



# BMO Tactical Dividend ETF Fund Highlights

## Core Tactical/Strategic Portfolio Outlook/Adjustments

September was a very good month for the Tac Div fund and a very bad one for the broader markets. The Tac Div fund was up 2.22% and global dividend indexes were down 2% to 5% depending on what benchmark one is looking at. Last week we made a currency trade by selling half ZWP to buy ZWE to expose the Canadian dollar to relative weakness versus the euro.

## Top Holdings

Ticker	Name	Position
ZWU	BMO Covered Call Utilities ETF	19.4%
ZWP	BMO Europe High Dividend Covered Call ETF	13.1%
ZWE	BMO Europe High Dividend Covered Call Hedged to CAD ETF	13.0%
EDIV	SPDR S&P Emerging Markets Dividend ETF	12.0%
DEM	WisdomTree Emerging Markets High Dividend Fund	11.2%
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	9.0%

## 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 tried to tighten financial conditions, equity indexes are significantly offsetting until recently. The impact of QT and huge coupon supply in the coming years should push risk premiums higher. Based on the current S&P 500 EPS, the fair value is closer to 3600 than 4600. Globally, there remains much better value in stocks globally and the average stock is not extremely overvalue like the large cap tech driven US market. The MSCI world equal weight index has outperformed the market cap index over the past 20 years, but not the past 10 years. Large cap tech should be multiple challenged in a higher for longer world.

## Chart of the Week



## PRO-EYES - Berman's Call

Risk Level **Low**

The core portfolio beta is 51.7%. The degree of delta protection is -74% while the value of beta protection is 84% 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.

Defense

Core Beta: 51.7%

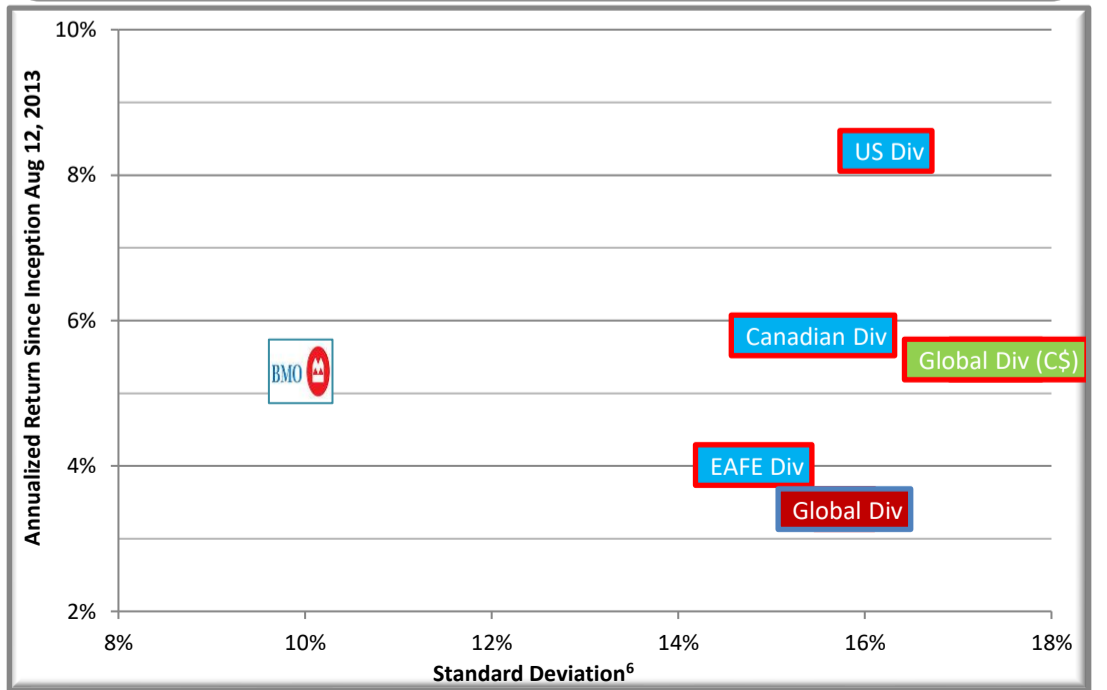
Offense



## Performance Metrics (A-Series) as of (09/29/23)

Total Return	Net	Gross	Upside/Downside <sup>5</sup>
YTD	5.41%	6.80%	Upside 17%
Previous Quarter	2.92%	3.40%	Downside 47%
Previous Year	19.22%	21.14%	Months Up 73
3-Year	2.21%	4.13%	Months Dn 48
5-Year	0.22%	2.14%	
Ann. SI (08/12/13)	3.38%	5.30%	Sharpe Ratio 0.43

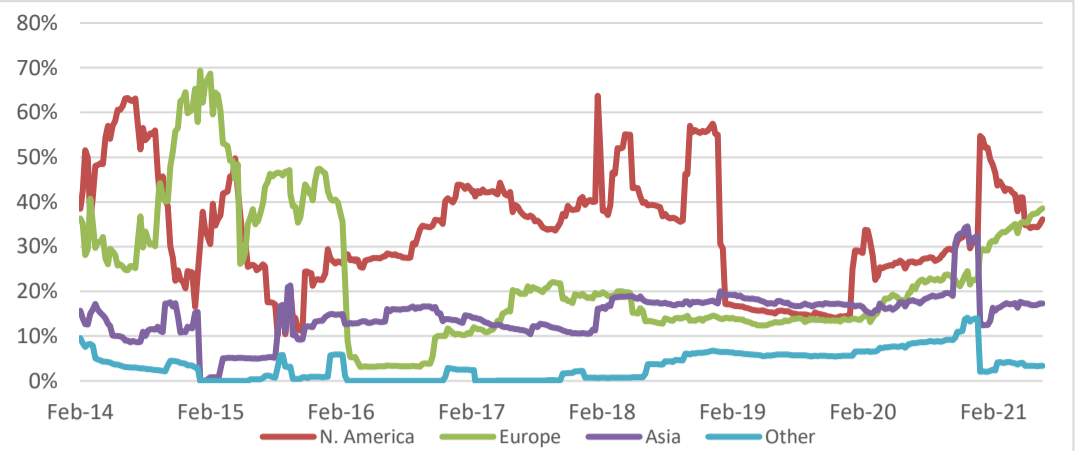
Fund Codes: Advisor BMO99734; F-Class BMO95734; F6 BMO36734; ETF



Advisor/Broker Use Only

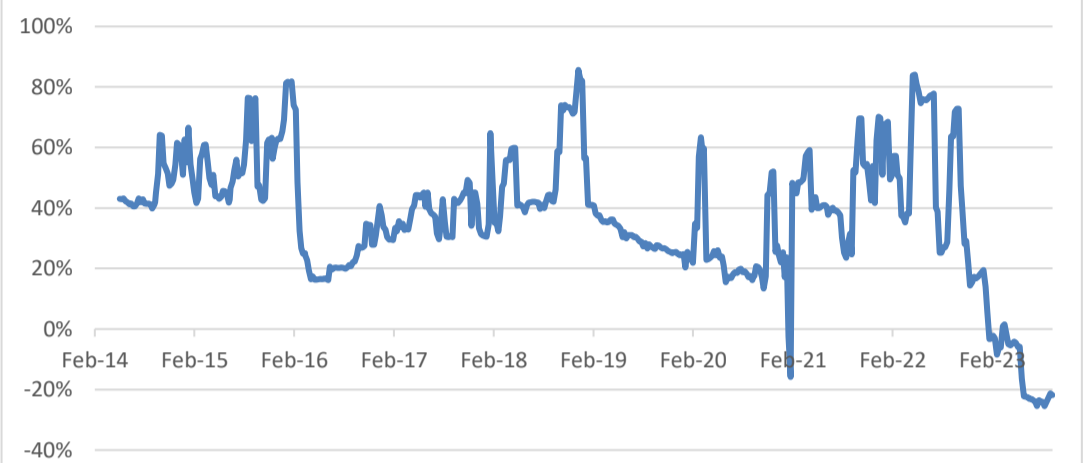
## Tactical Asset Allocation

Equity	N. America	Europe	Asia	Other
09/29/23	40.2%	27.0%	26.0%	5.5%
09/22/23	41.7%	27.7%	27.7%	4.4%
Change	-1.5%	-0.6%	-1.7%	1.1%
Benchmark	67.2%	13.7%	15.1%	4.0%



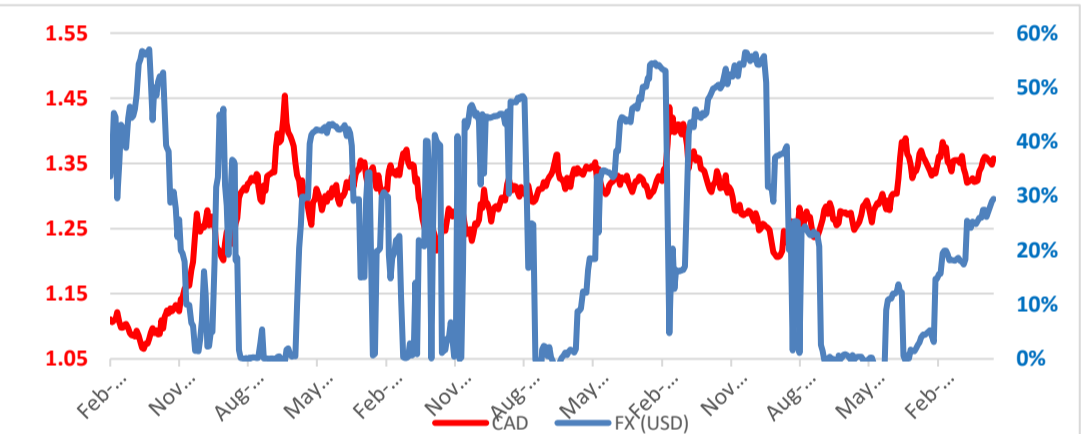
Sector	9/29/2023	9/22/2023	Change	BM
Basic Materials	6.75%	5.64%	1.1%	10.2%
Communications	9.55%	9.58%	0.0%	6.2%
Consumer, Cyclical	7.09%	6.21%	0.9%	7.1%
Consumer, Non-cyclical	15.18%	14.29%	0.9%	7.7%
Energy	11.07%	10.11%	1.0%	10.8%
Financial	20.74%	18.60%	2.1%	27.8%
Industrial	6.54%	9.56%	-3.0%	0.0%
Technology	4.56%	7.75%	-3.2%	2.9%
Utilities	14.55%	16.71%	-2.2%	17.4%

### Net Beta (Core - Protection): -21.9%



As of: 09/29/23	09/29/23	09/22/23	Change
FX (USD)	29.5%	29.1%	0.4%
Beta <sup>2</sup>	51.7%	51.3%	0.4%
Protection	-73.6%	-72.6%	-0.9%
Correlation	82.4%	83.3%	-1.0%
Yield <sup>3</sup>	6.84%	6.84%	0.00%
ETF Holdings	8	7	1
Volatility <sup>4</sup>	9.95%	10.01%	-0.06%
CAD	1.3577	1.3483	0.7%

### Tactical FX Exposure (USD)



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.