



# BMO Tactical Dividend ETF Fund Highlights

## Core Tactical/Strategic Portfolio Outlook/Adjustments

We see weakness in EM as a buying opportunity. We did not add exposure last week, but we see Aug/Sep as a risk off period and we will use our cash to add EM exposure. We also expect the next pop in gold, which appears to be starting, we see us remove that exposure and replace it with international yield exposure. In the US, we still believe ZPAY is the best way to go for now, but will swap it out to ZUD if the dip is below 4100 (SPX). We also look to reduce the downside hedge below 4100. We added back US dollar exposure ZPAY/ZPAY-F to reduce core beta in anticipation of a risk off market.

## Top Holdings

Ticker	Name	Position
ZDI	BMO International Dividend ETF	26.2%
ZWP	BMO Europe High Dividend Covered Call ETF	17.5%
ZPAY/F	BMO Premium Yield ETF	9.9%
ZGD	BMO Equal Weight Global Gold Index ETF	8.8%
ZPAY	BMO Premium Yield ETF	7.1%
EDIV	SPDR S&P Emerging Markets Dividend ETF	6.7%
ZWU	BMO Covered Call Utilities ETF	6.3%
ZUD	BMO US Dividend Hedged to CAD ETF	5.1%
DEM	WisdomTree Emerging Markets High Dividend Fund	3.6%
DVYE	iShares Emerging Markets Dividend ETF	2.7%
DGS	Wisdom Tree Trust - WisdomTree Emerging Markets SmallCap Dividend	2.7%
ZWK	BMO Covered Call US Banks ETF	1.0%

## Macro Market Strategy

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. We nibbled at DEM last week as the feature chart shows its relative weakness to the S&P 500 in the lower yellow chart. 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 markets.

## Chart of the Week



## PRO-EYES - Berman's Call

Risk Level High

The current core portfolio beta is 70.8% The current degree of beta protection is about -32%.

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

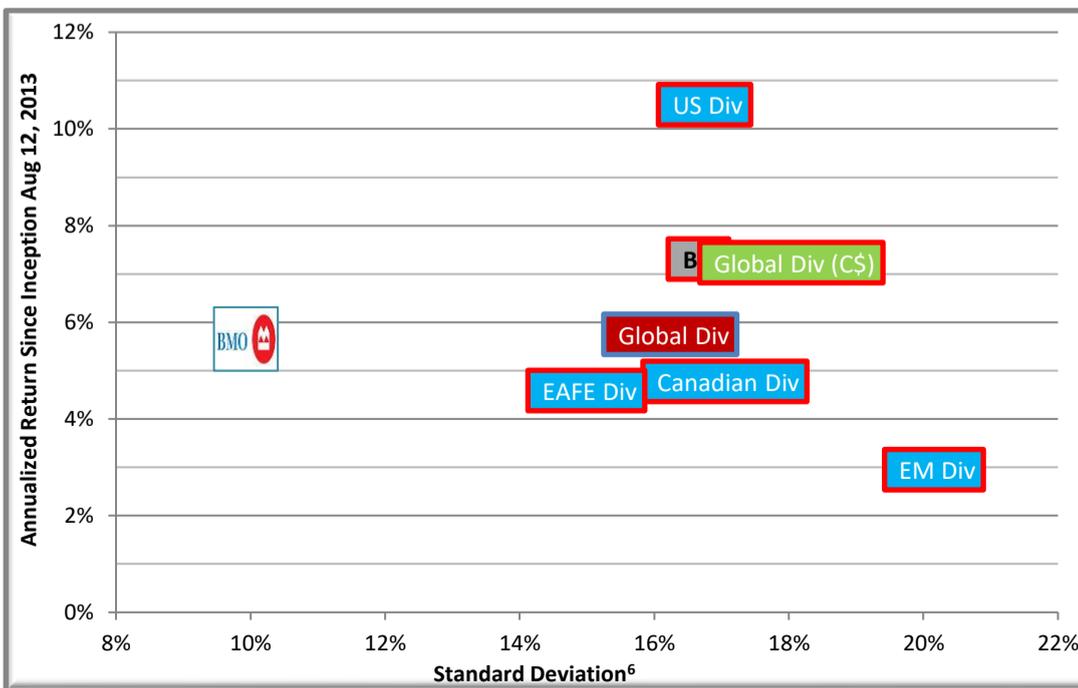
Core Beta: 70.8%

Offense



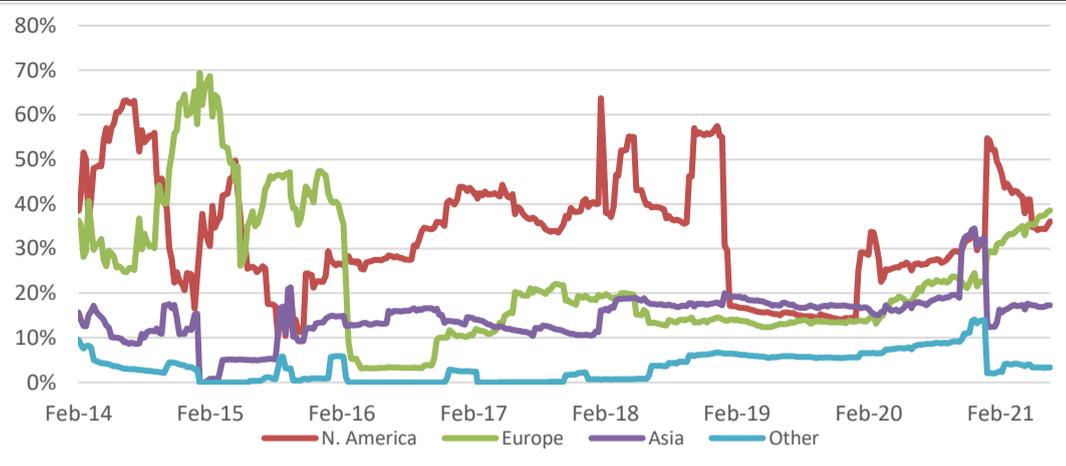
## Performance Metrics (A-Series) as of (07/30/21)

Total Return	Net	Gross	Upside/Downside <sup>5</sup>	
YTD	3.60%	4.69%	Upside	26%
Previous Quarter	4.29%	4.77%	Downside	47%
Previous Year	-2.89%	-0.97%	Months Up	63
3-Year	-1.32%	0.60%	Months Dn	32
5-Year	2.21%	4.13%		
Ann. SI (08/12/13)	3.73%	5.65%	Sharpe Ratio	0.47



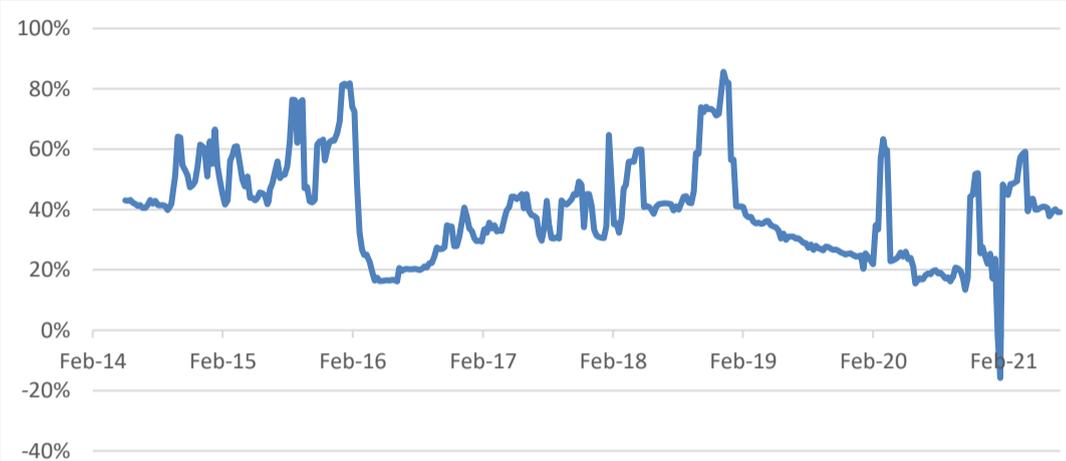
## Tactical Asset Allocation

Equity	N. America	Europe	Asia	Other
07/30/21	37.0%	39.4%	17.6%	3.5%
07/23/21	36.6%	39.4%	17.9%	3.4%
Change	0.3%	0.0%	-0.4%	0.1%
Benchmark	67.8%	17.6%	12.6%	2.0%



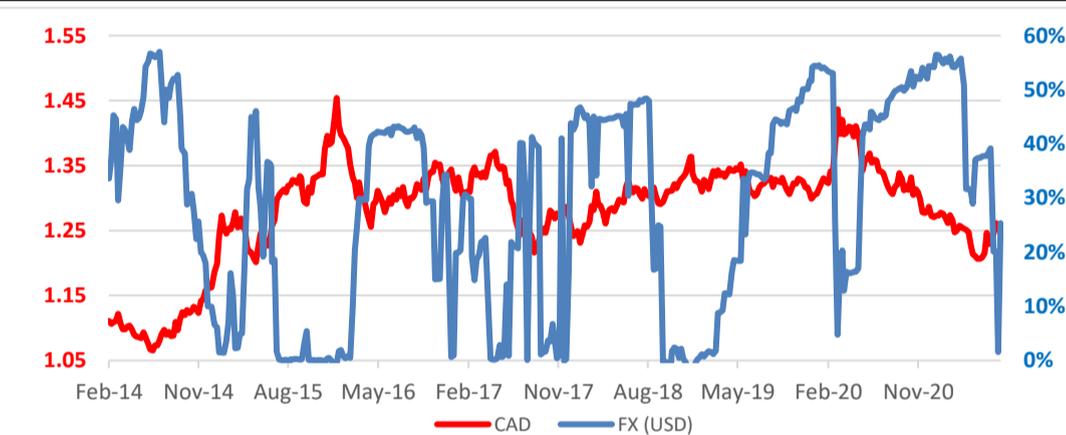
Sector	7/30/21	7/23/21	Change	BM
Basic Materials	14.63%	14.13%	0.5%	8.5%
Communications	7.55%	7.71%	-0.2%	9.0%
Consumer, Cyclical	7.98%	8.08%	-0.1%	4.7%
Consumer, Non-cyclical	21.39%	21.73%	-0.3%	8.8%
Energy	3.29%	3.25%	0.0%	9.3%
Financial	19.32%	18.81%	0.5%	30.1%
Industrial	7.95%	8.11%	-0.2%	0.0%
Technology	6.69%	6.92%	-0.2%	2.6%
Utilities	8.41%	8.46%	0.0%	0.0%

### Net Beta (Core - Protection): 39.2%



As of: 07/30/21	07/30/21	07/23/21	Change
FX (USD)	25.4%	1.6%	23.8%
Beta <sup>2</sup>	70.8%	71.0%	-0.2%
Protection	-31.5%	-31.8%	0.3%
Correlation	81.3%	94.7%	-13.3%
Yield <sup>3</sup>	4.52%	4.49%	0.02%
ETF Holdings	13	12	1
Volatility <sup>4</sup>	9.93%	9.93%	0.01%
CAD	1.2475	1.2564	-0.7%

### Tactical FX Exposure (USD)



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