

Semi-Annual Financial Statements

BMO Advantaged S&P/TSX Capped Composite 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 S&P/TSX Capped Composite TACTIC™ Fund (unaudited)

STATEMENT OF FINANCIAL POSITION

(All amounts in Canadian dollars)

As at	March 31, 2019
ASSETS	
CURRENT ASSETS	
Restricted cash subject to derivative agreement (note 6)	237,000
Investments	
Unrealized appreciation of derivative agreement (note 6)	17,426
Total assets	254,426
LIABILITIES	
CURRENT LIABILITIES	
Bank indebtedness	72,831
Accrued expenses	25
Uncollateralized BMO exposure fees payable	102
Available option exposure fees payable	159
Counterparty fees payable	17
Hedge fees payable	(4)
Total liabilities	73,130
Net assets attributable to holders of redeemable shares	181,296
Net assets attributable to holders of redeemable shares	
Series A Shares	16,148
Series D Shares	11
Series F Shares	11
Series I Shares	165,126
Net assets attributable to holders of redeemable shares per share (note 5)	
Series A Shares	\$ 10.98
Series D Shares	\$ 11.02
Series F Shares	\$ 11.02
Series I Shares	\$ 11.01

BMO Advantaged S&P/TSX Capped Composite TACTIC™ Fund (unaudited)

STATEMENT OF COMPREHENSIVE INCOME

(All amounts in Canadian dollars)

For the period ended	March 31, 2019
INCOME	
Interest income	0
Other changes in fair value of investments and derivatives	
Change in unrealized appreciation	17,426
Net gain in fair value of investments and derivatives	17,426
Total income	17,426
EXPENSES	
Administration and portfolio management fees (note 5)	39
Fund administration fees (note 5)	1,237
Audit fees	227
Custodian fees	3
Hedge fees (note 6)	182
Director fees	87
Legal and filing fees	767
Independent review committee fees	137
Securityholder reporting costs	9,463
Uncollateralized BMO exposure fees	394
Available option exposure fees	159
Counterparty fees (note 5)	47
Operating expenses absorbed by the Manager (note 5)	(11,912)
Total expenses	830
Increase in net assets attributable to holders of redeemable shares	16,596
Increase in net assets attributable to holders of redeemable shares	
Series A Shares	1,438
Series D Shares	1
Series F Shares	1
Series I Shares	15,156
Increase in net assets attributable to holders of redeemable shares per share (note 3)	
Series A Shares	2.34
Series D Shares	1.02
Series F Shares	1.02
Series I Shares	1.01

BMO Advantaged S&P/TSX Capped Composite 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	—
Increase in net assets attributable to holders of redeemable shares	1,438
Redeemable shares transactions	
Proceeds from redeemable shares issued	14,710
Net increase from redeemable shares transactions	14,710
Net increase in net assets attributable to holders of redeemable shares	16,148
Net assets attributable to holders of redeemable shares at end of period	16,148
Series D Shares	
Net assets attributable to holders of redeemable shares at beginning of period	—
Increase in net assets attributable to holders of redeemable shares	1
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	11
Net assets attributable to holders of redeemable shares at end of period	11
Series F Shares	
Net assets attributable to holders of redeemable shares at beginning of period	—
Increase in net assets attributable to holders of redeemable shares	1
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	11
Net assets attributable to holders of redeemable shares at end of period	11

BMO Advantaged S&P/TSX Capped Composite 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	—
Increase in net assets attributable to holders of redeemable shares	15,156
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	165,126
Net assets attributable to holders of redeemable shares at end of period	165,126
Total Fund	
Net assets attributable to holders of redeemable shares at beginning of period	—
Increase in net assets attributable to holders of redeemable shares	16,596
Redeemable shares transactions	
Proceeds from redeemable shares issued	164,700
Net increase from redeemable shares transactions	164,700
Net increase in net assets attributable to holders of redeemable shares	181,296
Net assets attributable to holders of redeemable shares at end of period	181,296

BMO Advantaged S&P/TSX Capped Composite TACTIC™ Fund (unaudited)

STATEMENT OF CASH FLOWS

(All amounts in Canadian dollars)

For the period ended	March 31, 2019
CASH FLOWS FROM OPERATING ACTIVITIES	
Increase in net assets attributable to holders of redeemable units	16,596
Adjustments for:	
Change in unrealized appreciation of investments and derivatives	(17,426)
Increase in accrued expenses	25
Increase in uncollateralized BMO exposure fees payable	102
Increase in available option exposure fees payable	159
Increase in counterparty fees payable	17
Decrease in hedge fees payable	(4)
Cash outflow on derivative agreements entered into	(237,000)
Net cash flow from operating activities	(237,531)
CASH FLOWS FROM FINANCING ACTIVITIES	
Gross proceeds from issuance of units	164,700
Net cash flow from financing activities	164,700
Net decrease in cash	(72,831)
Cash at beginning of period	—
Bank indebtedness at end of period	(72,831)

Supplementary information

Interest received, net of withholding taxes*

0

*These items are from operating activities

BMO Advantaged S&P/TSX Capped Composite TACTIC™ Fund (unaudited)

SCHEDULE OF INVESTMENT PORTFOLIO

(All amounts in Canadian dollars, unless otherwise noted)

As at March 31, 2019

Description	Fair Value (\$)
Derivative Agreements at Fair Value — 9.6%	17,426
Restricted Cash Subject to Derivative Agreements — 130.7%	237,000
Other Assets Less Liabilities — (40.3)%	(73,130)
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES — 100.0%	181,296

Derivative Agreement	Purchase Date	Counterparty	Credit Rating**	Notional Number of Units	Purchase Price (\$)	Cash Subject to Derivative Agreement (\$)	Value to be received (\$)	Unrealized Appreciation (\$)
BMO S&P/TSX Capped Composite Index ETF, Series I†	January 16, 2019	Bank of Montreal	A-1	11,618	20.4000	237,000	254,426	17,426
						237,000	254,426	17,426

** Credit rating provided by Standard & Poor's.

† 1/5 of the number of derivative agreements will settle on each of November 1, 2028, November 8, 2028, November 15, 2028, November 22, 2028 and November 29, 2028.

The following table shows the holding of the Reference Fund (as discussed in note 3) at fair value as a percentage of the Reference Fund's net asset value as at March 31, 2019.

Description	% of Net Asset Value
Royal Bank of Canada	6.8%
Toronto-Dominion Bank, The,	6.3%
Enbridge Inc.	4.6%
Bank of Nova Scotia, The,	4.1%
Canadian National Railway Company	4.1%
Suncor Energy Inc.	3.2%
Bank of Montreal	3.0%
TransCanada Corporation	2.6%
Brookfield Asset Management Inc., Class A	2.6%
BCE Inc.	2.5%
Canadian Imperial Bank of Commerce	2.2%
Manulife Financial Corporation	2.1%
Canadian Natural Resources Limited	2.1%
Nutrien Ltd.	2.0%
Canadian Pacific Railway Limited	1.8%
Alimentation Couche-Tard Inc., Class B	1.6%
Barrick Gold Corporation	1.5%
Waste Connections, Inc.	1.5%
Sun Life Financial Inc.	1.4%
TELUS Corporation	1.4%
Shopify Inc., Class A	1.3%
Rogers Communications Inc., Class B	1.2%
Pembina Pipeline Corporation	1.2%
CGI Inc., Class A	1.1%

BMO Advantaged S&P/TSX Capped Composite TACTIC™ Fund (unaudited)

SCHEDULE OF INVESTMENT PORTFOLIO (cont'd)

(All amounts in Canadian dollars, unless otherwise noted)

As at March 31, 2019

Description	% of Net Asset Value
Constellation Software Inc.	1.0%
Restaurant Brands International Inc.	1.0%
Fortis Inc.	1.0%
National Bank of Canada	0.9%
Magna International Inc.	0.9%
Franco-Nevada Corporation	0.9%
Fairfax Financial Holdings Limited	0.8%
Intact Financial Corporation	0.7%
Teck Resources Limited, Class B	0.7%
Brookfield Infrastructure Partners L.P.	0.7%
EnCana Corporation	0.7%
Thomson Reuters Corporation	0.7%
Wheaton Precious Metals Corp.	0.7%
Open Text Corporation	0.6%
Agnico Eagle Mines Limited	0.6%
Goldcorp Inc.	0.6%
Canopy Growth Corporation	0.6%
Shaw Communications Inc., Class B	0.6%
Aurora Cannabis Inc.	0.6%
Metro Inc.	0.6%
Cenovus Energy Inc.	0.6%
Loblaw Companies Limited	0.5%
Emera Incorporated	0.5%
Power Corporation of Canada	0.5%
First Quantum Minerals Ltd.	0.5%
Dollarama Inc.	0.5%
Bausch Health Companies Inc.	0.5%
Saputo Inc.	0.5%
Gildan Activewear Inc.	0.5%
Brookfield Property Partners L.P.	0.4%
Inter Pipeline Ltd.	0.4%
Great-West Lifeco Inc.	0.4%
Air Canada	0.4%
Canadian Tire Corporation, Limited, Class A	0.4%
Imperial Oil Limited	0.4%
RioCan REIT	0.4%
CAE Inc.	0.4%
Canadian Apartment Properties REIT	0.4%
CCL Industries Inc., Class B	0.4%
Kirkland Lake Gold Ltd.	0.4%
Power Financial Corporation	0.4%
Algonquin Power & Utilities Corp.	0.3%
George Weston Limited	0.3%
H&R REIT	0.3%

BMO Advantaged S&P/TSX Capped Composite TACTIC™ Fund (unaudited)

SCHEDULE OF INVESTMENT PORTFOLIO (cont'd)

(All amounts in Canadian dollars, unless otherwise noted)

As at March 31, 2019

Description	% of Net Asset Value
Keyera Corp.	0.3%
BlackBerry Limited	0.3%
Hydro One Limited	0.3%
Cameco Corporation	0.3%
Onex Corporation	0.3%
SNC-Lavalin Group Inc.	0.3%
Quebecor Inc., Class B	0.3%
Methanex Corporation	0.3%
Kinross Gold Corporation	0.3%
Toromont Industries Ltd.	0.3%
Parkland Fuel Corporation	0.3%
Bombardier Inc., Class B	0.3%
Allied Properties REIT	0.2%
iA Financial Corporation Inc.	0.2%
Brookfield Renewable Partners L.P.	0.2%
Tourmaline Oil Corp.	0.2%
Stars Group Inc., The,	0.2%
Vermilion Energy Inc.	0.2%
Ritchie Bros. Auctioneers Incorporated	0.2%
AltaGas Ltd.	0.2%
WSP Global Inc.	0.2%
Empire Company Limited, Class A	0.2%
SmartCentres REIT	0.2%
Canadian Utilities Limited, Class A	0.2%
Cronos Group Inc.	0.2%
CI Financial Corporation	0.2%
Husky Energy Inc.	0.2%
Lundin Mining Corporation	0.2%
Finning International Inc.	0.2%
Canada Goose Holdings Inc.	0.2%
PrairieSky Royalty Ltd.	0.2%
Descartes Systems Group Inc., The,	0.2%
Pan American Silver Corporation	0.2%
FirstService Corporation	0.2%
First Capital Realty Inc.	0.2%
B2Gold Corp.	0.2%
Element Fleet Management Corp.	0.2%
Stantec Inc.	0.2%
West Fraser Timber Co. Ltd.	0.2%
ATCO Ltd., Class I	0.2%
Gibson Energy Inc.	0.2%
Yamana Gold Inc.	0.2%
Choice Properties REIT	0.2%
ARC Resources Ltd.	0.2%

BMO Advantaged S&P/TSX Capped Composite TACTIC™ Fund (unaudited)

SCHEDULE OF INVESTMENT PORTFOLIO (cont'd)

(All amounts in Canadian dollars, unless otherwise noted)

As at March 31, 2019

Description	% of Net Asset Value
TFI International Inc.	0.1%
Parex Resources Inc.	0.1%
Capital Power Corporation	0.1%
Chartwell Retirement Residences	0.1%
TMX Group Limited	0.1%
Granite REIT	0.1%
IGM Financial Inc.	0.1%
Northland Power Inc.	0.1%
TransAlta Corporation	0.1%
Great Canadian Gaming Corporation	0.1%
Enerplus Corporation	0.1%
Dream Global REIT	0.1%
Boyd Group Income Fund	0.1%
Cott Corporation	0.1%
Aphria Inc.	0.1%
Alamos Gold Inc.	0.1%
Seven Generations Energy Ltd.	0.1%
OceanaGold Corporation	0.1%
Colliers International Group, Inc.	0.1%
Stella-Jones Inc.	0.1%
HudBay Minerals Inc.	0.1%
Canadian Western Bank	0.1%
Maple Leaf Foods Inc.	0.1%
Crescent Point Energy Corp.	0.1%
Premium Brands Holdings Corporation	0.1%
WestJet Airlines Ltd.	0.1%
Detour Gold Corporation	0.1%
Linamar Corporation	0.1%
Brookfield Business Partners L.P.	0.1%
Turquoise Hill Resources Ltd.	0.1%
IAMGOLD Corporation	0.1%
Cominar REIT	0.1%
Pretium Resources Inc.	0.1%
Norbord Inc.	0.1%
Kinaxis Inc.	0.1%
SSR Mining Inc.	0.1%
Superior Plus Corporation	0.1%
Cogeco Communications Inc.	0.1%
Whitecap Resources Inc.	0.1%
Labrador Iron Ore Royalty Corporation	0.1%
NFI Group Inc.	0.1%
Morneau Shepell Inc.	0.1%
Ivanhoe Mines Ltd.	0.1%
Laurentian Bank of Canada	0.1%

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SCHEDULE OF INVESTMENT PORTFOLIO (cont'd)

(All amounts in Canadian dollars, unless otherwise noted)

As at March 31, 2019

Description	% of Net Asset Value
Enerflex Ltd.	0.1%
HEXO Corp.	0.1%
Killam Apartment REIT	0.1%
Tricon Capital Group Inc.	0.1%
Northview Apartment REIT	0.1%
BRP Inc.	0.1%
Innergex Renewable Energy Inc.	0.1%
Genworth MI Canada Inc.	0.1%
Cineplex Inc.	0.1%
InterRent REIT	0.1%
Boardwalk REIT	0.1%
Badger Daylighting Ltd.	0.1%
Endeavour Mining Corporation	0.1%
Artis REIT	0.1%
ATS Automation Tooling Systems Inc.	0.1%
Centerra Gold Inc.	0.1%
First Majestic Silver Corp.	0.1%
Russel Metals Inc.	0.1%
Pason Systems Inc.	0.1%
Osisko Gold Royalties Ltd.	0.1%
Torex Gold Resources Inc.	0.1%
ShawCor Ltd.	0.1%
North West Company Inc., The,	0.1%
TransAlta Renewables Inc.	0.1%
Celestica Inc.	0.1%
Sandstorm Gold Ltd.	0.1%
Secure Energy Services Inc.	0.1%
Winpak Ltd.	0.1%
Boralex Inc., Class A	0.1%
Enghouse Systems Limited	0.1%
Crombie REIT	0.1%
MEG Energy Corp.	0.1%
NorthWest Healthcare Properties REIT	0.1%
Baytex Energy Corp.	0.1%
Sienna Senior Living Inc.	0.1%
Richelieu Hardware Ltd.	0.1%
NovaGold Resources Inc.	0.1%
Dream Office REIT	0.1%
Transcontinental Inc., Class A	0.1%
Semafo Inc.	0.1%
Gran Tierra Energy Inc.	0.1%
Mullen Group Ltd.	0.1%
Dream Industrial REIT	0.1%
Peyto Exploration & Development Corp.	0.1%

BMO Advantaged S&P/TSX Capped Composite TACTIC™ Fund (unaudited)

SCHEDULE OF INVESTMENT PORTFOLIO (cont'd)

(All amounts in Canadian dollars, unless otherwise noted)

As at March 31, 2019

Description	% of Net Asset Value
MTY Food Group Inc.	0.1%
AG Growth International Inc.	0.1%
Aritzia Inc.	0.1%
Spin Master Corporation	0.1%
Summit Industrial Income REIT	0.1%
Alacer Gold Corporation	0.1%
MAG Silver Corp.	0.0%
MARTINREA International Inc.	0.0%
Aecon Group Inc.	0.0%
ECN Capital Corp.	0.0%
Interfor Corporation	0.0%
Home Capital Group Inc.	0.0%
Intertape Polymer Group Inc.	0.0%
Chorus Aviation Inc., Class B	0.0%
Eldorado Gold Corporation	0.0%
Altus Group Limited	0.0%
NuVista Energy Ltd.	0.0%
Exchange Income Corporation	0.0%
Ero Copper Corp.	0.0%
Birchcliff Energy Ltd.	0.0%
Precision Drilling Corporation	0.0%
Westshore Terminals Investment Corporation	0.0%
Cargojet Inc.	0.0%
Hudson's Bay Company	0.0%
Canfor Corporation	0.0%
CannTrust Holdings Inc.	0.0%
Chemtrade Logistics Income Fund	0.0%
Kelt Exploration Ltd.	0.0%
Knight Therapeutics Inc.	0.0%
Freehold Royalties Ltd.	0.0%
Alaris Royalty Corporation	0.0%
Western Forest Products Inc.	0.0%
Fortuna Silver Mines Inc.	0.0%
Ensign Energy Services Inc.	0.0%
TORC Oil & Gas Ltd.	0.0%
NexGen Energy Ltd.	0.0%
Extencicare Inc.	0.0%
CES Energy Solutions Corp.	0.0%
Sleep Country Canada Holdings Inc.	0.0%
New Gold Inc.	0.0%
Sierra Wireless, Inc.	0.0%
Uni-Select Inc.	0.0%
Cascades Inc.	0.0%

BMO Advantaged S&P/TSX Capped Composite TACTIC™ Fund (unaudited)

SCHEDULE OF INVESTMENT PORTFOLIO (cont'd)

(All amounts in Canadian dollars, unless otherwise noted)

As at March 31, 2019

Description	% of Net Asset Value
Kinder Morgan Canada Limited	0.0%
Computer Modelling Group Ltd.	0.0%
Lucara Diamond Corp.	0.0%
Cash/Receivables/Payables	(6.8)%
Total	100.0%

BMO Advantaged S&P/TSX Capped Composite 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 S&P/TSX Capped Composite TACTIC Fund (the “Fund”) is a class of shares of the Corporation. The authorized capital of the Fund includes one or more series (the “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”.

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

BMO Advantaged S&P/TSX Capped Composite TACTIC™ Fund (unaudited)

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

(All amounts in Canadian dollars)

March 31, 2019

Statement of Comprehensive Income. Realized gains and losses on disposition are determined based on the cost of the 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.

The Fund entered into derivative agreements with Bank of Montreal ("the Counterparty"), the parent of the Manager in order to obtain economic exposure to the BMO S&P/TSX Capped Composite Index ETF ("the Reference Fund") similar to what would be achieved by an investment directly in the BMO S&P/TSX Capped Composite Index ETF of the Reference Fund. Under the terms of the agreements, the Fund agreed to acquire from the Counterparty Series I Units of the Reference Fund at a specified future date at a price equal to the net asset value ("NAV") of the Series I Units at the date the derivative agreements were entered into. The Fund's restricted cash has been pledged to the counterparty as security for performance by the Fund for its obligations under the derivative agreements.

The derivative agreements are fair valued at the NAV of the Series I Units of the Reference Fund at each Valuation Date ("the Valuation Date" is each day on which the Toronto Stock Exchange is open for trading). All unrealized gains (losses) from the derivative agreements are included in "Change in unrealized appreciation" in the Statement of Comprehensive Income. When the agreements are partially closed out, closed out or expire the gains (losses) realized are included in "Net realized gain (loss)" in the Statement of Comprehensive Income.

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.

Restricted cash

Cash pledged by the Fund in respect of the derivative agreements is identified on the Statement of Financial Position as "Restricted cash subject to derivative agreements" and is not included as a component of cash. See Note 6 for details.

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, uncollateralized BMO exposure fees payable, available option exposure fees payable, counterparty fees payable and hedge fees payable.

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NOTES TO THE FINANCIAL STATEMENTS (cont'd)

(All amounts in Canadian dollars)

March 31, 2019

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

“Increase 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	
Increase in net assets attributable to holders of redeemable shares	1,438
Weighted average shares outstanding during the period	615
Increase in net assets attributable to holders of redeemable share per share	2.34
Class D Shares	
Increase in net assets attributable to holders of redeemable shares	1
Weighted average shares outstanding during the period	1
Increase in net assets attributable to holders of redeemable share per share	1.02
Class F Shares	
Increase in net assets attributable to holders of redeemable shares	1
Weighted average shares outstanding during the period	1
Increase in net assets attributable to holders of redeemable share per share	1.02
Class I Shares	
Increase in net assets attributable to holders of redeemable shares	15,156
Weighted average shares outstanding during the period	14,997
Increase in net assets attributable to holders of redeemable share per share	1.01

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 deductible 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.

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NOTES TO THE FINANCIAL STATEMENTS (cont'd)

(All amounts in Canadian dollars)

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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.

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.

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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	1,471
Shares at end of period	1,471
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.

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 \$17.

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 \$1,237.

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.

Counterparty to the derivative agreements

Bank of Montreal, the parent of the Manager, is the Counterparty to the derivative agreements entered into by the Fund. The portfolio manager, not a related party to the Manager, negotiates and administers the terms of the derivative agreements on behalf of the Fund with the Counterparty and arranges for the redemption of the Units for the Reference Fund acquired pursuant to the derivative agreements.

The Fund pays a counterparty fee to the Counterparty of up to 0.10% per annum on the total assets of the Fund exposed under the derivatives employed by the Fund. The counterparty fee, plus applicable taxes, is calculated and accrued daily and paid monthly in arrears. This fee is shown as "Counterparty fees" in the Statement of Comprehensive Income and for the period ended March 31, 2019 amounted to \$47.

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

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NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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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 dollar

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

6. Derivative agreements and restricted cash

In accordance with the derivative agreements, the Fund is required to pledge its cash to the Counterparty as security for performance by the Fund of its obligations under the derivative agreements. Cash pledged is disclosed in the Statement of Financial Position as “Restricted cash subject to derivative agreements”. The total fair value of the cash pledged as at March 31, 2019 is \$237,000.

The Fund earns interest on the restricted cash calculated as the product of (i) the deposit account interest rate of 1% and (ii) the credit balance of the restricted cash on each day.

The Fund is charged a monthly hedge fee to compensate the Counterparty for its costs of establishing, maintaining, unwinding or funding any transaction or asset necessary to hedge the Counterparty's risk associated with the derivative agreement and its cost of providing collateral to the Fund. The hedge fee will be charged to the Fund regardless of whether the Manager actually hedges. This amount is included in “Hedge fees” in the Statement of Comprehensive Income and for the period ended March 31, 2019 amounts to \$182.

7. 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 S&P/TSX Capped Composite 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.

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.

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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 exposure to the Reference Fund. Using historical correlation between the Fund's return and the return of its benchmark, if the benchmark, S&P/TSX Capped Composite Index, had increased or decreased by 10%, with all other variables held constant, the Net Assets of the Fund would have increased or decrease, respectively, by \$25,443. 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 March 31, 2019, the Fund did not have 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 retains sufficient cash positions to maintain liquidity. The derivative agreements can be partially closed daily and therefore are not considered to be illiquid. 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 March 31, 2019.

Concentration risk

The Fund's concentration risk, through its exposure to the Reference Fund, is summarized in the following table:

As at	March 31, 2019
Equities	
Communication Services	8.1%
Consumer Discretionary	5.7%
Consumer Staples	5.5%
Energy	25.4%
Financials	44.5%
Health Care	3.1%
Industrials	15.4%
Information Technology	6.3%
Materials	15.8%
Real Estate	4.9%
Utilities	5.9%
Other Assets less liabilities	(40.6%)
	100.0%

8. 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 table below shows the relevant disclosure.

As at March 31, 2018	Level 1	Level 2	Level 3	Total
Financial assets				
Derivatives	—	17,426	—	17,426

Manager

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