



# BMO Tactical Dividend ETF Fund Highlights

## Core Tactical/Strategic Portfolio Outlook/Adjustments

The correction that started last week is not likely over. Based on last week's more dovish comments from the Bank of Canada, we added back some US dollar exposure selling ZUD to buy ZDY and ZPAY/F to ZPAY. Our US\$ exposure is now 37% from 31% last week. We are still underweight as the US\$ is about 44% of the global 80/20% Canada dividend benchmark. We are looking at a dip below 1.20 as our target to move back to market weight. Our chart of the week shows the dramatic impact of currency in the past month between ZDY/ZUD. We trimmed gold exposure as the sector improves and proceeds will keep nibbling at markets outside the more overvalued US markets. We have added RXD to our universe. Focus here is EM dividend leaders and has a focus on EM technology. The sector probably has more relative correcting to do, but it adds an interesting longer-term dividend growth focus.

## Top Holdings

Ticker	Name	Position
ZDI	BMO International Dividend ETF	24.4%
ZGD	BMO Equal Weight Global Gold Index ETF	17.5%
ZWP	BMO Europe High Dividend Covered Call ETF	16.2%
ZPAY	BMO Premium Yield ETF	15.3%
EDIV	SPDR S&P Emerging Markets Dividend ETF	6.3%
ZWU	BMO Covered Call Utilities ETF	5.9%
ZDY	BMO US Dividend ETF	4.6%
DEM	WisdomTree Emerging Markets High Dividend Fund	3.0%
DVYE	iShares Emerging Markets Dividend ETF	2.6%
DGS	Wisdom Tree Trust - WisdomTree Emerging Markets SmallCap Dividen	2.4%

## Macro Market Strategy

We continue to see the Fed as the swing factor in markets. We now know that the Treasury needs to raise another \$600B in excess of what the Fed is monetizing. That should add stress to asset prices in the coming quarters. There is a narrative building around the August Jackson Hole event as to when the Fed will start thinking about tapering. The impact on the US dollar should be negative and exposure to non-US currency makes sense. The C\$ strength is surprising and we saw the first mention of it by the BoC last week. We do not see the BoC tolerating a much stronger currency.

## Chart of the Week



## PRO-EYES - Berman's Call

Risk Level High

The current core portfolio beta is 67.8% The current degree of beta protection is about -24%.

When the PRO EYES indicator is at elevated levels (above 75%), as it is recently hit, we will have higher degree of beta protection on the portfolio. Historically, corrections that follow have a median of 7.3% and an average of 11.1% over the past 20 years. We have our downside hedge on the S&P 500 in place from 4200-3750 with a covered call at 4400 through Sept 30th. This is a tactical hedge and is actively adjusted as opportunities develop. For details of the [PRO-EYES-Berman's Call](#) Tactical Risk Models click link above.

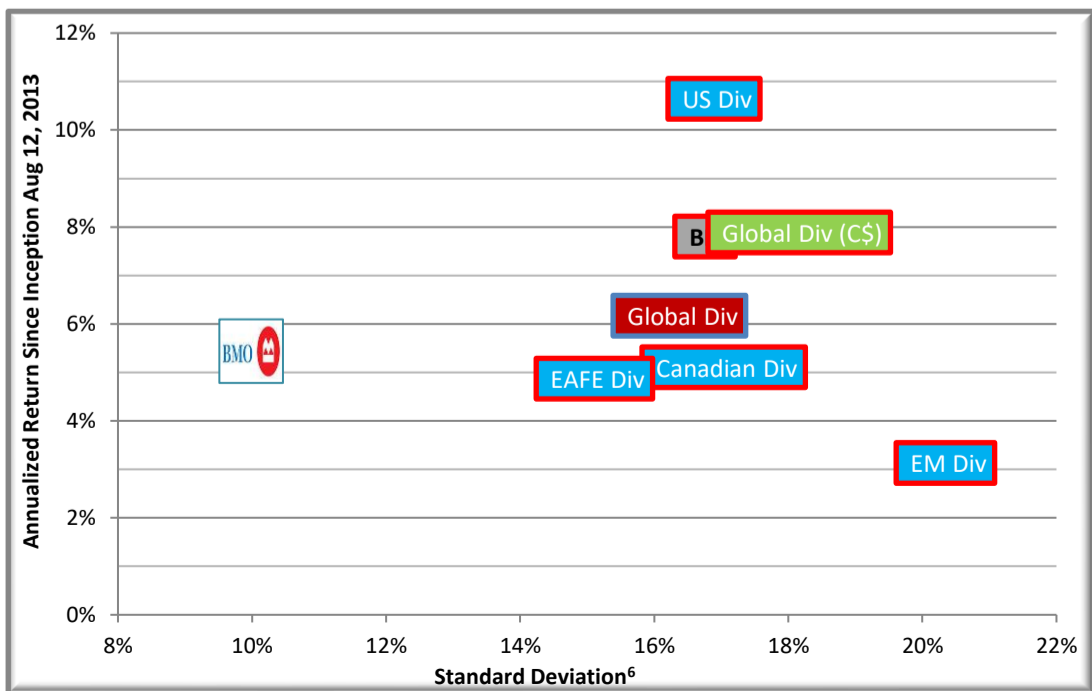
## Performance Metrics (A-Series) as of (05/14/21)

Total Return	Net	Gross	Upside/Downside <sup>5</sup>	
YTD	1.15%	1.84%	Upside	25%
Previous Quarter	2.19%	2.67%	Downside	49%
Previous Year	-2.23%	-0.31%	Months Up	61
3-Year	-1.53%	0.39%	Months Dn	30
5-Year	2.32%	4.24%		
Ann. SI (08/12/13)	3.51%	5.43%	Sharpe Ratio	0.44

## Defense

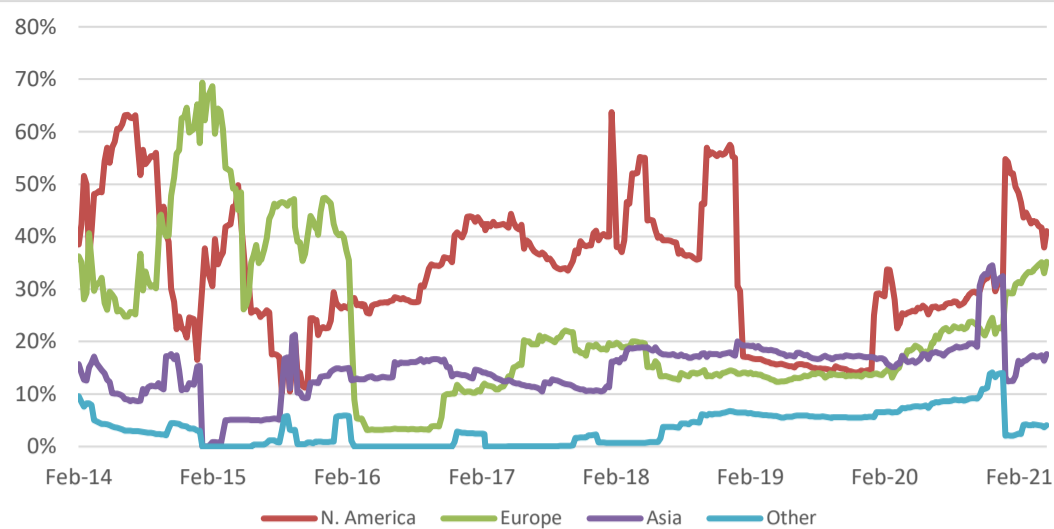
Core Beta: 67.8%

## Offense

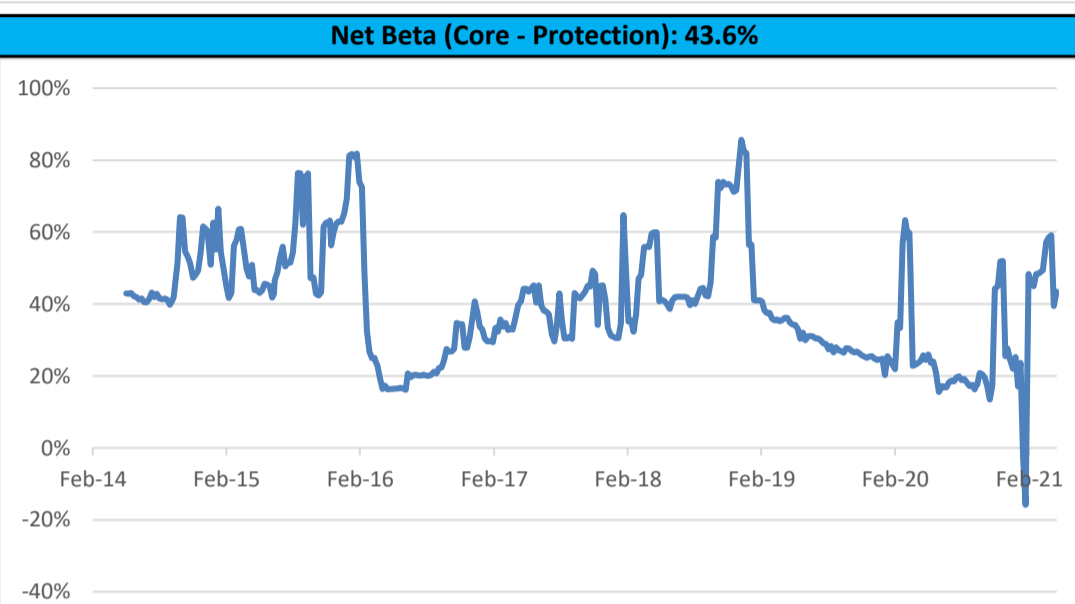


## Tactical Asset Allocation

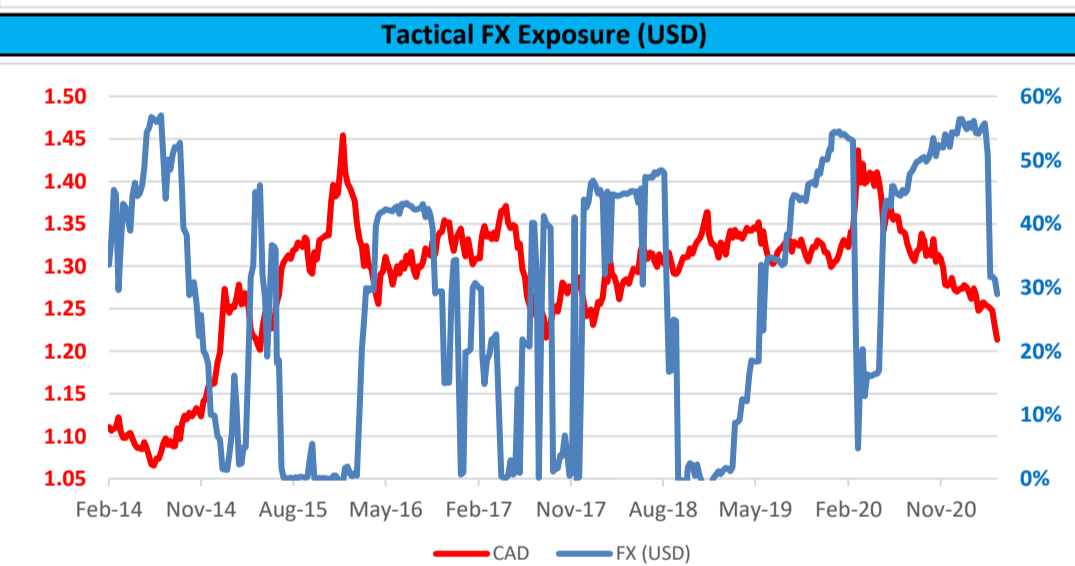
Equity	N. America	Europe	Asia	Other
05/14/21	41.0%	35.6%	17.5%	4.0%
04/30/21	37.9%	33.0%	16.4%	3.7%
Change	3.1%	2.6%	1.2%	0.3%
Benchmark	67.6%	17.6%	12.9%	1.9%



Sector	5/14/21	4/30/21	Change	BM
Basic Materials	23.47%	21.10%	2.4%	8.5%
Communications	6.11%	5.63%	0.5%	8.8%
Consumer, Cyclical	6.39%	6.22%	0.2%	4.9%
Consumer, Non-cyclical	15.95%	15.06%	0.9%	8.3%
Energy	3.15%	2.80%	0.3%	9.4%
Financial	12.76%	11.82%	0.9%	31.4%
Government	11.84%	10.72%	1.1%	0.0%
Industrial	6.59%	6.18%	0.4%	6.3%
Technology	3.80%	3.75%	0.0%	2.6%
Utilities	7.84%	7.46%	0.4%	0.0%



As of: 05/14/21	05/14/21	04/30/21	Change
FX (USD)	37.1%	31.3%	5.8%
Beta <sup>2</sup>	67.8%	62.9%	4.9%
Protection	-24.2%	-23.5%	-0.7%
Correlation	77.0%	68.5%	8.6%
Yield <sup>3</sup>	4.19%	3.93%	0.26%
ETF Holdings	10	11	-1
Volatility <sup>4</sup>	9.99%	9.98%	0.00%
CAD	1.2104	1.2287	-1.5%



This communication is intended for information purposes only. This update has been prepared by ETF Capital Management, the portfolio manager of BMO Tactical Dividend ETF Fund and represents their assessment at the time of publication. The views are subject to change without notice as markets change over time. The information contained herein is not, and should not be construed as, investment advice to any party. Investments should be evaluated relative to the individual's investment objectives and professional advice should be obtained with respect to any circumstance. The statistics provided in this presentation are based on information believed to be reliable, but BMO Investments Inc. cannot guarantee they are accurate or complete. BMO Global Asset Management is a brand name that comprises BMO Asset Management Inc., BMO Investments Inc., BMO Asset Management Inc. and BMO's specialized investment management firms. BMO Mutual Funds are offered by BMO Investments Inc., a financial services firm and separate legal entity from the Bank of Montreal. Commissions, management fees and expenses may be associated with mutual fund investments. Please read the prospectus before investing. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated.

1 The benchmark is the return of the targeted portfolio. As of Jan 1, 2017, the target portfolio is 80% (CYH) and 20% (ZDV); 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. ® "BMO (M-bar roundel)" is a registered trade-mark of Bank of Montreal, used under license. ETF Capital Management is a registered trade name of Quintessence Wealth, a Portfolio Manager, Investment Fund Manager and Exempt Market Dealer registered with the Canadian Securities Administrators.