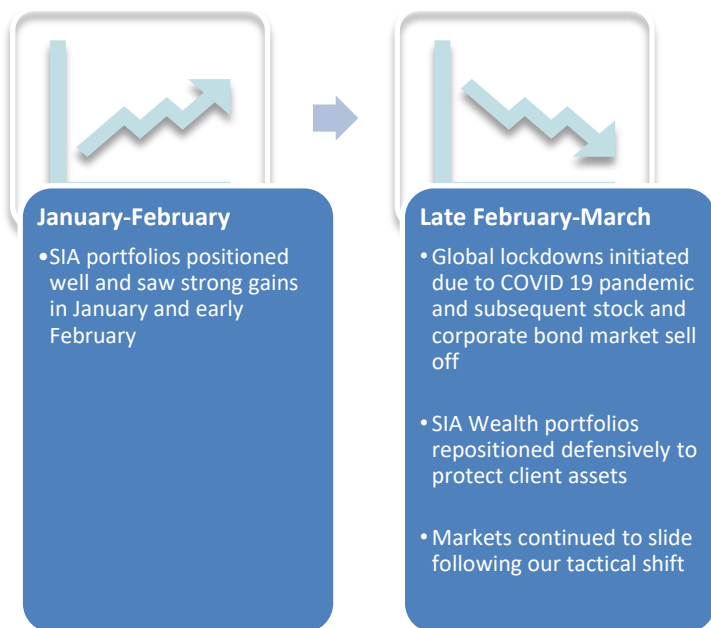
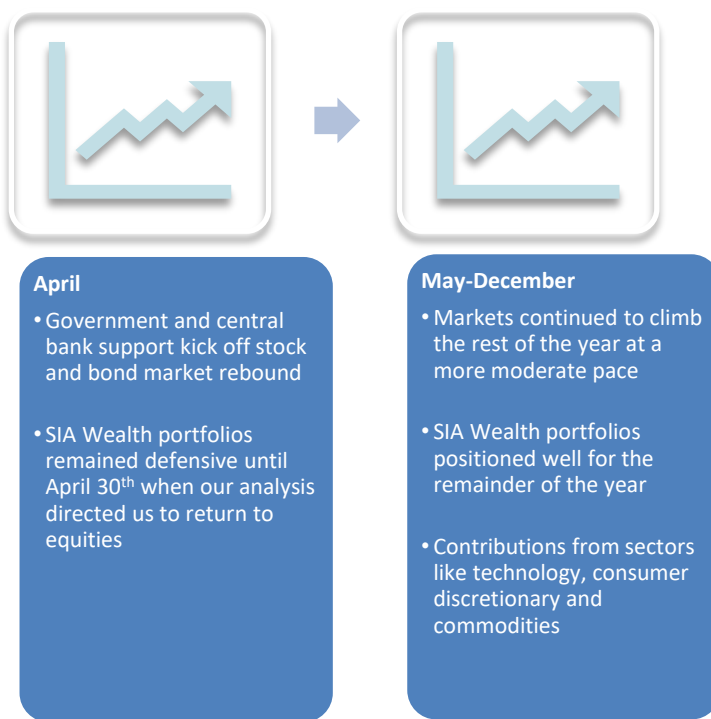


# BMO SIA Wealth 2020 Review



It was an interesting year for the markets and SIA Wealth managed portfolios in 2020. We saw significant market strength in January and February as many major indices and SIA managed portfolios were hitting all-time highs. As risk related the COVID-19 outbreak began to increase throughout February, many governments around the world began enacting restrictions around business operations in order to curb the spread of the virus. We saw equity markets fell and corporate bond markets not only sold off, but liquidity dried up. This market stress triggered several tactical shifts within our mandates through the month of March. Our equity-based portfolios tactically shifted into the safety of short-term fixed income and cash while our fixed income portfolios shifted away from credit and increased allocations to government bonds. However, the sell off was short lived as pressure was placed on governments and central banks to provide support for risk assets which they did intervene.

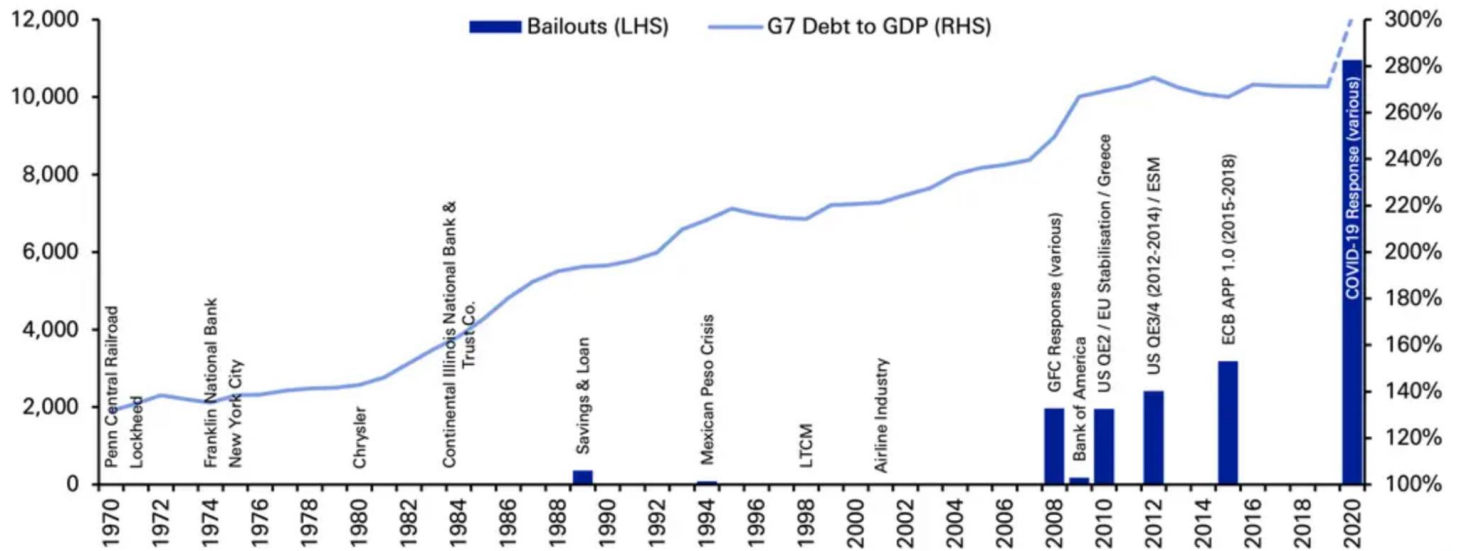


April saw one of the most rapid recoveries in market history and risk asset valuations were supported by stimulus cheques, mortgage and debt payment deferrals, and central bank asset purchases. As the markets bounced back, so did our macro indicators. Once the risk-reward tradeoff towards equities were in our favour we initiated a tactical shift to equities on April 30, 2020. From May to November, we witnessed a significant rally of the “stay-at-home” stocks within the technology, media and consumer discretionary sectors and our portfolios were appropriately aligned. In November, a weakening US dollar and a strengthening commodity asset class gave rise to an increase in both Canadian Equity exposure as well as commodity focused equities in the fourth quarter of 2020.

Looking to 2021 and beyond we continue to apply our True Tactical™ approach in analyzing money flow and risk within the markets and attempt to align our portfolio’s with areas of strength.

2020: The Year of the Bailout – COVID-19 pandemic sparked the highest global stimulus response in history

Figure 1: Largest bailouts in history in 2020 USD (\$bn) vs. G7 debt to GDP



Source : Deutsche Bank, Haver, IMF

The Post-Bailout Perspective: A case for True Tactical™

- **79%** believe the market is under-estimating long-term impact of Covid-19 on the economy
- **78%** believe current market growth is unsustainable, that current valuations do not reflect company fundamentals and low rates have distorted valuations
- **95%** see the potential for a market correction in at least one sector in 2021 – concerns focused on the stock market (44%), real estate (41%), technology (39%) and cryptocurrency (39%)
- **53%** believe pandemic spending has increased the risk of a new financial crisis and the 2020 response will limit the ability of policy makers to respond to a future crisis
- **79%** believe the market will favor active managers in 2021
- **65%** project equity volatility to be on the rise
- **16.7%** allocation to alternatives in 2021 by Global Institutions, slight increase from 2020

Source: Natixis Investment Managers “2021 Institutional Outlook – Into the great wide open”

Global Survey of 500 Institutional Investors in 29 countries throughout North America, Latin America, the United Kingdom, Continental Europe, Asia and the Middle East conducted by CoreDataResearch in October and November 2021

## Fund Codes and Fees

	Retail	Advisor	Fee Based	T Series	T4 Series
<b>BMO Tactical Global Asset Allocation ETF Fund</b>	BM070763	BM099763(FE) / BM098763(LL) (\$CA) BM079763(FE) / BM078763(LL) (\$US)	BM095763 (\$CA) BM040763 (\$US) BM037763 (F4)	-	BM029763 (FE) BM028763 (LL)
MER	1.74%	1.75%	0.84%	-	1.84%
<b>BMO Tactical Global Equity ETF Fund</b>	BM070217	BM099217(FE) / BM098217(LL) (\$CA) BM079217 (FE) / BM078217(LL) (\$US)	BM095217 (\$CA) BM040217 (\$US) BM036217 (F6)	BM070230 (NL) BM034230 (FE) BM033230 (LL)	-
MER	1.90%	1.89%	0.93%	1.92%	-
<b>BMO Tactical Global Bond ETF Fund</b>	BM070220	BM099220(FE) / BM098220 (LL) (\$CA) BM079220(FE) / BM078220(LL) (\$US)	BM095220 (\$CA) BM040220 (\$US)	-	-
MER	1.60%	1.60%	0.84%	-	-
	ETF	F Series	Advisor Series		
<b>BMO SIA Focused North American Equity Fund</b>	ZFN	BM095258 / BM040258 (\$US)	BM099258(FE) / BM079258 (\$CA) BM098258(LL) / BM078258 (\$US)		
MER	0.88%	0.88%	1.99%		
<b>BMO SIA Focused Canadian Equity Fund</b>	ZFC	BM095257	BM099257(FE) / BM098257(LL)		
MER	0.83%	0.83%	1.94%		

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