



# BMO Tactical Dividend ETF Fund Highlights

## Core Tactical/Strategic Portfolio Outlook/Adjustments

There were no significant adjustments to the portfolio last week. For the month of April, our upside capture was about 50%, which is excellent considering our high conviction defensive positioning. Small cap EM and US dividends are key areas to add to exposure during periods of weakness in the coming quarters. The global market weakness is happening gradually. We expect this to be followed by suddenly in the coming months.

## Top Holdings

Ticker	Name	Position
ZDH	BMO International Dividend Hedged to CAD ETF	27.2%
ZWU	BMO Covered Call Utilities ETF	20.4%
ZWE	BMO Europe High Dividend Covered Call Hedged to CAD ETF	13.9%
ZPAY	BMO Premium Yield ETF	10.7%
EDIV	SPDR S&P Emerging Markets Dividend ETF	10.5%
DEM	WisdomTree Emerging Markets High Dividend Fund	10.1%
DGS	Wisdom Tree Trust - WisdomTree Emerging Markets SmallCap Divide	3.9%

## Macro Market Strategy

We think this is a very two-way market for the next few quarters with a bearish tilt. QT should start to weigh on risk premiums going forward, but there is massive cash balances sitting in the RRP to offset a significant impact. The FOMC's more aggressive path (higher for longer) is now facing some systemic risks as the rapid rate hikes that have impacted bank balance sheets have tightened financial conditions. We expect the FOMC to raise rates 25 bps at the May meeting and suggest more may be needed and that they remain data dependent. There are indications that the economy is weakening and the FOMC's own staff believe a recession is likely later in 2023. This does not mean they will ease until financial conditions tighten enough to remove the risk of inflation expectations increasing. We think this means economic pain in the labour markets, which we have not seen yet. "Gradually and then suddenly." Hemingway 1926.

## Chart of the Week



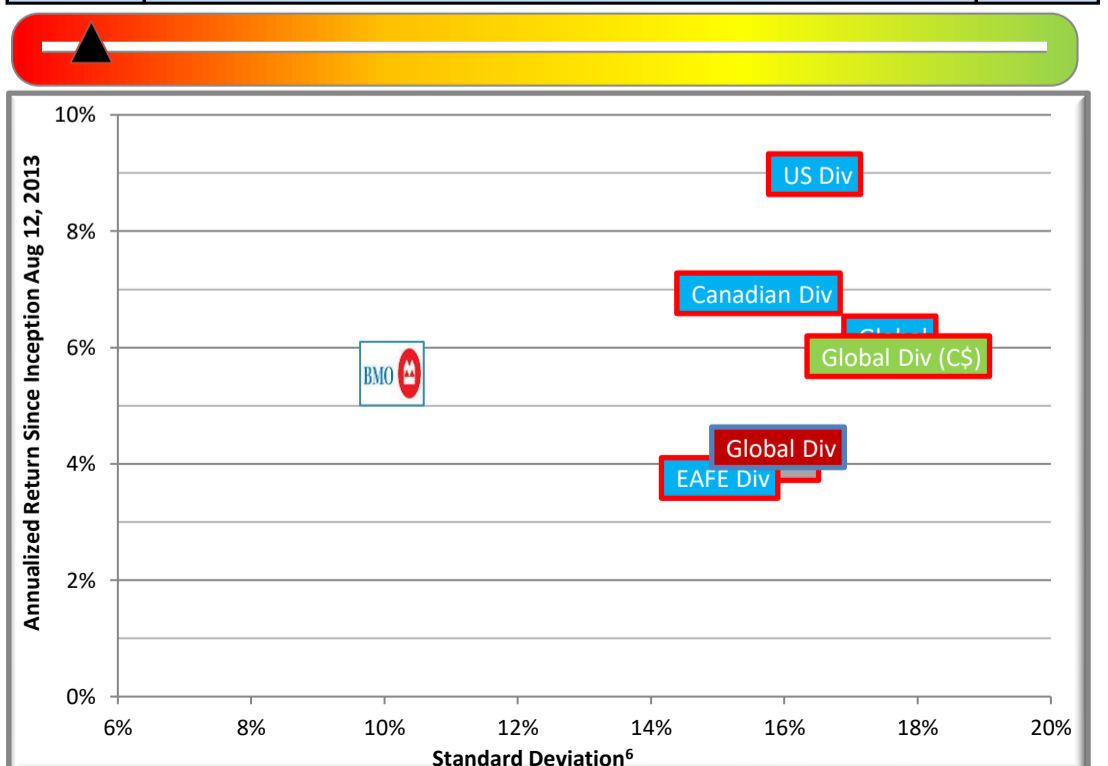
## PRO-EYES - Berman's Call

Risk Level **Low**

The core portfolio beta is 52.9%. The degree of delta protection is -58% while the value of beta protection is 5%. The weighted average cap is: 4400. The weighted average collar is: 4100. The weighted average floor is: 0.

The tactical PRO-EYES factor suggests that while some caution is still warranted on business cycle and valuation and that we are likely in a bear market cycle, the tactical component suggests lots of two-way opportunity is likely. The February and March weakness has moved the tactical component to oversold levels.

Defense **Core Beta: 52.9%** Offense



## Performance Metrics (A-Series) as of (04/28/23)

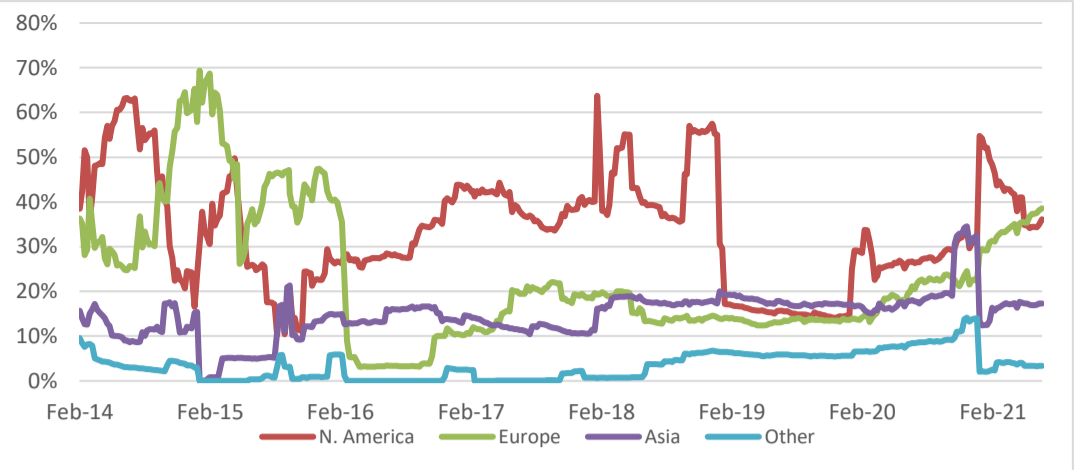
Total Return	Net	Gross	Upside/Downside <sup>5</sup>
YTD	6.40%	7.01%	Upside 18%
Previous Quarter	2.08%	2.56%	Downside 33%
Previous Year	6.67%	8.59%	Months Up 69
3-Year	2.15%	4.07%	Months Dn 47
5-Year	0.89%	2.81%	
Ann. SI (08/12/13)	3.63%	5.55%	Sharpe Ratio 0.45

Fund Codes: Advisor BMO99734; F-Class BMO95734; F6 BMO36734;

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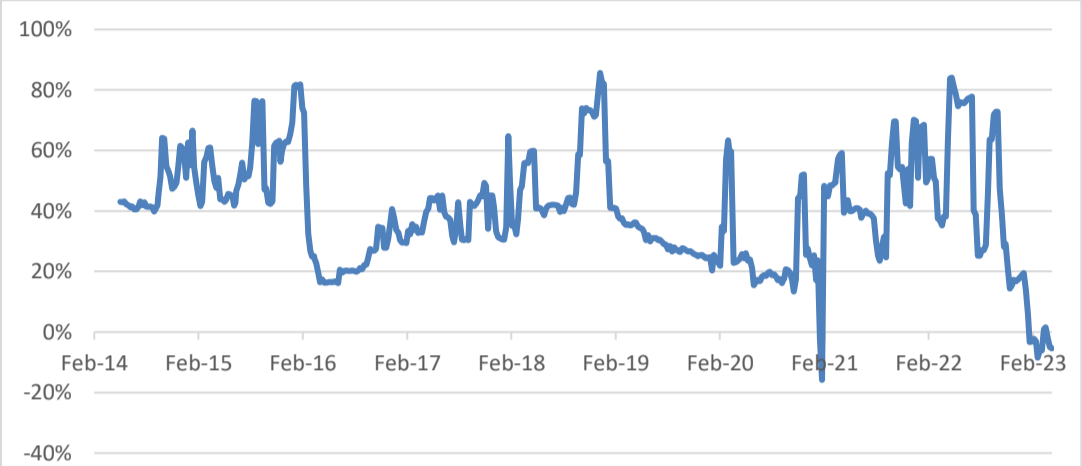
## Tactical Asset Allocation

Equity	N. America	Europe	Asia	Other
04/28/23	31.5%	34.3%	27.2%	3.8%
04/21/23	31.4%	34.1%	26.8%	3.8%
Change	0.1%	0.3%	0.4%	0.0%
Benchmark	67.7%	13.7%	14.6%	4.0%



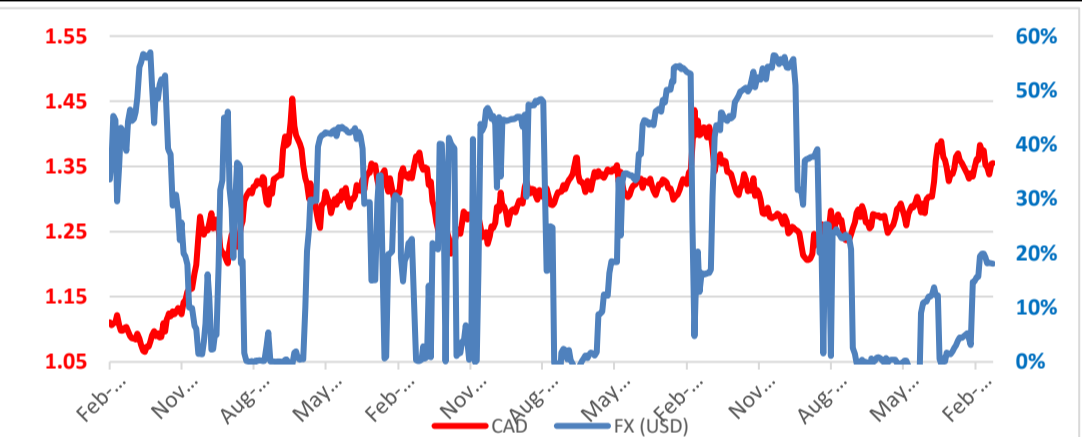
Sector	4/28/23	4/21/23	Change	BM
Basic Materials	5.80%	5.77%	0.0%	10.4%
Communications	8.43%	8.28%	0.2%	7.3%
Consumer, Cyclical	8.20%	8.07%	0.1%	7.0%
Consumer, Non-cyclical	15.88%	16.13%	-0.3%	8.0%
Energy	8.55%	8.50%	0.1%	9.9%
Financial	17.54%	17.29%	0.2%	26.6%
Industrial	8.11%	7.97%	0.1%	0.0%
Technology	8.15%	7.92%	0.2%	2.4%
Utilities	15.62%	15.53%	0.1%	19.1%

### Net Beta (Core - Protection): -5.4%



As of: 04/28/23	04/28/23	04/21/23	Change
FX (USD)	18.1%	18.2%	-0.1%
Beta <sup>2</sup>	52.9%	52.5%	0.4%
Protection	-58.3%	-57.5%	-0.8%
Correlation	86.6%	85.6%	1.0%
Yield <sup>3</sup>	5.78%	5.71%	0.07%
ETF Holdings	7	7	0
Volatility <sup>4</sup>	10.11%	10.13%	-0.01%
CAD	1.3552	1.3537	0.1%

### Tactical FX Exposure (USD)



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