



BMO Tactical Dividend ETF Fund Highlights

Core Tactical/Strategic Portfolio Outlook/Adjustments

We made no adjustments last week. We have cash to add to EM and EAFE exposure on weakness. We expect more volatility and opportunity in Q3. The stronger US dollar will allow us to shift some additional exposure to international markets. We will also look to hedge US dollar exposure back to CAD below 80 cents.

Macro Market Strategy

When it comes to EM currency exposure, the JP Morgan currency index (feature chart) highlights the pullback to trend support. This is a trend we see continuing in the coming years. EM dividends will be a big focus for us in the coming years where there is much better valuation and exposure could get as high as 30% of the portfolio. It's currently about half that exposure (EDIV, DVYE, DEM, DGS). Currency exposure could add materially to total return. The index is very close to 52-week highs last seen in Dec and Feb. A breakout here is very bullish for EM total return.

Top Holdings

Ticker	Name	Position
ZDI	BMO International Dividend ETF	25.1%
ZWP	BMO Europe High Dividend Covered Call ETF	16.8%
ZPAY	BMO Premium Yield ETF	16.0%
ZGD	BMO Equal Weight Global Gold Index ETF	8.5%
EDIV	SPDR S&P Emerging Markets Dividend ETF	6.7%
ZWU	BMO Covered Call Utilities ETF	6.0%
ZDY	BMO US Dividend ETF	4.7%
DEM	WisdomTree Emerging Markets High Dividend Fund	3.1%
DVYE	iShares Emerging Markets Dividend ETF	2.7%
DGS	Wisdom Tree Trust - WisdomTree Emerging Markets SmallCap Dividend	2.6%

Chart of the Week



PRO-EYES - Berman's Call

Risk Level **High**

The current core portfolio beta is 65.9% The current degree of beta protection is about -24%.

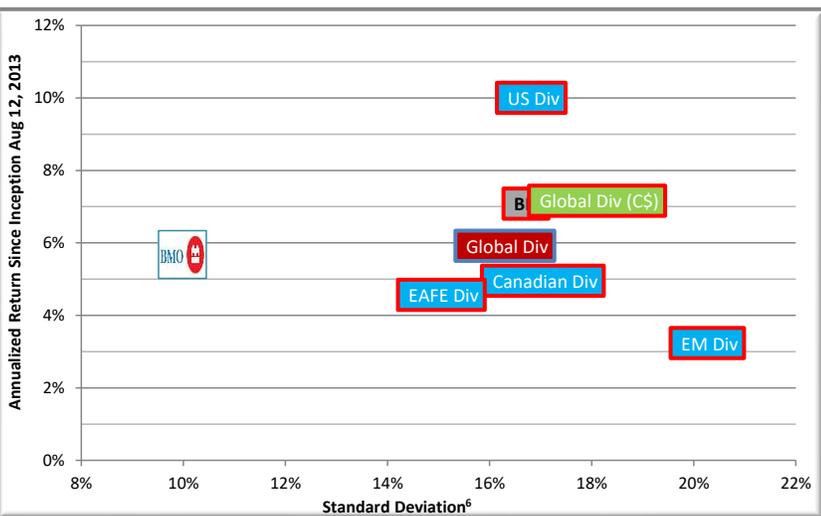
When the PRO EYES indicator is at elevated levels (above 75%), as it is recently hit, we will have higher degree of beta protection on the portfolio. Historically, corrections that follow have a median of 7.3% and an average of 11.1% over the past 20 years. We have our downside hedge on the S&P 500 in 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.

Defense **Core Beta: 65.9%** Offense



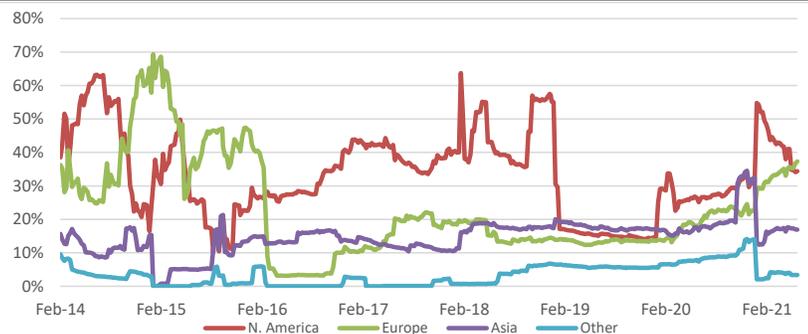
Performance Metrics (A-Series) as of (06/18/21)

Total Return	Net	Gross	Upside/Downside ⁵	
YTD	3.33%	4.20%	Upside	26%
Previous Quarter	4.57%	5.05%	Downside	49%
Previous Year	-0.01%	1.91%	Months Up	63
3-Year	-1.24%	0.68%	Months Dn	30
5-Year	2.79%	4.71%		
Ann. SI (08/12/13)	3.75%	5.67%	Sharpe Ratio	0.47



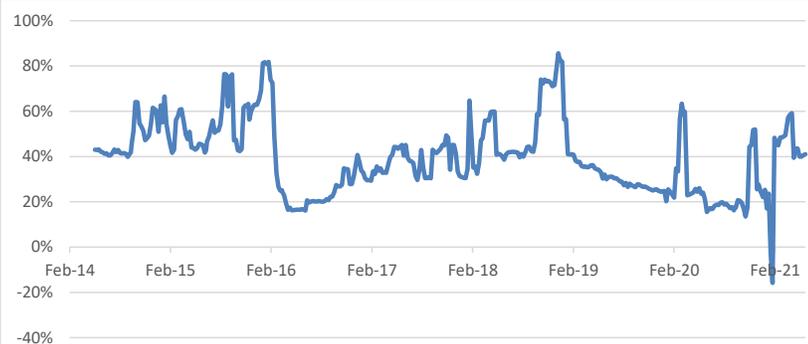
Tactical Asset Allocation

Equity	N. America	Europe	Asia	Other
06/18/21	34.3%	37.5%	17.0%	3.3%
06/04/21	34.1%	36.8%	17.0%	3.4%
Change	0.2%	0.7%	0.0%	-0.1%
Benchmark	66.7%	18.4%	12.9%	1.9%



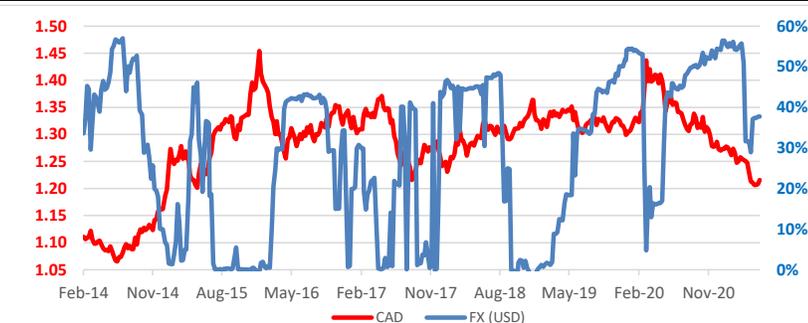
Sector	6/18/21	6/04/21	Change	BM
Basic Materials	13.91%	14.48%	-0.6%	8.4%
Communications	6.11%	6.03%	0.1%	8.9%
Consumer, Cyclical	6.60%	6.42%	0.2%	4.8%
Consumer, Non-cyclical	17.16%	16.74%	0.4%	8.5%
Energy	3.32%	3.17%	0.1%	9.5%
Financial	13.82%	13.50%	0.3%	30.7%
Government	12.11%	12.09%	0.0%	0.0%
Industrial	6.60%	6.62%	0.0%	6.3%
Technology	4.18%	3.94%	0.2%	2.6%
Utilities	8.07%	8.02%	0.0%	0.0%

Net Beta (Core - Protection): 41.8%



As of: 06/18/21	06/18/21	06/04/21	Change
FX (USD)	38.6%	37.7%	1.0%
Beta ²	65.9%	65.3%	0.6%
Protection	-24.1%	-24.7%	0.6%
Correlation	76.9%	75.9%	1.0%
Yield ³	4.33%	4.22%	0.11%
ETF Holdings	10	10	0
Volatility ⁴	9.98%	10.01%	-0.03%
CAD	1.2465	1.2084	3.2%

Tactical FX Exposure (USD)



This commentary 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. Any statement that necessarily depends on future events may be a forward-looking statement. This material may contain forward-looking statements. "Forward-looking statements," can be identified by the use of forward-looking terminology such as "may", "should", "expect", "anticipate", "outlook", "project", "estimate", "intend", "continue" or "believe" or the negatives thereof, or variations thereon, or other comparable terminology. Investors are cautioned not to place undue reliance on such statements, as actual results could differ materially due to various risks and uncertainties. 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. 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. Commissions, trailing commissions (if applicable), management fees and expenses all may be associated with mutual fund investments. Please read the fund facts or prospectus of the relevant mutual fund before investing. The indicated rates of return are the historical annual compounded total returns for the period indicated including changes in unit value and reinvestment of all distributions and does not take into account sales, redemption, distribution or optional charges or income taxes payable by any unitholder that would have reduced returns. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated. Distributions are not guaranteed and are subject to change and/or elimination. For a summary of the risks of an investment in BMO Mutual Funds, please see the specific risks set out in the prospectus. BMO Mutual Funds are managed by BMO Investments Inc., which is an investment fund manager and a separate legal entity from Bank of Montreal. ®/™Registered trade-marks/trade-mark of Bank of Montreal, used under licence. **Advisor/Broker Use Only**