

Semi-Annual Financial Statements

BMO Advantaged Laddered Preferred Share TACTIC™ Fund

March 31, 2019

NOTICE OF NO AUDITOR REVIEW OF THE SEMI-ANNUAL FINANCIAL STATEMENTS

BMO Nesbitt Burns Inc., the Manager of the Fund, appoints independent auditors to audit the Fund's Annual Financial Statements. Under Canadian securities laws (National Instrument 81-106), if an auditor has not reviewed the Semi-Annual Financial Statements, this must be disclosed in an accompanying notice.

The Fund's independent auditors have not performed a review of the Semi-Annual Financial Statements in accordance with standards established by the Chartered Professional Accountants of Canada.



BMO Advantaged Laddered Preferred Share TACTIC™ Fund (unaudited)

STATEMENT OF FINANCIAL POSITION

(All amounts in Canadian dollars)

As at	March 31, 2019
ASSETS	
CURRENT ASSETS	
Cash	150,000
Total assets	150,000
LIABILITIES	
CURRENT LIABILITIES	
Accrued expenses	0
Total liabilities	0
Net assets attributable to holders of redeemable shares	150,000
Net assets attributable to holders of redeemable shares	
Series A Shares	10
Series D Shares	10
Series F Shares	10
Series I Shares	149,970
Net assets attributable to holders of redeemable shares per share (note 5)	
Series A Shares	\$ 9.94
Series D Shares	\$ 9.99
Series F Shares	\$ 9.99
Series I Shares	\$ 10.00

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

BMO Advantaged Laddered Preferred Share TACTIC™ Fund (unaudited)

STATEMENT OF COMPREHENSIVE INCOME

(All amounts in Canadian dollars)

For the period ended	March 31, 2019
EXPENSES	
Administration and portfolio management fees (note 5)	0
Fund administration fees (note 5)	3
Audit fees	1
Director fees	1
Legal and filing fees	4
Independent review committee fees	0
Securityholder reporting costs	7,553
Operating expenses absorbed by the Manager (note 5)	(7,562)
Total expenses	0
Decrease in net assets attributable to holders of redeemable units	(0)
Decrease in net assets attributable to holders of redeemable shares	
Series A Shares	(0)
Series D Shares	(0)
Series F Shares	(0)
Series I Shares	—
Decrease in net assets attributable to holders of redeemable shares per share (note 3)	
Series A Shares	(0.06)
Series D Shares	(0.01)
Series F Shares	(0.01)
Series I Shares	—

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

BMO Advantaged Laddered Preferred Share TACTIC™ Fund (unaudited)

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES

(All amounts in Canadian dollars)

For the period ended	March 31, 2019
Series A Shares	
Net assets attributable to holders of redeemable shares at beginning of period	—
Decrease in net assets attributable to holders of redeemable shares	(0)
Redeemable shares transactions	
Proceeds from redeemable shares issued	10
Net increase from redeemable shares transactions	10
Net increase in net assets attributable to holders of redeemable shares	10
Net assets attributable to holders of redeemable shares at end of period	10
Series D Shares	
Net assets attributable to holders of redeemable shares at beginning of period	—
Decrease in net assets attributable to holders of redeemable shares	(0)
Redeemable shares transactions	
Proceeds from redeemable shares issued	10
Net increase from redeemable shares transactions	10
Net increase in net assets attributable to holders of redeemable shares	10
Net assets attributable to holders of redeemable shares at end of period	10
Series F Shares	
Net assets attributable to holders of redeemable shares at beginning of period	—
Decrease in net assets attributable to holders of redeemable shares	(0)
Redeemable shares transactions	
Proceeds from redeemable shares issued	10
Net increase from redeemable shares transactions	10
Net increase in net assets attributable to holders of redeemable shares	10
Net assets attributable to holders of redeemable shares at end of period	10

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

BMO Advantaged Laddered Preferred Share TACTIC™ Fund (unaudited)

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

(All amounts in Canadian dollars)

For the period ended	March 31, 2019
Series I Shares	
Net assets attributable to holders of redeemable shares at beginning of period	—
Decrease in net assets attributable to holders of redeemable shares	—
Redeemable shares transactions	
Proceeds from redeemable shares issued	149,970
Net increase from redeemable shares transactions	149,970
Net increase in net assets attributable to holders of redeemable shares	149,970
Net assets attributable to holders of redeemable shares at end of period	149,970
Total Fund	
Net assets attributable to holders of redeemable shares at beginning of period	—
Decrease in net assets attributable to holders of redeemable shares	(0)
Redeemable shares transactions	
Proceeds from redeemable shares issued	150,000
Net increase from redeemable shares transactions	150,000
Net increase in net assets attributable to holders of redeemable shares	150,000
Net assets attributable to holders of redeemable shares at end of period	150,000

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

BMO Advantaged Laddered Preferred Share TACTIC™ Fund (unaudited)

STATEMENT OF CASH FLOWS

(All amounts in Canadian dollars)

For the period ended	March 31, 2019
CASH FLOWS FROM OPERATING ACTIVITIES	
Decrease in net assets attributable to holders of redeemable shares	(0)
Adjustments for:	
Increase in accrued expenses	0
Net cash flow from operating activities	(0)
CASH FLOWS FROM FINANCING ACTIVITIES	
Gross proceeds from issuance of shares	150,000
Net cash flow from financing activities	150,000
Net increase in cash	150,000
Cash at beginning of period	—
Cash at end of period	150,000

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

BMO Advantaged Laddered Preferred Share TACTIC™ Fund (unaudited)

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in Canadian dollars)

March 31, 2019

1. The Fund

BMO TACTIC Fund Corporation (the “Corporation”) is a mutual fund corporation incorporated on July 11, 2018 under the laws of the Province of Ontario. The authorized capital of the Corporation consists of 1,000 classes of shares, each issuable in series.

The BMO Advantage Laddered Preferred Share TACTIC Fund (the “Fund”) is a class of shares of the Corporation. The authorized capital of the Fund includes one or more series (“Series”) of shares (“Shares”). An unlimited number of Shares are authorized for issuance. The Fund has offered Series A Shares, Series D Shares, Series F Shares and Series I Shares.

The final prospectus for the sale of the series of this Fund was filed on October 1, 2018; the series of the Fund were also seeded on October 1, 2018.

BMO Nesbitt Burns Inc. (“BMO Capital Markets” or the “Manager”) is the Manager of the Fund and is responsible for the management and administration of the Fund.

The address of the Fund’s registered office is BMO Nesbitt Burns Inc., 1 First Canadian Place, 100 King Street West, 3rd Floor Podium, P.O. Box 150, Toronto, Ontario, M5X 1H3.

The Statement of Financial Position and related notes are as at March 31, 2019. The Statement of Comprehensive Income, Statement of Changes in Net Assets Attributable to Holders of Redeemable Shares, Statement of Cash Flows and related notes are for the period ended March 31, 2019.

These financial statements only present the financial information of the Fund, as its own reporting entity. If the Corporation cannot satisfy its obligations related to other classes, it may be required to satisfy them using assets attributable to the Fund. The Manager believes that the risk of such cross-class liability is remote.

These financial statements were authorized for issuance by the directors of the Corporation and by the authorized officers of the Manager, as Administrators, on May 15, 2019.

2. Basis of Preparation and Presentation

These unaudited interim financial statements have been prepared in accordance with IFRS and in accordance with International Accounting Standards (“IAS”) 34-Interim Financial Reporting, 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 measure 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 received cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and investment sale transactions are recorded as of the trade date. Investments and derivatives are subsequently measured at fair value through profit or loss (“FVTPL”) with changes in fair value recognized in the Statement of Comprehensive Income as “Change in unrealized appreciation (depreciation)”.

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

The Fund has issued multiple classes of redeemable shares, 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 shares 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 the investments.

BMO Advantaged Laddered Preferred Share TACTIC™ Fund (unaudited)

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

(All amounts in Canadian dollars)

March 31, 2019

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.

On March 20, 2019, the Manager announced that it is assessing the impact on the Fund of certain amendments to the Income Tax Act ("Tax Act") proposed by the Minister of Finance in the Federal Budget on March 19, 2019. Based on its preliminary assessment, the Manager has determined that, if the Tax Act were amended as proposed, the Fund would be affected by the changes. In order to benefit from limited transitional relief, the Manager has suspended the distribution of the Fund until further notice and will not accept new purchase orders for the Fund until it completes its assessment of the proposed legislative changes and determines what further actions might be advisable.

If the proposed amendments were enacted as proposed, certain derivative agreements that the Fund has entered into will likely be treated as "derivative forward agreements" for tax purposes, which would increase the income of the Fund and may result in an increase in the amount of taxable distributions to be made to shareholders of the Fund.

The proposed amendments should not apply to existing derivative agreements of the Fund until after December 31, 2019 provided that the Fund satisfies the conditions for transitional relief. As stated, the Manager has suspended the distribution of the Fund in order that it may benefit from such relief. For this reason, the Manager does not anticipate any change to the tax treatment of the derivative agreements of the Fund for 2019.

If the Fund was to continue to carry on operations after December 31, 2019 in the same manner, the proposed amendments would likely result in an increase in the income of the Fund and may result in an increase in the amount of taxable distributions to be made to shareholders of the Fund, all else equal.

The Manager will provide an update after it completes its assessment of the proposed amendments and determines what additional actions may be advisable.

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 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.

Increase or decrease in net assets attributable to holders of redeemable shares per share

"Decrease in net assets attributable to holders of redeemable shares per share" of a class in the Statement of Comprehensive Income represents the increase (decrease) in net assets attributable to holders of redeemable shares ("Net Assets") of the class divided by the weighted average number of shares of the class outstanding during the period.

The increase (decrease) in net assets attributable to holders of redeemable shares per share for the period ended March 31, 2019 is calculated as follows:

For the period ended	March 31, 2019
Class A Shares	
Decrease in net assets attributable to holders of redeemable shares	(0)
Weighted average shares outstanding during the period	1
Decrease in net assets attributable to holders of redeemable share per share	(0.06)
Class D Shares	
Decrease in net assets attributable to holders of redeemable shares	(0)
Weighted average shares outstanding during the period	1
Decrease in net assets attributable to holders of redeemable shares per share	(0.01)
Class F Shares	
Decrease in net assets attributable to holders of redeemable shares	(0)
Weighted average shares outstanding during the period	1
Decrease in net assets attributable to holders of redeemable shares per share	(0.01)
Class I Shares	
Decrease in net assets attributable to holders of redeemable shares	-
Weighted average shares outstanding during the period	14,997
Decrease in net assets attributable to holders of redeemable shares per share	—

BMO Advantaged Laddered Preferred Share TACTIC™ Fund (unaudited)

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

(All amounts in Canadian dollars)

March 31, 2019

Reconciliation of NAV to Net Assets

As at March 31, 2019, there were no differences between the Fund's net asset value ("NAV") per share and its Net Assets per share calculated in accordance with IFRS.

Taxation

The Fund qualifies as a mutual fund corporation under the provisions of the Income Tax Act (Canada). Corporate income taxes are payable by the Fund at the tax rates applicable to mutual fund corporations on its net taxable income, including net taxable capital gains. The general income tax rules associated with a public corporation with the exception that taxes payable on net realized capital gains are refundable on a formula basis when its shares are redeemed or when it pays capital gains dividends out of its capital gains dividend account to shareholders. Interest income, foreign income and income earned on certain derivatives, are taxed at normal corporate rates applicable to mutual fund corporations and can be reduced by permitted deductions for tax purposes. All of the Corporation's expenses including management fees and operating expenses are taken into account in determining its overall tax liability.

All tax on net realized capital gains is refundable when the gains are distributed to shareholders as capital gains dividends or through redemption of shares at the request of shareholders. Temporary differences between the tax basis of assets and liabilities and their carrying amounts may be either taxable or deductible. Taxable temporary differences give rise to deferred income tax liabilities and deductive temporary differences give rise to deferred income tax assets. When the fair value of investments is greater than its tax basis, a deferred tax liability is offset by refundable taxes generated by future payments of capital gains dividends. When the fair value of investments is less than its tax basis, a deferred income tax asset arises and due to the uncertainty of such deferred income tax assets ultimately being realized, a full valuation allowance is applied to offset the asset. As a result of the refunding mechanisms, the Fund has determined that it is in substance not taxable on these sources of income and therefore does not record income taxes in the Statement of Comprehensive Income and or recognized any deferred tax assets or liabilities in the Statement of Financial Position. Income taxes, if any, are allocated to the classes of the Corporation on a reasonable basis.

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.

The Fund has no non-capital losses carry forward and no capital losses carry forward.

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 Manager has made in preparing the Fund's 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

In classifying and measuring financial instruments held by the Fund, the Manager is required to make 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.

BMO Advantaged Laddered Preferred Share TACTIC™ Fund (unaudited)

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

(All amounts in Canadian dollars)

March 31, 2019

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.

4. Shares and Share Transactions

The redeemable shares of the Fund are classified as liabilities. The shares have no par value and are entitled to distributions, if any. Upon redemption, a share 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 Fund has no restrictions or specific capital requirements on the subscriptions and redemptions of the shares. The relevant movements in redeemable shares are shown in the Statement of Changes in Net Assets Attributable to Holders of Redeemable Shares.

In accordance with its investment objectives and strategies, and the risk management practices outlined in Note 6, 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.

Redeemable shares 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 share of a particular class. The NAV per share of a class for the purposes of subscriptions or redemptions 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 a class less the liabilities attributable to the class) by the total number of shares 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.

Shares

Class A Shares are available to all investors through authorized dealers.

Class D Shares are available to investors who have an account with an eligible online or other discount brokerage firm or for other investors for whom the Manager does not incur substantial distribution costs.

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

Class I Shares are available to institutional investors or other investors on a case-by-case basis, at the Manager's discretion.

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

For the period ended	March 31, 2019
Series A Shares	
Shares at beginning of period	—
Issued	1
Shares at end of period	1
Series D Shares	
Shares at beginning of period	—
Issued	1
Shares at end of period	1
Series F Shares	
Shares at beginning of period	—
Issued	1
Shares at end of period	1
Series I Shares	
Shares at beginning of period	—
Issued	14,997
Shares at end of period	14,997

5. 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.

BMO Advantaged Laddered Preferred Share TACTIC™ Fund (unaudited)

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

(All amounts in Canadian dollars)

March 31, 2019

As compensation for its services 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 Shares	1.05
Class D Shares	0.05
Class F Shares	0.05
Class I Shares	*

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

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 March 31, 2019 amounted to \$3.

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 March 31, 2019 amounted to \$3.

The Manager may, in some years and in certain cases, absorb a portion of administration and portfolio management fees, fund administration fees or certain specified expenses of the Fund or class of the Fund. The decision to absorb these expenses is reviewed periodically and determined at the discretion of the Manager, without notice to unitholders.

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 at market at the relevant times.

Brokerage commissions and soft dollars

There were no brokerage commissions charged to the Fund for the period-ended March 31, 2019.

6. 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.

The Fund's objective is to provide long-term tax-efficient compound growth through leveraged exposure to BMO Laddered Preferred Share Index ETF.

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. IFRS 7 considers the foreign exchange exposure relating to non-monetary assets and liabilities to be a component of market price risk not foreign currency risk. However, the Manager monitors the exposure on all foreign currency denominated assets and liabilities.

As at March 31, 2019, the Fund did not have significant exposure to currency risk.

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.

BMO Advantaged Laddered Preferred Share TACTIC™ Fund (unaudited)

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

(All amounts in Canadian dollars)

March 31, 2019

As at March 31, 2019, the Fund did not have 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.

As at March 31, 2019, the Fund did not have significant exposure to other market risk as it only holds cash.

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 March 31, 2019, the Fund did not have significant exposure to credit risk.

Manager

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