

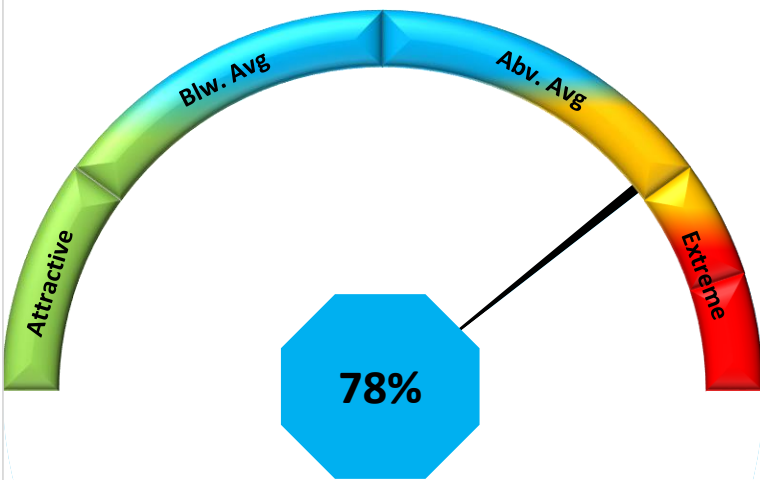
# BMO Tactical Global Growth ETF Fund

Defense Core Portfolio Beta: 69.4% Offense

Net Beta (Core - Protection): 15.9%



## PRO EYES Macro Risk Monitor (Hedge)



When the PRO EYES 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% protected from 3875 to 3500 through Q3 on the S&P 500 with upside potential to 3800 through Feb expiry.

## Market Strategy (Risk Management)

DEFENSE: The current core beta is 69.4% vs. the benchmark of 100% up from 68.3% last week. The current degree of beta protection is about -53%. The strong surge last week following the surprise move by the Treasury to draw down excess cash liberated about \$900B (for deficit bond purchases) that found it's way into equities. The move by Yellen pushes Powell's increased QE risk into Q3 following the currently negotiated stimulus. We tactically rolled up beta put protection up to lock in gains through Friday at 3875, which lowered the overall net beta to 15.9%. The core beta of the portfolio went up a bit as we trimmed ZPAY and US dollar exposure. The strong rally in medical marijuana (now up a Reddit like 75% YTD) saw us take partial profits close to \$14. We look to buy dips in the sector. We also added exposure to clean energy (ZCLN) as we saw a bit of relative weakness in the sector. We have been waiting for a Q1 bond supply funding dip to rotate out of ZPAY and into more growth oriented exposure, but that dip has been elusive. We now see a scenario where the Yellen's can kick pushes correction risk into Q3. We are looking to boost the core beta while keeping a min 10% put protection in place. Valuation remains EXTREME and thus our minimum 10% protection in the portfolio. Overall, tactical indicators are off their recent highs, but remain elevated, as sentiment has waned and breadth softened. The new highs this week had a re-opening tilt to it as our RSP core holding beat the broad SPY following great large tech earnings.

## Top Holdings

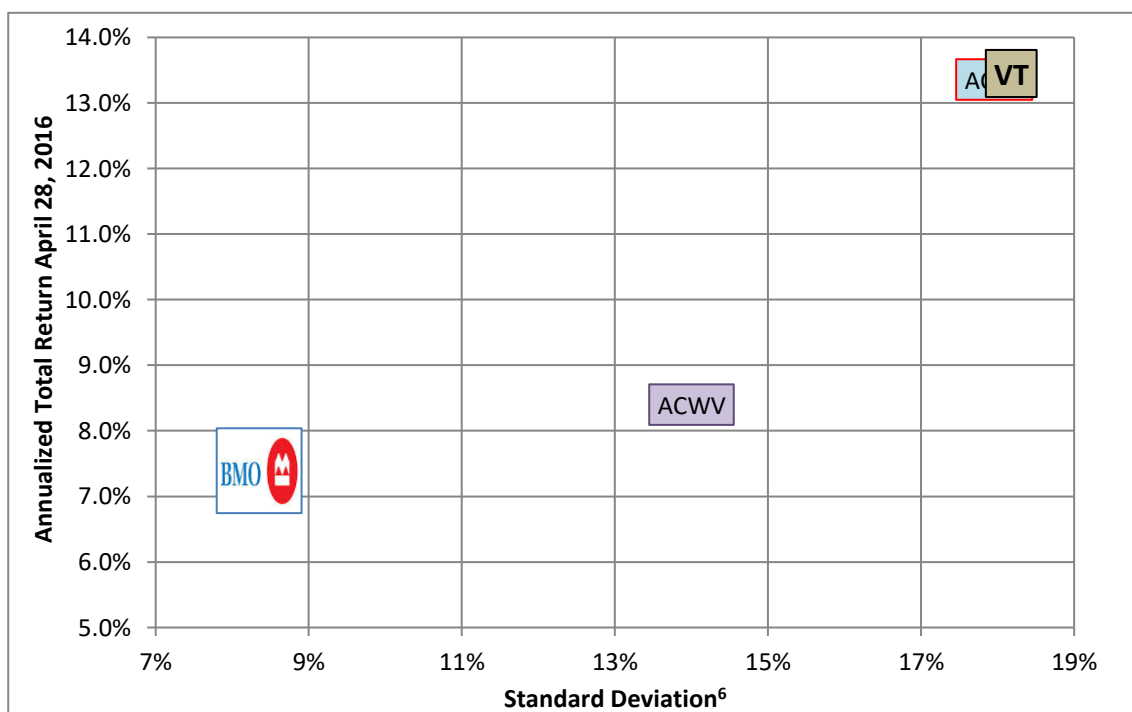
Ticker	Name	Position
RSP	Invesco S&P 500 Equal Weight ETF	26.2%
ZPAY	BMO Premium Yield ETF	23.6%
ZGD	BMO Equal Weight Global Gold Index ETF	16.8%
ZWP	BMO Europe High Dividend Covered Call ETF	6.2%
XLE	Energy Select Sector SPDR Fund	4.0%
EWUS	iShares MSCI United Kingdom Small-Cap ETF	3.8%
ZMT	BMO Equal Weight Global Base Metals Hedged to CAD Index ETF	3.5%
DXJ	WisdomTree Japan Hedged Equity Fund	3.2%
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%
HMMJ	Horizons Marijuana Life Sciences Index ETF	0.3%
EWU	iShares MSCI United Kingdom ETF	0.2%
ZLI	BMO Low Volatility International Equity ETF	0.1%

As of: Feb 5 2021	02/05/21	01/29/21	Change
FX (USD)	49.8%	53.7%	-3.8%
Beta <sup>2</sup>	69.4%	68.3%	1.0%
Protection	-53.5%	-32.7%	-20.8%
Correlation	65.7%	67.4%	-1.7%
Yield <sup>3</sup>	2.83%	3.13%	-0.30%
ETF Holdings	17	16	1
Volatility <sup>4</sup>	8.36%	8.62%	-0.27%
CAD	1.2756	1.2777	-0.2%

## Performance Metrics

Total Return	Net	Gross	Upside/Downside <sup>5</sup>	
YTD	1.45%	1.64%	Upside	19%
Prev. Qtr.	2.43%	2.91%	Downside	24%
Prev. Year	-3.26%	-1.34%	Months Up	41
Since Inception	29.09%	37.85%	Months Dn	16
Annualized SI	5.46%	7.38%		
Sharpe Ratio		0.88		

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



## Chart(s) of The Week

### S&P 500 Valuations

Model Factors	Most Recent Value	Historical Percentile
Median EV to Sales (Ex-Financials)	4.0	100%
US Total Market Cap to GDP	170%	100%
EV to Free Cash Flow Margin-Adjusted (Ex-Financials)	48.8	100%
Median Price to Sales	2.8	100%
Median Price to Book	3.9	100%
Median EV to EBITDA (Ex-Financials)	15.0	100%
Aggregate EV To Sales	3.0	100%
Aggregate EV to Trailing 12M EBITDA	17.5	100%
Aggregate EV to 2021 EBITDA Estimate	15.9	100%
Aggregate Price to 2021 Book Value Estimate	3.8	100%
Aggregate Price to Tangible Book Value	12.8	100%
Aggregate Price to Earnings	27.9	98%
Cyclically Adjusted P/E (CAPE)	32.9	97%
Aggregate Price to 2021 Earnings Estimate	25.6	97%
Aggregate Price to Book	3.9	91%

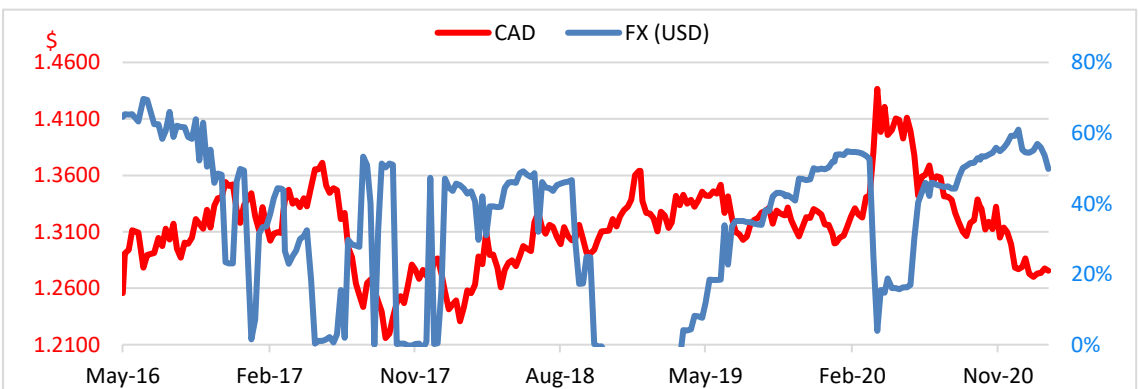
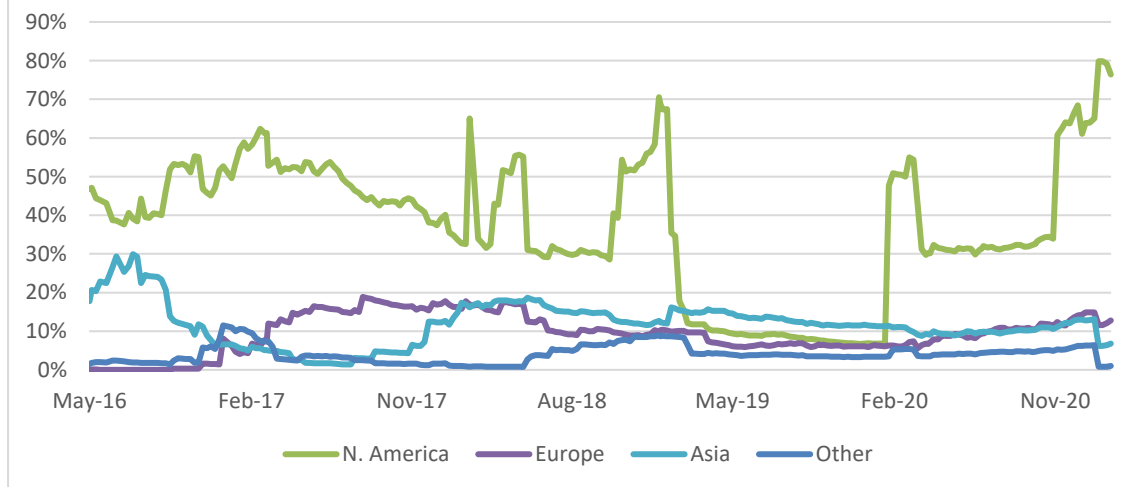
Source: Bloomberg, Yale/Robert Shiller, John Hussman \*Numbers as of November of 2020 ©2020 Crescat Capital LLC



## Tactical Asset Allocation

Equity	N. America	Europe	Asia	Other
02/05/21	71.8%	12.5%	6.7%	1.0%
01/29/21	79.2%	12.1%	6.4%	0.8%
Change	-7.3%	0.4%	0.3%	0.1%

Sector	02/05/21	01/29/21	Change	BM
Basic Materials	22.02%	21.56%	0.5%	4.5%
Communications	3.45%	3.34%	0.1%	13.3%
Consumer, Cyclical	6.94%	6.77%	0.2%	10.7%
Consumer, Non-cyclical	13.02%	13.65%	-0.6%	20.4%
Energy	6.49%	5.52%	1.0%	3.3%
Financial	9.36%	9.12%	0.2%	17.6%
Government	16.57%	20.34%	-3.8%	0.0%
Industrial	7.03%	6.77%	0.3%	10.6%
Technology	5.98%	5.73%	0.3%	16.6%
Utilities	2.30%	1.88%	0.4%	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.