



BMO Tactical Dividend ETF Fund Highlights

Defense

BETA SCORE

Offense



Beta (risk) Metrics



As of: Feb 1 2019	02/01/19	01/25/19	Change
FX (USD)	1.2%	0.6%	0.5%
Beta ²	41.0%	56.5%	-15.5%
Correlation	46.6%	62.8%	-16.2%
Yield ³	4.09%	3.81%	0.28%
ETF Holdings	16	16	0
Volatility ⁴	8.12%	8.12%	-0.01%
CAD	1.3102	1.3218	-0.9%

Performance Metrics

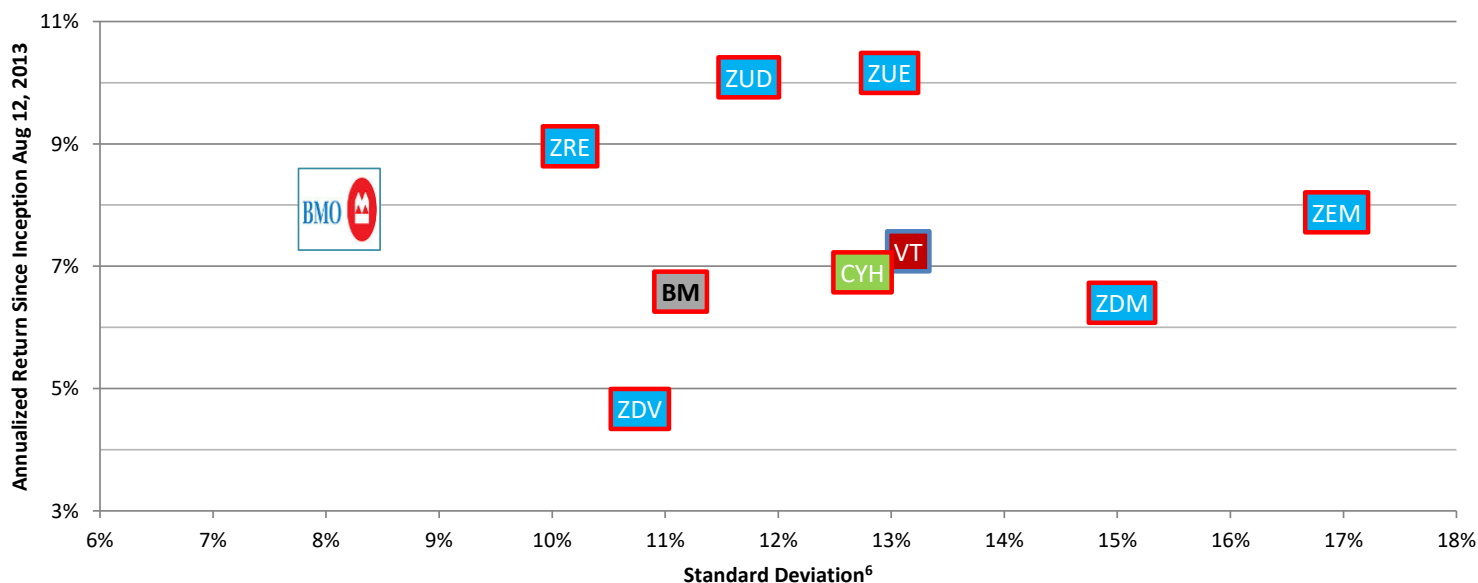
Total Return	Net	Gross	Upside/Downside ⁵	
YTD	6.58%	6.76%	Upside	56%
Previous Quarter	2.03%	2.51%	Downside	11%
Previous Year	3.51%	5.43%	Months Up	39
3-Year	7.20%	9.12%	Months Dn	26
5-Year	5.47%	7.39%		
Annualized SI	6.01%	7.93%		
Sharpe Ratio		0.85		

Market Strategy (Risk Management)

NEUTRAL: The current beta is 41.0% vs. the benchmark of 73.2% and down from 56.5% last week. We are in the process of getting more defensive. We are optimising the portfolio for a 4%+ yield and less than half the risk of the benchmark portfolio. We have more beta to cut from the portfolio in the coming weeks to months. This would mean we are going to add duration to our fixed income portfolio and US\$ exposure for a future flight to safety. When this all plays out is hard to know with clarity, but it's coming. The Fed's 180 degree about face this week tells us the economy is on the brink. Far too many have been conditioned to think markets just dip and "V" recover. This one should be more like "MmmLvmmLvmmmm." Failed rallies, weak rallies, lower lows and lower highs...aka A BEAR MARKET!

Top 20 Holdings

Ticker	Name	Position
ZST	BMO Ultra Short-Term Bond ETF	18.7%
ZWP	BMO Europe High Dividend Covered Call ETF	9.4%
ZWU	BMO Covered Call Utilities ETF	8.6%
ZGD	BMO Equal Weight Global Gold Index ETF	8.4%
AML	Alerian MLP ETF	7.3%
ZWH	BMO US High Dividend Covered Call ETF	6.2%
EMLC	VanEck Vectors J.P. Morgan EM Local Currency Bond ETF	4.8%
ZPR	BMO Laddered Preferred Share Index ETF	4.4%
DXJ	WisdomTree Japan Hedged Equity Fund	3.1%
ZDH	BMO International Dividend Hedged to CAD ETF	3.0%
EWU	iShares MSCI United Kingdom ETF	2.6%
EDIV	SPDR S&P Emerging Markets Dividend ETF	2.5%
ZWC	BMO Canadian High Dividend Covered Call ETF	2.1%
DGS	WisdomTree Emerging Markets SmallCap Dividend Fund	1.4%
DVYE	iShares Emerging Markets Dividend ETF	1.3%
ZWE	BMO Europe High Dividend Covered Call Hedged to CAD ETF	0.9%
Total		84.9%

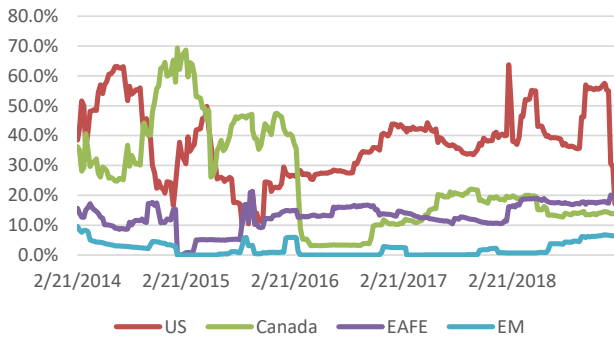


Fund Codes:

No Load: GGF70734; Advisor GGF99734; Low Load GGF98734; F-Class GGF95734; F6 GGF36734; ETF ZZZD

Tactical Asset Allocation

Equity	US	Canada	EAFE	EM
02/01/19	17.2%	14.1%	19.3%	6.5%
01/25/19	29.6%	13.8%	19.5%	6.5%
Change	-12.5%	0.2%	-0.3%	0.0%



Sector	02/01/19	01/25/19	Change
Financials	6.01%	7.78%	-1.8%
Energy	12.96%	14.06%	-1.1%
Health Care	3.03%	4.95%	-1.9%
Technology	2.43%	4.92%	-2.5%
Industrials	3.68%	5.00%	-1.3%
Discretionary	3.33%	4.92%	-1.6%
Real Estate	1.05%	1.37%	-0.3%
Staples	3.49%	4.73%	-1.2%
Telecom	4.32%	4.66%	-0.3%
Utilities	5.62%	6.05%	-0.4%
Materials	11.05%	11.05%	0.0%
Government	4.66%	4.70%	0.0%
Corporate	18.84%	0.17%	18.7%
C\$ Cash	50.01%	69.32%	-19.3%
U\$ Cash	-34.86%	-48.09%	13.2%
Preferred	4.38%	4.41%	0.0%
Commodity	0.00%	0.00%	0.0%

Country Allocation & Trades

We sold our last exposure to the S&P 500 as it moved above 2700 and into what should be very strong resistance. Could the rally extend? Sure. What are the odds we are 10% before 10% lower? Extremely low but not impossible. Trump is going to ask for an Infrastructure Bill at the State of the Union, which we think the Dems will support (excluding Wall Funding). He is not shifting the Wall Funding into an Infrastructure Bill and taking it off the backs of 800K federal employees. Chinese credit risks and leverage (debt) and credit overall is likely going to be the elephant in the room restraining growth and limiting the Fed's ability to negotiate a soft landing. QE to infinity is here to stay and that will likely create even more trouble in the future. EM and EAFE are structurally cheap for a reason and there are some attractive dividends which we will harvest. The US remains structurally expensive until the coming recession and the next reset takes care of that. We are back to playing defense for the foreseeable future.

Sector/Style Trades

The market has recovered well so far this year. The easy part of the rally has been seen. Moving materially higher than current levels will be much more of a challenge and hence we have reduced risk considerably. We will be taking profits and getting even more defensive in the portfolio in the coming weeks and months. We will add more higher yielding option based exposure and sectors with significantly less downside capture and relative strength. Companies with high quality balance sheets and low volatility properties will be featured more prominently in our search for yield. Low volatility factors, which not cheap tend to outperform in late cycle environments.

ETF Style	Weight	ETF Style	Weight
Bonds	23.50%	Equity-Low-Vol	0.00%
Cash	15.15%	Equity-Put	0.00%
Equity-Call	27.27%	Equity-Sector	8.41%
Equity-Dividend	15.55%	Preferred	4.38%
Equity-Hedged	0.00%	Equity-REITs	0.00%
Equity-Unhedged	0.00%	Commodity	0.00%

Currency Strategy & Trades

We almost hit our first BUY US\$ level in months, as the C\$ is recovering with oil prices and a BoC that seems to want to sneak in another rate hike or two this year despite the FOMC being on hold. We see limited rally potential for the C\$ and will be adding back US\$ exposure in the coming week and months. In a recession scenario, the C\$ should drop below 70 cents and WTI back to \$30 or lower.

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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. * "BMO (M-bar roundel)" is a registered trade-mark of Bank of Montreal, used under licence. 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.