

# BMO Tactical Balanced ETF Fund Highlights

Defense Core Beta: 55.7% Offense

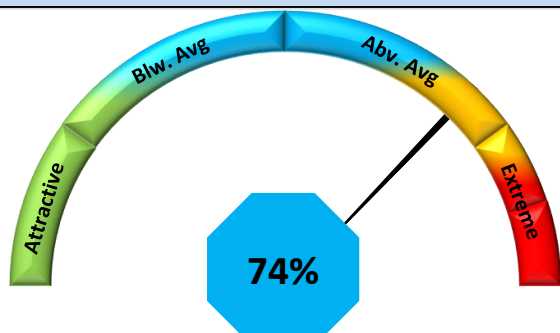
Net Beta (Core - Protection): 46.4%



## Market Strategy (Risk Management)

Moderate Defense: The current core beta is 55.7% vs. the benchmark of 58.6% up from 52.8% last week. The current degree of beta protection is about -9%. We made 2 trades last week. We bought and sold duration (TLT) again as we have been improving our average cost on the position and look to take advantage of extreme volatility in fixed-income markets. Chart on page 2 shows our expected developing range between 2.20-2.50% for US 30-year yields over the next few months. We also hedged up some US equity exposure with a ZSP/ZUE trade. We see scope for the C\$ to hit the 1.20 area in the coming months. CAD has lost ground again most majors even in the face of weaker oil prices in the past few weeks. We are stunned by the strength of the C\$. It makes little sense save for the re-opening trade and the link to commodities, which is primarily how much crude we can sell to the US. If they keep killing our pipelines that is a shrinking business. Our terms of trade in the long run do not favour strong C\$, but we've been wrong here and look to be far more active in seeking alpha on the currency side. It's been a major headwind for the past 6 months.

## 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 10% long put protected from 3875 to 3500 through Q3 on the S&P 500. We see a summer rally peak in the 4200-4300 range. That's our upside target for a covered call.

## Top Holdings

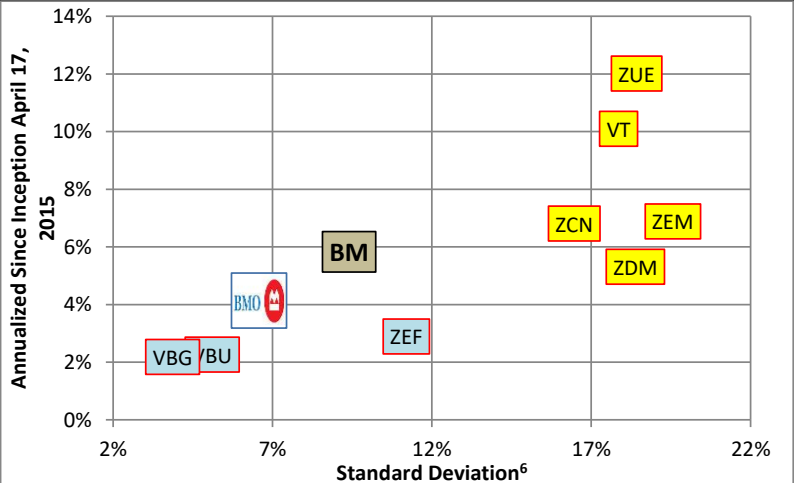
Ticker	Name	Position
ZEA	BMO MSCI EAFE Index ETF	27.6%
ZSP	BMO S&P 500 Index ETF	15.9%
ZUE	BMO S&P 500 Hedged to CAD Index ETF	12.7%
TLT	iShares 20+ Year Treasury Bond ETF	11.0%
ZGD	BMO Equal Weight Global Gold Index ETF	9.5%
EMLC	VanEck Vectors J.P. Morgan EM Local Currency Bond ETF	7.8%
ZUS/U	BMO Ultra Short-Term US Bond ETF	3.1%
ZEM	BMO MSCI Emerging Markets Index ETF	3.1%
ZST	BMO Ultra Short-Term Bond ETF	1.5%
ZMT	BMO Equal Weight Global Base Metals Hedged to CAD Index ETF	1.3%
AMPLP	Alerian MLP ETF	0.9%
ZPR	BMO Laddered Preferred Share Index ETF	0.8%
ZCLN	BMO Clean Energy Index ETF	0.6%
XLE	Energy Select Sector SPDR Fund	0.5%
ZUP	BMO US Preferred Share Index ETF	0.5%
ZRR	BMO Real Return Bond Index ETF	0.4%
CIBR	First Trust NASDAQ Cybersecurity ETF	0.3%
HMMJ	Horizons Marijuana Life Sciences Index ETF	0.3%

As of: 04/01/21	04/01/21	03/26/21	Change
FX (USD)	45.7%	58.9%	-13.2%
Beta <sup>2</sup>	55.7%	52.8%	2.9%
Protection	-9.3%	-9.7%	0.4%
Correlation	68.8%	68.0%	0.8%
Yield <sup>3</sup>	2.01%	2.06%	-0.06%
ETF Holdings	21	20	1
Volatility <sup>4</sup>	6.58%	6.57%	0.01%
CAD	1.2548	1.2577	-0.2%

### Performance Metrics

Total Return	Net	Gross	Up/Downside <sup>5</sup>
YTD	-2.60%	-2.13%	Upside 10%
Prev. Month	1.17%	1.33%	Down 7%
Prev. Quarter	-2.60%	-2.12%	Mths Up 45
Prev. Year	2.58%	4.50%	Mths Dn 27
Annualized SI	2.22%	4.14%	
Sharpe Ratio	0.63		

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



# Chart(s) of The Week

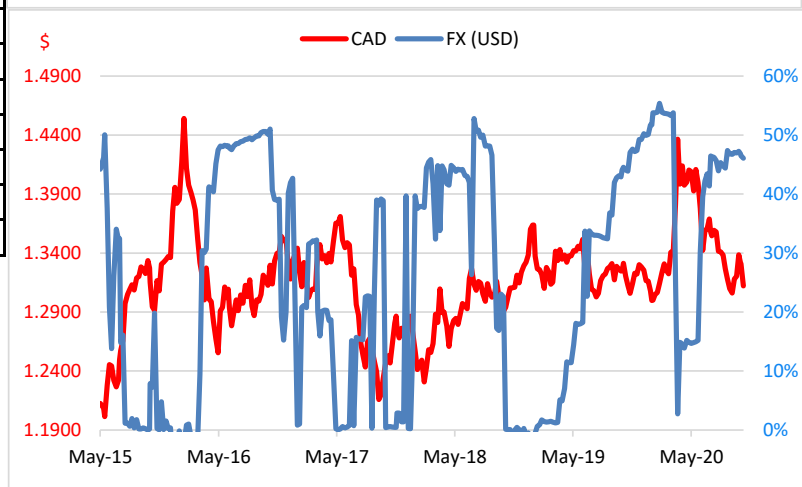
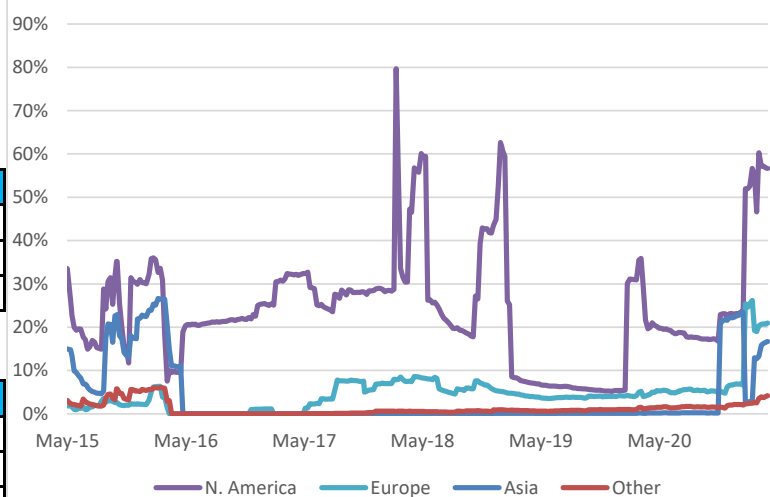


## Tactical Asset Allocation

Equity	N. America	Europe	Asia	Other
04/01/21	56.8%	21.0%	16.6%	4.2%
03/26/21	56.8%	20.7%	16.5%	4.0%
Change	0.0%	0.3%	0.1%	0.1%

Bonds	Corp.	Govt.	Pref.	Cash	Duration
04/01/21	4.9%	18.8%	1.3%	0.2%	10.68
03/26/21	6.8%	18.2%	1.2%	0.5%	9.57
Change	-1.9%	0.6%	0.0%	-0.4%	1.12

Sector	04/01/21	03/26/21	Change	BM	O/U
Basic Materials	13.5%	12.9%	0.6%	3.0%	10.6%
Communications	7.3%	7.2%	0.1%	8.9%	-1.5%
Consumer, Cyclical	7.6%	7.3%	0.2%	6.9%	0.6%
Consumer, Non-cyclical	14.2%	14.3%	-0.1%	12.9%	1.2%
Energy	4.1%	4.3%	-0.2%	2.8%	1.3%
Financial	13.8%	14.1%	-0.3%	16.5%	-2.7%
Government	19.1%	18.4%	0.7%	25.8%	-6.6%
Industrial	7.1%	7.1%	0.0%	7.0%	0.1%
Technology	9.4%	9.6%	-0.2%	10.4%	-0.9%
Utilities	2.5%	2.7%	-0.2%	4.3%	-1.8%



This communication is intended for information purposes only. This update has been prepared by ETF Capital Management, the portfolio manager of BMO Tactical Balanced 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 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.

© "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.