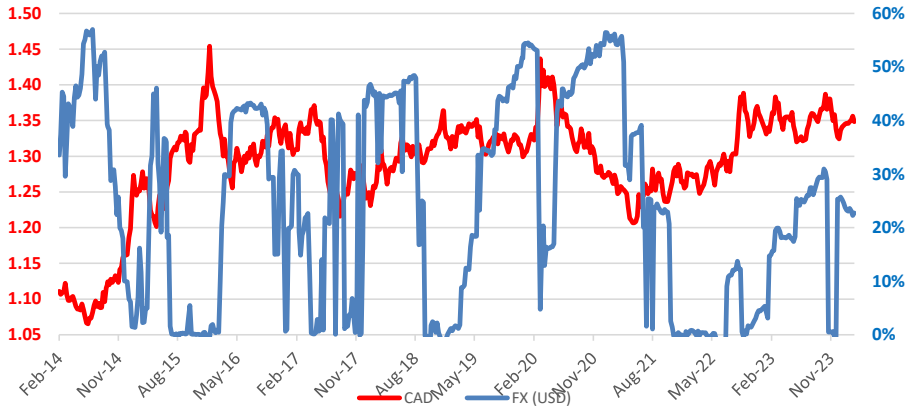




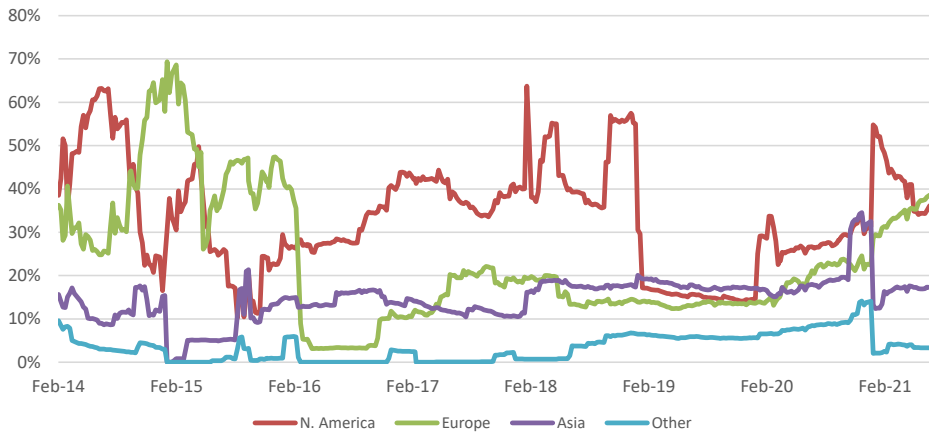
## Tactical Asset Allocation

### Tactical FX Exposure (USD): 22.7%



Generally in a risk-off mode we will have some or full exposure to the US Dollar and be hedged against EAFE and EM currencies (where possible). We currently have about half our non-US international exposure hedged, while we have about 25% exposure to the US Dollar.

### Tactical Regional Exposure



We have had a structural overweight exposure to the EAFE and EM that tend to be higher dividend yielders, though we are more positive on the US market for growth. Over time, we will tend to pick that up via technology covered call exposure (ZWT, ZPAY), which we are underweight now on valuation. We have been trimming EM exposure as got to be a very high overweight and we had achieved our valuation targets.

This commentary is intended for information purposes only. This update has been prepared by ETF Capital Management, the portfolio manager of BMO Tactical Dividend 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. Any statement that necessarily depends on future events may be a forward-looking statement. This material may contain forward-looking statements. "Forward-looking statements," can be identified by the use of forward-looking terminology such as "may", "should", "expect", "anticipate", "outlook", "project", "estimate", "intend", "continue" or "believe" or the negatives thereof, or variations thereon, or other comparable terminology. Investors are cautioned not to place undue reliance on such statements, as actual results could differ materially due to various risks and uncertainties. 1 The benchmark is the return of the targeted portfolio. As of Jan 1, 2017, the target portfolio is 80% (CYH) and 20% (ZDV); 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. 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. Commissions, trailing commissions (if applicable), management fees and expenses all may be associated with mutual fund investments. Please read the fund facts or prospectus of the relevant mutual fund before investing. The indicated rates of return are the historical annual compounded total returns for the period indicated including changes in unit value and reinvestment of all distributions and does not take into account sales, redemption, distribution or optional charges or income taxes payable by any unitholder that would have reduced returns. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated. Distributions are not guaranteed and are subject to change and/or elimination. For a summary of the risks of an investment in BMO Mutual Funds, please see the specific risks set out in the prospectus. BMO Mutual Funds are managed by BMO Investments Inc., which is an investment fund manager and a separate legal entity from Bank of Montreal. ®/™Registered trade-marks/trade-mark of Bank of Montreal, used under licence. Advisor/Broker Use Only