



## BMO Tactical Dividend ETF Fund Highlights

Core Tactical/Strategic Portfolio Outlook/Adjustments

Last week we took profits on some of our EAFE currency exposure moving back to a fully hedged position (ZWE). When hedging a currency with a lower interest rate, the cost of hedging is net contribution to returns. The EURCAD rate hit out 1.50 target that triggers the shift. The chart of the week shows the value added to the portfolio. We picked up 350bps on about a 13.8% position, which added about 48 bps to the portfolio. We will look to unhedged that exposure when oil prices rally again. If the market believes in the soft landing scenario and the rebuilding of the SPR is starting, WTI should be closer to \$90 than \$70 by mid 2024. EURCAD should be aback below 1.45 where we put the trade on in late September. We also continue to trim EM exposure by reducing the strongly outperforming EDIV exposure. We look to reduce our EM overweight in the coming weeks and months and look to deploy into some of the weaker dividend paying sectors that have been hurt by their interest rate sensitivity. Banks are near the top of the list.

Top Holdings					
Ticker	Name	Position			
ZWE	BMO Europe High Dividend Covered Call Hedged to CAD ETF	27.6%			
ZWU	BMO Covered Call Utilities ETF	20.9%			
DEM	WisdomTree Emerging Markets High Dividend Fund	12.1%			
ZPAY	BMO Premium Yield ETF	11.5%			
DGS	Wisdom Tree Trust - WisdomTree Emerging Markets SmallCap Divide	10.6%			
ZWC	BMO Canadian High Dividend Covered Call ETF	9.5%			
EDIV	SPDR S&P Emerging Markets Dividend ETF	7.7%			
ZWHC	BMO Covered Call Health Care ETF	1.0%			
ZWB	BMO Covered Call Canadian Banks ETF	0.6%			
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Chart of the Week					

## **Macro Market Strategy**

The recent weakness in WTI puts ZWEN back on the front burner too.

Though equities have not declined much relative to crude.

While it appears now that we are much closer to the terminal rate, we do not see an easing until the market and Main Street feels more pain. The FOMC does not expect inflation to return to target until 2025, which suggests that higher for longer is here well into 2024. Main street has felt no pain yet given the employment situation is still relatively strong. Historically, we do not see the bottom is in until Main Street feels the recession. It does not have to be deep, but no cycle in history has ever bottomed at full employment. Inflation is unlikely to get back towards the Feds target without some labour market pain that the FOMC is willing to endure to make sure inflation expectations are grounded. A soft landing is an extremely low probability that is fully priced in.



PRO-EYES - Berman's Call	Risk Level	Low

The core portfolio beta is 65.4%. The degree of delta protection is -44% while the value of beta protection is 87% of the portfolio. The weighted average cap is: 4400. The weighted average collar is: 4300. The weighted average floor is: 3800.

The overall PRO-EYEs factors suggest that we are in a neutral period with longer-term caution concerns. The recent oversold condition as been neutralized in 3 trading days.

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ug 12, 2013	8% -					JS Div	
Annualized Return Since Inception Aug 12, 2013	6% -	вмо 😩			Canadian I	Oiv Global Div (C\$)	 
Annualized Return	4% -				EAFE Globa	l Div	_
	2% - 9	%	11%	13%	15%	17%	19%
				Standard Deviat	ion <sup>6</sup>		

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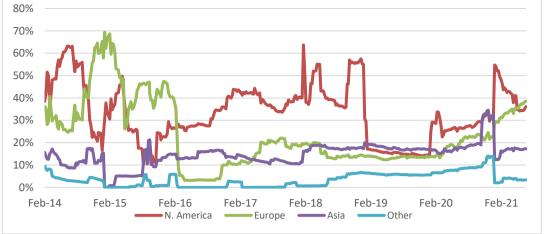
## Performance Metrics (A-Series) as of (11/24/23)

Total Return	Net	Gross	Upside/Downside 5	
YTD	7.61%	9.29%	Upside 17%	
Previous Quarter	3.06%	3.54%	Downside 37%	
Previous Year	9.58%	11.50%	Months Up 72	
3-Year	3.35%	5.27%	Months Dn 50	
5-Year	1.52%	3.44%		
Ann. SI (08/12/13)	3.53%	5.45%	Sharpe Ratio 0.45	

**Fund Codes:** 

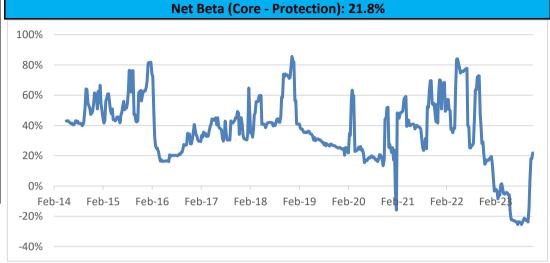
Advisor BMO99734; F-Class BMO95734; F6 BMO36734; ETF

			T	actical
Equity	N. America	Europe	Asia	Other
11/24/23	44.3%	28.8%	21.8%	6.4%
11/17/23	43.8%	28.5%	21.4%	6.4%
Change	0.6%	0.3%	0.4%	0.0%
Benchmark	66.6%	14.2%	15.0%	4.2%

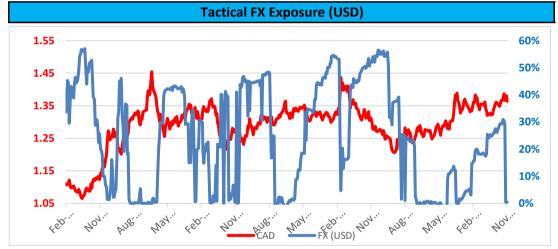


**Asset Allocation** 

Sector	11/24/2023	11/17/2023	Change	BM
Basic Materials	6.16%	6.02%	0.1%	10.2%
Communications	9.58%	9.47%	0.1%	6.5%
Consumer, Cyclical	8.00%	8.18%	-0.2%	6.7%
Consumer, Non-cyclical	16.15%	16.62%	-0.5%	7.6%
Energy	12.03%	11.79%	0.2%	10.5%
Financial	20.41%	20.06%	0.4%	27.5%
Industrial	6.59%	6.66%	-0.1%	0.0%
Technology	3.64%	4.39%	-0.7%	3.1%
Utilities	14.59%	14.70%	-0.1%	18.2%



As of: 11/24/23	11/24/23	11/17/23	Change
FX (USD)	0.5%	0.5%	0.0%
Beta <sup>2</sup>	65.4%	65.0%	0.4%
Protection	-43.6%	-46.8%	3.2%
Correlation	104.4%	103.4%	1.0%
Yield <sup>3</sup>	6.86%	6.92%	-0.06%
ETF Holdings	7	8	-1
Volatility⁴	9.99%	9.92%	0.07%
CAD	1.3636	1.3801	-1.2%



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