



BMO Tactical Dividend ETF Fund Highlights

Core Tactical/Strategic Portfolio Outlook/Adjustments

US dividend exposure remains very overvalued relative to EM and EAFE yields. We see a good tactical opportunity developing in Q3 to add to EM dividends (see chart of the week). We highlight that the relative performance line compared to the S&P 500 (lower yellow line) is at the lower end of the standard deviation bands). The underperformance of EM to the US in the past month has been a drag on the portfolio. Still, Non-US market offer better value. For now, low yielding US technology is driving the S&P 500 as the Delta variant is delaying tapering and boosting the stay at home names relative to the reopening names. We took advantage of a stronger US dollar this week to hedge up our exposure moving ZPAY to ZPAY/F.

Top Holdings

Ticker	Name	Position
ZDI	BMO International Dividend ETF	27.2%
ZWP	BMO Europe High Dividend Covered Call ETF	18.3%
ZPAY/F	BMO Premium Yield ETF	17.3%
ZGD	BMO Equal Weight Global Gold Index ETF	7.9%
EDIV	SPDR S&P Emerging Markets Dividend ETF	6.9%
ZWU	BMO Covered Call Utilities ETF	6.4%
ZUD	BMO US Dividend Hedged to CAD ETF	5.3%
DEM	WisdomTree Emerging Markets High Dividend Fund	3.7%
DVYE	iShares Emerging Markets Dividend ETF	2.8%
DGS	Wisdom Tree Trust - WisdomTree Emerging Markets SmallCap Dividend	2.7%
ZWK	BMO Covered Call US Banks ETF	1.1%

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 72.9% The current degree of beta protection is about -43%.

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 hedge on the S&P 500 in place from 4200-3750 with a covered call at 4400 through Sept 30th. 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

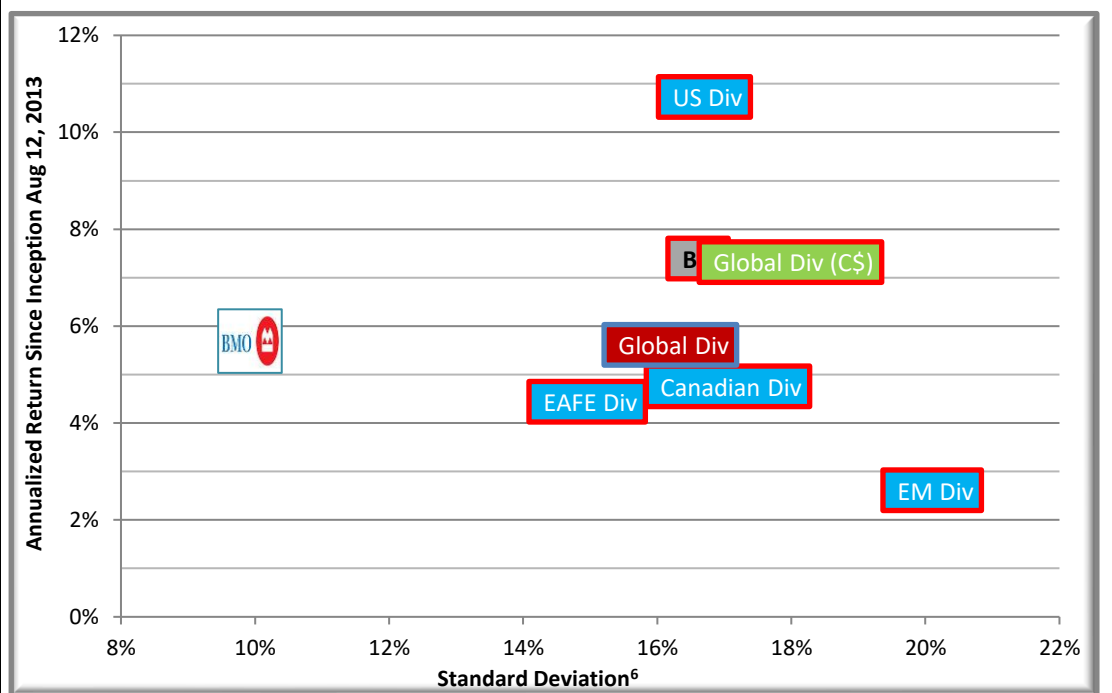
Core Beta: 72.9%

Offense



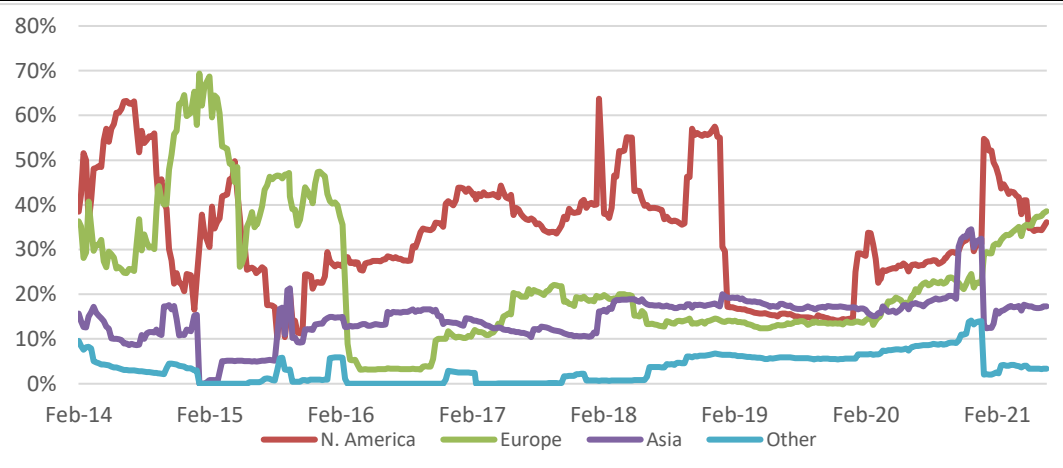
Performance Metrics (A-Series) as of (08/13/21)

Total Return	Net	Gross	Upside/Downside ⁵	
YTD	4.07%	5.25%	Upside	26%
Previous Quarter	2.02%	2.50%	Downside	47%
Previous Year	-0.11%	1.81%	Months Up	63
3-Year	-1.08%	0.84%	Months Dn	32
5-Year	2.37%	4.29%		
Ann. SI (08/12/13)	3.76%	5.68%	Sharpe Ratio	0.47



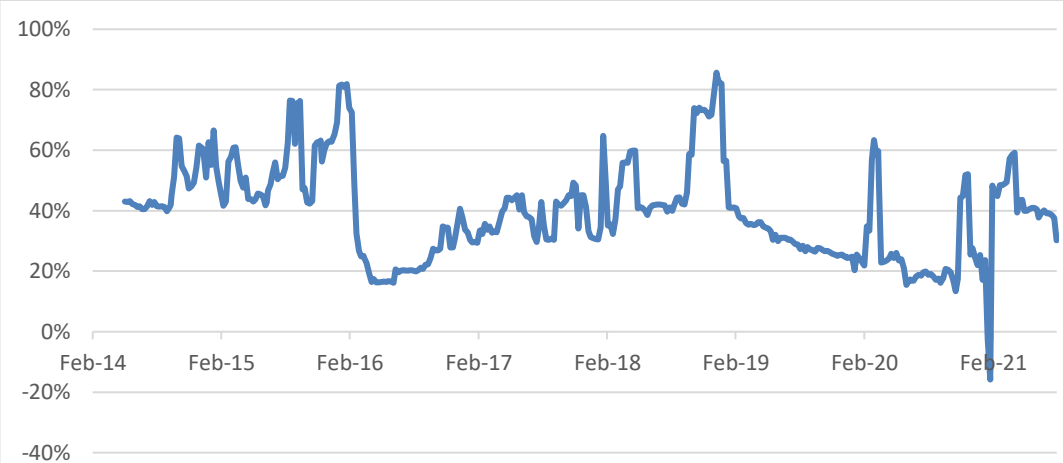
Tactical Asset Allocation

Equity	N. America	Europe	Asia	Other
08/20/21	36.9%	41.6%	18.0%	3.1%
08/13/21	36.6%	40.6%	17.9%	3.0%
Change	0.2%	0.9%	0.0%	0.0%
Benchmark	68.5%	17.4%	12.2%	1.9%



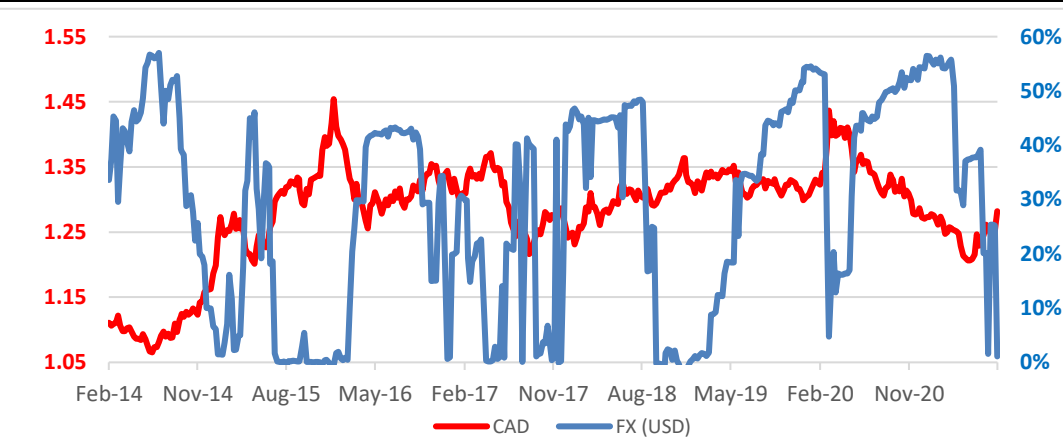
Sector	8/20/21	8/13/21	Change	BM
Basic Materials	13.08%	14.09%	-1.0%	7.6%
Communications	8.20%	7.79%	0.4%	9.0%
Consumer, Cyclical	7.61%	7.98%	-0.4%	4.7%
Consumer, Non-cyclical	22.34%	21.79%	0.6%	9.0%
Energy	3.28%	3.33%	0.0%	9.0%
Financial	19.64%	19.34%	0.3%	30.3%
Industrial	9.27%	8.22%	1.0%	0.0%
Technology	6.80%	6.91%	-0.1%	2.5%
Utilities	8.63%	8.44%	0.2%	0.0%

Net Beta (Core - Protection): 30.2%



As of: 08/20/21	08/20/21	08/13/21	Change
FX (USD)	1.1%	25.2%	-24.1%
Beta ²	72.9%	71.6%	1.3%
Protection	-42.6%	-34.1%	-8.6%
Correlation	97.0%	82.4%	14.6%
Yield ³	4.53%	4.51%	0.02%
ETF Holdings	12	13	-1
Volatility ⁴	9.92%	9.96%	-0.04%
CAD	1.2821	1.2515	2.4%

Tactical FX Exposure (USD)



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