

BMO Tactical Balanced ETF Fund Highlights

Defense Core Beta: 42.5% Offense



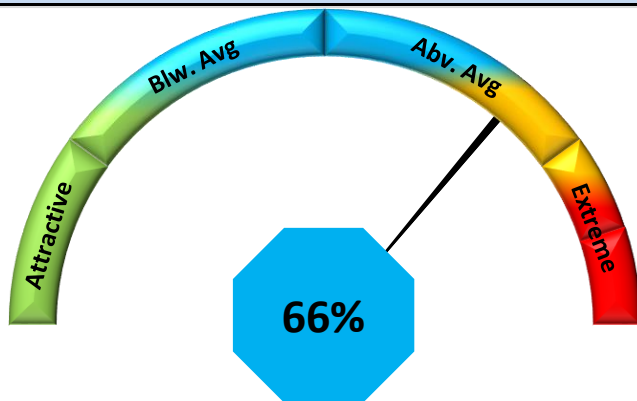
Net Beta (Core - Protection): 32.0%



Market Strategy (Risk Management)

DEFENSE: The current core beta is 42.5% vs. the benchmark of 58.6% down from 44.2% last week. The current degree of beta protection is about -11%. We made 2 tactical shifts last week. We reduced core duration in the bond portfolio in corps (sold ZCB, bought ZST). At the same time we extended duration in USTs buy adding to the TLT exposure on the panic selling after the extreme reaction to the failed 7-yr auction, the worst result in decades. We see duration as a key asset class for navigating the bond part of the portfolio. The BOND VIGILANTE is back. This year has the potential to be the worst since 1994 for the bond market and the stock market, pumped on low rates, started to pay attention last week. We believe the FOMC will need to launch YCC (yield curve control) this year if stocks breakdown here. A 100bps increase in yields will cost tax payers 1.5% in GDP. Be careful how much inflation you wish for Mr. Powell. The global infrastructure spend globally will be colossal to fix what's broken and put people back to work. Rates need to stay low to pay for it. Australia did the first leg of YCC last week. All central banks will be forced to do this. Most of our equity risk is hedged down to 3500 through Q3. We are dip buyers of beta on YCC + infrastructure stimulus. Not on valuations.

PRO EYES Macro Risk Model



When the PRO EYES indicator is at elevated levels, we 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 beta protected from 3875 to 3500 on the S&P 500 through Q3. We see a summer rally peak in the 4300 range. That's our upside target for adding the covered call part of the hedge.

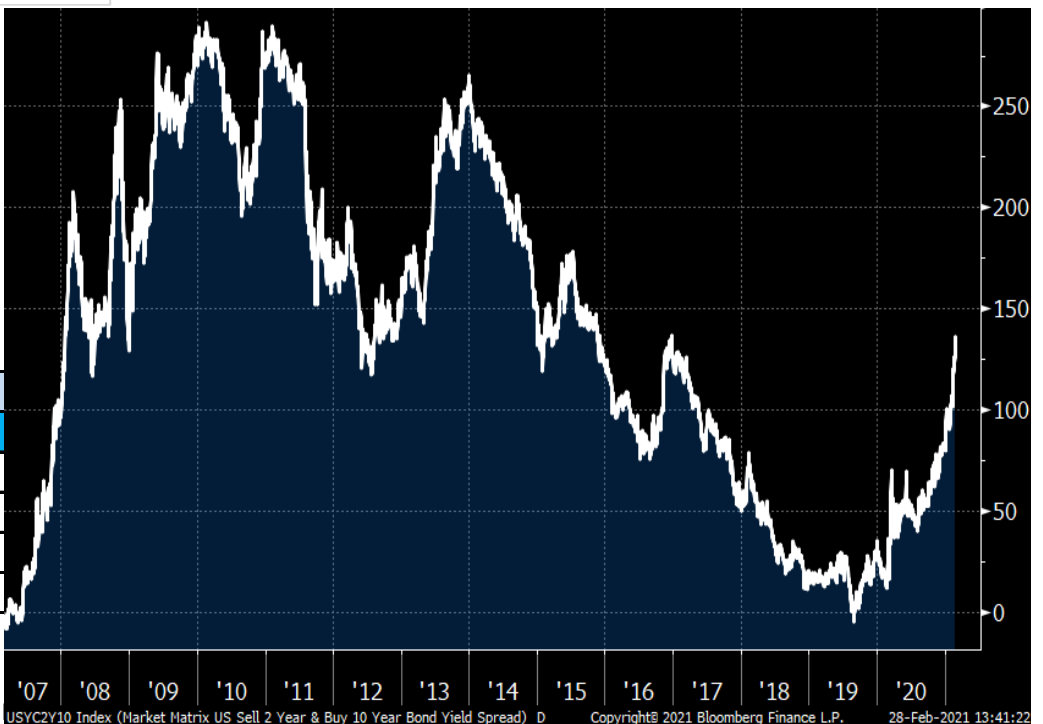
Top Holdings

Ticker	Name	Position
ZEA	BMO MSCI EAFE Index ETF	25.9%
ZSP	BMO S&P 500 Index ETF	21.8%
ZUS/U	BMO Ultra Short-Term US Bond ETF	9.2%
ZGD	BMO Equal Weight Global Gold Index ETF	8.4%
ZST	BMO Ultra Short-Term Bond ETF	7.3%
TLT	iShares 20+ Year Treasury Bond ETF	6.3%
EMLC	VanEck Vectors J.P. Morgan EM Local Currency Bond ETF	5.9%
ZPR	BMO Laddered Preferred Share Index ETF	2.1%
XLE	Energy Select Sector SPDR Fund	1.5%
AMLP	Alerian MLP ETF	0.8%
ZUP	BMO US Preferred Share Index ETF	0.4%
ZRR	BMO Real Return Bond Index ETF	0.3%
ZCLN	BMO Clean Energy Index ETF	0.2%
EWU	iShares MSCI United Kingdom ETF	0.1%

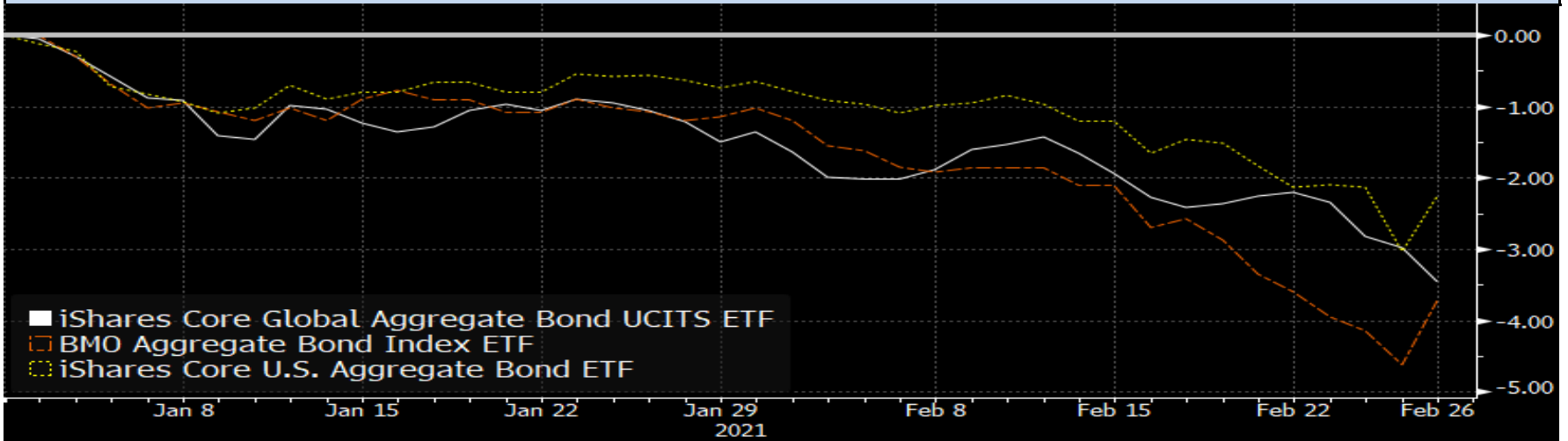
As of: 02/26/21	02/26/21	02/19/21	Change
FX (USD)	56.8%	55.0%	1.9%
Beta ²	42.5%	44.2%	-1.7%
Protection	-10.5%	-8.8%	-1.8%
Correlation	53.2%	61.3%	-8.1%
Yield ³	2.27%	2.34%	-0.07%
ETF Holdings	14	15	-1
Volatility ⁴	6.55%	6.55%	0.00%
CAD	1.2738	1.2615	1.0%

Performance Metrics			
Total Return	Net	Gross	Up/Downside ⁵
YTD	-3.85%	-3.56%	Upside 13%
Prev. Month	-3.10%	-2.94%	Down 7%
Prev. Quarter	-3.75%	-3.27%	Mths Up 43
Prev. Year	-1.70%	0.22%	Mths Dn 27
Annualized SI	2.03%	3.95%	
Sharpe Ratio	0.60		

Fund Codes: Advisor BMO99222; Low Load BMO98222;



Chart(s) of The Week



Copyright © 2021 Bloomberg Finance L.P.

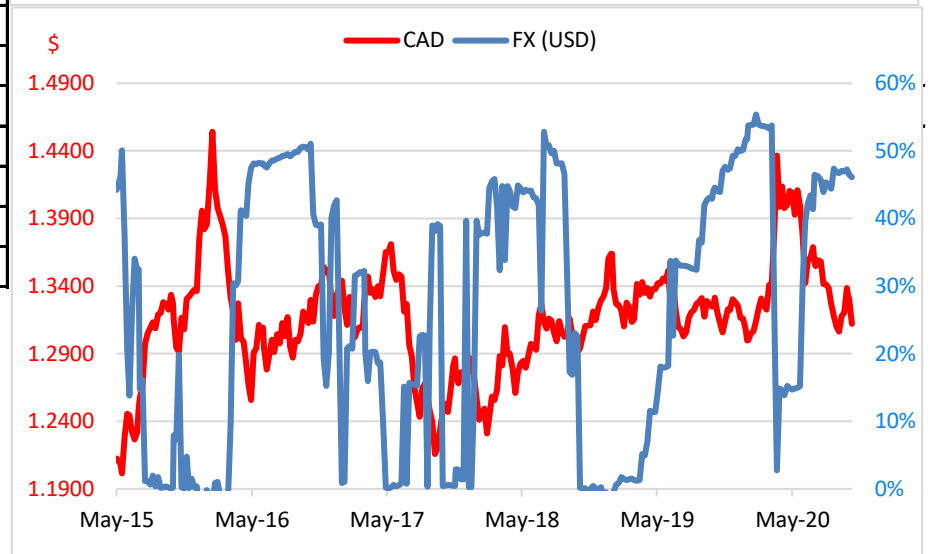
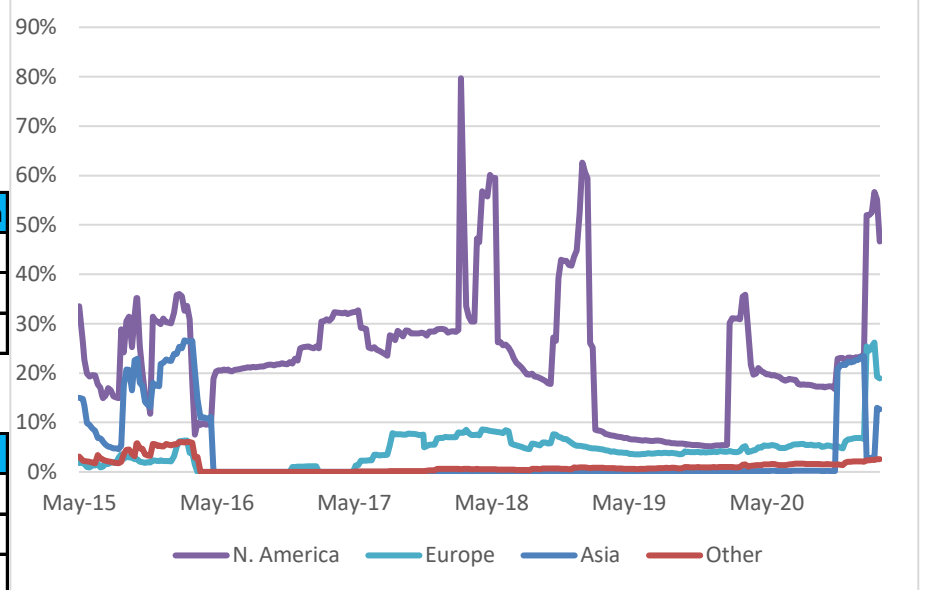
28-Feb-2021 13:39:57

Tactical Asset Allocation

Equity	N. America	Europe	Asia	Other
02/26/21	46.6%	19.0%	12.7%	2.5%
02/19/21	55.1%	19.3%	13.0%	2.6%
Change	-8.5%	-0.3%	-0.3%	-0.1%

Bonds	Corp.	Govt.	Pref.	Cash	Duration
02/26/21	16.7%	12.3%	2.5%	8.5%	4.46
02/19/21	16.7%	13.1%	3.2%	6.0%	6.39
Change	0.0%	-0.8%	-0.7%	2.5%	-1.93

Sector	02/26/21	02/19/21	Change	BM	O/U
Basic Materials	10.8%	11.1%	-0.3%	2.9%	7.8%
Communications	5.7%	6.5%	-0.8%	8.7%	-3.0%
Consumer, Cyclical	5.8%	6.2%	-0.4%	7.0%	-1.2%
Consumer, Non-cyclical	12.2%	13.1%	-0.8%	13.5%	-1.3%
Energy	4.6%	5.3%	-0.8%	2.6%	2.0%
Financial	12.5%	15.4%	-2.9%	16.1%	-3.6%
Government	14.0%	14.9%	-0.9%	25.8%	-11.8%
Industrial	6.1%	6.5%	-0.5%	7.0%	-0.9%
Technology	7.0%	7.3%	-0.3%	10.4%	-3.3%
Utilities	2.0%	3.5%	-1.4%	4.1%	-2.1%



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.