



## BMO Tactical Dividend ETF Fund Highlights

### Core Tactical/Strategic Portfolio Outlook/Adjustments

We rolled 5% downside protection to Dec 31 with no upside covered call for now. Seasonality is strongest in Q4, so corrections could be modest and dips will likely be bought. The beginning of Fed tapering should begin to weigh on markets in 2022 and the strength of earnings points to a melt-up potential into yearend. We are not bullish, but the risk-on desire remains strong. We reduced gold exposure GDV and ZDY last week. The weakness in Emerging Markets is still seen as a buying opportunity and we are nibbling on EDIV, DEM, DVYE, DGS.

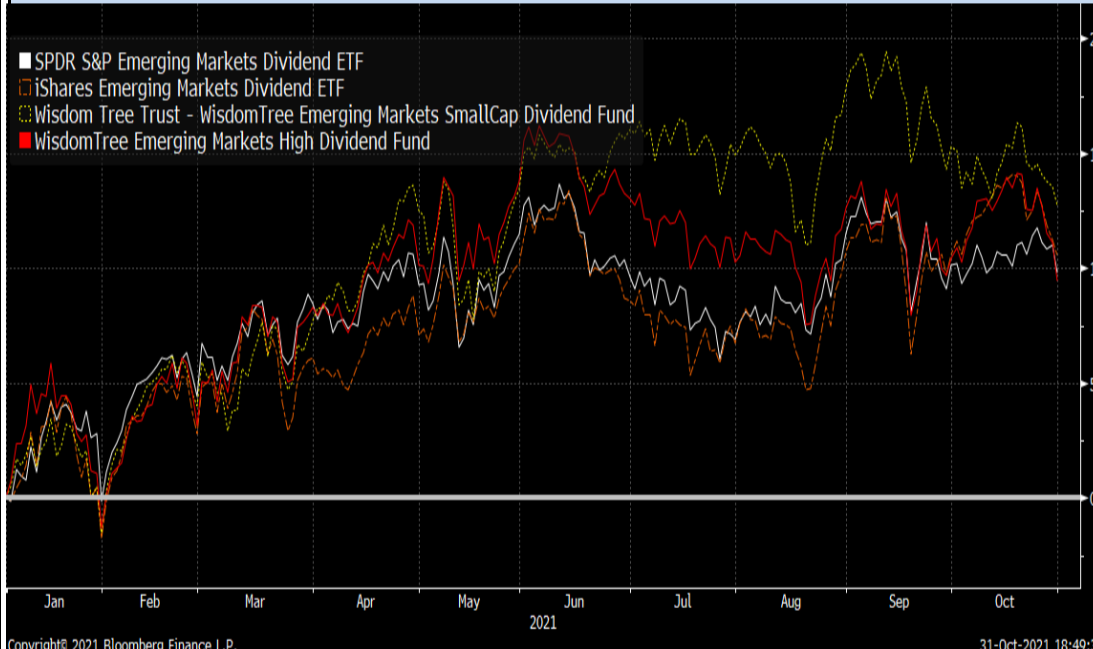
### Top Holdings

Ticker	Name	Position
ZDI	BMO International Dividend ETF	28.1%
ZWP	BMO Europe High Dividend Covered Call ETF	18.8%
ZPAY	BMO Premium Yield ETF	17.9%
EDIV	SPDR S&P Emerging Markets Dividend ETF	7.4%
GDV	VanEck Gold Miners ETF/USA	7.2%
ZWU	BMO Covered Call Utilities ETF	6.3%
DEM	WisdomTree Emerging Markets High Dividend Fund	3.9%
DVYE	iShares Emerging Markets Dividend ETF	3.0%
DGS	Wisdom Tree Trust - WisdomTree Emerging Markets SmallCap Dividend	2.8%
ZDY	BMO US Dividend ETF	2.7%

### Macro Market Strategy

A strong US dollar has tended to hurt the total return of foreign holdings (EAFE, EM) where we are overweight. Tactically that has hurt, but we do see a weaker dollar in the future with twin deficits monetized by the Fed leading to a weaker dollar. Tactically, stay at home big tech has boosted the US market far more than others while reopening (commodity) tends to benefit foreign markets more. Delta has hurt the trade, but it's not over. We expect new highs in reopening stocks into 2022 with large cap tech underperforming.

### Chart of the Week



### PRO-EYES - Berman's Call

Risk Level High

The current core portfolio beta is 71.1% The current degree of beta protection is about -21%.

When the PRO EYES indicator is at elevated levels (above 75%), as it is recently hit, we will have higher degree of beta protection on the portfolio. Historically, corrections that follow have a median of 7.3% and an average of 11.1% over the past 20 years. We have our downside protection on the S&P 500 in place from 4600-4300 through Dec 31. This is a tactical hedge and is actively adjusted as opportunities develop. For details of the [PRO-EYES-Berman's Call](#) Tactical Risk Models click link above.

### Defense

Core Beta: 71.1%

### Offense

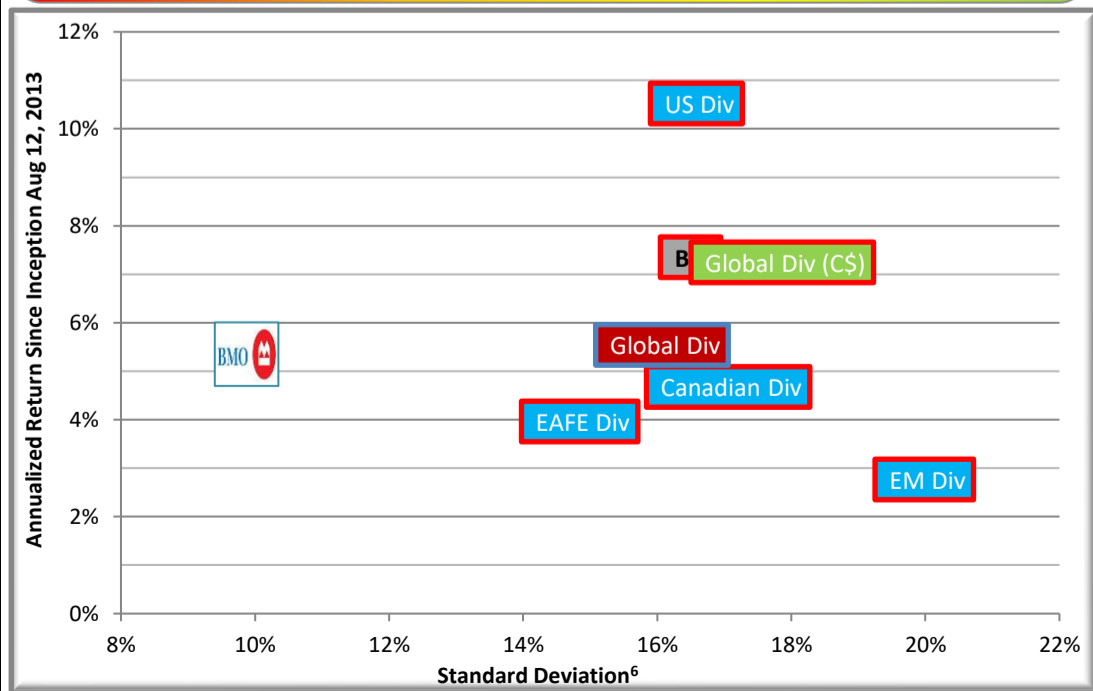


### Performance Metrics (A-Series) as of (10/29/21)

Total Return	Net	Gross	Upside/Downside <sup>5</sup>	
YTD	2.06%	3.60%	Upside	25%
Previous Quarter	-1.49%	-1.01%	Downside	49%
Previous Year	2.37%	4.29%	Months Up	65
3-Year	-0.04%	1.88%	Months Dn	33
5-Year	1.53%	3.45%		
Ann. SI (08/12/13)	3.43%	5.35%	Sharpe Ratio	0.44

Fund Codes:

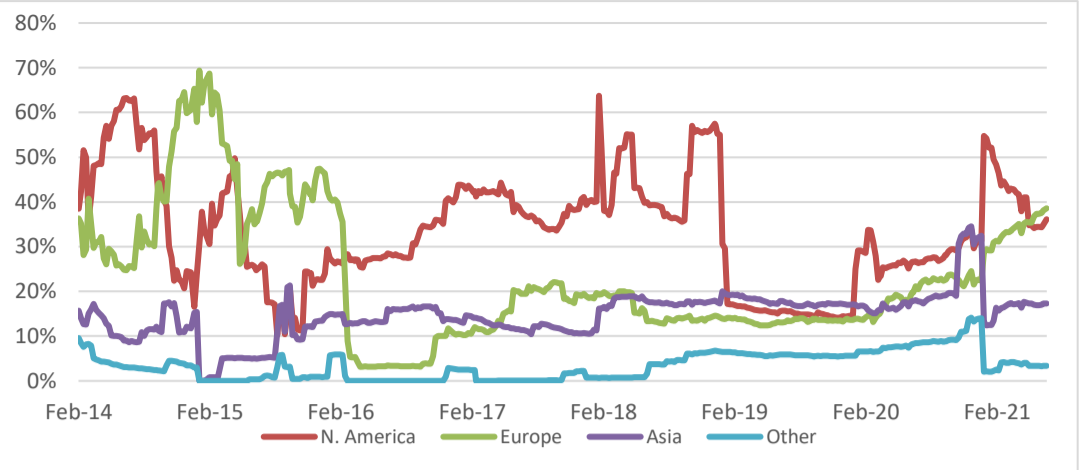
Advisor BMO99734; F-Class BMO95734; F6 BMO36734;



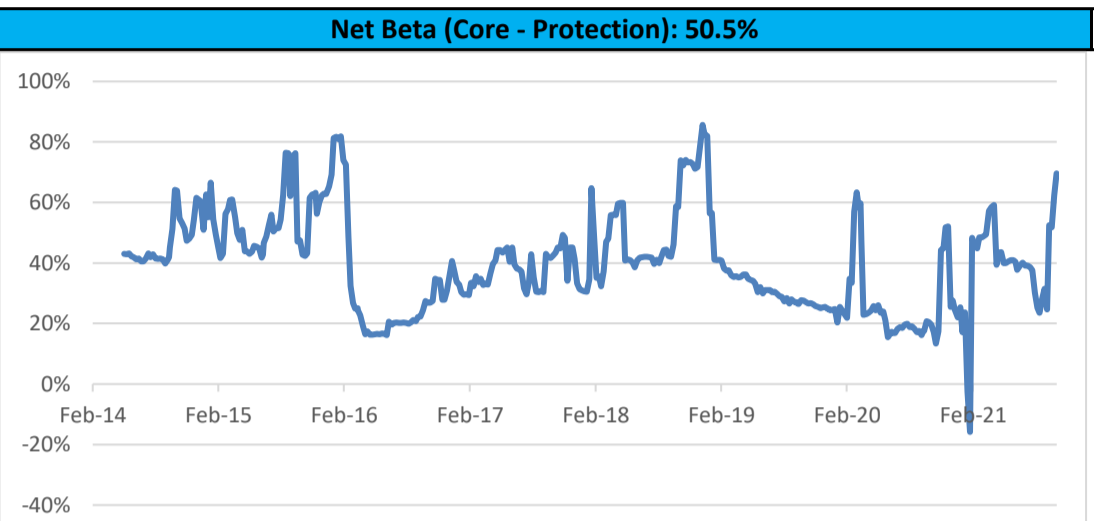
Advisor/Broker Use Only

## Tactical Asset Allocation

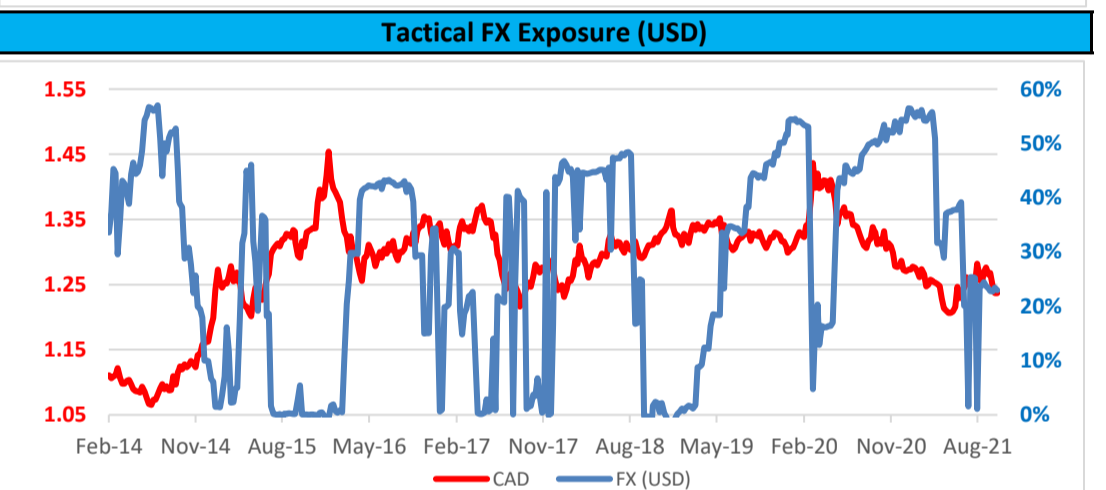
Equity	N. America	Europe	Asia	Other
10/29/21	32.6%	42.3%	19.6%	3.6%
10/15/21	33.9%	41.5%	20.2%	3.1%
Change	-1.3%	0.8%	-0.5%	0.4%
Benchmark	68.7%	17.3%	12.3%	1.8%



Sector	10/29/21	10/15/21	Change	BM
Basic Materials	12.64%	13.68%	-1.0%	7.2%
Communications	7.65%	7.60%	0.0%	8.7%
Consumer, Cyclical	8.48%	8.55%	-0.1%	4.6%
Consumer, Non-cyclical	23.54%	22.03%	1.5%	8.7%
Energy	3.86%	3.94%	-0.1%	10.6%
Financial	17.38%	17.56%	-0.2%	30.5%
Industrial	9.33%	9.64%	-0.3%	0.0%
Technology	6.09%	6.38%	-0.3%	2.4%
Utilities	8.43%	8.72%	-0.3%	0.0%



As of: 10/29/21	10/29/21	10/15/21	Change
FX (USD)	22.2%	23.4%	-1.2%
Beta <sup>2</sup>	71.1%	71.7%	-0.6%
Protection	-20.6%	-9.3%	-11.3%
Correlation	103.2%	102.9%	0.3%
Yield <sup>3</sup>	4.76%	4.74%	0.02%
ETF Holdings	10	10	0
Volatility <sup>4</sup>	9.88%	9.86%	0.02%
CAD	1.2388	1.2368	0.2%



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**