



# BMO Tactical Dividend ETF Fund Highlights

## Core Tactical/Strategic Portfolio Outlook/Adjustments

We made two trades last week. We reduced US\$ exposure selling ZPAY for ZPAY/F. We also liked the recent yield curve flattening combined with banks passing the stress tests and now able to significantly boost dividends as an opportunity to add to ZWK on the recent dip (\$29). Banks kick off earnings season this week. Trading comps will be difficult, but buybacks and boosted dividends provide good underlying support. The expected (covered call) yield in the sector can likely be maintained above 6%, which is the first time since the GFC that banks have been able to really boost yields.

## Macro Market Strategy

US dividend exposure remains very overvalued relative to EM and EAFE yields. We see a good tactical opportunity developing in Q3 to add to EM dividends. The stronger US dollar offers a good opportunity. The US earnings cycle has a very high bar. Expectations have ramped up significantly. This is far more a buy dips market than one to chase strength. So small dips in US banks like we've seen in the past month helps. There has been no growth in the sector since the yield curve peaked in March. We expect to see some bearish steepening in the coming months that should help the banks on a relative basis to the more low-dividend growth oriented names that have been leading the past few months.

## PRO-EYES - Berman's Call

Risk Level **High**

The current core portfolio beta is 68.8% The current degree of beta protection is about -29%.

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 (07/09/21)

Total Return	Net	Gross	Upside/Downside	5
<b>YTD</b>	3.39%	4.36%	Upside	26%
<b>Previous Quarter</b>	3.04%	3.52%	Downside	49%
<b>Previous Year</b>	-1.51%	0.41%	Months Up	63
<b>3-Year</b>	-1.38%	0.54%	Months Dn	31
<b>5-Year</b>	2.46%	4.38%		
<b>Ann. SI (08/12/13)</b>	3.73%	5.65%	Sharpe Ratio	0.47

Fund Codes: Advisor BMO99734; F-Class BMO95734; F6 BMO36734; ETF ZZZD; No Load Retail: BMO70734

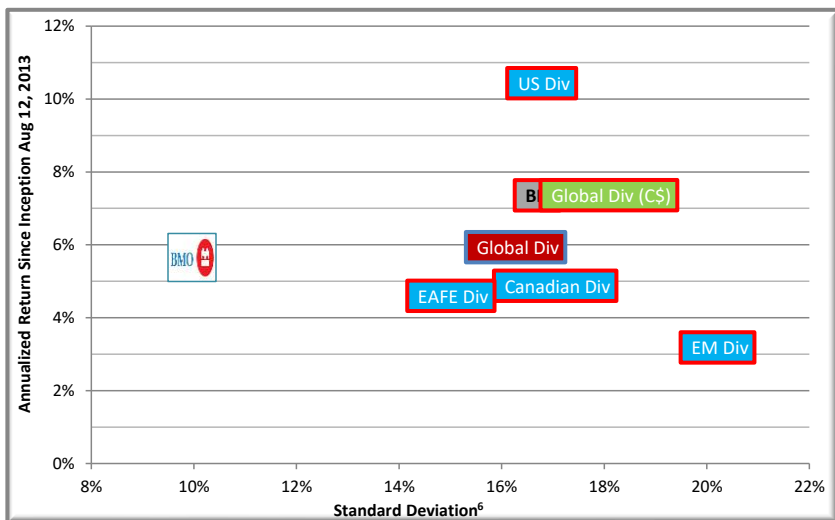
## Top Holdings

Ticker	Name	Position
ZDI	BMO International Dividend ETF	25.7%
ZWP	BMO Europe High Dividend Covered Call ETF	17.2%
ZPAY/F	BMO Premium Yield ETF	16.6%
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	6.2%
DEM	WisdomTree Emerging Markets High Dividend Fund	3.1%
ZUD	BMO US Dividend Hedged to CAD ETF	2.8%
DVYE	iShares Emerging Markets Dividend ETF	2.7%
DGS	Wisdom Tree Trust - WisdomTree Emerging Markets SmallCap Dividend	2.6%
ZDY	BMO US Dividend ETF	2.1%
ZWK	BMO Covered Call US Banks ETF	1.0%

## Chart of the Week



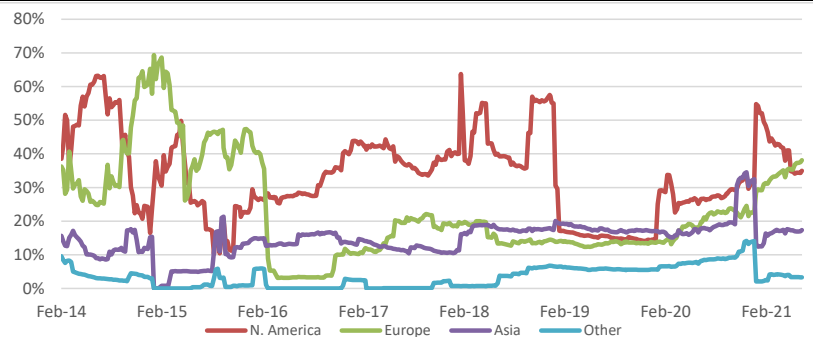
Defense **Core Beta: 68.8%** Offense



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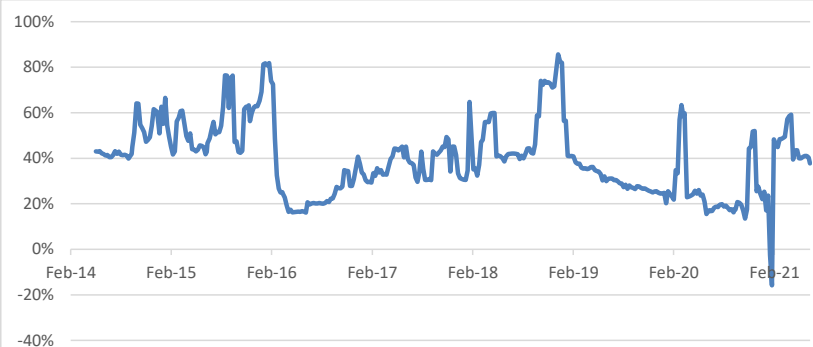
## Tactical Asset Allocation

Equity	N. America	Europe	Asia	Other
07/09/21	36.1%	38.6%	17.3%	3.3%
06/25/21	34.3%	37.5%	17.0%	3.3%
Change	1.8%	1.1%	0.3%	0.0%
Benchmark	67.1%	18.1%	12.8%	1.9%



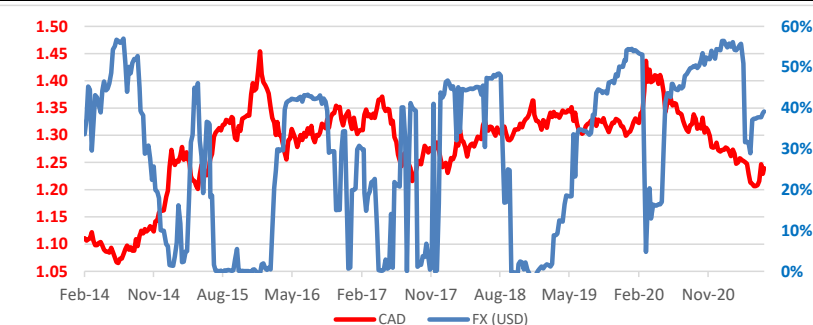
Sector	7/09/21	6/25/21	Change	BM
Basic Materials	14.09%	13.91%	0.2%	8.4%
Communications	6.84%	6.11%	0.7%	9.0%
Consumer, Cyclical	7.97%	6.60%	1.4%	4.8%
Consumer, Non-cyclical	21.51%	17.16%	4.3%	8.7%
Energy	3.25%	3.32%	-0.1%	9.5%
Financial	18.50%	13.82%	4.7%	30.1%
Industrial	7.89%	6.60%	1.3%	0.0%
Technology	6.92%	4.18%	2.7%	2.6%
Utilities	8.17%	8.07%	0.1%	0.0%
Grand Total	#N/A	#N/A	#N/A	30.1%

### Net Beta (Core - Protection): 39.4%



As of: 07/09/21	07/09/21	06/25/21	Change
FX (USD)	20.1%	38.7%	-18.6%
Beta <sup>2</sup>	68.8%	66.2%	2.6%
Protection	-29.4%	-25.9%	-3.5%
Correlation	79.6%	77.7%	1.9%
Yield <sup>3</sup>	4.44%	4.39%	0.05%
ETF Holdings	13	10	3
Volatility <sup>4</sup>	9.96%	9.95%	0.01%
CAD	1.2447	1.2292	1.3%

### Tactical FX Exposure (USD)



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