



## BMO Tactical Dividend ETF Fund Highlights

## Core Tactical/Strategic Portfolio Outlook/Adjustments

While we remain modestly bullish on energy over the next few years, tactically, we see the sector closer to full value. Last week we sold ZWEN and replaced it with a more diversified Canadian exposure (ZWC). This was effectively a reduction in direct energy exposure. We put on the position on June 6. Relative to ZWC, we added 1000bps of value. We will look to shift back to a more direct energy exposure once the hard landing scenario gets priced into markets in the coming quarters. Energy markets should underperform that outcome given historical patterns. The offset is that OPEC+ (Saudi's) are trying to keep global oil prices up for the timing of the secondary issue of Aramco in the Fall.

	Top Holdings						
Ticker	Name	Position					
ZWE	BMO Europe High Dividend Covered Call Hedged to CAD ETF	28.6%					
ZWU	BMO Covered Call Utilities ETF	20.6%					
EDIV	SPDR S&P Emerging Markets Dividend ETF	11.9%					
DEM	WisdomTree Emerging Markets High Dividend Fund	11.3%					
ZPAY	BMO Premium Yield ETF	10.9%					
DGS	Wisdom Tree Trust - WisdomTree Emerging Markets SmallCap Divide	10.1%					
ZWC	BMO Canadian High Dividend Covered Call ETF	9.4%					

## **Macro Market Strategy**

Our macro indicators suggest a high degree of caution. We believe the message in the yield curve is a hard landing. However, market positioning is very different. While central banks have tired to tighten financial conditions, equity indexes are significantly offsetting. Debt financing is being done in the Bills market, which is favourable for risk premiums. While the behaviour of the tape is encouraging as breadth improves, the leadership stocks remain at extreme valuations. We expect central banks' message of higher for longer should eventually cause a hard landing. The end of the business cycle is a process not an event. We maintain a high degree of protection in the portfolio, which has been a negative in Q2. The market is looking forward to an easing cycle and we believe inflation trends will limit the ability to stimulate compared to past cycles (post 1980s).

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	Copyright© 2023	Bloomberg Financ	ce L.P.	2023	13-Aug	g-2023 08:26:30
<i> </i>	Defense			ore Beta: 53.7%		Offense

**Chart of the Week** 

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PRO-EYES - Berman's Call	Risk Level	Low

The core portfolio beta is 53.7%. The degree of delta protection is -77% while the value of beta protection is 82% of the portfolio. The weighted average cap is: 4400. The weighted average collar is: 4300. The weighted average floor is: 0.

The overall PRO-EYEs factors suggest that we are in a period of very high caution. Tactically, we are seeing some extreme overbought readings that suggest a high probability of a correction of more than 11% is likely.

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	Annualized Return Since Inception Aug 12, 2013  %  %  %  %  %  %  %  %  %  %  %  %  %						US Div		
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		6%	8%	10%	12%	14%	16%	18%	20%
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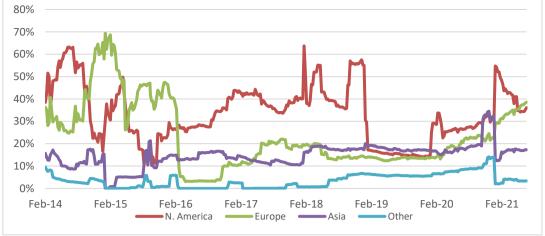
Advisor/Broker Use Only

Performance Metrics (A-Series) as of (08/11/	23)	
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Total Return	Net	Gross	Upside/Downside 5	
YTD	3.68%	4.82%	Upside 189	
Previous Quarter	-3.50%	-3.02%	Downside 329	
Previous Year	10.37%	12.29%	Months Up	68
3-Year	0.18%	2.10%	Months Dn	50
5-Year	-0.31%	1.61%		
Ann. SI (08/12/13)	3.25%	5.17%	Sharpe Ratio 0.42	

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

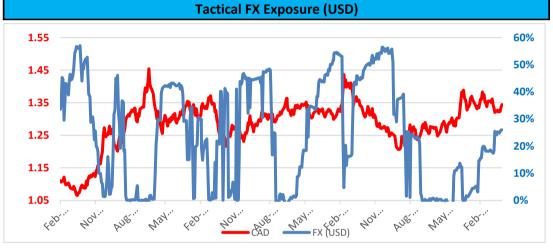
	al Asset Allocation				
Equity	N. America	Europe	Asia	Other	80%
08/11/23	41.8%	29.7%	27.0%	4.3%	70%
08/04/23	39.1%	31.7%	26.3%	5.9%	60%
Change	2.7%	-2.0%	0.7%	-1.6%	50%
Benchmark	67.9%	13.6%	14.4%	4.1%	



Sector	8/11/23	8/04/23	Change	BM
Basic Materials	5.61%	5.10%	0.5%	10.3%
Communications	9.66%	7.42%	2.2%	6.1%
Consumer, Cyclical	6.46%	6.44%	0.0%	7.2%
Consumer, Non-cyclical	14.95%	13.46%	1.5%	7.6%
Energy	10.13%	17.64%	-7.5%	10.0%
Financial	19.09%	15.77%	3.3%	28.5%
Industrial	9.52%	9.40%	0.1%	0.0%
Technology	7.54%	9.27%	-1.7%	2.9%
Utilities	16.73%	14.95%	1.8%	17.8%

	Net Beta (Core - Protection): -23.5%							
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-20%	Feb-14 Feb-15 Feb-16 Feb-17 Feb-18 Feb-19 Feb-20 Feb-21 Feb-22 Feb-23 %							
-40%	6							

As of: 08/11/23	08/11/23	08/04/23	Change
FX (USD)	26.0%	26.0%	0.0%
Beta <sup>2</sup>	53.7%	52.2%	1.5%
Protection	-77.2%	-77.6%	0.4%
Correlation	86.2%	82.0%	4.2%
Yield <sup>3</sup>	6.96%	7.11%	-0.15%
ETF Holdings	7	7	0
<b>Volatility</b> <sup>4</sup>	9.98%	10.01%	-0.04%
CAD	1.3440	1.3379	0.5%



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