

SEMI-ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

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

For the period ended March 31, 2019

Manager: BMO Nesbitt Burns Inc.

Portfolio Manager: Faircourt Asset Management Inc.

This semi-annual management report of fund performance contains financial highlights, but does not contain the complete semi-annual financial statements of BMO Advantaged S&P/TSX Capped Composite TACTIC™ Fund. If the semi-annual financial statements of the Fund do not accompany the mailing of this report, you may obtain a copy of the semi-annual financial statements at your request, and at no cost, by calling 1-866-864-7760, by e-mailing us at admin.dealerservices@bmonb.com, by writing to us at BMO Nesbitt Burns Inc., 1 First Canadian Place, 100 King Street West, 3rd Floor Podium, Toronto, Ontario, M5X 1H3 or by visiting our website at <https://www.bmonotes.com/Type/Tactic-Funds> or SEDAR at www.sedar.com. You may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record and/or quarterly portfolio disclosure.

Management Discussion of Fund Performance

Investment Objective and Strategies

The investment objective of the BMO Advantaged S&P/TSX Capped Composite TACTIC™ Fund (the "Fund") is to provide long-term tax-efficient compound growth through leveraged exposure to BMO S&P/TSX Capped Composite Index ETF (the "ETF"). The Fund does not make regular distributions.

The ETF is designed to replicate, to the extent possible, the performance of the S&P/TSX Capped Composite Index (the "Index"), net of expenses. The ETF invests in and holds the constituent securities of the Index in the same proportion as they are reflected in the Index.

In order to achieve its investment objectives, the Fund has entered into derivative agreements with the Bank of Montreal (in this capacity, the "Counterparty") pursuant to which the Fund has agreed to acquire from the Counterparty units of the ETF at an agreed upon future date at a price equal to the per unit price at the date the derivative agreement was entered into.

The Fund has the ability to employ leverage, including through the use of derivatives. The maximum amount of permitted leverage for the Fund is 33 1/3% of its total assets as at the time of borrowing or incurring other leverage. If at any time leverage exceeds 40% of the total assets of the Fund, the portfolio manager of the Fund, Faircourt Asset Management Inc. (the "Portfolio Manager") will, as soon as practicable thereafter, cause the leverage to be reduced to at or below 33 1/3% of total assets. During the period from October 1, 2018 to March 31, 2019 (the "period") the Fund utilized the maximum amount of permitted leverage.

Risk

The risks of investing in the Fund are discussed in the Fund's prospectus. There have been no material changes in the overall level of risk associated with an investment in the Fund during the period.

Results of Operations

The net asset value ("NAV") for the Shares at the end of the period, and the total return for the Shares during the period were as follows:

Shares	NAV (\$)	Total Return (%)
Class A	16,148	8.65
Class D	11	9.10
Class F	11	9.10
Class I	165,126	8.98

Recent Developments

On March 20, 2019, BMO Nesbitt Burns Inc. ("BMONBI"), the manager of the Fund (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 non-refundable tax payable by the Fund.



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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 non-refundable tax payable by 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.

Related Party Transactions

BMONBI, an indirect, wholly-owned subsidiary of the Bank of Montreal ("BMO"), is the manager of the Fund. From time to time, the Manager may, on behalf of the Fund, enter into transactions or arrangements with or involving other members of BMO Financial Group, or certain other persons or companies that are related or connected to the Manager (each a "Related Party"). The purpose of this section is to provide a brief description of any transaction involving the Fund and a Related Party.

Management Fee and Service Fee

The Manager provides certain services to the Fund, including but not limited to investment management and advisory services, paying sales and trailing commissions to registered dealers on the distribution of the Fund's securities, advertising and promotional services, office overhead expenses related to the Manager's activities, and all other services necessary or desirable to conduct and operate the Fund's undertakings in an efficient manner. As compensation for its services, the Manager is paid a management fee (the "Management Fee") of 1.05% per annum of the NAV of the Class A Shares, and 0.05% per annum of the NAV of the Class F Shares and the Class D Shares, in each case, accrued and calculated daily and paid monthly in arrears together with applicable taxes. The Fund does not pay a Management Fee in respect of Class I Shares.

The Management Fee paid to the Manager in respect of the Class A Shares includes a service fee of 1% per annum of the NAV of such series (the "Service Fee"). The Manager pays the Service Fee, plus applicable taxes, to registered dealers (which may include BMONBI and BMO InvestorLine Inc., an affiliate of the Manager) based on the NAV of Class A Shares held by clients of such dealers.

The Fund will also indirectly bear its share of the management fees of the ETF since such management fees reduce the net asset value (and likely the market price of the units) of the ETF. BMO Asset Management Inc., an indirect, wholly-owned subsidiary of BMO, is the management and administration services provider to the ETF.

Counterparty Fees

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.

The Fund will pay the Counterparty a hedge fee that would compensate the Counterparty for its costs of establishing, maintaining, unwinding or funding any transaction or asset necessary to hedge the Counterparty's risks associated with the derivative agreement and its costs of providing collateral to the Fund. The hedge fee will be charged to the Fund monthly regardless of whether the Manager actually hedges. The Manager expects there to be no net cost to the Fund as the only anticipated hedge cost would be financing which will be offset by interest earned on the Fund's cash.

Administration Fees

The Fund pays all of its operating expenses directly. These operating expenses include administration expenses, Fund expenses and interest costs related to the use of leverage. BMONBI provides leverage to the Fund. These operating expenses are allocated proportionately among the relevant series. If the Fund expenses are specific to a series, the Fund expenses are allocated to that series. Separate fees and expenses are negotiated and paid by each Class I investor. Further details about operating expenses can be found in the Fund's most recent prospectus at www.sedar.com. The expenses charged to the Fund in respect of such charges during the period amount to \$1,237.

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Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the period.

The Fund's Net Assets per Share⁽¹⁾

Class A Shares	Oct 1, 2018 to Mar. 31, 2019	
Net assets, beginning of period	\$	10.00 [*]
Increase (decrease) from operations:		
Total revenue	\$	–
Total expenses	\$	(0.19)
Realized gains (losses) for the period	\$	–
Unrealized gains (losses) for the period	\$	2.53
Total increase (decrease) from operations⁽²⁾	\$	2.34
Distributions:		
From income (excluding dividends)	\$	–
From dividends	\$	–
From capital gains	\$	–
Return of capital	\$	–
Total Annual Distributions⁽³⁾	\$	–
Net assets, end of period	\$	10.98

Class D Shares	Oct 1, 2018 to Mar. 31, 2019	
Net assets, beginning of period	\$	10.00 [*]
Increase (decrease) from operations:		
Total revenue	\$	–
Total expenses	\$	(0.05)
Realized gains (losses) for the period	\$	–
Unrealized gains (losses) for the period	\$	1.07
Total increase (decrease) from operations⁽²⁾	\$	1.02
Distributions:		
From income (excluding dividends)	\$	–
From dividends	\$	–
From capital gains	\$	–
Return of capital	\$	–
Total Annual Distributions⁽³⁾	\$	–
Net assets, end of period	\$	11.02

^{*} Initial net assets.

⁽¹⁾ This information is derived from the Fund's unaudited financial statements.

⁽²⁾ Net assets and distributions are based on the actual number of shares outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of shares outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per share.

⁽³⁾ Distributions were either paid or payable in cash or reinvested in additional shares of the Fund, or both.

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Financial Highlights (cont...)

The Fund's Net Assets per Share⁽¹⁾

Class F Shares		Oct 1, 2018 to Mar. 31, 2019
Net assets, beginning of period	\$	10.00*
Increase (decrease) from operations:		
Total revenue	\$	–
Total expenses	\$	(0.05)
Realized gains (losses) for the period	\$	–
Unrealized gains (losses) for the period	\$	1.07
Total increase (decrease) from operations⁽²⁾	\$	1.02
Distributions:		
From income (excluding dividends)	\$	–
From dividends	\$	–
From capital gains	\$	–
Return of capital	\$	–
Total Annual Distributions⁽³⁾	\$	–
Net assets, end of period	\$	11.02

Class I Shares		Oct 1, 2018 to Mar. 31, 2019
Net assets, beginning of period	\$	10.00*
Increase (decrease) from operations:		
Total revenue	\$	0.00
Total expenses	\$	(0.05)
Realized gains (losses) for the period	\$	–
Unrealized gains (losses) for the period	\$	1.06
Total increase (decrease) from operations⁽²⁾	\$	1.01
Distributions:		
From income (excluding dividends)	\$	–
From dividends	\$	–
From capital gains	\$	–
Return of capital	\$	–
Total Annual Distributions⁽³⁾	\$	–
Net assets, end of period	\$	11.01

* Initial net assets.

⁽¹⁾ This information is derived from the Fund's unaudited financial statements.

⁽²⁾ Net assets and distributions are based on the actual number of shares outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of shares outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per share.

⁽³⁾ Distributions were either paid or payable in cash or reinvested in additional shares of the Fund, or both.

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

Financial Highlights (cont.)

Ratios and Supplemental Data⁽¹⁾

Class A Shares		Oct 1, 2018 to Mar. 31, 2019
Total net asset value ⁽¹⁾	\$	16,148
Number of shares outstanding ⁽¹⁾		1,471
Management expense ratio ⁽²⁾	%	1.46
Management expense ratio before waivers or absorptions ⁽²⁾	%	221.59
Trading expense ratio ⁽³⁾	%	0.69
Portfolio turnover rate ⁽⁴⁾	%	–
Net asset value per share	\$	10.98

Class D Shares		Oct 1, 2018 to Mar. 31, 2019
Total net asset value ⁽¹⁾	\$	11
Number of shares outstanding ⁽¹⁾		1
Management expense ratio ⁽²⁾	%	0.19
Management expense ratio before waivers or absorptions ⁽²⁾	%	46,609.44
Trading expense ratio ⁽³⁾	%	0.69
Portfolio turnover rate ⁽⁴⁾	%	–
Net asset value per share	\$	11.02

Class F Shares		Oct 1, 2018 to Mar. 31, 2019
Total net asset value ⁽¹⁾	\$	11
Number of shares outstanding ⁽¹⁾		1
Management expense ratio ⁽²⁾	%	0.19
Management expense ratio before waivers or absorptions ⁽²⁾	%	46,609.44
Trading expense ratio ⁽³⁾	%	0.69
Portfolio turnover rate ⁽⁴⁾	%	–
Net asset value per share	\$	11.02

Class I Shares		Oct 1, 2018 to Mar. 31, 2019
Total net asset value ⁽¹⁾	\$	165,126
Number of shares outstanding ⁽¹⁾		14,997
Management expense ratio ⁽²⁾	%	–*
Management expense ratio before waivers or absorptions ⁽²⁾	%	–*
Trading expense ratio ⁽³⁾	%	0.69
Portfolio turnover rate ⁽⁴⁾	%	–
Net asset value per share	\$	11.01

⁽¹⁾ This information is provided as at March 31 of the period shown.

⁽²⁾ Management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average net asset value during the period.

⁽³⁾ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period.

⁽⁴⁾ The Fund's portfolio turnover rate indicates how actively the Portfolio Manager manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a fund. For the financial period-ended March 31, 2019, no sales or purchases of portfolio securities were made by the Fund. As a result, the portfolio turnover rate for this period was zero.

* Operating expenses are paid by BMO Nesbitt Burns Inc. and management fees are paid directly to BMO Nesbitt Burns Inc. as negotiated with the investor.

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Summary of Investment Portfolio

As at March 31, 2019

Portfolio Allocation	% of Net Asset Value
Financials	44.5
Energy	25.4
Materials	15.8
Industrials	15.4
Communication Services	8.1
Information Technology	6.3
Utilities	5.9
Consumer Discretionary	5.7
Consumer Staples.....	5.5
Real Estate	4.9
Health Care.....	3.1
Cash/Receivables/Payables	(40.6)
Total Portfolio Allocation	100.0

Top 25 Holdings**	% of Net Asset Value
Royal Bank of Canada	9.0
Toronto-Dominion Bank, The,	8.2
Enbridge Inc.	6.1
Bank of Nova Scotia, The,	5.4
Canadian National Railway Company.....	5.4
Suncor Energy Inc.	4.3
Bank of Montreal	4.0
TransCanada Corporation	3.4
Brookfield Asset Management Inc., Class A.....	3.4
BCE Inc.....	3.3
Canadian Imperial Bank of Commerce	2.9
Manulife Financial Corporation.....	2.8
Canadian Natural Resources Limited	2.7
Nutrien Ltd.	2.6
Canadian Pacific Railway Limited.....	2.4
Alimentation Couche-Tard Inc., Class B.....	2.1
Barrick Gold Corporation	2.0
Waste Connections, Inc.	1.9
Sun Life Financial Inc.	1.9
TELUS Corporation.....	1.8
Shopify Inc., Class A	1.7
Rogers Communications Inc., Class B.....	1.6
Pembina Pipeline Corporation	1.5
CGI Inc., Class A.....	1.4
Constellation Software Inc.....	1.4
Top Holdings as a Percentage of Total Net Asset Value	83.2
Total Net Asset Value	\$181,296

**Holdings of the ETF at fair value as a percentage of the Fund's net asset value.

*The prospectus and other information about the ETF are available on the internet at www.sedar.com and at www.bmo.com/etflegal.

The summary of investment portfolio may change due to the Fund's ongoing portfolio transactions. Updates are available quarterly.

This document may contain forward-looking statements relating to anticipated future events, results, circumstances, performance or expectations that are not historical facts but instead represent our beliefs regarding future events. By their nature, forward-looking statements require us to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that predictions and other forward-looking statements will not prove to be accurate. We caution readers of this document not to place undue reliance on our forward-looking statements as a number of factors could cause actual future results, conditions, actions or events to differ materially from the targets, expectations, estimates or intentions expressed or implied in the forward-looking statements. Actual results may differ materially from management expectations as projected in such forward-looking statements for a variety of reasons, including but not limited to market and general economic conditions, interest rates, regulatory and statutory developments, the effects of competition in the geographic and business areas in which the BMO Advantaged S&P/TSX Capped Composite TACTIC™ Fund (the “Fund”) may invest and the risks detailed from time to time in the prospectus of the Fund. We caution that the foregoing list of factors is not exhaustive and that when relying on forward-looking statements to make decisions with respect to investing in the Fund, investors and others should carefully consider these factors, as well as other uncertainties and potential events, and the inherent uncertainty of forward-looking statements. Due to the potential impact of these factors, BMO Nesbitt Burns Inc. does not undertake, and specifically disclaims, any intention or obligation to update or revise any forward- looking statements, whether as a result of new information, future events or otherwise, unless required by applicable law. “BMO (M-bar roundel symbol)”, “BMO” and “BMO Capital Markets” are registered trademarks of Bank of Montreal used under license.