

# Annual Financial Statements

## **BMO Global Growth TACTIC™ Fund**

*(formerly Global Alpha Worldwide Growth Fund)*

December 31, 2018



# Independent Auditor's Report

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## To the Unitholders and Trustee of

BMO Global Water Solutions TACTIC™ Fund  
*formerly Global Water Solutions Fund*

BMO Global Growth TACTIC™ Fund  
*formerly Global Alpha Worldwide Growth Fund*

BMO PineBridge Preferred Securities TACTIC™ Fund  
*formerly Doubleline Income Solutions Trust*

*(collectively the Funds, individually the Fund)*

## Our opinion

In our opinion, the accompanying financial statements of each of the Funds present fairly, in all material respects, the financial position of each Fund as at December 31, 2018 and 2017 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

## What we have audited

The financial statements of each of the Funds comprise:

- the statements of financial position as at December 31, 2018 and 2017;
- the statements of comprehensive income for the years then ended;
- the statements of changes in net assets attributable to holders of redeemable units for the years then ended;
- the statements of cash flows for the years then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

## Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Independence

We are independent of each of the Funds in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

## Other information

Management is responsible for the other information of each of the Funds. The other information comprises the Annual Management Report of Fund Performance of each of the Funds.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of each of the Funds, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements of each of the Funds or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

# Independent Auditor's Report

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## **Responsibilities of management and those charged with governance for the financial statements**

Management is responsible for the preparation and fair presentation of the financial statements of each of the Funds in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the ability of each of the Funds to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate any of the Funds or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the financial reporting process of each of the Funds.

## **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole for each Fund are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements of each of the Funds.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of each of the Funds, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of each of the Funds.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of each of the Funds to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements of each of the Funds or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause any of the Funds to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of each of the Funds, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

# Independent Auditor's Report

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We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*PricewaterhouseCoopers LLP*

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario

March 22, 2019

# BMO Global Growth TACTIC™ Fund

(formerly Global Alpha Worldwide Growth Fund)

## STATEMENT OF FINANCIAL POSITION

(All amounts in Canadian dollars)

As at	December 31, 2018	December 31, 2017
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	504,487	2,618,879
Investments		
Non-derivative financial assets	16,200,255	30,155,429
Receivable for investments sold	—	67,412
Dividends receivable	8,316	22,085
Distribution receivable from investment trusts	—	1,719
<b>Total assets</b>	<b>16,713,058</b>	<b>32,865,524</b>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Payable for investments purchased	—	1,203,385
Redemptions payable	3,200	—
Distributions payable	—	1,687,956
Accrued expenses	91,587	116,514
<b>Total liabilities</b>	<b>94,787</b>	<b>3,007,855</b>
<b>Net assets attributable to holders of redeemable units</b>	<b>16,618,271</b>	<b>29,857,669</b>
<b>Net assets attributable to holders of redeemable units</b>		
Class A Units	10	—
Class D Units	10	—
Class F Units	23,610	—
Class I Units	10	—
Class X Units (formerly, Units)	16,594,631	29,857,669
<b>Net assets attributable to holders of redeemable units per unit (note 5)</b>		
Class A Units	\$ 9.83	\$ —
Class D Units	\$ 9.84	\$ —
Class F Units	\$ 9.92	\$ —
Class I Units	\$ 9.84	\$ —
Class X Units (formerly, Units)	\$ 8.95	\$ 11.41

The accompanying notes are an integral part of these financial statements.

# BMO Global Growth TACTIC™ Fund

(formerly Global Alpha Worldwide Growth Fund)

## STATEMENT OF COMPREHENSIVE INCOME

(All amounts in Canadian dollars)

For the periods ended	December 31, 2018	December 31, 2017
<b>INCOME</b>		
Dividend income	453,819	424,871
Distributions received from investment trusts	97,324	7,589
Other changes in fair value of investments and derivatives		
Net realized gain	3,634,521	2,589,217
Change in unrealized (depreciation) appreciation	(3,454,227)	1,138,200
Net gain in fair value of investments and derivatives	731,437	4,159,877
Foreign exchange gain	220,652	5,706
Gain on redemption of redeemable units	12,534	—
Total other income	233,186	5,706
<b>Total income</b>	<b>964,623</b>	<b>4,165,583</b>
<b>EXPENSES</b>		
Administration and portfolio management fees (note 6)	615,049	634,452
Fund administration fees (note 6)	57,396	61,928
Foreign withholding taxes	62,546	41,097
Transfer agent fees	14,271	14,304
Audit fees	17,174	25,560
Custodian fees	15,778	10,927
Interest expense (note 6)	4,940	8,822
Legal and filing fees	42,195	40,601
Independent review committee fees	14,891	15,166
Securityholder reporting costs	14,742	20,310
Trustees expenses	8,598	8,713
Operating expenses absorbed by the Manager (note 6)	(9,175)	—
Commissions and other portfolio transaction costs (note 6)	64,424	42,455
<b>Total expenses</b>	<b>922,829</b>	<b>924,335</b>
<b>Increase in net assets attributable to holders of redeemable units</b>	<b>41,794</b>	<b>3,241,248</b>
<b>(Decrease) increase in net assets attributable to holders of redeemable units</b>		
Class A Units	(0)	—
Class D Units	(0)	—
Class F Units	647	—
Class I Units	(0)	—
Class X Units (formerly, Units)	41,147	3,241,248
<b>(Decrease) increase in net assets attributable to holders of redeemable units per unit (note 3)</b>		
Class A Units	(0.15)	—
Class D Units	(0.14)	—
Class F Units	0.65	—
Class I Units	(0.14)	—
Class X Units (formerly, Units)	0.02	1.24

The accompanying notes are an integral part of these financial statements.

# BMO Global Growth TACTIC™ Fund

(formerly Global Alpha Worldwide Growth Fund)

## STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS

(All amounts in Canadian dollars)

For the periods ended	December 31, 2018	December 31, 2017
<b>Class A Units</b>		
<b>Net assets attributable to holders of redeemable units at beginning of period</b>	—	—
Decrease in net assets attributable to holders of redeemable units	(0)	—
<b>Distribution to holders of redeemable units from:</b>		
Net realized gains on investments and derivatives	(0)	—
<b>Total distributions to holders of redeemable units</b>	<b>(0)</b>	—
<b>Redeemable units transactions</b>		
Proceeds from redeemable units issued	10	—
Reinvestments of distributions to holders of redeemable units	0	—
<b>Net increase from redeemable units transactions</b>	<b>10</b>	—
Net increase in net assets attributable to holders of redeemable units	10	—
<b>Net assets attributable to holders of redeemable units at end of period</b>	<b>10</b>	—
<b>Class D Units</b>		
<b>Net assets attributable to holders of redeemable units at beginning of period</b>	—	—
Decrease in net assets attributable to holders of redeemable units	(0)	—
<b>Distribution to holders of redeemable units from:</b>		
Net realized gains on investments and derivatives	(0)	—
<b>Total distributions to holders of redeemable units</b>	<b>(0)</b>	—
<b>Redeemable units transactions</b>		
Proceeds from redeemable units issued	10	—
Reinvestments of distributions to holders of redeemable units	0	—
<b>Net increase from redeemable units transactions</b>	<b>10</b>	—
Net increase in net assets attributable to holders of redeemable units	10	—
<b>Net assets attributable to holders of redeemable units at end of period</b>	<b>10</b>	—

The accompanying notes are an integral part of these financial statements.

# BMO Global Growth TACTIC™ Fund

(formerly Global Alpha Worldwide Growth Fund)

## STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS (cont'd)

(All amounts in Canadian dollars)

For the periods ended	December 31, 2018	December 31, 2017
<b>Class F Units</b>		
<b>Net assets attributable to holders of redeemable units at beginning of period</b>	—	—
Increase in net assets attributable to holders of redeemable units	647	—
<b>Distribution to holders of redeemable units from:</b>		
Net realized gains on investments and derivatives	(0)	—
<b>Total distributions to holders of redeemable units</b>	<b>(0)</b>	—
<b>Redeemable units transactions</b>		
Proceeds from redeemable units issued	22,963	—
Reinvestments of distributions to holders of redeemable units	0	—
<b>Net increase from redeemable units transactions</b>	<b>22,963</b>	—
Net increase in net assets attributable to holders of redeemable units	23,610	—
<b>Net assets attributable to holders of redeemable units at end of period</b>	<b>23,610</b>	—
<b>Class I Units</b>		
<b>Net assets attributable to holders of redeemable units at beginning of period</b>	—	—
Decrease in net assets attributable to holders of redeemable units	(0)	—
<b>Distribution to holders of redeemable units from:</b>		
Net realized gains on investments and derivatives	(0)	—
<b>Total distributions to holders of redeemable units</b>	<b>(0)</b>	—
<b>Redeemable units transactions</b>		
Proceeds from redeemable units issued	10	—
Reinvestments of distributions to holders of redeemable units	0	—
<b>Net increase from redeemable units transactions</b>	<b>10</b>	—
Net increase in net assets attributable to holders of redeemable units	10	—
<b>Net assets attributable to holders of redeemable units at end of period</b>	<b>10</b>	—



# BMO Global Growth TACTIC™ Fund

(formerly Global Alpha Worldwide Growth Fund)

## STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS (cont'd)

(All amounts in Canadian dollars)

For the periods ended	December 31, 2018	December 31, 2017
<b>Class X Units (formerly, Units)</b>		
<b>Net assets attributable to holders of redeemable units at beginning of period</b>	<b>29,857,669</b>	<b>28,304,377</b>
Increase in net assets attributable to holders of redeemable units	41,147	3,241,248
<b>Distribution to holders of redeemable units from:</b>		
Net realized gains on investments and derivatives	(3,456,011)	(1,674,165)
Return of capital	—	(13,791)
<b>Total distributions to holders of redeemable units</b>	<b>(3,456,011)</b>	<b>(1,687,956)</b>
<b>Redeemable units transactions</b>		
Reinvestments of distributions to holders of redeemable units	3,386,075	—
Redemption of redeemable units	(13,234,249)	—
<b>Net decrease from redeemable units transactions</b>	<b>(9,848,174)</b>	<b>—</b>
Net (decrease) increase in net assets attributable to holders of redeemable units	(13,263,038)	1,553,292
<b>Net assets attributable to holders of redeemable units at end of period</b>	<b>16,594,631</b>	<b>29,857,669</b>
<b>Total Fund</b>		
<b>Net assets attributable to holders of redeemable units at beginning of period</b>	<b>29,857,669</b>	<b>28,304,377</b>
Increase in net assets attributable to holders of redeemable units	41,794	3,241,248
<b>Distribution to holders of redeemable units from:</b>		
Net realized gains on investments and derivatives	(3,456,011)	(1,674,165)
Return of capital	—	(13,791)
<b>Total distributions to holder of redeemable units</b>	<b>(3,456,011)</b>	<b>(1,687,956)</b>
<b>Redeemable units transactions</b>		
Proceeds from redeemable units issued	22,993	—
Reinvestments of distributions to holders of redeemable units	3,386,075	—
Redemption of redeemable units	(13,234,249)	—
Net decrease from redeemable units transactions	(9,825,181)	—
Net (decrease) increase in net assets attributable to holders of redeemable units	(13,239,398)	1,553,292
<b>Net assets attributable to holders of redeemable units at end of period</b>	<b>16,618,271</b>	<b>29,857,669</b>

The accompanying notes are an integral part of these financial statements.

# BMO Global Growth TACTIC™ Fund

(formerly Global Alpha Worldwide Growth Fund)

## STATEMENT OF CASH FLOWS

(All amounts in Canadian dollars)

For the periods ended	December 31, 2018	December 31, 2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase in net assets attributable to holders of redeemable units	41,794	3,241,248
Adjustments for:		
Foreign exchange (gain) loss on cash	(32,879)	26,043
Net realized gain on sale of investments and derivatives	(3,634,521)	(2,589,217)
Change in unrealized depreciation (appreciation) of investments and derivatives	3,454,227	(1,138,200)
Gain on redemption of redeemable units	(12,534)	—
Decrease (increase) in dividend receivable	13,769	(4,607)
Decrease (increase) in distribution receivable from investment trusts	1,719	(872)
(Decrease) increase in accrued expenses	(24,927)	4,315
Return of capital distributions received	3,372	6,176
Proceeds from sale and maturity of investments	35,643,968	13,056,436
Purchases of investments	(22,647,844)	(9,289,488)
<b>Net cash flow from operating activities</b>	<b>12,806,144</b>	<b>3,311,834</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Gross proceeds from issuance of units	40	—
Amounts paid on redemption of redeemable units	(13,195,562)	—
Distributions paid to holders of redeemable units	(1,757,893)	(654,247)
Repayment of loan	—	(1,505,419)
<b>Net cash flow from financing activities</b>	<b>(14,953,415)</b>	<b>(2,159,666)</b>
Net increase in cash	(2,147,271)	1,152,168
Foreign exchange gain (loss) on cash	32,879	(26,043)
Cash at beginning of period	2,618,879	1,492,754
<b>Cash at end of period</b>	<b>504,487</b>	<b>2,618,879</b>

## Supplementary information

Dividends received, net of withholding taxes*	419,144	379,167
Distributions received from investment trusts, net of withholding taxes*	88,312	12,893
Interest expense paid*	4,940	8,822

\*These items are from operating activities

# BMO Global Growth TACTIC™ Fund

(formerly Global Alpha Worldwide Growth Fund)

## SCHEDULE OF INVESTMENT PORTFOLIO

(All amounts in Canadian dollars, unless otherwise noted)

As at December 31, 2018

Description	Number of Shares or Units	Cost+ (\$)	Fair Value (\$)
<b>EQUITIES</b>			
<b>Australia — 3.1%</b>			
Alumina Ltd	38,100	96,966	83,503
Greencross Limited	82,996	435,119	434,133
		<b>532,085</b>	<b>517,636</b>
<b>Austria — 0.7%</b>			
PALFINGER AG	2,060	109,179	71,623
Schoeller-Bleckmann Oilfield Equipment AG	478	47,917	42,948
		<b>157,096</b>	<b>114,571</b>
<b>Canada — 1.3%</b>			
Extencicare Inc.	32,819	285,739	208,401
<b>China — 6.4%</b>			
Alibaba Group Holding Limited, ADR	2,100	427,359	392,969
Anhui Conch Cement Company Ltd., H Shares	6,500	45,229	42,580
Bank of China Ltd., H Shares	133,000	76,267	78,013
China Construction Bank Corporation, H Shares	72,000	80,850	80,590
PetroChina Company Limited, ADR	1,400	127,955	117,639
Ping An Insurance (Group) Company of China, Ltd., H Shares	7,000	90,047	83,911
Shenzhou International Group Holdings Limited	3,000	51,301	46,080
Tencent Holdings Limited	2,700	147,249	146,111
TravelSky Technology Limited	14,000	50,805	48,647
		<b>1,097,062</b>	<b>1,036,540</b>
<b>France — 1.1%</b>			
Rothschild & Co SCA	3,923	183,419	188,885
<b>Germany — 1.3%</b>			
CANCOM SE	2,230	128,259	99,964
Evotec AG	4,100	86,803	111,364
		<b>215,062</b>	<b>211,328</b>
<b>Hong Kong — 4.9%</b>			
China Education Group Holdings Limited	23,000	40,527	38,064
China Mengniu Dairy Company Limited	15,000	64,062	63,300
China Mobile Limited	4,500	59,659	59,205
China Overseas Land & Investment Limited	8,000	38,206	37,589
Guangdong Investment Limited	34,000	88,231	89,392
Kerry Logistics Network Limited	107,627	192,604	217,449
Li Ning Company Limited	55,000	80,119	79,878
Sunny Optical Technology (Group) Company Limited	3,800	48,460	45,516
Vitasoy International Holdings Limited	36,322	75,740	188,114
		<b>687,608</b>	<b>818,507</b>

# BMO Global Growth TACTIC™ Fund

(formerly Global Alpha Worldwide Growth Fund)

## SCHEDULE OF INVESTMENT PORTFOLIO (cont'd)

(All amounts in Canadian dollars, unless otherwise noted)

As at December 31, 2018

Description	Number of Shares or Units	Cost+ (\$)	Fair Value (\$)
<b>India — 1.0%</b>			
HDFC Bank Limited, ADR	500	64,845	70,711
Larsen & Toubro Limited, GDR	3,290	90,614	91,723
		<b>155,459</b>	<b>162,434</b>
<b>Israel — 1.0%</b>			
Caesarstone Ltd.	6,410	238,779	118,838
Kornit Digital Ltd.	1,900	47,838	48,557
		<b>286,617</b>	<b>167,395</b>
<b>Italy — 1.8%</b>			
Autogrill S.p.A.	26,280	348,767	302,153
<b>Japan — 5.5%</b>			
Advance Residence Investment Corporation	48	149,958	181,066
DMG Mori Co., Ltd.	6,300	140,800	95,993
Fuji Seal International, Inc.	2,900	78,791	138,618
Internet Initiative Japan Inc.	7,800	202,958	239,400
Lintec Corporation	4,299	133,315	125,967
Mabuchi Motor Co., Ltd.	1,800	114,009	75,114
SHO-BOND Holdings Co., Ltd.	500	45,694	50,394
		<b>865,525</b>	<b>906,552</b>
<b>Luxembourg — 1.4%</b>			
L'Occitane International S.A.	96,474	263,346	239,437
<b>Mexico — 0.9%</b>			
Fomento Economico Mexicano, S.A.B. de C.V., ADR	900	98,342	105,728
Wal-Mart de Mexico S.A.B. de C.V., Series V	14,900	49,155	51,734
		<b>147,497</b>	<b>157,462</b>
<b>Norway — 0.9%</b>			
Tomra Systems ASA	5,111	66,605	156,353
<b>Philippines — 0.6%</b>			
Jollibee Foods Corporation	13,110	97,735	99,305
<b>Russia — 1.0%</b>			
Public Joint Stock Company "Oil company "LUKOIL", ADR	688	72,502	67,049
TCS Group Holding PLC, Class A, GDR	4,314	96,717	91,640
		<b>169,219</b>	<b>158,689</b>

# BMO Global Growth TACTIC™ Fund

(formerly Global Alpha Worldwide Growth Fund)

## SCHEDULE OF INVESTMENT PORTFOLIO (cont'd)

(All amounts in Canadian dollars, unless otherwise noted)

As at December 31, 2018

Description	Number of Shares or Units	Cost+ (\$)	Fair Value (\$)
<b>South Africa — 1.8%</b>			
FirstRand Limited	16,521	99,865	102,761
Naspers Limited, N Shares	371	99,132	100,608
Standard Bank Group Limited	6,238	97,795	105,822
		<b>296,792</b>	<b>309,191</b>
<b>South Korea — 1.2%</b>			
Samsung Electronics Co., Ltd., Reg S, GDR	82	98,702	96,847
Samsung Electronics Co., Ltd., GDR	99	98,359	97,821
		<b>197,061</b>	<b>194,668</b>
<b>Spain — 0.9%</b>			
Melia Hotels International, S.A.	11,865	194,732	152,404
<b>Sweden — 0.5%</b>			
Hemfosa Fastigheter AB	7,635	63,777	82,352
<b>Switzerland — 2.0%</b>			
IWG plc	73,283	323,884	265,944
Schweiter Technologies AG	58	61,106	70,158
		<b>384,990</b>	<b>336,102</b>
<b>Taiwan — 0.4%</b>			
Taiwan Semiconductor Manufacturing Company, Ltd., ADR	1,400	68,450	70,545
<b>Thailand — 0.5%</b>			
Minor International Public Company Limited, Foreign Market	61,500	89,381	87,818
<b>United Kingdom — 0.9%</b>			
Inmarsat plc	6,170	56,963	40,505
Savills plc	9,045	153,915	110,957
		<b>210,878</b>	<b>151,462</b>
<b>United States — 21.6%</b>			
ACI Worldwide, Inc.	6,132	186,495	231,637
ATN International, Inc.	1,039	96,650	101,461
Axos Financial, Inc.	2,600	125,792	89,377
Boston Beer Company, Inc., The, Class A	200	59,210	65,759
Cambrex Corporation	2,090	148,727	107,739
Carriage Services, Inc.	6,500	211,545	137,544
Eagle Materials Inc.	600	61,310	49,991
Electronics for Imaging, Inc.	1,900	83,368	64,328
Envestnet, Inc.	1,651	86,581	110,872
Ethan Allen Interiors Inc.	4,151	139,958	99,682

# BMO Global Growth TACTIC™ Fund

(formerly Global Alpha Worldwide Growth Fund)

## SCHEDULE OF INVESTMENT PORTFOLIO (cont'd)

(All amounts in Canadian dollars, unless otherwise noted)

As at December 31, 2018

Description	Number of Shares or Units	Cost+ (\$)	Fair Value (\$)
<b>United States — 21.6% (cont'd)</b>			
Gentherm Inc.	2,081	116,804	113,582
Globus Medical, Inc., Class A	2,100	78,285	124,080
Korn/Ferry International	1,100	73,192	59,378
Limoneira Company	5,994	157,244	159,978
Lindsay Corporation	800	85,857	105,121
MarineMax, Inc.	2,531	58,639	63,267
Motorcar Parts of America, Inc.	8,110	294,614	184,234
Omnicell, Inc.	2,501	106,196	209,096
Ormat Technologies, Inc.	2,694	158,988	192,352
PRA Group, Inc.	6,731	329,966	223,940
RadNet, Inc.	3,500	67,323	48,594
Rayonier Inc.	2,712	84,634	102,520
RLI Corp.	1,396	104,701	131,482
Titan Machinery Inc.	7,271	152,893	130,532
UMB Financial Corporation	3,781	319,358	314,716
Unit Corporation	4,531	103,736	88,332
Verint Systems Inc.	2,400	153,156	138,628
Yelp Inc.	2,800	156,020	133,752
		<b>3,801,242</b>	<b>3,581,974</b>

## INVESTMENT FUNDS

### United States — 34.1%

iShares MSCI Emerging Markets ETF	106,300	5,626,236	5,668,420
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### Vietnam — 0.7%

Vietnam Enterprise Investments Limited	15,093	117,414	119,671
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### Total Investment Portfolio — 97.5%

**16,609,794**      **16,200,255**

### Other Assets Less Liabilities — 2.5%

**418,016**

### NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS — 100.0%

**16,618,271**

+ Where applicable, distributions received from holdings as a return of capital are used to reduce the adjusted cost base of the securities in the portfolio.

# BMO Global Growth TACTIC™ Fund

(formerly Global Alpha Worldwide Growth Fund)

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## NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Canadian dollars) December 31, 2018

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### 1. The Fund

BMO Global Growth TACTIC Fund (“the Fund”) formerly Global Alpha Worldwide Growth Fund was a closed-ended fund established as a trust under the laws of the Province of Ontario on July 20, 2015. The Fund issued Units (“the Units”) and commenced operations on August 6, 2015. Units traded on the Toronto Stock Exchange (“TSX”) under the symbol GAF.UN. As at the close of the markets on November 26, 2018, the Units were delisted from the TSX and re-designated to Class X Units. At the close of business on December 7, 2018, Global Alpha Worldwide Growth Fund changed its name to BMO Global Growth TACTIC Fund and converted from a closed-end fund into an open-end (daily redeemable) mutual fund. BMO Nesbitt Burns Inc. (the “Manager”) is responsible for the management and administration of the Fund.

The address of the Fund’s registered office is 1 First Canadian Place, 100 King Street West, 3<sup>rd</sup> Floor Podium, Toronto, Ontario, M5X 1H3.

The Statement of Financial Position and related notes are as at December 31, 2018 and December 31, 2017. The Statement of Comprehensive Income, Statement of Changes in Net Assets Attributable to Holders of Redeemable Units, Statement of Cash Flows and related notes are for the years ended December 31, 2018 and December 31, 2017.

In each of the statements and in the notes to the financial statements “periods” refers to “years”.

The last close price as at December 31, 2017 was \$11.25.

The financial statements were authorized for issuance by the authorized officers of BMO Nesbitt Burns Inc., as Administrators on March 8, 2019.

### 2. Basis of Preparation and Presentation

These audited financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”).

### 3. Summary of Significant Accounting Policies

#### *Financial instruments*

Investments include financial assets and financial liabilities such as equity and debt securities, investment funds and derivatives. These financial instruments are part of a group of financial instruments that are managed and their performance is evaluated on a fair value basis in accordance with the Fund’s investment strategy.

The Fund classifies and measures financial instruments in accordance with IFRS 9 Financial Instruments (“IFRS 9”). Upon initial recognition, financial instruments are recorded at fair value. A financial instrument is recognized when the Fund becomes a party to the contractual requirements of the instrument, and is derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. Investments and derivatives are subsequently measured at fair value through profit and loss (“FVTPL”) with changes in fair value recognized in the Statement of Comprehensive Income as “Change in unrealized (depreciation) appreciation”.

All financial assets and financial liabilities are recognized in the Statement of Financial Position.

The Fund has issued multiple series of redeemable units, which are equally subordinated but are not identical and consequently, do not meet the conditions to be classified as equity. As a result, the Fund’s obligations for net assets attributable to holders of redeemable units (“Net Assets”) are classified as financial liabilities and presented at the redemption amounts.

#### *Cost of investments*

The cost of investments represents the amount paid for each security and is determined on an average cost basis, and excludes commissions and other portfolio transaction costs, which are reported separately in the Statement of Comprehensive Income. Realized gains and losses on disposition are determined based on the cost of investments.

#### *Fair value measurement*

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

For exchange-traded securities, close prices are considered to be fair value if they fall within the bid-ask spread. In circumstances where the close price is not within the bid-ask spread, the Manager determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.



# BMO Global Growth TACTIC™ Fund

(formerly Global Alpha Worldwide Growth Fund)

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## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

(All amounts in Canadian dollars) December 31, 2018

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Procedures are in place to fair value daily equities traded in countries outside of North America, to avoid stale prices and to take into account among other things, any significant events occurring after the close of a foreign market.

The Fund may enter into forward currency contracts for hedging purposes, either directly or indirectly, or for non-hedging purposes. The fair value of forward currency contracts entered into by the Fund is recorded as the difference between the fair value of the contract on the Valuation Date (the "Valuation Date" is each day the TSX is open for trading) and the fair value on the date the contract originated.

For securities where market quotes are not available, unreliable or not considered to reflect the current value, the Manager may determine another value which it considers to be fair and reasonable, or use a valuation technique that, to the extent possible, makes maximum use of inputs and assumptions based on observable market data, including volatility, comparable companies and other applicable rates or prices. These estimation techniques include discounted cash flows, internal models that utilize observable data, or comparisons with other securities that are substantially similar. In limited circumstances, the Manager may use internal models where the inputs are not based on observable market data.

### *Cash*

Cash is comprised of cash and deposits with banks, which include bankers' acceptances and overnight demand deposits. The carrying amount of cash approximates its fair value because it is short-term in nature.

### *Other assets and other liabilities*

Other assets and other liabilities generally include receivable for investments sold, dividends receivable, distribution receivable from investment trusts, payable for investments purchased, redemptions payable, distributions payable and accrued expenses. These financial assets and financial liabilities are short-term in nature and are subsequently measured at amortized cost, which approximates their fair value.

### *Investments in subsidiaries, joint ventures and associates*

Subsidiaries are entities over which the Fund has control through its exposure or rights to variable returns from its investment and has the ability to affect those returns through its power over the entity. The Manager

has determined that the Fund is an investment entity and as such, it accounts for subsidiaries, if any, at fair value. Joint ventures are investments where the Fund exercises joint control through an agreement with other shareholders and associates are investments in which the Fund exerts significant influence over operating, investing and financing decisions (such as entities in which the Fund owns 20% – 50% of voting shares), all of which, if any, have been classified as FVTPL.

### *Unconsolidated structured entities*

The Fund may invest in investment funds. The Fund has determined that its investments in investment funds, if any, are unconsolidated structured entities. The determination is based on the fact that decision making about the investment funds is not governed by the voting right or other similar right held by the Fund.

Investment funds' investment objectives range from achieving short-term to long-term income and capital growth potential. Investment funds may use leverage in a manner consistent with their respective investment objectives and as permitted by Canadian securities regulatory authorities. Investment funds finance their operations by issuing redeemable units which are puttable at the holders' option and entitles the holder to a proportionate stake in the respective fund's net assets. The change in fair value of each of the investment funds during the period is included in "Change in unrealized (depreciation) appreciation" in the Statement of Comprehensive Income.

The Fund does not provide and has not committed to providing any additional significant financial or other support to the unconsolidated structured entities other than its investments in the unconsolidated structured entities.

Additional information on the Fund's interest in the unconsolidated structured entities is provided in Note 10.

### *Offsetting of financial assets and financial liabilities*

Financial instruments are presented at net or gross amounts in the Statement of Financial Position depending on the existence of intention and legal right to offset opposite positions of such instruments held with the same counterparties. Amounts offset in the Statement of Financial Position are transactions for which the Fund has legally enforceable rights to offset and intends to settle the positions on a net basis. Amounts not offset in the Statement of Financial



# BMO Global Growth TACTIC™ Fund

(formerly Global Alpha Worldwide Growth Fund)

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

(All amounts in Canadian dollars) December 31, 2018

Position relate to transactions where a master netting arrangement or similar agreement is in place with a right of offset only in the event of default, insolvency or bankruptcy, or where the Fund has no intention of settling on a net basis or no right of offset. There were no master netting arrangements during the periods.

### *Collateral*

Cash collateral provided by the Fund is identified in the Statement of Financial Position as margin cash and is not included as a component of cash. For collateral other than cash, if the party to whom the collateral is provided has the right by contract or custom to sell or re-pledge the collateral, the Fund classifies that asset in its Statement of Financial Position separately from other assets and identifies the asset as pledged collateral. Where the party to whom the collateral is provided does not have the right to sell or re-pledge, a disclosure of the collateral provided is made in the notes to the financial statements. See Note 7 for details.

### *Income recognition*

Dividend income and distributions received from investment trusts are recognized on the ex-dividend and ex-distribution date, respectively.

### *Foreign currency translation*

The fair value of investments and other assets and liabilities in foreign currencies are translated into the Fund's functional currency, which is Canadian dollars, at the rates of exchange prevailing at the period-end date. Purchases and sales of investments, and income and expenses are translated at the rates of exchange prevailing on the respective dates of such transactions. Realized foreign exchange gains (losses) on completed transactions are included in "Net realized gain" in the Statement of Comprehensive Income and unrealized foreign exchange gains (losses) are included in "Change in unrealized (depreciation) appreciation" in the Statement of Comprehensive Income. Foreign exchange gains (losses) relating to cash, receivables and payables are included in "Foreign exchange gain" in the Statement of Comprehensive Income.

### *Increase or decrease in net assets attributable to holders of redeemable units per unit*

"Increase (decrease) in net assets attributable to holders of redeemable units per unit of a class" in the Statement of Comprehensive Income represents the increase (decrease) in net assets attributable to holders

of redeemable units of a class divided by the weighted average number of units outstanding of the class during the period.

The increase (decrease) in net assets attributable to holders of redeemable units per unit for the periods ended December 31, 2018 and December 31, 2017 is calculated as follows:

For the periods ended	December 31, 2018	December 31, 2017
<b>Class A Units</b>		
Decrease in net assets attributable to holders of redeemable units	(0)	—
Weighted average units outstanding during the period	1	—
Decrease in net assets attributable to holders of redeemable units	(0.15)	—
<b>Class D Units</b>		
Decrease in net assets attributable to holders of redeemable units	(0)	—
Weighted average units outstanding during the period	1	—
Decrease in net assets attributable to holders of redeemable units	(0.14)	—
<b>Class F Units</b>		
Increase in net assets attributable to holders of redeemable units	647	—
Weighted average units outstanding during the period	992	—
Increase in net assets attributable to holders of redeemable units	0.65	—
<b>Class I Units</b>		
Decrease in net assets attributable to holders of redeemable units	(0)	—
Weighted average units outstanding during the period	1	—
Decrease in net assets attributable to holders of redeemable units	(0.14)	—
<b>Class X Units (formerly, Units)</b>		
Increase in net assets attributable to holders of redeemable units	41,147	3,241,248
Weighted average units outstanding during the period	2,524,235	2,616,987
Increase in net assets attributable to holders of redeemable units	0.02	1.24

### *Reconciliation of NAV to Net Assets*

As at December 31, 2018 and December 31, 2017, there were no differences between the Funds NAV per unit and its Net Assets per unit calculated in accordance with IFRS.

# BMO Global Growth TACTIC™ Fund

(formerly Global Alpha Worldwide Growth Fund)

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

(All amounts in Canadian dollars) December 31, 2018

### *Taxation*

The Fund qualifies as a unit trust under the provisions of the Income Tax Act (Canada). Distributions of all net taxable income and sufficient amounts of net realized capital gains for each taxation year will be paid to unitholders so that the Fund will not be subject to income tax. As a result, the Fund has determined that it is in substance not taxable and therefore, does not record income taxes in the Statement of Comprehensive Income, nor does it recognize any deferred tax assets or liabilities in the Statement of Financial Position.

The Fund may incur withholding taxes imposed by certain countries on investment income and capital gains. Such income and capital gains are recorded on a gross basis with the related withholding taxes shown as a separate expense in the Statement of Comprehensive Income.

Non-capital losses are available to be carried forward for twenty years. Capital losses, for income tax purposes, may be carried forward indefinitely and applied against capital gains realized in future years.

As at the tax year-ended December 15, 2018, there were no capital and non-capital losses carried forward.

### **4. Critical Accounting Judgements and Estimates**

The preparation of financial statements requires the use of judgement in applying the Fund's accounting policies and to make estimates and assumptions about the future. The following discusses the most significant accounting judgements and estimates that the Fund has made in preparing its financial statements.

#### *Accounting judgements:*

#### **Functional and presentation currency**

The Fund's unitholders are mainly Canadian residents, with the subscriptions and redemptions of the redeemable units denominated in Canadian dollars. The performance of the Fund is measured and reported to the investors in Canadian dollars. The Manager considers the Canadian dollar as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The financial statements are presented in Canadian dollars, which is the Fund's functional and presentation currency.

#### **Classification and measurement of investment portfolio**

Effective January 1, 2018, the Fund retrospectively adopted IFRS 9. The new standard requires assets to be carried at either amortized cost, FVTPL or fair value

through other comprehensive income ("FVOCI") based on an assessment of the Fund's business model for managing financial instruments and the contractual cash flow characteristic of the financial assets. In classifying and measuring financial instruments held by the Fund, the Manager is required to make significant judgements in determining the most appropriate classification in accordance with IFRS 9. The Manager has assessed the Fund's business model with respect to the manner in which financial assets and financial liabilities are managed as a group and performance is evaluated on a fair value basis, and has concluded that FVTPL in accordance with IFRS 9 provides the most appropriate measurement and presentation of the Fund's investment portfolio. The collection of principal and interest is incidental to the fair value business model. Further information related to the Fund's transition to IFRS 9 is detailed in Note 11.

#### *Accounting estimates:*

#### **Fair value measurement of securities not quoted in an active market**

The Fund has established policies and control procedures that are intended to ensure these estimates are well controlled, independently reviewed, and consistently applied from period to period. The estimates of the value of the Fund's assets and liabilities are believed to be appropriate as at the reporting date.

The Fund may hold financial instruments that are not quoted in active markets. Note 3 discusses the policies used by the Fund for the estimates used in determining fair value.

### **5. Units and Unit Transactions**

The redeemable units of the Fund are classified as financial liabilities. The units have no par value and are entitled to distributions, if any. Upon redemption, a unit is entitled to a proportionate share of the Fund's NAV. The Fund is required to pay distributions in an amount not less than the amount necessary to ensure the Fund will not be liable for income taxes on realized capital gains, dividends and interest. The relevant movements in redeemable units are shown in the Statement of Changes in Net Assets Attributable to Holders of Redeemable Units. In accordance with its investment objectives and strategies, and the risk management practices outlined in Note 8, the Fund endeavours to maintain sufficient liquidity to meet redemptions, with such liquidity being augmented by short-term borrowings or disposal of investments where necessary.

# BMO Global Growth TACTIC™ Fund

(formerly Global Alpha Worldwide Growth Fund)

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## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

(All amounts in Canadian dollars) December 31, 2018

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Effective December 7, 2018, redeemable units of the Fund are offered for sale on a continuous basis and may be purchased or redeemed on any Valuation Date at the NAV per unit of a particular class. The NAV per unit of a class for the purposes of subscription and redemption is computed by dividing the NAV of the Fund attributable to the class (that is, the total fair value of the net assets attributable to the class less the liabilities attributable to a class) by the total number of units of the class of the Fund outstanding at such time on each Valuation Date, in accordance with Part 14 of National Instrument ("NI") 81-106 Investment Fund Continuous Disclosure for the purpose of unitholder transactions.

Expenses directly attributable to a class are charged to that class. Other expenses, income, realized and unrealized gains and losses from investment transactions are allocated proportionately to each class based upon the relative NAV of each class.

### Units

Class X Units (formerly, Units) were offered to the public by way of Prospectus dated July 20, 2015 (the "Prospectus"). At the initial offering, on August 6, 2015, Units were issued at a price of \$10.00 per unit. These Units were listed on the TSX. At the close of the markets on November 26, 2018, the Units were delisted from the TSX.

Upon conversion of the Fund from a closed-end fund to an open-end fund as at the close of business on December 7, 2018, the Units were re-designated to Class X Units at a conversion ratio of one to one. No additional Class X Units will be issued. Class X Units will automatically be converted to Class A Units on or about February 28, 2019. Also, upon conversion from a closed-end fund to an open-end fund, Class A Units, Class D Units, Class F Units and Class I Units were created.

Class A Units are intended for purchased within a regular account.

Class D Units are available to investors who have accounts with a discount brokerage or for other investors for whom the Manager does not incur substantial distribution costs.

Class F Units are available to investors who have fee based accounts with their dealer.

Class I Units are for institutional investors, for use within managed asset programs or structured products. Class I Units do not pay a management fee as investors negotiate and pay a separate fee directly to the Manager. Eligible investors can only purchase Class I Units through a registered dealer or broker who has entered into an I Class agreement with the Manager and only with the Manager's prior approval. A dealer's participation in Class I Units distribution is subject to the Manager's terms and conditions.

### Monthly redemptions

Prior to the conversion and re-designation of the Units to Class X Units that occurred as at the close of business on December 7, 2018, the Units could be redeemed on the second last day of the month (other than the month of November (except in 2017)) ("Monthly Redemption Date"), subject to certain circumstances. Units must have been surrendered by 5:00 p.m. (Toronto time) on the date which was the last business day of the month proceeding the month in which the Monthly Redemption Date falls. The unitholder would have received payment on or before the 15<sup>th</sup> business day following such Redemption Date, subject to the Fund's right to suspend redemptions in certain circumstances.

Also, prior to December 7, 2018, a unitholder who properly surrendered Units for redemption would have received the amount (the "Monthly Redemption Amount"), if any, equal to the lesser of (A) 95% of the "market price" of the Unit, or (B) 100% of the "closing market price" of the units on the TSX on which the units were quoted for trading on the applicable Monthly Redemption Date, less any costs and expenses incurred by the Fund in connection with funding the redemption, including brokerage costs. The "market price" meant the weighted average trading price on the TSX for the 10 trading days immediately preceding such Monthly Redemption Date. The "closing market price" meant an amount equal to (i) the closing price of the units if there was a trade on the applicable Monthly Redemption Date and the market provided a closing price or (ii) the average of the last bid and last asking prices of the units if there was no trading on the applicable Monthly Redemption Date.

# BMO Global Growth TACTIC™ Fund

(formerly Global Alpha Worldwide Growth Fund)

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

(All amounts in Canadian dollars) December 31, 2018

Pursuant to the monthly redemption option, 17,100 Class X Units were redeemed at an average price of \$10.63 for a total redemption amount of \$181,722. There were no monthly redemptions in the prior period.

### Annual redemptions

Prior to the conversion and re-designation of the Units to Class X Units that occurred as at the close of business on December 7, 2018, the Units could be surrendered for redemption during the period from October 15<sup>th</sup> until 5:00 p.m. (Toronto time) on the last business day in October of each year ("Annual Redemption Notice Period"), subject to the Fund's right to suspend redemptions in certain circumstances. Units properly surrendered for redemption during the Annual Redemption Notice Period would have been redeemed on the second last business day in November of each year (the "Annual Redemption Date") and the unitholder would have received payment on or before the 15<sup>th</sup> day of the month following the Annual Redemption Date. Redeeming unitholders would have received a redemption price per Unit equal to the applicable NAV per unit on the Annual Redemption Date, less any costs and expenses incurred by the Fund in order to fund such redemption, including brokerage costs, if any.

Pursuant to the annual redemption option that commenced in 2018, 901,407 Class X Units were redeemed at the redemption price of \$11.82 for a total redemption amount of \$10,654,991.

As the Fund has converted from a closed-end fund to an open-end fund, monthly and annual redemptions are no longer available as the units of the Fund can be redeemed at their NAV per unit on a daily basis.

### Resale of units tendered for redemption

Prior to the conversion and re-designation of the Units to Class X Units that occurred as at the close of business on December 7, 2018, the Fund could enter into a recirculation agreement with the Manager. Under the agreement the Fund would request the Manager to use commercially reasonable efforts to find purchasers for any units tendered for redemption prior to the relevant Redemption Date. The amount paid to the unitholder on the Redemption Date would have been an amount equal to the proceeds of the sale of the units, less any applicable commission payable to the Manager. The amount of the proceeds would not have been less than the amount that the unitholder would have been otherwise entitled to receive. The unitholder was not obliged to have their units recirculated.

### Gain or loss on redemption of units

Any difference between the redemption price per unit and the NAV per unit is recorded as a "Gain on redemption of redeemable units" in the Statement of Comprehensive Income.

The number of units that have been issued and are outstanding are disclosed in the table below.

For the periods ended	December 31, 2018	December 31, 2017
<b>Class A Units</b>		
Units issued and outstanding at beginning of period	—	—
Issued	1	—
Issued on reinvestment of distributions	0	—
Units issued and outstanding at end of period	1	—
<b>Class D Units</b>		
Units issued and outstanding at beginning of period	—	—
Issued	1	—
Issued on reinvestment of distributions	0	—
Units issued and outstanding at end of period	1	—
<b>Class F Units</b>		
Units issued and outstanding at beginning of period	—	—
Issued	2,380	—
Issued on reinvestment of distributions	0	—
Units issued and outstanding at end of period	2,380	—
<b>Class I Units</b>		
Units issued and outstanding at beginning of period	—	—
Issued	1	—
Issued on reinvestment of distributions	0	—
Units issued and outstanding at end of period	1	—
<b>Class X Units (formerly, Units)</b>		
Units issued and outstanding at beginning of period	2,616,987	2,616,987
Issued on reinvestment of distributions	378,163	—
Redeemed during the period	(1,140,124)	—
Units issued and outstanding at end of period	1,855,026	2,616,987

## 6. Related Party Transactions

### Administration and portfolio management fees

The Manager is responsible for providing or arranging for the day-to-day management, administration and compliance services of the Fund. The Manager monitors and evaluates the performance of the Fund, pays for the investment management services of the portfolio manager and provides all administrative services required by the Fund. As compensation for its services,



# BMO Global Growth TACTIC™ Fund

(formerly Global Alpha Worldwide Growth Fund)

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

(All amounts in Canadian dollars) December 31, 2018

the Manager is entitled to receive the following fees payable monthly, calculated at the following maximum annual rates, plus applicable taxes:

Class	Management Fee (%)
Class A Units	2.50
Class D Units	1.50
Class F Units	1.50
Class I Units	*
Class X Units (formerly, Units)	1.50 <sup>†</sup>

\*Negotiated and paid by each Class I investor directly to the Manager.

<sup>†</sup>Effective December 7, 2018, the management fees rate was reduced from 1.90% to 1.50%.

The outstanding accrued management fees due to the Manager are included in “Accrued expenses” in the Statement of Financial Position and for the period ended December 31, 2018 amounted to \$23,845 (December 31, 2017 — \$55,933).

Affiliates of the Manager provide the Fund with certain facilities and services such as accounting, record keeping, issuing financial statements, and for general administrative support. Fees for these services are shown as “Fund administration fees” in the Statement of Comprehensive Income and for the period ended December 31, 2018 amounted to \$57,396 (December 31, 2017 — \$61,928).

### *Interest on loan payable*

BMO Nesbitt Burns Inc., as the broker, provided leverage loan facilities to the Fund.

The interest charged on the leverage loan facilities is shown as “Interest expense” in the Statement of Comprehensive Income and for the period ended December 31, 2018 amounted to \$nil (December 31, 2017 — \$4,639).

### *Other related party transactions*

The Manager is a member of the BMO Financial Group. From time to time, the Manager may on behalf of the Fund enter into transaction arrangements with or involving other members of BMO Financial Group, or certain other persons or companies that are related or connected to the Manager of the Fund. The terms of such transactions will be on market at the relevant times.

### *Brokerage commissions and soft dollars*

Brokerage commissions (excluding transaction costs) paid on security transactions and amounts paid to the Manager for brokerage services provided to the Fund for the periods are as follows:

For the periods ended	December 31, 2018	December 31, 2017
Total brokerage amount paid (\$)	56,315	38,149
Total brokerage amounts paid to related parties (\$)	1,588	610

There were no ascertainable soft dollars paid or payable to dealers by the Fund during the periods.

## 7. Loan Payable

Prior to December 7, 2018, the Fund had the ability to borrow from its prime brokers in the short-term. The credit available to the Fund from this borrowing facility was secured by the assets of the Fund which were held as collateral at a secured separate custodian account. The facility bore interest at the applicable CDOR and LIBOR rate plus a spread. The facility provided for maximum borrowings up to 20.0% of the total assets of the Fund. There were no borrowings under the facility as at December 31, 2018 and December 31, 2017. There were no amounts borrowed during the period ended December 31, 2018. (The minimum and maximum amounts of borrowings for the period ended December 31, 2017, were \$9,918 and \$1,509,918, respectively).

### *Collateral pledged*

In accordance with the prime brokerage agreement with a Canadian broker/dealer firm, the Fund was required to provide collateral against the amount borrowed. There was no collateral pledged as at December 31, 2018 and December 31, 2017.

## 8. Financial Instruments Risks

The Fund's activities expose it to a variety of risks associated with the financial instruments, as follows: market risk (including currency risk, interest rate risk and other market risk), credit risk and liquidity risk. The concentration table groups securities by geographic location. The Fund's risk management practice outlines the monitoring of compliance to investment guidelines.

The Manager manages the potential effects of these financial risks on the Fund's performance by employing and overseeing professional and experienced portfolio advisors that regularly monitor the Fund's positions and market events, and diversify investment portfolios within the constraints of the investment guidelines.

# BMO Global Growth TACTIC™ Fund

(formerly Global Alpha Worldwide Growth Fund)

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

(All amounts in Canadian dollars) December 31, 2018

The Fund's objective prior to December 7, 2018, was to provide investors with the opportunity for long-term capital appreciation through an actively managed, diversified portfolio of equity securities of companies in the global small cap universe based primarily in developed market economies that had unrecognized and accelerating earnings growth potential. The Fund was intended to provide an opportunity for significant portfolio diversification for Canadian investors by focusing on attractive growth stocks in the global small cap universe in primarily developed market economies (U.S., Europe, Japan, etc.) and would limit exposure to Canadian securities.

Effective as at the close of business on December 7, 2018, the Fund's objective is to provide investors with long term capital appreciation with superior risk-adjusted returns by investing in equity securities of companies in the global small cap universe based in developed and emerging market economies that have unrecognized and accelerating earnings growth potential.

No changes affecting the overall level of risk of investing in the Fund were made during the period.

### Currency risk

Currency risk is the risk that the fair value of financial instruments denominated in currencies, other than the functional currency of the Fund, will fluctuate due to changes in foreign exchange rates. Investments in foreign markets are exposed to currency risk as the prices denominated in foreign currencies are converted to the Fund's functional currency in determining fair value. The Fund may enter into forward currency contracts for hedging purposes to reduce foreign currency exposure or to establish exposure to foreign currencies.

The Fund's exposure to currency risk is summarized in the tables below. Amounts shown are based on the carrying value of monetary and non-monetary assets (including derivatives and the underlying principle (notional) amounts of forward currency contracts, if any).

As at December 31, 2018

	Cash and other current receivables & payables (\$)	Investments (monetary & non-monetary) (\$)	Forward currency contracts (\$)	Net currency exposure (\$)	As a % of net assets %
Australian Dollar	17,733	517,636	—	535,369	3.2
Danish Krone	162	—	—	162	0.0
Euro	94,045	969,341	—	1,063,386	6.4
Hong Kong Dollar	7	1,583,876	—	1,583,883	9.5
Japanese Yen	150,122	906,552	—	1,056,674	6.4
Mexico New Peso	—	51,734	—	51,734	0.3
Norwegian Krone	13,781	156,353	—	170,134	1.0
Philippine Peso	—	99,305	—	99,305	0.6
Pound Sterling	55,401	537,077	—	592,478	3.6
South African Rand	—	309,191	—	309,191	1.9
Swedish Krona	56,394	82,352	—	138,746	0.8
Swiss Franc	7,469	70,158	—	77,627	0.5
Thai Baht	—	87,818	—	87,818	0.5
US Dollar	189,180	10,620,461	—	10,809,641	65.0
<b>Total</b>	<b>584,294</b>	<b>15,991,854</b>	<b>—</b>	<b>16,576,148</b>	<b>99.7</b>

# BMO Global Growth TACTIC™ Fund

(formerly Global Alpha Worldwide Growth Fund)

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

(All amounts in Canadian dollars) December 31, 2018

As at December 31, 2017

	Cash and other current receivables & payables (\$)	Investments (monetary & non-monetary) (\$)	Forward currency contracts (\$)	Net currency exposure (\$)	As a % of net assets %
Australian Dollar	151,618	1,231,633	—	1,383,251	4.6
Danish Krone	157	—	—	157	0.0
Euro	433	3,722,732	—	3,723,165	12.5
Hong Kong Dollar	(67,320)	1,797,947	—	1,730,627	5.8
Israel Shekel	14,858	—	—	14,858	0.0
Japanese Yen	10,923	3,672,665	—	3,683,588	12.3
Norwegian Krone	228,238	665,256	—	893,494	3.0
Pound Sterling	735,926	2,804,067	—	3,539,993	11.9
Swedish Krona	98,821	416,164	—	514,985	1.7
Swiss Franc	70,091	415,194	—	485,285	1.6
US Dollar	297,306	14,244,989	—	14,542,295	48.8
<b>Total</b>	<b>1,541,051</b>	<b>28,970,647</b>	<b>—</b>	<b>30,511,698</b>	<b>102.2</b>

As at December 31, 2018, if the Canadian dollar had strengthened or weakened by 5% in relation to all foreign currencies, with all other variables held constant, the Net Assets of the Fund could possibly have increased or decreased, respectively, by approximately \$828,807 (December 31, 2017 — \$1,525,585). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

### Interest rate risk

Interest rate risk is the risk that the fair value of the Fund's interest bearing investments will fluctuate due to changes in market interest rates. The Fund's exposure to interest rate risk is concentrated in its investment in debt securities (such as bonds, money market instruments, short-term investments and debentures) and interest rate derivative instruments, if any. Other assets and liabilities are short-term in nature and/or non-interest bearing.

As at December 31, 2018 and December 31, 2017, the Fund did not have any significant exposure to interest rate risk.

### Other market risk

Other market risk is the risk that the fair value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in a market. Other assets and liabilities are monetary items that are short-term in nature, as such they are not subject to other market risk.

The Fund has a significant exposure to other market risk arising from its investment in equity securities. Using historical correlation between the Fund's return and the return of its benchmark, if the benchmark, MSCI World Small Cap Index (CDN \$), had increased or decreased by 10%, with all other variables held constant, the Net Assets of the Fund would have increased or decreased, respectively, by \$1,407,797 (December 31, 2017 — \$2,608,936). Historical correlation may not be representative of future correlation, and accordingly, actual results may differ and the difference could be material.

### Credit risk

Credit risk is the risk that a loss could arise from a security issuer or counterparty to a financial instrument not being able to meet its financial obligations. The fair value of debt securities includes consideration of the credit worthiness of the debt issuer. Credit risk exposure for over-the counter derivative instruments is based on the Fund's unrealized gain of the contractual obligations with the counterparty as at the reporting date. The credit exposure of other assets is represented by its carrying amount.

As at December 31, 2018 and December 31, 2017, the Fund did not have any significant exposure to credit risk.

### Liquidity risk

The Fund's exposure to liquidity risk is concentrated in the daily cash redemptions of units, and other liabilities. The Fund primarily invests in securities that are traded in active markets and can be readily disposed. In addition, the Fund retains sufficient cash and cash

# BMO Global Growth TACTIC™ Fund

(formerly Global Alpha Worldwide Growth Fund)

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

(All amounts in Canadian dollars) December 31, 2018

equivalent positions to maintain liquidity. The Fund may, from time to time, enter into over-the-counter derivative contracts or invest in unlisted securities, which are not traded in an organized market and may be illiquid. Securities for which a market quotation could not be obtained and may be illiquid are identified in the Schedule of Investment Portfolio. The proportion of illiquid securities to the NAV of the Fund is monitored by the Manager to ensure it does not exceed the regulatory limit and does not significantly affect the liquidity required to meet the Fund's financial obligations. There were no such illiquid securities held by the Fund as at December 31, 2018 and December 31, 2017.

### Leverage

Leverage is the amount of money the Fund can borrow on the total assets. Upon conversion to an open-end fund, the ability for the Fund to employ leverage was discontinued. Prior to December 7, 2018, the Fund could utilize leverage in an amount of up to 20.0% of the total assets of the Fund at the time of borrowing. The maximum amount of leverage that the Fund could be exposed to was 1.25:1 (total unhedged long positions (including leverage positions) divided by the Net Assets of the Fund). The Fund did not utilize leverage during the period ended December 31, 2018. The minimum and maximum leverage for the period ended December 31, 2017, were 0.03% and 5.30%, respectively.

### Concentration risk

The Fund's concentration risk is summarized in the following table:

As at	December 31, 2018	December 31, 2017
Australia	3.1%	4.1%
Austria	0.7%	2.0%
Canada	1.3%	3.9%
China	6.4%	—
Finland	—	1.6%
France	1.1%	2.2%
Germany	1.3%	2.4%
Hong Kong	4.9%	3.3%
India	1.0%	0.0%
Israel	1.0%	5.9%
Italy	1.8%	3.1%
Japan	5.5%	12.3%
Luxembourg	1.4%	2.7%
Mexico	0.9%	0.0%
Netherlands	—	0.8%
Norway	0.9%	2.2%

As at	December 31, 2018	December 31, 2017
Philippines	0.6%	—
Russia	1.0%	—
South Africa	1.8%	—
South Korea	1.2%	—
Spain	0.9%	1.3%
Sweden	0.5%	1.4%
Switzerland	2.0%	4.8%
Taiwan	0.4%	—
Thailand	0.5%	—
United Kingdom	0.9%	6.0%
United States	55.7%	41.0%
Vietnam	0.7%	—
<b>Other Assets Less Liabilities</b>	<b>2.5%</b>	<b>(1.0)%</b>
	<b>100.0%</b>	<b>100.0%</b>

## 9. Fair Value Hierarchy

The Fund classifies its financial instruments into three levels based on the inputs used to value the financial instruments. Level 1 securities are valued based on quoted prices in active markets for identical securities. Level 2 securities are valued based on significant observable market inputs, such as quoted prices from similar securities and quoted prices in inactive markets or based on observable inputs to models. Level 3 securities are valued based on significant unobservable inputs that reflect the Manager's determination of assumptions that market participants might reasonably use in valuing the securities. The tables below show the relevant disclosure.

### As at December 31, 2018

Financial Assets	Level 1	Level 2	Level 3	Total
Equity Securities	4,009,504	6,402,660	—	10,412,164
Investment Funds	5,668,420	119,671	—	5,788,091
<b>Total</b>	<b>9,677,924</b>	<b>6,522,311</b>	<b>—</b>	<b>16,200,255</b>

### As at December 31, 2017

Financial Assets	Level 1	Level 2	Level 3	Total
Equity securities	14,677,318	15,478,111	—	30,155,429
<b>Total</b>	<b>14,677,318</b>	<b>15,478,111</b>	<b>—</b>	<b>30,155,429</b>

Financial Liabilities	Level 1	Level 2	Level 3	Total
Redeemable units	(29,441,104)	—	—	(29,441,104)
<b>Total</b>	<b>(29,441,104)</b>	<b>—</b>	<b>—</b>	<b>(29,441,104)</b>



# BMO Global Growth TACTIC™ Fund

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## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

(All amounts in Canadian dollars) December 31, 2018

### Transfers between levels

Transfers are made between the various fair value hierarchy levels due to changes in the availability of quoted market prices or observable inputs due to changing market conditions.

There were no transfers during the period from January 1, 2018 to December 31, 2018.

During the period from January 1, 2017 to December 31, 2017, the valuation of certain equity securities traded outside of North America were changed from being valued using close prices to being fair valued by factoring in the impact of significant events occurring after the close of the relevant market. As a result of this change, \$1,019,381 of equity securities were transferred from Level 1 to Level 2

### 10. Unconsolidated Structured Entities

Information on the carrying amount and the size of the investments in structured entities is shown in the following table:

As at December 31, 2018	Carrying amount	Carrying amount as a % of the underlying fund's Net Assets
<b>Securities</b>		
iShares MSCI Emerging Markets ETF	5,668,420	0.0
Vietnam Enterprise Investments Limited	119,671	0.0
<b>Total</b>	<b>5,788,091</b>	

The Fund did not hold any unconsolidated structured entities as at December 31, 2017.

### 11. IFRS 9 Transition

Upon transition to IFRS 9, financial assets and financial liabilities in the Fund's investment portfolio were classified as FVTPL. This classification for financial assets and financial liabilities differs from the classification under the previous IAS 39. However, there were no changes in the measurement attributes for any of the financial assets and financial liabilities upon transition to IFRS 9. The tables below show the

reconciliation of the financial assets and financial liabilities balances as at January 1, 2018, the IFRS 9 transition date:

As at January 1, 2018

Financial Assets	Held for Trading	Designated as FVTPL	Loans and Receivables**	FVTPL
Opening balance — under IAS 39	—	30,155,429	91,216	—
On the basis of change from IAS 39 to IFRS 9:				
– reclassification of investments to FVTPL*	—	(30,155,429)	—	30,155,429
Total change on transition to IFRS 9	—	(30,155,429)	—	30,155,429
Opening balance — under IFRS 9	—	—	91,216	30,155,429

\* These are financial instruments (including derivatives) classified as held for trading and others designated as FVTPL under IAS 39.

\*\* These are other financial assets classified as loans and receivables under IAS 39, now classified as amortized cost under IFRS 9.

As at January 1, 2018

Financial Liabilities	Held for Trading	Amortized Cost**	FVTPL
Opening balance — under IAS 39	—	3,007,855	—
On the basis of change from IAS 39 to IFRS 9:			
– reclassification of securities sold short and derivatives*	—	—	—
Total change on transition to IFRS 9	—	—	—
Opening balance — under IFRS 9	—	3,007,855	—

\* These are financial liabilities (such as securities sold short and derivatives) classified as held for trading under IAS 39.

\*\* These were classified as other financial liabilities under IAS 39, now classified as amortized cost under IFRS 9.

### 12. Subsequent Event

As at the close of business on February 28, 2019, 1,122,859 Class X Units were converted to 1,019,837 Class A Units.

# Management's Responsibility For Financial Reporting

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The accompanying financial statements have been prepared by an affiliate of the Manager and approved by the Manager of the Fund. The Manager is responsible for the information and representations contained in these financial statements.

The affiliate of the Manager maintains appropriate processes to ensure that relevant and reliable information is produced. The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and include certain amounts that are based on estimates and judgements.

The significant accounting policies which the Manager believes are appropriate for the Fund are described in Note 3 to the financial statements. The Manager is responsible for reviewing and approving the financial statements and overseeing management's performance of its financial reporting responsibilities. The Manager reviews the financial statements of the Fund, adequacy of internal controls, the audit process and financial reporting with the external auditor.

PricewaterhouseCoopers LLP is the external auditor of the Fund. The auditor has audited the financial statements in accordance with generally accepted auditing standards in Canada to enable them to express their opinion on the financial statements. This report is included as an integral part of the financial statements.

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March 8, 2019

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