

# BMO Tactical Global Growth ETF Fund

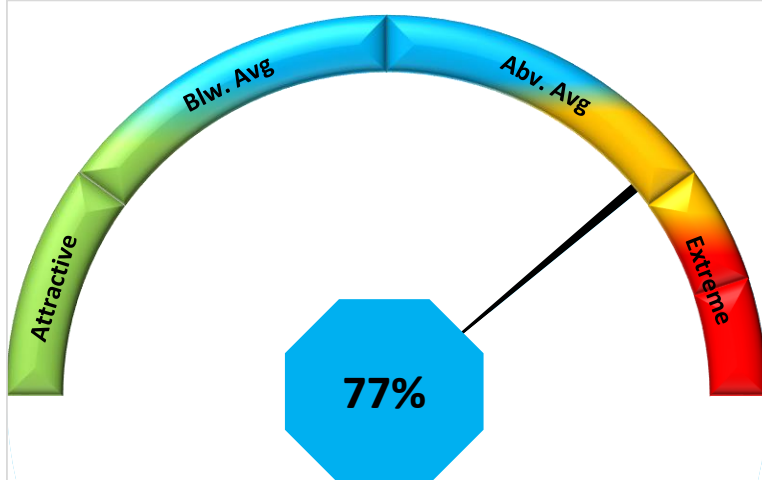
Defense Core Portfolio Beta: 70.6% Offense



Net Beta (Core - Protection): 7.5%



## PRO EYE Macro Risk Monitor (Hedge)



When the PRO EYE indicator is at elevated levels, we will incorporate additional downside protection in the portfolio as an overlay to the core "BEST IDEAS" holdings. The current correction risk is modest and we are 10% long put protected from 3875 to 3500 through Q3 on the S&P 500. We see a summer rally peak in the 4300 range. That's our upside target for the covered call.

## Market Strategy (Risk Management)

DEFENSE: The current core beta is 70.6% vs. the benchmark of 100% up from 69.4% last week. The current degree of beta protection is about -63%. Our tactical risk monitor (see chart page 2) is at an extreme reading where risk-reward is negatively skewed. At the same time, there is ample evidence that the liquidity driven bubble can get bigger. Our valuation metrics (table page 2), is showing extreme levels, even with the equity risk premium. However, business cycle conditions are in the goldilocks optimal (though highly manipulated) with the yield curve steepening to healthy levels and the growth trends that are moderate (though boosted by extraordinary stimulus). So let's call it temporary until that support falls off. This week, Powell reiterated they are all-in in terms of support, so no taper tantrum anytime soon. But it will be a doozy when it comes. Treasury cash balances are running down quickly and supply to pay for the next phase of stimulus in Q3. We think that would be the next window where correction risk is elevated. On the positive side, we are increasingly liking the UK market (currency and sector mix). Given extreme valuations in the US and large cap tech in particular, we increasingly are adding to EM and Asian exposure in particular. A post COVID global reflation is the key thematic for the next few years. <https://www.bridgewater.com/research-and-insights/our-2021-global-outlook> Energy and base metals remain the best play. We are overweight materials and energy. ZPAY is a great yielder, but we are reducing exposure to fund better value plays globally.

## Top Holdings

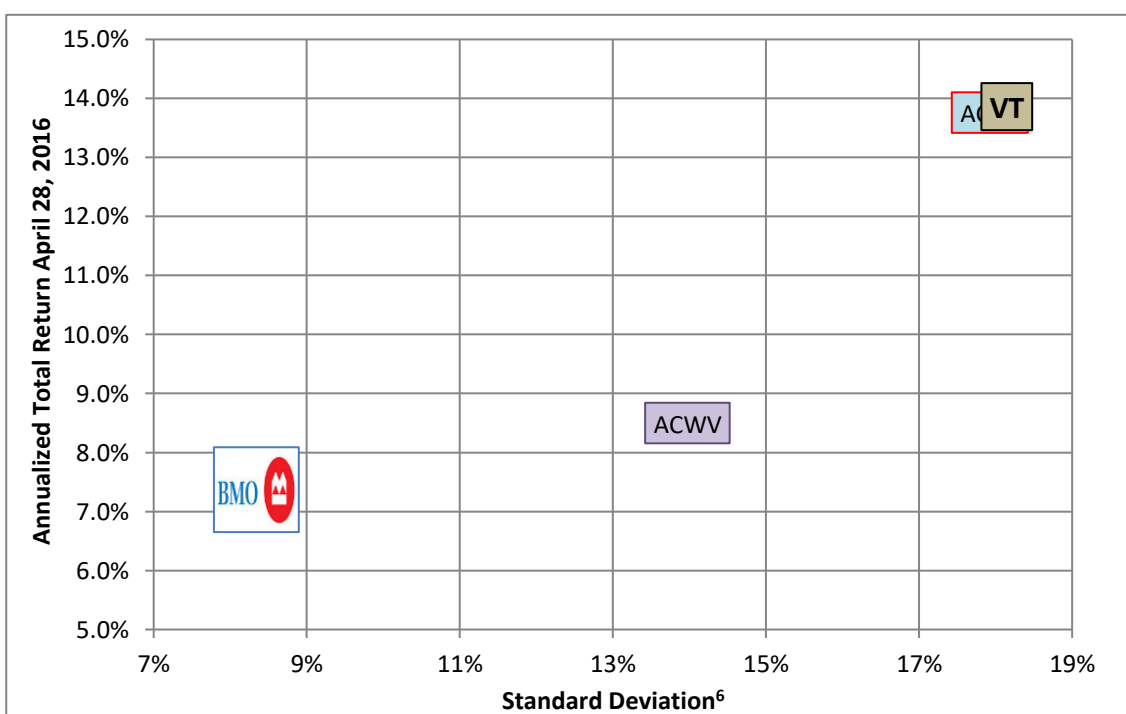
Ticker	Name	Position
RSP	Invesco S&P 500 Equal Weight ETF	26.9%
ZPAY	BMO Premium Yield ETF	23.8%
ZGD	BMO Equal Weight Global Gold Index ETF	16.6%
ZWP	BMO Europe High Dividend Covered Call ETF	6.3%
XLE	Energy Select Sector SPDR Fund	4.2%
EWUS	iShares MSCI United Kingdom Small-Cap ETF	3.9%
ZMT	BMO Equal Weight Global Base Metals Hedged to CAD Index ETF	3.8%
DXJ	WisdomTree Japan Hedged Equity Fund	3.3%
VNM	Vanek Vectors Vietnam ETF	1.5%
ZCLN	BMO Clean Energy Index ETF	1.0%
EWV	iShares MSCI Mexico ETF	0.9%
BRF	VanEck Vectors Brazil Small-Cap ETF	0.7%
EIDO	iShares MSCI Indonesia ETF	0.7%
INDA	iShares MSCI India ETF	0.4%
EWU	iShares MSCI United Kingdom ETF	0.2%

As of: Feb 12 2021	02/12/21	02/05/21	Change
FX (USD)	50.8%	49.8%	1.0%
Beta <sup>2</sup>	70.6%	69.4%	1.3%
Protection	-63.1%	-53.5%	-9.6%
Correlation	67.5%	65.7%	1.8%
Yield <sup>3</sup>	2.83%	2.83%	0.00%
ETF Holdings	15	17	-2
Volatility <sup>4</sup>	8.35%	8.36%	-0.01%
CAD	1.2626	1.2756	-1.0%

## Performance Metrics

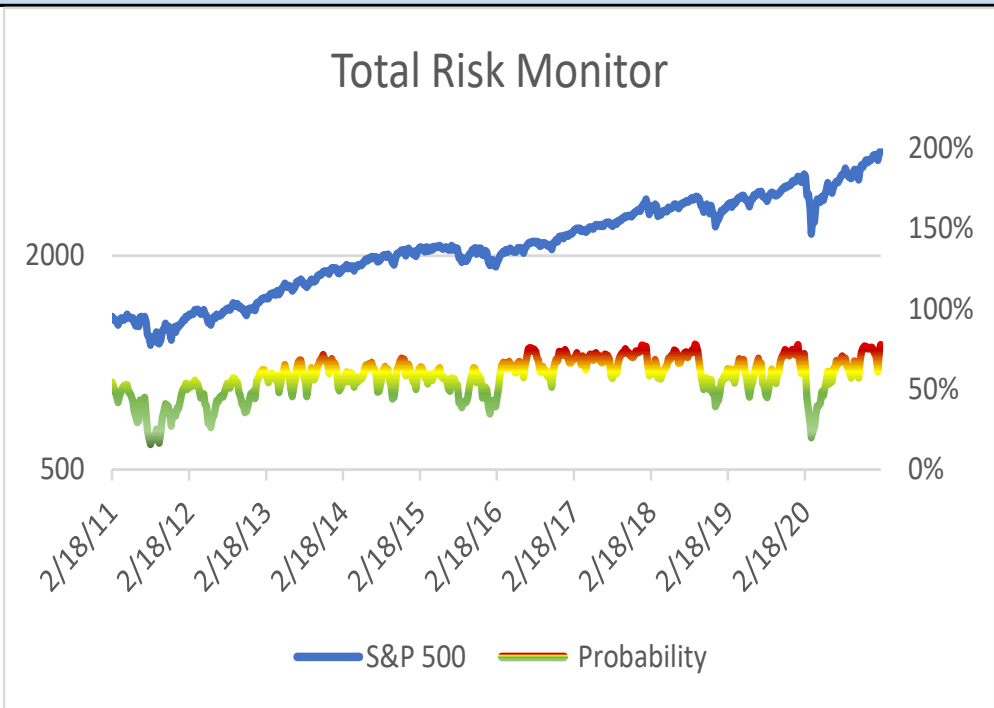
Total Return	Net	Gross	Upside/Downside <sup>5</sup>	
YTD	1.45%	1.67%	Upside	19%
Prev. Qtr.	1.82%	2.30%	Downside	24%
Prev. Year	-3.02%	-1.10%	Months Up	41
Since Inception	29.10%	37.89%	Months Dn	16
Annualized SI	5.44%	7.36%		
Sharpe Ratio		0.88		

Fund Codes: Advisor BMO99762; Low Load BMO98762; F-Class BMO95762; No Load Retail: BMO70762;



## Chart(s) of The Week

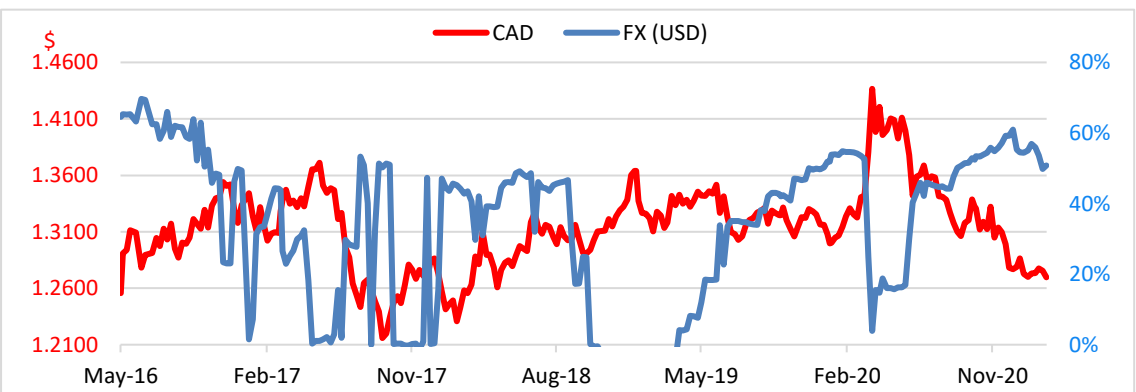
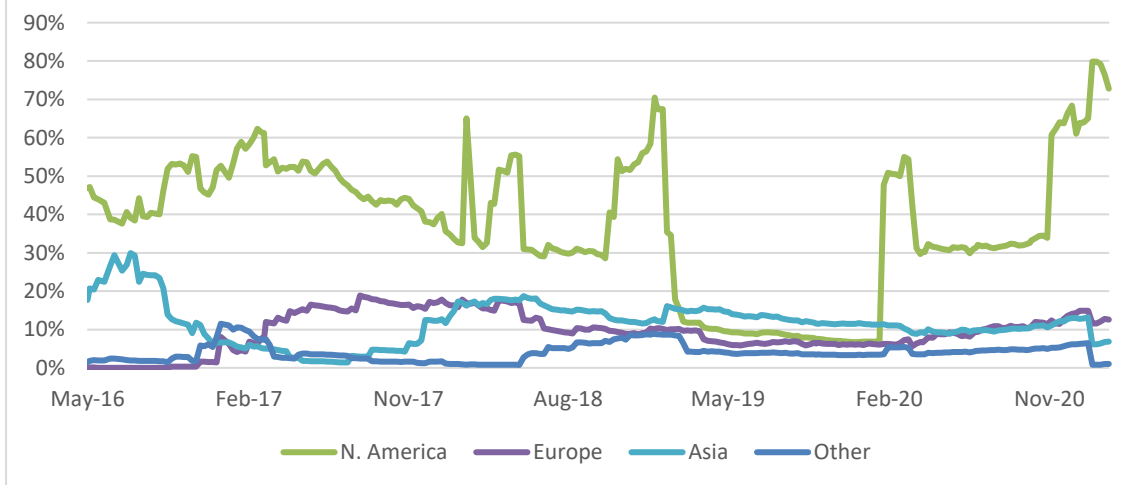
Factor	Z-Score	Confidence
Enterprise Value to EBITDA	3.42	100%
Price-to-Sales	2.84	100%
Forward P/E	1.95	97%
Equity Risk Premium	1.06	86%
Total Valuation:		96%
Business Cycle-Yield Curve	0.44	67%
Business Cycle-Credit Spreads	1.27	90%
Business Cycle-NY Fed Weekly Leading Indicators	0.18	57%
Business Cycle-Real Yields & Inflation Expectations	(1.55)	6%
Total Business Cycle Factor:		55%



## Tactical Asset Allocation

Equity	N. America	Europe	Asia	Other
02/12/21	72.7%	12.5%	6.8%	1.0%
02/05/21	76.4%	12.8%	6.8%	1.0%
Change	-3.7%	-0.2%	0.0%	0.0%

Sector	02/12/21	02/05/21	Change	BM
Basic Materials	22.08%	22.02%	0.1%	4.5%
Communications	3.51%	3.45%	0.1%	13.3%
Consumer, Cyclical	7.08%	6.94%	0.1%	10.7%
Consumer, Non-cyclical	12.96%	13.02%	-0.1%	20.4%
Energy	6.77%	6.49%	0.3%	3.3%
Financial	9.52%	9.36%	0.2%	17.6%
Government	16.59%	16.57%	0.0%	0.0%
Industrial	7.28%	7.03%	0.2%	10.6%
Technology	6.24%	5.98%	0.3%	16.6%
Utilities	2.27%	2.30%	0.0%	2.9%



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1 Benchmark is the return of the targeted portfolio 100% global equities hedged to Canadian dollars; 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. © "BMO (M-bar roundel)" is a registered trade-mark of Bank of Montreal, used under license. 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.