



# BMO Tactical Dividend ETF Fund Highlights

## Core Tactical/Strategic Portfolio Outlook/Adjustments

We made no trades last week. We likely see the beginning of tapering that is expected to run into mid 2022. The strength in energy markets has helped the Canadian dollar far more than expected and we are long euro and US dollars. From the US dollar perspective, it's been strong versus the euro and most EM currencies, which has also been a headwind. Over the next few years, we see the US dollar weakening and our currency exposure is the right positioning, but inflation pressures driving energy markets is helping the Canadian dollar. The chart of the week shows the US dollar versus the EM trade weighted currency basket. We see a significant mean reversion. The portfolio yield is in the 4.75% range and we look to boost that over 5% once we move out of the gold position. The call on inflation was correct, the expectation on how gold stocks would perform has missed by a mile. Gold stocks remain the cheapest and most frustrating value play on the planet.

## Macro Market Strategy

A strong US dollar has tended to hurt the total return of foreign holdings (EAFE, EM) where we are overweight. Tactically that has hurt, but we do see a weaker dollar in the future with twin deficits monetized by the Fed leading to a weaker dollar. Tactically, stay at home big tech has boosted the US market far more than others while reopening (commodity) tends to benefit foreign markets more. Delta has hurt the trade, but it's not over. We expect new highs in reopening stocks into 2022 with large cap tech underperforming.

## Top Holdings

Ticker	Name	Position
ZDI	BMO International Dividend ETF	27.6%
ZWP	BMO Europe High Dividend Covered Call ETF	18.5%
ZPAY	BMO Premium Yield ETF	17.7%
GDX	VanEck Gold Miners ETF/USA	7.8%
EDIV	SPDR S&P Emerging Markets Dividend ETF	7.4%
ZWU	BMO Covered Call Utilities ETF	6.3%
DEM	WisdomTree Emerging Markets High Dividend Fund	3.9%
ZDY	BMO US Dividend ETF	3.4%
DVYE	iShares Emerging Markets Dividend ETF	3.0%
DGS	Wisdom Tree Trust - WisdomTree Emerging Markets SmallCap Dividen	2.8%

## Chart of the Week



## PRO-EYES - Berman's Call

Risk Level: High

The current core portfolio beta is 71.3% The current degree of beta protection is about -2%.

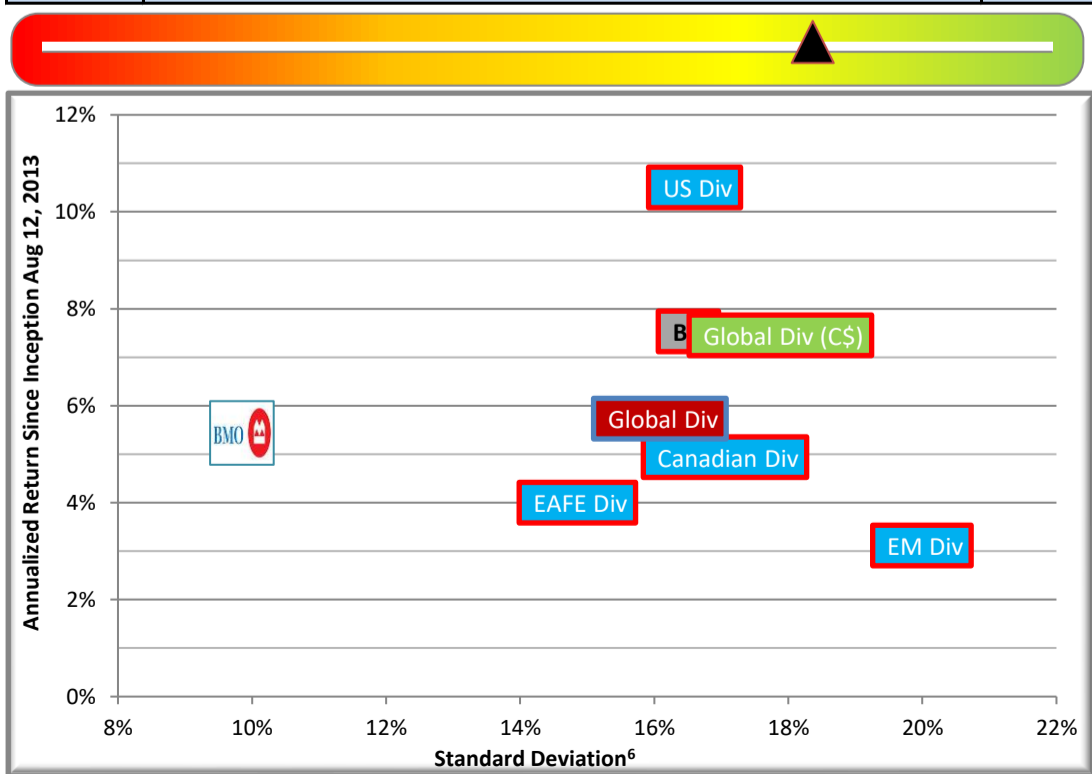
When the PRO EYES indicator is at elevated levels (above 75%), as it is recently hit, we will have higher degree of beta protection on the portfolio. Historically, corrections that follow have a median of 7.3% and an average of 11.1% over the past 20 years. We have our downside hedge on the S&P 500 in 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 (10/22/21)

Total Return	Net	Gross	Upside/Downside <sup>5</sup>	
YTD	2.66%	4.16%	Upside	26%
Previous Quarter	-0.44%	0.04%	Downside	49%
Previous Year	1.88%	3.80%	Months Up	64
3-Year	-0.97%	0.95%	Months Dn	33
5-Year	1.69%	3.61%		
Ann. SI (08/12/13)	3.51%	5.43%	Sharpe Ratio	0.45

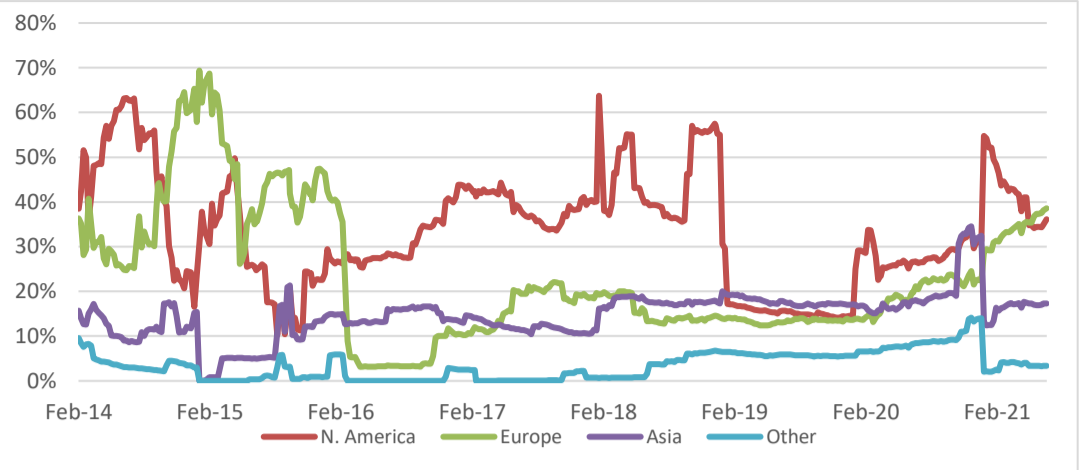
Fund Codes: No Load Retail: BMO70734

Defense Core Beta: 71.3% Offense

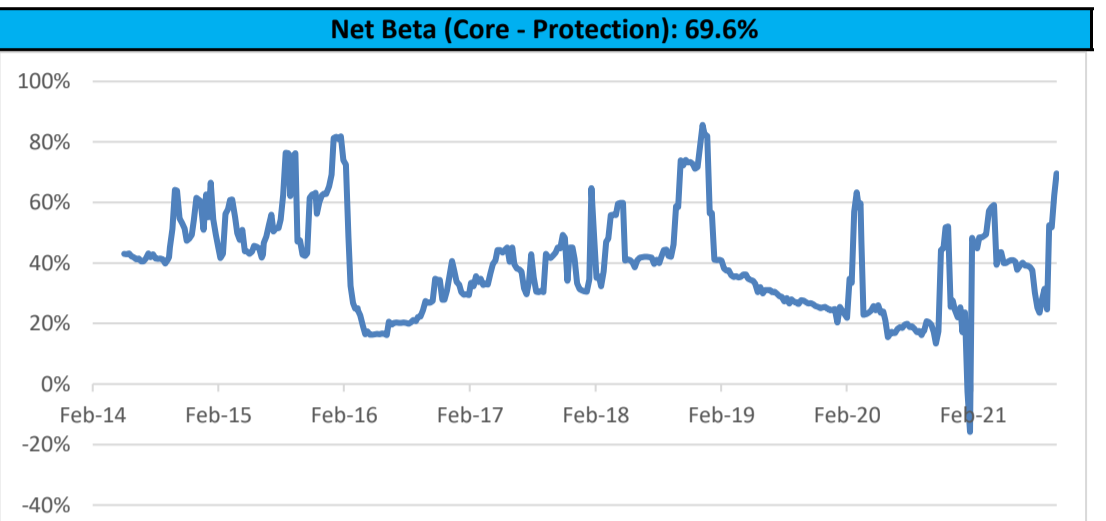


## Tactical Asset Allocation

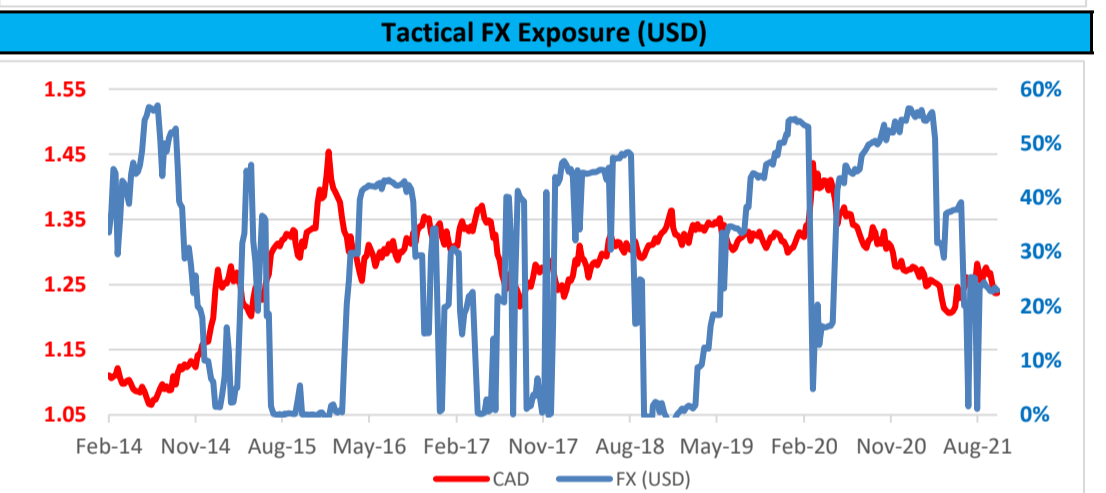
Equity	N. America	Europe	Asia	Other
10/22/21	33.5%	41.7%	19.7%	3.6%
10/15/21	33.9%	41.5%	20.2%	3.1%
Change	-0.4%	0.1%	-0.4%	0.5%
Benchmark	68.7%	17.3%	12.3%	1.7%



Sector	10/22/21	10/15/21	Change	BM
Basic Materials	13.31%	13.68%	-0.4%	7.4%
Communications	7.37%	7.60%	-0.2%	8.7%
Consumer, Cyclical	8.53%	8.55%	0.0%	4.5%
Consumer, Non-cyclical	23.42%	22.03%	1.4%	8.7%
Energy	3.92%	3.94%	0.0%	10.6%
Financial	17.27%	17.56%	-0.3%	30.8%
Industrial	9.52%	9.64%	-0.1%	0.0%
Technology	6.17%	6.38%	-0.2%	2.4%
Utilities	8.37%	8.72%	-0.3%	0.0%



As of: 10/25/21	10/22/21	10/15/21	Change
FX (USD)	22.9%	23.4%	-0.5%
Beta <sup>2</sup>	71.3%	71.7%	-0.3%
Protection	-1.8%	-9.3%	7.6%
Correlation	102.9%	102.9%	0.0%
Yield <sup>3</sup>	4.73%	4.74%	-0.01%
ETF Holdings	10	10	0
Volatility <sup>4</sup>	9.85%	9.86%	-0.01%
CAD	1.2366	1.2368	0.0%



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