



CAPITAL MANAGEMENT

## **BMO** Tactical Dividend ETF Fund Highlights

## Core Tactical/Strategic Portfolio Outlook/Adjustments Top Holding The portfolio is in max protection mode with the highest yield (6.82%) Ticker Name Position that we have seen in several years. The estimate of the top 3 positions ZWE BMO Europe High Dividend Covered Call Hedged to CAD ETF 28.3% generating positive contributions to the fund were: ZWE 150 bps, EDIV zwu BMO Covered Call Utilities ETF 20.7% 148 bps, DGS 62 bps. There were no detractors. We added one new EDIV SPDR S&P Emerging Markets Dividend ETF 11.7% position in the period ZWEN during relative weakness in energy. We WisdomTree Emerging Markets High Dividend Fund DEM 10.9% exited ZDH and proceeds went to ZWE. This was strategically a reduction ZPAY **BMO Premium Yield ETF** 10.4% in market risk as well as profit taking in Japan exposure. DGS Wisdom Tree Trust - WisdomTree Emerging Markets SmallCap Divide 10.2% ZWEN BMO Covered Call Energy ETF 8.6% **Macro Market Strategy Chart of the Week** 10.00 Our macro indicators suggest a high degree of caution. We believe the message in the yield curve is a hard landing. However, market positioning iShares Global Monthly Dividend Index ETF CAD-Hedged 8.00 SPDR S&P Global Dividend ETF is very different. While central banks have tired to tighten financial BMO Tactical Dividend ETF Fund ETF Serie 6.00 conditions, equity indexes are significantly offsetting. Debt financing is BMO Canadian Dividend ETF being done in the Bills market, which is favourable for risk premiums. 4.00 While the behaviour of the tape is encouraging as breadth improves, the leadership stocks remain at extreme valuations. We expect central banks' 2.00 message of higher for longer should eventually cause a hard landing. The 0.00 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. -2.00 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). 6.00 Mar Jan Feb Mav Jun AD 2023 pyright© 2023 Bloomberg Finance L.P 03-Jul-2023 16:19:3 **PRO-EYES - Berman's Call Risk Level** Core Beta: 51.7% Offense Low Defense The core portfolio beta is 51.7%. The degree of delta protection is -74% while the value of beta protection is 79% of the portfolio. The weighted average cap is: 4400. The weighted average collar is: 4300. The 10% weighted average floor is: 0. 2013 The tactical PRO-EYEs factor suggests that while some caution is still Annualized Return Since Inception Aug 12, warranted on business cycle and valuation and that we are likely in a bear 8% market cycle, the tactical component suggests lots of two-way opportunity is likely. Volatility and sentiment are extreme and suggest a correction is imminent. anadian 6% Global Div (( BMO 🕰 4% Performance Metrics (A-Series) as of (06/30/23) Upside/Downside **Total Return** Gross Net YTD 2.42% 3.35% Upside 18% 2% **Previous Quarter** -3.12% 34% -2.64% Downside **Previous Year** 12.17% 14.09% Months Up 69 3-Year 0.09% 2.01% Months Dn 49 0% 5-Year -0.31% 1.61% 6% 8% 10% 12% 14% 16% 18% 20%

Advisor BMO99734; F-Class BMO95734; F6 BMO36734;

Sharpe Ratio

0.41

5.08%

3.16%

Ann. SI (08/12/13)

Fund Codes:

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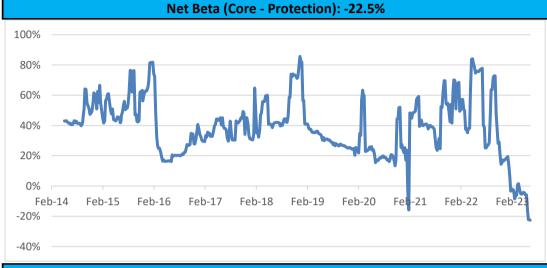
Standard Deviation<sup>6</sup>

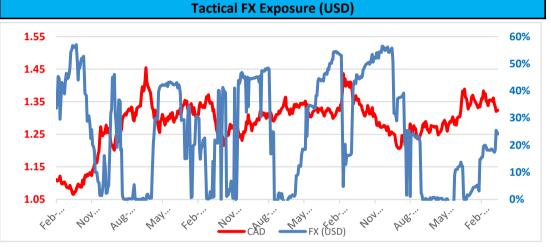
				Tactica	al .
Equity	N. America	Europe	Asia	Other	8
06/30/23	38.4%	31.3%	25.5%	5.7%	7
06/16/23	37.8%	30.4%	25.6%	5.8%	e
Change	0.6%	0.9%	-0.1%	0.0%	
Benchmark	67.6%	13.5%	14.6%	4.3%	4
					4

## 80% 70% 60% 50% 40% 30% 20% 10% 0% Feb-14 Feb-15 Feb-16 Feb-17 Feb-18 Feb-19 Feb-20 Feb-21 Asia Other N. America Europe

Sector	6/30/23	6/16/23	Change	BM	
Basic Materials	5.02%	4.83%	0.2%	10.1%	100%
Communications	7.30%	7.44%	-0.1%	6.7%	
Consumer, Cyclical	6.31%	6.82%	-0.5%	7.2%	80%
Consumer, Non-cyclical	13.34%	14.03%	-0.7%	7.9%	60%
Energy	16.83%	16.60%	0.2%	9.8%	
Financial	15.14%	15.98%	-0.8%	27.7%	40%
Industrial	9.52%	9.49%	0.0%	0.0%	20%
Technology	8.84%	9.02%	-0.2%	2.7%	
Utilities	15.08%	14.71%	0.4%	18.8%	0% Feb
					-20%

As of: 07/03/23	06/30/23	06/16/23	Change
FX (USD)	24.2%	25.4%	-1.3%
Beta <sup>2</sup>	51.7%	49.3%	2.4%
Protection	-74.2%	-71.6%	-2.6%
Correlation	81.9%	79.9%	2.0%
Yield <sup>3</sup>	6.93%	6.82%	0.11%
ETF Holdings	7	7	0
Volatility <sup>4</sup>	10.05%	10.02%	0.03%
CAD	1.3242	1.3200	0.3%





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## **Tactical Asset Allocation**