

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and only by persons permitted to sell these securities.

PROSPECTUS

Initial Public Offering and Continuous Distribution

October 1, 2018



BMO Advantaged S&P/TSX Capped Composite TACTIC™ Fund
BMO Advantaged Equal Weight Banks TACTIC™ Fund
BMO Advantaged Equal Weight Oil & Gas TACTIC™ Fund
BMO Advantaged Laddered Preferred Share TACTIC™ Fund

(collectively, the “TACTIC™ Funds”)

Tactical Allocation Customized Thematic Investment Company (“TACTIC™”) is a platform for the issuance of customized investment solutions based on a set of timely and opportunistic investment themes. The manager of the TACTIC™ Funds is BMO Nesbitt Burns Inc. (the “Manager” or “BMONB”).

Each TACTIC™ Fund is a mutual fund established as a separate class of shares of a single mutual fund corporation, BMO TACTIC™ Fund Corporation, formed under the laws of the Province of Ontario pursuant to articles of incorporation dated July 11, 2018. The authorized capital of each TACTIC™ Fund includes one or more series (“Series”) of shares (“Shares”). An unlimited number of Shares of each Series are authorized for issuance. BMO TACTIC™ Fund Corporation is also authorized to issue an unlimited number of Class J shares. Class J shares are offered on a prospectus-exempt basis only and are not offered for sale pursuant to this or any other prospectus.

Each TACTIC™ Fund is a commodity pool which seeks to provide long-term tax-efficient compound growth through leveraged exposure to its specified BMO ETF. The specified BMO ETFs and their respective ticker symbols are as follows:

TACTIC™ Fund	BMO ETF (and its ticker symbol)	BMO ETF Portfolio Strategy
BMO Advantaged S&P/TSX Capped Composite TACTIC™ Fund	BMO S&P/TSX Capped Composite Index ETF (ticker symbol ZCN)	To replicate, to the extent possible, the performance of the S&P/TSX Capped Composite Index, net of expenses.
BMO Advantaged Equal Weight Banks TACTIC™ Fund	BMO Equal Weight Banks Index ETF (ticker symbol)	To replicate, to the extent possible, the performance of the Solactive Equal Weight

	ZEB)	Canada Banks Index, net of expenses.
BMO Advantaged Equal Weight Oil & Gas TACTIC™ Fund	BMO Equal Weight Oil & Gas Index ETF (ticker symbol ZEO)	To replicate, to the extent possible, the performance of the Solactive Equal Weight Canada Oil & Gas Index, net of expenses.
BMO Advantaged Laddered Preferred Share TACTIC™ Fund	BMO Laddered Preferred Share Index ETF (ticker symbol ZPR)	To replicate, to the extent possible, the performance of the Solactive Laddered Canadian Preferred Share Index, net of expenses.

Each TACTIC™ Fund will employ leverage, including through the use of derivatives, to increase its exposure to its specified BMO ETF to a maximum of 1.33:1 as at the time of borrowing or incurring other leverage. See “Investment Objectives”. *Use of leverage involves additional risk. See “Risk Factors – Use of Leverage”.*

This prospectus qualifies for distribution Series A Shares, Series D Shares, Series F Shares and Series I Shares of each TACTIC™ Fund. The Shares are offered on a continuous basis at the net asset value per Share of the subject Series.

The Manager is responsible for the administration of the TACTIC™ Funds. The Manager has engaged Faircourt Asset Management Inc. as the investment advisor (the “**Investment Advisor**”) for the TACTIC™ Funds. See “Organization and Management Details of the TACTIC™ Funds”.

BMO S&P/TSX Capped Composite Index ETF, BMO Equal Weight Banks Index ETF, BMO Equal Weight Oil & Gas Index ETF and BMO Laddered Preferred Share Index ETF are referred to collectively in this prospectus as the “**BMO ETFs**”, and individually as a “**BMO ETF**”.

You should carefully read this prospectus, including the description of the principal risk factors under “Risk Factors”, before you decide to invest in a TACTIC™ Fund. The Shares of each TACTIC™ Fund are highly speculative and involve a high degree of risk. You may lose a substantial portion or even all of the money that you invest in a TACTIC™ Fund. In considering whether to invest in a TACTIC™ Fund, you should be aware that exposure to derivatives and/or levered investments can quickly lead to large losses as well as gains. Such trading losses can sharply reduce the net asset value of the TACTIC™ Fund and consequently the value of your Shares in the TACTIC™ Fund. Also, market conditions may make it difficult or impossible for a BMO ETF to liquidate a position.

An investment in one or more of the TACTIC™ Funds is not intended as a complete investment program and is appropriate only for investors who have the capacity to absorb a loss of some or all of their investment.

The TACTIC™ Funds are subject to certain conflicts of interest. See “Interests of Management and Others in Material Transactions”.

Each TACTIC™ Fund will be liable to pay fees and expenses (and will be indirectly subject to the fees and expenses payable by its specified BMO ETF) that must be offset by increases in the value of its specified BMO ETF before an investor is entitled to a return on his or her investment. In order for an investor in a TACTIC™ Fund to be entitled to a return on his or her investment, the specified BMO ETF may have to make substantial trading profits.

The TACTIC™ Funds are newly organized. The success of each TACTIC™ Fund will depend upon a number of conditions that are beyond its control (and beyond the control of its specified BMO ETF). There is substantial risk that the goals of one or more of the TACTIC™ Funds will not be met.

Participation in transactions in commodity futures contracts involves the execution and clearing of trades on or subject to the rules of a foreign market. None of the Canadian securities regulatory authorities or Canadian exchanges regulates activities of any foreign markets, including the execution, delivery and clearing of transactions, or has the power to compel enforcement of the rules of a foreign market or any applicable foreign law. Generally, any foreign transaction will be governed by applicable foreign laws. This is true even if the foreign market is formally linked to a Canadian market so that a position taken on a market may be liquidated by a transaction on another market. Moreover, such laws or regulations will vary depending on the foreign country in which the transaction occurs. For these reasons, entities such as the specified BMO ETFs that trade commodity futures contracts to which the TACTIC™ Funds are exposed may not be afforded certain of the protective measures provided by Canadian legislation and the rules of Canadian exchanges. In particular, funds received from customers for transactions may not be provided the same protection as funds received in respect of transactions on Canadian exchanges.

Investing in Shares is not insured by the Canadian Deposit Insurance Corporation or under any other insurance programs.

Each of the TACTIC™ Funds is a mutual fund but certain provisions of securities legislation designed to protect investors who purchase securities of mutual funds do not apply to it. Shares may only be purchased by investors through registered brokers and dealers registered to sell securities of mutual funds which are subject to National Instrument 81-104 – *Commodity Pools* in accordance with the requirements of Part 4 of that Instrument.

These brief statements do not disclose all the risks and other significant aspects of investing in the TACTIC™ Funds. You should therefore carefully read this prospectus, including a description of the principal risk factors under “Risk Factors”, before you decide to invest in a TACTIC™ Fund.

No dealer has been involved in the preparation of this prospectus or has performed any review of the contents of the prospectus.

For a discussion of the risks associated with an investment in Shares, see “Risk Factors”.

Additional information about the TACTIC™ Funds is or will be available in the following documents:

- (a) the most recently filed comparative annual financial statements of the TACTIC™ Funds, together with the accompanying report of the auditor;
- (b) any interim financial statements of the TACTIC™ Funds filed after the most recently filed comparative annual financial statements of the TACTIC™ Funds;
- (c) the most recently filed annual management report of fund performance (“MRFP”) of the TACTIC™ Funds; and
- (d) any interim MRFP of the TACTIC™ Funds filed after the most recently filed annual MRFP of the TACTIC™ Funds.

These documents are or will be incorporated by reference into, and form an integral part of, this prospectus which means that they legally form part of this prospectus. See “Documents Incorporated by Reference”.

BMONB is the promoter of the TACTIC™ Funds, it or its affiliates may provide leverage to the TACTIC™ Funds and it administers the operations of the TACTIC™ Funds pursuant to a

management agreement, and receives fees therefor. BMO Asset Management Inc. (“BMOAM”) is the investment fund manager of, and provides management and administration services to, each of the BMO ETFs to which the TACTIC™ Funds seek exposure. Each of BMONB and BMOAM is an affiliate of Bank of Montreal. Accordingly, the TACTIC™ Funds may be considered connected issuers of BMONB under applicable securities legislation by virtue of BMONB’s relationship with the TACTIC™ Funds.

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GLOSSARY

Unless otherwise indicated, all references to dollar amounts in this prospectus are to Canadian dollars and all references to times in this prospectus are to Toronto time.

allowable capital loss – has the meaning set out under “Income Tax Considerations – Taxation of Holders”.

BMOAM – means BMO Asset Management Inc., the management and administration services provider to the BMO ETFs.

BMO ETFs – means, collectively, the specified BMO ETFs to which the TACTIC™ Funds are to be exposed, as described under “Investment Strategies” and “**BMO ETF**” means any one of the BMO ETFs.

BMONB or **Manager** – means BMO Nesbitt Burns Inc., a corporation established under the laws of Canada, the manager and promoter of the TACTIC™ Funds.

Business Day – means any day other than a Saturday, a Sunday or a statutory holiday in Ontario.

Canadian securities legislation – means the applicable securities legislation in force in each Province and Territory of Canada, all regulations, rules, orders and policies made thereunder and all multilateral and national instruments adopted by the securities regulatory authorities.

Capital Gains Dividend – has the meaning set out under “Income Tax Considerations-Taxation of BMO TACTIC™ Fund Corporation”.

CRA – means the Canada Revenue Agency.

CRS – has the meaning set out under “International Information Reporting”.

Custodian – means CIBC Mellon Trust Company, the custodian of the TACTIC™ Funds.

Custodian Agreement – means the custodial services agreement dated as of October 1, 2018 between, among others, the Manager on behalf of the TACTIC™ Funds and CIBC Mellon Trust Company, as custodian, as may be amended from time to time.

DFA Rules – has the meaning set out under “Risk Factors – General Risks Relating to an Investment in the TACTIC™ Funds – Tax Risk”.

DPSPs – means deferred profit sharing plans as defined in the Tax Act.

Funds – means, collectively, the TACTIC™ Funds, and “**Fund**” means any one of the TACTIC™ Funds.

futures contracts – means standardized contracts entered into on domestic or foreign exchanges that call for the future delivery of specified quantities of various assets such as stocks, bonds, agricultural commodities, industrial commodities, currencies, financial instruments, energy products or metals at a specified time and place.

Holder – has the meaning set out under “Income Tax Considerations”.

IFIC Task Force – means the Fund Risk Classification Task Force of The Investment Funds Institute of Canada.

Investment Advisor – means Faircourt Asset Management Inc., the investment sub-advisor of the TACTIC™ Funds.

Investment Advisory Agreement – the investment advisory agreement dated as of October 1, 2018 between Faircourt Asset Management Inc., as investment advisor, the Manager, and certain funds managed by BMONB, as may be amended from time to time.

IRC – means the Independent Review Committee of the TACTIC™ Funds.

Management Agreement – means the management agreement dated as of October 1, 2018, pursuant to which the Manager has been appointed as manager of the TACTIC™ Funds, as may be amended from time to time.

Manager – means BMONB, the manager of the TACTIC™ Funds.

Minimum Distribution Requirement – has the meaning set out under “Income Tax Considerations – Status of the TACTIC™ Funds”.

mixed-use goods and services – has the meaning set out under “Organization and Management Details of the TACTIC™ Funds – The Investment Advisor – Brokerage Arrangements”.

MRFP – has the meaning set out under “Documents Incorporated by Reference”.

NAV and NAV per Share – means the net asset value of a TACTIC™ Fund attributable to the Shares of such TACTIC™ Fund and the net asset value per Share of such TACTIC™ Fund, calculated by the Valuation Agent as described under “Calculation of Net Asset Value”.

NI 81-102 – National Instrument 81-102 – *Investment Funds*.

NI 81-104 – National Instrument 81-104 – *Commodity Pools*.

NI 81-107 – National Instrument 81-107 – *Independent Review Committee for Investment Funds*.

order cut-off time – has the meaning set out under “Purchases of Shares – Issuance of Shares – Initial Investment”.

Permitted Merger – has the meaning set out under “Shareholder Matters – Matters Requiring Shareholders’ Approval”.

Promoter – means BMONB.

Proxy Voting Guidelines – has the meaning set out under “Proxy Voting Disclosure for Portfolio Securities Held”.

RDSPs – means registered disability savings plans as defined in the Tax Act.

Registered Plans – means, collectively, RRSPs, RRIFs, DPSPs, RDSPs, RESPs and TFSAs.

RESPs – means registered education savings plans as defined in the Tax Act.

RRIFs – means registered retirement income funds as defined in the Tax Act.

RRSPs – means registered retirement savings plans as defined in the Tax Act.

securities regulatory authorities – means the securities commission or similar regulatory authority in each Province and Territory of Canada that is responsible for administering the Canadian securities legislation in force in such Province or Territory.

Series A Shares – means series A shares of the TACTIC™ Funds.

Series D Shares – means series D shares of the TACTIC™ Funds.

Series F Shares – means series F shares of the TACTIC™ Funds.

Series I Shares – means series I shares of the TACTIC™ Funds.

Shareholder – means a holder of Shares.

Shares – means, collectively, the Series A Shares, Series D Shares, Series F Shares and Series I Shares of the TACTIC™ Funds.

TACTIC™ Funds – means, collectively, BMO Advantaged S&P/TSX Capped Composite TACTIC™ Fund, BMO Advantaged Equal Weight Banks TACTIC™ Fund, BMO Advantaged Equal Weight Oil & Gas TACTIC™ Fund and BMO Advantaged Laddered Preferred Share TACTIC™ Fund, and “**TACTIC™ Fund**” means any one of the TACTIC™ Funds.

taxable capital gain – has the meaning set out under “Income Tax Considerations – Taxation of Holders”.

Tax Act – means the *Income Tax Act* (Canada), as now or hereafter amended, or successor statutes and includes all regulations promulgated thereunder.

Tax Proposals – means all specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof.

TFSAs – means tax-free savings accounts as defined in the Tax Act.

U.S. – means the United States of America.

Valuation Agent – means the company appointed from time to time by the Manager to calculate the NAV and the NAV per Share of the TACTIC™ Funds. The initial Valuation Agent is BMONB.

Valuation Date – means each Business Day and any other day designated by the Manager on which the NAV of each Series of Shares of each TACTIC™ Fund will be calculated.

Valuation Time – means 4:00 p.m. (Toronto time) or such other time the Manager deems appropriate on each Valuation Date.

ZCN – means the BMO S&P/TSX Capped Composite Index ETF.

ZEB – means the BMO Equal Weight Banks Index ETF.

ZEO – means the BMO Equal Weight Oil & Gas Index ETF.

ZPR – means the BMO Laddered Preferred Share Index ETF.

\$ – means Canadian dollars unless otherwise indicated.

PROSPECTUS SUMMARY

The following is a summary of the principal features of the securities of the TACTIC™ Funds offered hereby and should be read together with the more detailed information and statements contained elsewhere in this prospectus or incorporated by reference in this prospectus.

Issuers: BMO Advantaged S&P/TSX Capped Composite TACTIC™ Fund
BMO Advantaged Equal Weight Banks TACTIC™ Fund
BMO Advantaged Equal Weight Oil & Gas TACTIC™ Fund
BMO Advantaged Laddered Preferred Share TACTIC™ Fund

Each TACTIC™ Fund is a mutual fund established as separate class of shares of a single mutual fund corporation, BMO TACTIC™ Fund Corporation, formed under the laws of the Province of Ontario. The authorized capital of each TACTIC™ Fund includes one or more series (a “**Series**”) of shares (“**Shares**”). An unlimited number of Shares of each Series are authorized for issuance. BMO TACTIC™ Fund Corporation is also authorized to issue an unlimited number of Class J shares. Class J shares are offered on a prospectus-exempt basis only and are not offered for sale pursuant to this or any other prospectus.

See “Overview of the Legal Structure of the TACTIC™ Funds”.

Offering: The TACTIC™ Funds are offering one or more Series of Shares. See “Overview of the Legal Structure of the TACTIC™ Funds”.

Series A Shares

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

Series D Shares

Series D Shares are available to investors who have an account with a discount brokerage.

Series F Shares

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

Series I Shares

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

Continuous Distribution: The Shares offered hereby are being issued and sold on a continuous basis and there is no maximum number of Shares (or Shares of any Series) that may be issued.

The Shares may only be purchased by investors through registered brokers and dealers registered to sell securities of mutual funds which are subject to NI 81-104 in accordance with the requirements of Part 4 of that Instrument. The Manager may

reject a purchase order within one Business Day of receiving it. If a purchase order is rejected, the purchase price will be immediately refunded without interest. An investor who wishes to purchase Series A Shares, Series D Shares or Series F Shares must invest a minimum of \$500 per account and \$100 for each additional transaction. There is no minimum purchase amount for Series I Shares.

See “Purchases of Shares – Issuance of Shares.

Investment Objectives and Strategies:

Each TACTIC™ Fund is a commodity pool which seeks to provide long-term tax-efficient compound growth through leveraged exposure to its specified BMO ETF. The specified BMO ETFs and their respective ticker symbols are as follows:

TACTIC™ Fund	BMO ETF (and its ticker symbol)	BMO ETF Portfolio Strategy	Relevant Index
BMO Advantaged S&P/TSX Capped Composite TACTIC™ Fund	BMO S&P/TSX Capped Composite Index ETF (ticker symbol ZCN)	Designed to replicate, to the extent possible, the performance of the S&P/TSX Capped Composite Index (the “ Capped Composite Index ”), net of expenses. This BMO ETF invests in and holds the constituent securities of the Capped Composite Index in the same proportion as they are reflected in the Capped Composite Index.	S&P/TSX Capped Composite Index
BMO Advantaged Equal Weight Banks TACTIC™ Fund	BMO Equal Weight Banks Index ETF (ticker symbol ZEB)	Designed to replicate, to the extent possible, the performance of the Solactive Equal Weight Canada Banks Index (the “ Bank Index ”), net of expenses. This BMO ETF invests in and holds the constituent securities of the Bank Index in the same proportion as they are reflected in the Bank Index.	Solactive Equal Weight Canada Banks Index
BMO Advantaged Equal Weight Oil & Gas TACTIC™ Fund	BMO Equal Weight Oil & Gas Index ETF (ticker symbol ZEO)	Designed to replicate, to the extent possible, the performance of the Solactive Equal Weight Canada Oil & Gas Index (the “ Oil & Gas Index ”), net of expenses. This BMO ETF invests in and holds the constituent securities of the Oil & Gas Index in the same proportion as they are reflected in the Oil & Gas Index.	Solactive Equal Weight Canada Oil & Gas Index
BMO Advantaged Laddered Preferred Share TACTIC™ Fund	BMO Laddered Preferred Share Index ETF (ticker symbol ZPR)	Designed to replicate, to the extent possible, the performance of the Solactive Laddered Canadian Preferred Share Index (the “ Preferred Share Index ”), net of expenses. This BMO ETF invests in and holds the constituent securities of the Preferred Share Index in the same proportion as they are reflected in the Preferred Share Index.	Solactive Laddered Canadian Preferred Share Index

For more information about each of the BMO ETFs, please refer to the most recently filed prospectus of the BMO ETFs on SEDAR at www.sedar.com.

* * *

General Investment Strategies

Use of Derivatives

Each TACTIC™ Fund will utilize an investment strategy whereby it enters into derivative agreements pursuant to which it will agree to acquire from the relevant counterparty units of its specified BMO ETF at a specified future date at a price equal to the price of such units at the date the derivative agreement is entered into. Such use of derivatives shall comply with applicable Canadian securities legislation.

Each TACTIC™ Fund may invest in or use other derivative instruments in order to earn additional returns for the TACTIC™ Fund, provided that the use of such derivative instruments is in compliance with applicable Canadian securities legislation and is consistent with the investment objectives and investment strategies of the TACTIC™ Fund.

Investments in Other Investment Funds

In accordance with applicable Canadian securities legislation, including NI 81-102, and as an alternative to or in conjunction with obtaining exposure to its specified BMO ETF, a TACTIC™ Fund may invest in other securities in a manner that is consistent with its investment objectives and investment strategies, provided that there are no management fees or incentive fees payable by the TACTIC™ Fund through investments in other investment funds that, to a reasonable person, would duplicate a fee payable by the other investment fund for the same service. There are fees and expenses payable by the other investment funds in addition to the fees and expenses payable by the Funds.

Leverage:

In accordance with NI 81-104, each TACTIC™ Fund retains the ability to employ leverage, including through the use of derivatives. The maximum amount of permitted leverage for a TACTIC™ Fund is 33¹/₃% 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 a TACTIC™ Fund, the Investment Advisor will, as soon as practicable thereafter, cause the leverage to be reduced to at or below 33¹/₃% of total assets. Accordingly, the maximum amount of leverage to which the TACTIC™ Fund could be exposed at the time of borrowing or incurring other leverage is 1.33:1.

See “Investment Strategies”.

Distribution Policy:

The TACTIC™ Funds will not pay regular cash dividends or other distributions. The Board of Directors of BMO TACTIC™ Fund Corporation intends to declare and pay sufficient dividends annually in order to recover all refunds of refundable taxes to

which BMO TACTIC™ Fund Corporation is entitled. Such dividends may be paid in the form of additional Shares and/or cash. The Board of Directors of BMO TACTIC™ Fund Corporation may declare and pay additional dividends in its discretion.

No Conversion of Shares between Funds:

Shareholders may not convert Shares of one TACTIC™ Fund for those of another.

Conversion of Shares between Series:

Shareholders may convert Shares of one Series into Shares of any other Series of the same TACTIC™ Fund if they are eligible to hold Shares of such other Series.

Redemptions:

Shareholders may redeem their Shares for cash on a Valuation Date at a redemption price per Share equal to the applicable NAV per Share on such Valuation Date. See “Redemption and Conversion of Shares – Redemption of Shares for Cash”.

Termination of the TACTIC™ Funds:

The TACTIC™ Funds do not have a fixed termination date. A TACTIC™ Fund may be terminated by the Manager on at least 60 days’ notice of such termination to the Shareholders of such TACTIC™ Fund and the Manager will issue a press release in advance thereof. Upon termination of a TACTIC™ Fund, the securities, cash and other assets remaining after paying or providing for all liabilities and obligations of the TACTIC™ Fund will be distributed in cash or in specie, pro rata among the Shareholders of each Series of such TACTIC™ Fund on the redemption of their Shares. See “Termination of the TACTIC™ Funds”.

Eligibility for Investment:

Provided that BMO TACTIC™ Fund Corporation qualifies as a “mutual fund corporation” within the meaning of the Tax Act, the Shares of each TACTIC™ Fund, if issued on the date hereof, would be on such date qualified investments under the Tax Act for a trust governed by a Registered Plan.

Holders of TFSAs and RDSPs, annuitants of RRSPs and RRIFs and subscribers of RESPs should consult with their tax advisors as to whether the Shares would be a prohibited investment for such accounts or plans in their particular circumstances. See “Eligibility for Investment”.

Risk Factors:

There are certain general risks inherent in an investment in the TACTIC™ Funds (directly, and indirectly as a result of their exposure to the BMO ETFs), including:

1. Fluctuations in NAV and NAV per Share
2. Risk of Loss
3. Exchange Rate Risk
4. Tax Risk
5. Changes in Legislation
6. Portfolio Turnover
7. Use of Derivative Instruments
8. Use of Leverage

9. Fund of Funds Risk
10. Currency Risk
11. Cease Trading of Constituent Securities
12. Illiquid Securities
13. Reliance on Key Personnel
14. Equity Investment Risk
15. Asset Class Risk
16. Interest Rate Risk
17. Foreign Investment Risk
18. Cybersecurity Risk
19. Counterparty Risk
20. Foreign Markets Risk
21. Class Risk
22. Series Risk

See “Risk Factors”.

**Income Tax
Considerations:**

Taxation of BMO TACTIC™ Fund Corporation — BMO TACTIC™ Fund Corporation intends to qualify at all times as a mutual fund corporation under the Tax Act. BMO TACTIC™ Fund Corporation will be subject to non-refundable Canadian tax on its income, other than taxable dividends from taxable Canadian corporations and taxable capital gains. Based upon its understanding of the character and amounts of the income and capital gains to be earned or realized by BMO TACTIC™ Fund Corporation, and taking into account amounts expected to be deductible in computing the income of BMO TACTIC™ Fund Corporation, the Manager expects the taxable income earned by BMO TACTIC™ Fund Corporation to be predominantly in the form of net capital gains and does not expect BMO TACTIC™ Fund Corporation to be subject to material non-refundable Canadian income taxes.

Taxation of Shareholders — The amount of any Capital Gains Dividend received by a Shareholder from BMO TACTIC™ Fund Corporation will generally be considered to be a capital gain of the Shareholder from the disposition of capital property in the taxation year of the Shareholder in which the Capital Gains Dividend is received. Dividends other than Capital Gains Dividends received by individuals on Shares of a TACTIC™ Fund will generally be subject to the normal gross-up and dividend tax credit rules for dividends received by an individual from a taxable Canadian corporation. Amounts distributed on Shares of a TACTIC™ Fund to a Shareholder who holds such Shares as capital property that represent reductions of paid-up capital are generally not taxable, but reduce the Shareholder’s adjusted cost base of such Shares. A Shareholder who disposes of Shares of a TACTIC™ Fund held as capital property (on redemption or otherwise) will realize a capital gain (or capital loss) to the extent that the proceeds of disposition of the Shares exceed (or are less than) the adjusted cost base of such Shares and any reasonable costs of disposition.

Each investor should satisfy himself or herself as to the federal and provincial tax consequences of an investment in the securities offered hereby by obtaining advice from his or her tax advisor. See “Income Tax Considerations”.

ORGANIZATION AND MANAGEMENT OF THE TACTIC™ FUNDS

Manager: BMONB is the manager of the TACTIC™ Funds. The address of the Manager is 100 King Street West, Toronto, Ontario M5X 1A1.

See “Organization and Management Details of the TACTIC™ Funds – Manager”.

Investment Advisor: Faircourt Asset Management Inc. is the investment advisor to each of the TACTIC™ Funds.

See “Organization and Management Details of the TACTIC™ Funds – The Investment Advisor”.

Promoter: The Manager may be considered a promoter of the TACTIC™ Funds within the meaning of the securities legislation of certain Provinces and Territories of Canada by reason of its initiative in organizing the TACTIC™ Funds. The Manager is located in Toronto, Ontario.

See “Organization and Management Details of the TACTIC™ Funds – Promoter”.

Custodian: CIBC Mellon Trust Company is the custodian of the assets of the TACTIC™ Funds pursuant to the Custodian Agreement. The Custodian is located in Toronto, Ontario. The address of the Custodian is 1 York Street, Suite 900, Toronto, Ontario, M5J 0B6.

See “Organization and Management Details of the TACTIC™ Funds – Custodian”.

Registrar and Transfer Agent: BMONB, at its principal office in Toronto, Ontario, is the registrar and transfer agent for the Shares of the TACTIC™ Funds. The register for each TACTIC™ Fund is kept in Toronto, Ontario.

See “Organization and Management Details of the TACTIC™ Funds – Registrar and Transfer Agent”.

Auditor: The auditor of the TACTIC™ Funds is PricewaterhouseCoopers LLP, Chartered Professional Accountants, Licensed Public Accountants. The address of the auditor is PwC Tower, 18 York Street, Suite 2600, Toronto, Ontario, M5J 0B2.

See “Organization and Management Details of the TACTIC™ Funds – Auditor”.

SUMMARY OF FEES AND EXPENSES

This table lists the fees and expenses that you may have to pay if you invest in the TACTIC™ Funds. You may have to pay some of these fees and expenses directly. The TACTIC™ Funds may have to pay some of these fees and expenses, which will therefore reduce the value of your investment in the TACTIC™ Funds. For further particulars, see “Fees and Expenses”.

Fees and Expenses Payable by the TACTIC™ Funds

Management Fees: Each TACTIC™ Fund will pay the Manager a management fee as set forth in the table below based on the average daily NAV of the applicable Series of the TACTIC™ Fund. The management fee, plus applicable taxes, is calculated and accrued daily and paid monthly in arrears. The Manager may, from time to time in its discretion, waive all or a portion of the management fee charged at any given time.

The Manager pays service fees to dealers (as described below) and the fees of the Investment Advisor out of the management fees it receives.

Each TACTIC™ Fund will also indirectly bear its share of the management fees of the specified BMO ETF to which it is exposed since such management fees reduce the net asset value (and likely the market price of the units) of that BMO ETF.

Series	Annual Management Fee (%)
A	1.05%, including an amount equal to the service fee of 1.00% payable by the Manager to registered dealers
D	0.05%
F	0.05%
I	N/A. Fee is negotiated and paid by each Series I investor

Service Fees: The Manager will pay to registered dealers a service fee equal to 1.00% per annum of the net asset value per Series A Share of each TACTIC™ Fund. The service fee, plus applicable taxes, will be calculated daily and paid at the end of each calendar quarter.

No service fees are payable in respect of the Series D Shares, Series F Shares or Series I Shares.

Counterparty Fee: Each TACTIC™ Fund will pay a counterparty fee of up to 0.10% per annum on the total assets of the TACTIC™ Fund exposed under the derivatives employed by the TACTIC™ Fund. The counterparty fee, plus applicable taxes, will be calculated and accrued daily and paid monthly in arrears.

Each TACTIC™ Fund will pay the counterparty to the derivative agreement 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 TACTIC™ Fund. The hedge fee will be charged to the TACTIC™ Fund monthly regardless of whether the Manager actually hedges. The Manager expects there to be no net cost to the TACTIC™ Fund as the only anticipated hedge cost would be financing which will be offset by

interest earned on the TACTIC™ Fund's cash.

Operating Expenses:

In addition to the management and counterparty fees, each TACTIC™ Fund will pay for all ordinary expenses incurred in connection with its operation and administration. Unless otherwise waived or reimbursed by the Manager, and subject to compliance with NI 81-102, it is expected that the expenses for each TACTIC™ Fund will include, as applicable, without limitation: all costs of portfolio transactions; audit fees; fees payable to third party service providers, including any index provider and licensing fees; custodial expenses; valuation, accounting and record keeping costs; legal expenses; permitted prospectus preparation and filing expenses; costs associated with delivering documents to Shareholders; administrative expenses and costs incurred in connection with continuous public filing requirements; costs and expenses of preparing financial and other reports; costs and expenses arising as a result of complying with all applicable laws, regulations and policies; bank related fees and interest charges; interest costs related to the use of leverage; extraordinary expenses; Shareholder reports and servicing costs; fees and expenses of the members of the IRC; expenses related to compliance with NI 81-107; fees and expenses relating to the voting of proxies by a third party; premiums for directors' and officers' insurance coverage for the members of the IRC; income taxes; sales taxes (including GST/HST); brokerage expenses and commissions; and withholding taxes, if any. Such expenses will also include expenses of any action, suit or other proceedings in which or in relation to which the Manager, the Investment Advisor, the Custodian, the IRC and/or any of their respective officers, directors, employees, consultants or agents is entitled to indemnity by the TACTIC™ Fund.

Costs and expenses payable by the Manager, or an affiliate of the Manager, include the initial organization costs of the TACTIC™ Funds and the costs of the preparation and filing of the preliminary prospectus and final prospectus.

All liabilities of BMO TACTIC™ Fund Corporation will be allocated as between the TACTIC™ Funds (and as between the Series of a TACTIC™ Fund) on the basis determined by the Manager to be the fairest.

See "Fees and Expenses – Fees and Expenses Payable by the TACTIC™ Funds – Negotiated Fee" for details regarding Series I Shares, and generally "Fees and Expenses – Fees and Expenses Payable by the TACTIC™ Funds – Operating Expenses" and "Organization and Management Details of the TACTIC™ Funds – Manager". See also "Fees and Expenses – Fees and Expenses Payable by the TACTIC™ Funds – Management Fee Rebates".

Management Fee Rebates: To achieve effective and competitive management fees, the Manager may rebate a portion of its management fee to certain Shareholders. Such rebates will be paid quarterly by the Manager and, unless the Shareholder requests otherwise, will be reinvested in additional Shares (of the same Series) of the applicable TACTIC™ Fund.

See “Fees and Expenses – Fees and Expenses Payable by the TACTIC™ Funds – Management Fee Rebates”.

Fees and Expenses Payable Directly by Shareholders

Initial Sales Charge: A sales commission of up to 2.00% of the amount invested is payable by investors purchasing Series A Shares of a TACTIC™ Fund. No sales commissions are payable in respect of the Series D Shares, Series F Shares or Series I Shares of a TACTIC™ Fund. See “Fees and Expenses – Fees and Expenses Payable Directly by the Holder of Shares – Initial Sales Charge”.

Short-Term Redemption Fees: If a Shareholder redeems Shares within 90 days of purchasing such Shares, the Manager may charge a short-term redemption fee on behalf of the subject TACTIC™ Fund of up to 1% of the value of such Shares in circumstances where it determines that the transaction activity represents market timing or excessive short-term redemption trading. No short-term redemption fees are charged on redemptions made under a systematic withdrawal plan or redemptions that may occur when an investor fails to meet the minimum investment amount for the TACTIC™ Fund. Any such fees will be retained by the subject TACTIC™ Fund, and not by the Manager.

See “Fees and Expenses – Fees and Expenses Payable Directly by the Holder of Shares – Short-Term Redemption Fees” and “Purchases of Shares – Issuance of Shares – Initial Investment”.

Negotiated Fees: Holders of Series I Shares pay negotiated fees directly to the Manager, as may be agreed to by the holder and the Manager. The negotiated fees may vary for each TACTIC™ Fund and each investor in a TACTIC™ Fund. See “Fees and Expenses – Fees and Expenses Payable Directly by the Holder of Shares – Negotiated Fees”.

ANNUAL RETURNS, MANAGEMENT EXPENSE RATIOS AND TRADING EXPENSE RATIOS

As the TACTIC™ Funds do not have audited financial statements for any period of time as at the date of this document, information related to annual returns, management expense ratios and trading expense ratios does not yet exist.

OVERVIEW OF THE LEGAL STRUCTURE OF THE TACTIC™ FUNDS

Each of BMO Advantaged S&P/TSX Capped Composite TACTIC™ Fund, BMO Advantaged Equal Weight Banks TACTIC™ Fund, BMO Advantaged Equal Weight Oil & Gas TACTIC™ Fund and BMO Advantaged Laddered Preferred Share TACTIC™ Fund (collectively, the “**TACTIC™ Funds**”) is a mutual fund established as separate class of shares of a single mutual fund corporation, BMO TACTIC™ Fund Corporation, formed under the laws of the Province of Ontario pursuant to articles of incorporation dated July 11, 2018. Each of the TACTIC™ Funds is a commodity pool.

The authorized capital of each TACTIC™ Fund includes one or more series (“**Series**”) of shares (“**Shares**”). An unlimited number of Shares are authorized for issuance. Each TACTIC™ Fund is offering Series A Shares, Series D Shares, Series F Shares and Series I Shares. Shares have no voting rights except as described below under “Shareholder Matters – Matters Requiring Shareholders’ Approval”.

BMO TACTIC™ Fund Corporation is also authorized to issue an unlimited number of Class J shares (“**Class J Shares**”). The holders of Class J Shares are not entitled to receive dividends but are entitled to one vote per share. The Class J Shares are redeemable at the option of either BMO TACTIC™ Fund Corporation or the holder thereof at a price of \$1.00 per Class J Share. The Class J Shares rank subsequent to all Shares of each TACTIC™ Fund with respect to distributions on the dissolution, liquidation or winding-up of BMO TACTIC™ Fund Corporation.

All of the issued and outstanding Class J Shares are owned by TACTIC™ Funds Adminco Ltd. (“**Adminco**”). An independent director of BMO TACTIC™ Fund Corporation owns 50% of the common shares of Adminco and employees of the Manager and directors and/or officers of BMO TACTIC™ Fund Corporation own in aggregate the other 50% of the common shares of Adminco. The Class J Shares and the Adminco common shares are held in escrow pursuant to escrow agreements dated as of October 1, 2018 with AST Trust Company (Canada) as escrow agent (the “**Escrow Agreements**”) and may not be disposed of or dealt with in any manner until all the Shares of the TACTIC™ Funds have been retracted or redeemed.

The TACTIC™ Funds are mutual funds but certain provisions of securities legislation designed to protect investors who purchase units of mutual funds do not apply to them. The Shares of the TACTIC™ Funds may only be purchased by investors through registered brokers and dealers registered to sell securities of mutual funds which are subject to NI 81-104 in accordance with the requirements of Part 4 of that Instrument. The TACTIC™ Funds are subject to certain restrictions and practices contained in Canadian securities legislation, including NI 81-102, and are managed in accordance with these restrictions, except as otherwise permitted by NI 81-104 and subject to receipt of any exemptions obtained by the TACTIC™ Funds.

While the TACTIC™ Funds are mutual funds that are commodity pools under the securities legislation of certain Provinces and Territories of Canada, the Manager has obtained exemptive relief from certain provisions of Canadian securities legislation applicable to conventional mutual funds that are commodity pools. See “Exemptions and Approvals”.

The TACTIC™ Funds are not index mutual funds and are managed in the discretion of the Manager in accordance with their respective investment strategies and permissible use of leverage.

The head office of the TACTIC™ Funds and the Manager is located at 100 King Street West, Toronto, Ontario, M5X 1A1. The Manager is a corporation organized under the laws of Canada. Faircourt Asset Management Inc. will act as Investment Advisor to the TACTIC™ Funds.

INVESTMENT OBJECTIVES

Each TACTIC™ Fund is a commodity pool which seeks to provide long-term tax-efficient compound growth through leveraged exposure to its specified BMO ETF. The specified BMO ETFs and their respective ticker symbols are set out below under “Investment Strategies”.

Each of the TACTIC™ Funds will employ leverage, including through the use of derivatives, to increase its exposure to its specified BMO ETF.

INVESTMENT STRATEGIES

The specified BMO ETFs and their respective ticker symbols are as follows:

TACTIC™ Fund	BMO ETF (and its ticker symbol)	BMO ETF Portfolio Strategy	Relevant Index
BMO Advantaged S&P/TSX Capped Composite TACTIC™ Fund	BMO S&P/TSX Capped Composite Index ETF (ticker symbol ZCN)	Designed to replicate, to the extent possible, the performance of the S&P/TSX Capped Composite Index (the “ Capped Composite Index ”), net of expenses. This BMO ETF invests in and holds the constituent securities of the Capped Composite Index in the same proportion as they are reflected in the Capped Composite Index.	S&P/TSX Capped Composite Index
BMO Advantaged Equal Weight Banks TACTIC™ Fund	BMO Equal Weight Banks Index ETF (ticker symbol ZEB)	Designed to replicate, to the extent possible, the performance of the Solactive Equal Weight Canada Banks Index (the “ Bank Index ”), net of expenses. This BMO ETF invests in and holds the constituent securities of the Bank Index in the same proportion as they are reflected in the Bank Index.	Solactive Equal Weight Canada Banks Index
BMO Advantaged Equal Weight Oil & Gas TACTIC™ Fund	BMO Equal Weight Oil & Gas Index ETF (ticker symbol ZEO)	Designed to replicate, to the extent possible, the performance of the Solactive Equal Weight Canada Oil & Gas Index (the “ Oil & Gas Index ”), net of expenses. This BMO ETF invests in and holds the constituent securities of the Oil & Gas Index in the same proportion as they are reflected in the Oil & Gas Index.	Solactive Equal Weight Canada Oil & Gas Index
BMO Advantaged Laddered Preferred Share TACTIC™ Fund	BMO Laddered Preferred Share Index ETF (ticker symbol ZPR)	Designed to replicate, to the extent possible, the performance of the Solactive Laddered Canadian Preferred Share Index (the “ Preferred Share Index ”), net of expenses. This BMO ETF invests in and holds the constituent securities of the Preferred Share Index in the same proportion as they are reflected in the Preferred Share Index.	Solactive Laddered Canadian Preferred Share Index

In order to achieve its investment objectives, each TACTIC™ Fund will enter into one or more derivative agreements with one or more counterparties pursuant to which it agrees to acquire from the relevant

counterparty units of its specified BMO ETF at an agreed upon future date at a price equal to the per unit price at the date the derivative agreement is entered into.

Such use of derivatives must comply with applicable Canadian securities legislation.

The TACTIC™ Funds may also hold cash and cash equivalents or other money market instruments to meet their current obligations.

General Investment Strategies

In addition to the strategies contemplated above, each of the TACTIC™ Funds may use the following strategies:

Use of Derivatives

Each TACTIC™ Fund may enter into other derivative agreements. The use of such derivative instruments must comply with applicable Canadian securities legislation and be consistent with the investment objectives and investment strategies of the TACTIC™ Fund.

Investments in Other Investment Funds

In accordance with applicable Canadian securities legislation, including NI 81-102, and as an alternative to or in conjunction with obtaining exposure to its specified BMO ETF, a TACTIC™ Fund may also invest in other securities in a manner that is consistent with its investment objectives and investment strategies, provided that there shall be no management fees or incentive fees payable by the TACTIC™ Fund through investments in other investment funds that, to a reasonable person, would duplicate a fee payable by the other investment fund for the same service. There are fees and expenses payable by the other investment funds in addition to the fees and expenses payable by the Funds.

Leverage

In accordance with NI 81-104, each TACTIC™ Fund will employ leverage, including through the use of derivatives. It is anticipated that each TACTIC™ Fund will use the maximum amount of permitted leverage, being 33¹/₃% of total assets of the TACTIC™ Fund as at the time of borrowing or incurring other leverage.

If at any time leverage exceeds 40% of total assets of the TACTIC™ Fund, the Investment Advisor will, as soon as practicable thereafter, cause the leverage to be reduced to at or below 33¹/₃% of total assets. Accordingly, the maximum amount of leverage to which the TACTIC™ Fund could be exposed at the time of borrowing or incurring other leverage is 1.33:1.

OVERVIEW OF THE SECTORS IN WHICH THE TACTIC™ FUNDS INVEST

Each of the TACTIC™ Funds provides exposure to its specified BMO ETF.

INVESTMENT RESTRICTIONS

The TACTIC™ Funds are subject to certain restrictions and practices contained in Canadian securities legislation. The TACTIC™ Funds are managed in accordance with these restrictions and practices, except as otherwise permitted by exemptions provided by Canadian securities regulatory authorities. See “Exemptions and Approvals”. The TACTIC™ Funds are managed in accordance with the restrictions and

practices set out in NI 81-102, except as otherwise permitted by NI 81-104, which regulates mutual funds that are commodity pools under applicable Canadian securities law, and subject to receipt of any exemptions obtained by the TACTIC™ Funds. A change to the fundamental investment objectives of a TACTIC™ Fund would require the approval of the Shareholders of the TACTIC™ Fund. See “Shareholder Matters – Matters Requiring Shareholders’ Approval”.

Tax Related Investment Restrictions

A TACTIC™ Fund will not make an investment or conduct any activity that would result in BMO TACTIC™ Fund Corporation having any undertaking other than the investing of its funds in property (other than real property or an interest in real property or an immovable or a real right in an immovable) within the meaning of the Tax Act.

FEES AND EXPENSES

Fees and Expenses Payable by the TACTIC™ Funds

Management Fees

Each TACTIC™ Fund will pay the Manager a management fee as set forth in the table below based on the average daily NAV of the applicable Series of the TACTIC™ Fund. The management fee, plus applicable taxes, is calculated and accrued daily and paid monthly in arrears. The Manager may, from time to time in its discretion, waive all or a portion of the management fee charged at any given time.

The Manager pays service fees to dealers (as described below) and the fees of the Investment Manager out of the management fees it receives.

Each TACTIC™ Fund will also indirectly bear its share of the management fees of its specified BMO ETF to which it is exposed since such management fees reduce the net asset value (and likely the market value of the units) of that BMO ETF.

Series	Annual Management Fee (%)
A	1.05%, including an amount equal to the service fee of 1.00% payable by the Manager to registered dealers
D	0.05%
F	0.05%
I	N/A. Fee is negotiated and paid by each Series I investor

Counterparty Fees

Each TACTIC™ Fund will pay a counterparty fee of up to 0.10% per annum on the total assets of the TACTIC™ Fund exposed under the derivatives employed by the TACTIC™ Fund. The counterparty fee, plus applicable taxes, will be calculated and accrued daily and paid monthly in arrears.

Each TACTIC™ Fund will pay the counterparty to the derivative agreement 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 TACTIC™ Fund. The hedge fee will be charged to the

TACTIC™ Fund monthly regardless of whether the Manager actually hedges. The Manager expects there to be no net cost to the TACTIC™ Fund as the only anticipated hedge cost would be financing which will be offset by interest earned on the TACTIC™ Fund's cash.

Service Fees

The Manager will pay to registered dealers a service fee equal to 1.00% per annum of the net asset value per Series A Share of each TACTIC™ Fund. The service fee, plus applicable taxes, will be calculated daily and paid at the end of each calendar quarter. No service fees are payable in respect of the Series D Shares, Series F Shares or Series I Shares.

Operating Expenses

In addition to the management and counterparty fees, each TACTIC™ Fund will pay for all ordinary expenses incurred in connection with its operation and administration. Unless otherwise waived or reimbursed by the Manager, and subject to compliance with NI 81-102, it is expected that the expenses for each TACTIC™ Fund will include, as applicable, without limitation: all costs of portfolio transactions; audit fees; fees payable to third party service providers, including any index provider and licensing fees; custodial expenses; valuation, accounting and record keeping costs; legal expenses; permitted prospectus preparation and filing expenses; costs associated with delivering documents to Shareholders; administrative expenses and costs incurred in connection with continuous public filing requirements; costs and expenses of preparing financial and other reports; costs and expenses arising as a result of complying with all applicable laws, regulations and policies; bank related fees and interest charges; interest costs related to the use of leverage; extraordinary expenses; Shareholder reports and servicing costs; fees and expenses of the members of the IRC; expenses related to compliance with NI 81-107; fees and expenses relating to the voting of proxies by a third party; premiums for directors' and officers' insurance coverage for the members of the IRC; income taxes; sales taxes (including GST/HST); brokerage expenses and commissions; and withholding taxes, if any. Such expenses will also include expenses of any action, suit or other proceedings in which or in relation to which the Manager, the Investment Advisor, the Custodian, the IRC and/or any of their respective officers, directors, employees, consultants or agents is entitled to indemnity by the TACTIC™ Fund.

Costs and expenses payable by the Manager, or an affiliate of the Manager, include the initial organization costs of the TACTIC™ Funds and the costs of the preparation and filing of the preliminary prospectus and final prospectus.

All liabilities of BMO TACTIC™ Fund Corporation will be allocated as between TACTIC™ Funds (and as between the Series of a TACTIC™ Fund) on the basis determined by the Manager to be the fairest.

Management Fee Rebates

To achieve effective and competitive management fees, the Manager may rebate a portion of its management fee to certain Shareholders who have signed an agreement with the Manager and that hold, on average during any period specified by the Manager from time to time (currently a quarter), Shares having a specified aggregate value. Such rebate will be dependent upon a number of factors, including the amount invested, the total assets of the TACTIC™ Fund under administration and the expected amount of account activity. Unless the Shareholder requests otherwise, the rebate is reinvested in additional Shares (of the same Series) of the applicable TACTIC™ Fund.

The availability and amount of management fee rebates with respect to Shares of a TACTIC™ Fund will be determined by the Manager. Management fee rebates for a TACTIC™ Fund will generally be calculated and applied based on a Shareholder's average holdings of Shares of the TACTIC™ Fund over

each applicable period as specified by the Manager from time to time. Management fee rebates will be available only to beneficial owners of Shares and not to the holdings of Shares by dealers or brokers that hold Shares on behalf of beneficial owners. In order to receive a management fee rebate for any applicable period, a beneficial owner of Shares of a TACTIC™ Fund must submit a claim for a management fee rebate that is verified by a dealer or broker on the beneficial owner's behalf and provide the Manager with such further information as the Manager may require in accordance with the terms and procedures established by the Manager from time to time.

The Manager reserves the right to discontinue or change management fee rebates at any time. The tax consequences of management fee rebates made by a TACTIC™ Fund will be borne by the Shareholders of the TACTIC™ Fund receiving these rebates from the Manager.

Fees and Expenses Payable Directly by the Holder of Shares

Initial Sales Charge

An investor in Series A Shares of a TACTIC™ Fund has to pay a front-end sales commission of up to 2.00% of the amount invested. Investors can negotiate this fee with their dealer. No sales commissions are payable in respect of the Series D Shares, Series F Shares or Series I Shares of a TACTIC™ Fund.

Short-Term Redemption Fees

If a Shareholder redeems Shares within 90 days of purchasing such Shares, the Manager may charge a short-term redemption fee on behalf of the TACTIC™ Fund of up to 1% of the value of such Shares in circumstances where it determines that the transaction activity represents market timing or excessive short-term trading. No short-term redemption fees are charged on redemptions made under a systematic withdrawal plan or redemptions that may occur when an investor fails to meet the minimum investment amount for the TACTIC™ Fund. See "Redemption and Conversion of Shares – Short-Term Redemptions".

Negotiated Fees

Holders of Series I Shares pay negotiated fees directly to the Manager, as may be agreed to by the holder of Shares and the Manager. The negotiated fees may vary for each TACTIC™ Fund and each investor in a TACTIC™ Fund.

ANNUAL RETURNS, MANAGEMENT EXPENSE RATIOS AND TRADING EXPENSE RATIOS

As the TACTIC™ Funds do not have audited financial statements for any period of time as at the date of this document, information related to annual returns, management expense ratios and trading expense ratios does not yet exist.

RISK FACTORS

In addition to the considerations set out elsewhere in this prospectus, the following are certain considerations relating to an investment in the TACTIC™ Funds that prospective investors should consider before purchasing Shares of a TACTIC™ Fund.

General Risks Relating to an Investment in the TACTIC™ Funds

Fund of Funds Risk

Each TACTIC™ Fund, as part of its investment strategy, obtains exposure to its specified BMO ETF and will be subject to the risks of the specified BMO ETF which are described in the most recently filed prospectus of the BMO ETF.

Fluctuations in NAV and NAV per Share

The NAV per Share of a TACTIC™ Fund will vary according to, among other things, the value of its specified BMO ETF. The Manager, the TACTIC™ Funds and the BMO ETFs have no control over the factors that affect the value of the securities held by a BMO ETF, including factors that affect the equity and bond markets generally such as general economic and political conditions, fluctuations in interest rates and factors unique to each security held by a BMO ETF.

Risk of Loss

An investment in a TACTIC™ Fund is not guaranteed by any entity. Unlike bank accounts or guaranteed investment certificates, an investment in a TACTIC™ Fund is not covered by the Canada Deposit Insurance Corporation or any other government deposit insurer.

Exchange Rate Risk

The assets and liabilities of each TACTIC™ Fund are valued in Canadian dollars. If a specified BMO ETF acquires an investment position denominated in a foreign currency, during the time that the BMO ETF holds that position, for the purposes of calculating the net asset value of that BMO ETF, the BMO ETF converts, on a daily basis, the value of the position into Canadian dollars. If the BMO ETF has not hedged its foreign currency exposure, it will be exposed to fluctuations in these currencies which will affect the net asset value of the BMO ETF and, as a result, the NAV of the applicable TACTIC™ Fund. If the value of the Canadian dollar has increased relative to the foreign currency, the return on the foreign currency denominated position may be reduced, eliminated or made negative. The opposite can also occur and, if it does occur, a BMO ETF holding a security denominated in a foreign currency may benefit from an increase in the value of the foreign currency relative to the Canadian dollar.

Tax Risks

Taxation of BMO TACTIC™ Fund Corporation

BMO TACTIC™ Fund Corporation will be subject to certain tax risks, including the following:

If BMO TACTIC™ Fund Corporation failed to qualify as, or ceased to qualify as, a mutual fund corporation under the Tax Act, the income tax considerations described under the heading “Income Tax Considerations” would be materially and adversely different in certain respects.

There can be no assurance that Canadian federal income tax laws and the administrative policies and assessing practices of the CRA respecting the treatment of mutual fund corporations will not be changed in a manner that adversely affects BMO TACTIC™ Fund Corporation or its Shareholders.

BMO TACTIC™ Fund Corporation will be subject to non-refundable Canadian tax on income other than taxable capital gains and taxable dividends from taxable Canadian corporations. Based upon its

understanding of the character and amounts of the income and capital gains to be earned or realized by BMO TACTIC™ Fund Corporation, and taking into account amounts expected to be deductible in computing the income of BMO TACTIC™ Fund Corporation, the Manager expects the taxable income earned by BMO TACTIC™ Fund Corporation to be predominantly in the form of net capital gains and does not expect BMO TACTIC™ Fund Corporation to be subject to material non-refundable Canadian income taxes. However, there can be no assurance that BMO TACTIC™ Fund Corporation will not be subject to non-refundable tax, which may be material, which would reduce after-tax returns to Shareholders. In addition, while BMO TACTIC™ Fund Corporation will be entitled to obtain a refund of tax payable on capital gains based, in part on the amount paid on redemptions of Shares, there can be no assurance that BMO TACTIC™ Fund Corporation will not be required to pay Capital Gains Dividends, which may be material, to its Shareholders, which will be treated as realized capital gains in their hands, in order to obtain a full refund of such tax. Such Capital Gains Dividends may be paid in Shares such that Shareholders will be required to fund applicable taxes from other sources.

Each TACTIC™ Fund will utilize an investment strategy whereby it enters into derivative agreements pursuant to which it will agree to acquire from the relevant counterparty units of its specified BMO ETF at a specified future date at a price equal to the price of such units at the date the derivative agreement is entered into. Based on the advice of counsel, in determining its income for tax purposes, BMO TACTIC™ Fund Corporation will not treat the acquisition of units of a specified BMO ETF under a derivative agreement as a taxable event and will treat the cost of the units of the specified BMO ETF so acquired as being the portion of the purchase price payable under the derivative agreement attributable to such units of the specified BMO ETF. Depending on the value of the units of the specified BMO ETF at the time they are acquired, such units may therefore have an accrued gain or loss. BMO TACTIC™ Fund Corporation will redeem or sell such units and will realize such accrued gain or, subject to the suspended loss rules, accrued loss, which BMO TACTIC™ Fund Corporation will treat as a capital gain or a capital loss. BMO TACTIC™ Fund Corporation will not treat a derivative agreement entered into by it as giving rise to a “derivative forward agreement” (“**DFA**”) under the Tax Act.

If: (i) contrary to the advice of counsel, McCarthy Tétrault LLP, whether through the application of the general anti-avoidance rule or otherwise, or as a result of a change of law, (a) the acquisition of units of the specified BMO ETF by BMO TACTIC™ Fund Corporation under a derivative agreement were a taxable event, (b) the character or timing of any gain on the redemption or sale of units of the specified BMO ETF acquired by BMO TACTIC™ Fund Corporation under the derivative agreement were other than a capital gain on the sale or redemption of such units, or (c) the derivative agreement were a DFA; (ii) BMO TACTIC™ Fund Corporation were not a mutual fund corporation for the purposes of the Tax Act and were found to be a “trader or dealer in securities”; or (iii) a specified BMO ETF were not a mutual fund trust for the purposes of the Tax Act, then the after-tax return of Shareholders could be reduced and BMO TACTIC™ Fund Corporation could be subject to non-refundable income tax which would reduce the value of Shareholders’ investments. In particular, with respect to (c) above, if a derivative agreement entered into by BMO TACTIC™ Fund Corporation were considered to give rise to a DFA, on delivery of the units of the specified BMO ETF to BMO TACTIC™ Fund Corporation by the counterparty, BMO TACTIC™ Fund Corporation would be required to include (deduct) in computing income the amount by which the fair market value of the units of the specified BMO ETF at such time exceeded (was exceeded by) the purchase price of the units except to the extent attributable to revenue, income or cashflow in respect of the specified BMO ETF units over the term of the agreement or changes in the fair market value of the specified BMO ETF units. In such circumstances, the cost of the specified BMO ETF units would be increased (decreased) by the amount included (deductible) in computing income and any capital gain or capital loss on the redemption or sale of the specified BMO ETF units would be determined with respect to such cost.

The suspended loss rules in the Tax Act will prevent BMO TACTIC™ Fund Corporation from recognizing capital losses on the disposition of units of a specified BMO ETF in certain circumstances. In such cases, the denied capital losses will not be available to offset taxable capital gains of BMO TACTIC™ Fund Corporation until a later date, if at all, which may increase the amount of Capital Gains Dividends to be paid to Shareholders.

If the counterparty under a derivative agreement and BMO TACTIC™ Fund Corporation were not considered to deal at arm's length for purposes of the Tax Act when the counterparty delivers units of the BMO ETF to BMO TACTIC™ Fund Corporation and the units would otherwise have a cost greater than the fair market value of such units, the cost of such units will be deemed to be such fair market value and any capital loss of BMO TACTIC™ Fund Corporation that would otherwise result from the subsequent redemption or sale of such units by BMO TACTIC™ Fund Corporation would be denied. Any such denied capital losses would not be available to offset taxable capital gains of BMO TACTIC™ Fund Corporation and BMO TACTIC™ Fund Corporation could potentially be subject to non-refundable income tax.

No advance income tax ruling has been requested or obtained from the CRA regarding the timing or characterization of BMO TACTIC™ Fund Corporation's income, gains or losses.

BMO TACTIC™ Fund Corporation Unable to Flow Out Losses to Shareholders

Losses (or allowable capital losses) of BMO TACTIC™ Fund Corporation cannot be allocated to Shareholders but may be carried forward or back in accordance with the rules and limitations contained in the Tax Act and deducted by BMO TACTIC™ Fund Corporation from income (or taxable capital gains) in future or previous years.

Changes in Legislation

There can be no assurance that tax, securities or other laws will not be changed in a manner that adversely affects BMO TACTIC™ Fund Corporation or its Shareholders.

Portfolio Turnover

The turnover rate of the constituent securities in the portfolio of a BMO ETF to which a TACTIC™ Fund obtains exposure may be significant, potentially involving substantial brokerage commissions and fees and other transaction costs.

Use of Derivative Instruments

The TACTIC™ Funds will use derivative instruments from time to time as described under "Investment Strategies – Use of Derivatives". The TACTIC™ Funds will also have indirect exposure to the use of derivative instruments by the specified BMO ETFs.

The use of derivative instruments involves risks different from, and possibly greater than, the risks associated with investing directly in securities and other traditional investments. Risks associated with the use of derivatives include: (i) there is no guarantee that hedging to reduce risk will not result in a loss or that there will be a gain; (ii) there is no guarantee that a market will exist when a TACTIC™ Fund or its specified BMO ETF wants to complete or settle the derivative contract, which could prevent the TACTIC™ Fund or its specified BMO ETF from reducing a loss or making a profit; (iii) securities exchanges may impose trading limits on options and futures contracts, and these limits may prevent completion or settlement of the derivative contract; (iv) a TACTIC™ Fund or its specified BMO ETF

could experience a loss if the other party to the derivative contract is unable to fulfill its obligations; (v) if a TACTIC™ Fund or its specified BMO ETF has an open position in an option, a futures contract or a forward contract with a dealer who goes bankrupt, the TACTIC™ Fund could experience a loss and, for an open futures or forward contract, a loss of margin deposited with that dealer; and (vi) if a derivative is based on a market index and trading is halted or disrupted on a substantial number of stocks or bonds in the index or there is a change in the composition of the index, there could be an adverse effect on the derivative. In circumstances where there is an interest rate hedge employed, total return on the investment portfolio of the hedging party may be higher with the hedge than without it when interest rates rise significantly, but may be lower when interest rates are stable or decrease. Commodity pools are accorded greater flexibility to invest using derivatives for non-hedging purposes than mutual funds that are not subject to NI 81-104.

Use of Leverage

In accordance with NI 81-104, each TACTIC™ Fund will employ leverage in an amount up to 33¹/₃% of its total assets as at the time of borrowing or incurring other leverage, including through the use of derivatives. The specified BMO ETFs may also employ leverage. There can be no assurance that such a strategy will enhance returns and in fact the leverage employed by a TACTIC™ Fund (or its specified BMO ETF) may reduce returns. If the investments of a TACTIC™ Fund (or its specified BMO ETF) suffer a decrease in value, the leverage component will cause a decrease in the net asset value of such TACTIC™ Fund in excess of that which would otherwise be experienced if no leverage were employed. Leverage creates risks that may adversely affect the return for Shareholders, including:

- (a) the likelihood of greater volatility of net asset value;
- (b) increased operating costs, which may reduce total returns;
- (c) the potential for a decline in the value of an investment acquired through leverage, while the TACTIC™ Fund's obligations under such leverage may remain fixed;
- (d) the TACTIC™ Fund (or its specified BMO ETF) is more likely to have to sell securities in a volatile market in order to meet asset coverage or other debt compliance requirements; and
- (e) when interest rates rise, the cost of employing leverage will also increase, which may reduce total returns.

Cease Trading of Constituent Securities

If constituent securities in the portfolio of a BMO ETF are cease-traded at any time by order of the TSX, Nasdaq, NYSE, a securities regulatory authority or other relevant regulator or stock exchange, the Manager may suspend the exchange or redemption of the TACTIC™ Fund's Shares until such time as the transfer of the securities is permitted by law.

Illiquid Securities

If a TACTIC™ Fund or a BMO ETF to which it is exposed is unable to dispose of some or all of the securities held by it, the TACTIC™ Fund or the BMO ETF, as applicable, may experience a delay in the receipt of the proceeds of disposition until such time as it is able to dispose of such securities or may be able to do so only at prices which may not reflect the fair value of such investments. Likewise, if certain securities are particularly illiquid, the BMO ETF may be unable to acquire the number of securities it would like at a price acceptable to the investment advisor to the BMO ETF on a timely basis.

Reliance on Key Personnel

The Manager and Investment Advisor depend, to a great extent, on the services of a limited number of individuals in connection with the services provided to the TACTIC™ Funds. The loss of such services or the loss of some key individuals could impair the ability of the Manager and Investment Advisor to perform their management, administrative and portfolio advisory services, as applicable, on behalf of the TACTIC™ Funds.

Equity Investment Risk

Equities such as common shares give the holder part ownership in a company. The value of an equity security changes with the fortunes of the company that issued it. General market conditions and the health of the economy as a whole can also affect equity prices. Certain securities may be particularly sensitive to general market movements, which may result in a greater degree of price volatility for such securities and in the NAV of a TACTIC™ Fund that is exposed to such securities under specific market conditions and over time. Equity related securities that provide indirect exposure to the equity securities of an issuer, such as convertible debentures, can also be affected by equity risk.

Asset Class Risk

The constituent securities that make up the portfolio of a BMO ETF may underperform the returns of other securities that track other countries, regions, industries, asset classes or sectors. Various asset classes tend to experience cycles of outperformance and underperformance in comparison to the general securities markets.

Interest Rate Risk

A TACTIC™ Fund that has exposure to fixed income securities, such as bonds and money market instruments, is sensitive to changes in interest rates. In general, when interest rates are rising, the value of these investments tends to fall. When rates are falling, fixed income securities tend to increase in value. Fixed income securities with longer terms to maturity are generally more sensitive to changes in interest rates.

Foreign Investment Risk

A TACTIC™ Fund's exposure to non-Canadian and non-U.S. issuers may expose the TACTIC™ Fund to unique risks compared to investing in securities of Canadian or U.S. issuers, including, among others, greater market volatility than Canadian or U.S. securities and less complete financial information than for Canadian or U.S. issuers. In addition, adverse political, economic or social developments could undermine the value of a TACTIC™ Fund's exposure or prevent a TACTIC™ Fund from realizing the full value of its investments. Finally, the value of the currency of the securities in which a TACTIC™ Fund has exposure could decline relative to the value of the Canadian dollar.

Counterparty Risk

Due to the nature of some of its investments, a TACTIC™ Fund may rely on the ability of the counterparty to the transaction to perform its obligations. If the counterparty fails to complete its obligations, the TACTIC™ Fund will bear the risk of loss of the amount expected to be received under derivatives or other transactions in the event of the default or bankruptcy of a counterparty.

Foreign Markets Risk

The BMO ETF to which a TACTIC™ Fund is exposed may trade commodity futures contracts on commodities exchanges in the U.S. None of the Canadian securities regulatory authorities or Canadian exchanges regulates activities of any foreign markets, including execution, delivery and clearing transactions, or has the power to compel enforcement of the rule of a foreign market or any applicable foreign law. Generally, any foreign transaction will be governed by applicable foreign laws. This is true even if the foreign market is formally linked to a Canadian market so that a position taken on a market may be liquidated by a transaction on another market. Moreover, such laws or regulations will vary depending on the foreign country in which the transaction occurs. For these reasons, entities such as commodity pools that trade futures contracts may not be afforded certain of the protective measures provided by Canadian legislation and the rules of Canadian exchanges. In particular, funds received from customers for transactions may not be provided the same protection as funds received in respect of transactions on Canadian exchanges.

Cybersecurity Risk

With the increased use of technologies such as the Internet to conduct business, the Manager and each of the TACTIC™ Funds (and the BMO ETFs and their service providers) are susceptible to operational, information security, and related risks. Cyber incidents affecting the TACTIC™ Funds, the BMO ETFs and their respective service providers (including, but not limited to, a TACTIC™ Fund's or BMO ETF's investment advisor, sub-advisor(s), transfer agent, custodian and sub-custodians) have the ability to cause disruptions and impact each of their respective business operations, potentially resulting in financial losses, interference with, directly or indirectly, the TACTIC™ Funds' ability to calculate their NAV, impediments to trading, the inability of security holders to transact business with the TACTIC™ Funds and the inability of the TACTIC™ Funds to process transactions including redeeming units, violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs associated with the implementation of any corrective measures. Similar adverse consequences could result from cyber incidents affecting the BMO ETFs to which the TACTIC™ Funds have exposure and counterparties with which the TACTIC™ Funds engage in transactions.

In addition, substantial costs may be incurred to prevent any cyber incidents in the future. While the Manager has established business continuity plans in the event of, and risk management systems to prevent, such cyber incidents, inherent limitations exist in such plans and systems including the possibility that certain risks have not been identified. Furthermore, the Manager and the TACTIC™ Funds cannot control the cyber security plans and systems of the TACTIC™ Funds' service providers, the BMO ETFs to which the TACTIC™ Funds have exposure or any other third parties whose operations may affect the TACTIC™ Funds or their security holders. As a result, the TACTIC™ Funds and their security holders could be negatively affected.

Class Risk

Each TACTIC™ Fund is a mutual fund established as a separate class of shares of a single mutual fund corporation, BMO TACTIC™ Fund Corporation. Each class is a separate TACTIC™ Fund and has a different investment objective. The assets of any class can be used to pay the expenses of another class if necessary. Therefore, expenses of one TACTIC™ Fund may result in the reduction of assets of another TACTIC™ Fund.

Series Risk

Each TACTIC™ Fund issues more than one Series. Each Series has its own fees and expenses, which are tracked separately; however, if a Series cannot meet its financial obligations, the other Series are responsible for making up the difference.

Risk Ratings of the TACTIC™ Funds

The Manager assigns an investment risk rating to each TACTIC™ Fund as an additional guide to help investors decide whether a TACTIC™ Fund is appropriate for them. The methodology that the Manager uses to determine the risk rating of each TACTIC™ Fund is based on the methodology recommended by the IFIC Task Force. The IFIC Task Force concluded that the most comprehensive, easily understood form of risk is the historical volatility of a fund as measured by the standard deviation of its performance. However, the IFIC Task Force recognizes that other types of risk, both measurable and non-measurable, may exist and that historical performance may not be indicative of future returns and a fund's historical volatility may not be indicative of future volatility.

Using this methodology, the Manager will generally assign a risk rating to a TACTIC™ Fund in one of the following categories:

- Low – generally includes money market funds and Canadian fixed income funds.
- Low to medium – generally includes balanced, higher yielding fixed income and asset allocation funds.
- Medium – generally includes equity funds investing in large-capitalization companies in developed markets.
- Medium to high – generally includes equity funds investing in small-capitalization companies or specific regions or sectors.
- High – generally includes equity funds investing in narrow sectors or emerging market countries where there may be substantial risk of loss over short to medium periods.

Using an average annual return of 7% as an example, the IFIC Task Force risk categories can be summarized in the following table:

Risk Rating Categories	Standard Deviations (%)	Average Return (%)	Range of Returns (%)
Low	0 to 6	7	1 to 13
Low to medium	6 to 11	7	-4 to 18
Medium	11 to 16	7	-9 to 23
Medium to high	16 to 20	7	-13 to 27
High	>20	7	< -13 to >27

In certain instances, the methodology set forth above may produce a result that the Manager believes may not be indicative of a TACTIC™ Fund's future volatility. As a result, in addition to using the methodology recommended by the IFIC Task Force, the Manager may take into account other qualitative factors, including, but not limited to, economic climate, portfolio management styles, sector concentration and types of investments made by a TACTIC™ Fund and the liquidity of those investments, in making the final determination of each TACTIC™ Fund's risk rating. The investment risk rating for each

TACTIC™ Fund is reviewed at least annually as well as if there is a material change in a TACTIC™ Fund’s investment objectives or investment strategies.

A copy of the methodology used by the Manager to identify the investment risk levels of the TACTIC™ Funds is available on request, at no cost, by calling toll-free at 1-866-864-7760 (English) or 1-866-529-0017 (French) or by emailing the Manager at admin.dealerservices@bmonb.com.

The risk ratings set forth in the table below do not necessarily correspond to an investor’s risk tolerance assessment. Investors are advised to consult their financial advisor for advice regarding their personal circumstances.

TACTIC™ Fund	Risk Rating
BMO Advantaged S&P/TSX Capped Composite TACTIC™ Fund	Medium to high
BMO Advantaged Equal Weight Banks TACTIC™ Fund	Medium to high
BMO Advantaged Equal Weight Oil & Gas TACTIC™ Fund	Medium to high
BMO Advantaged Laddered Preferred Share TACTIC™ Fund	Medium to high

DISTRIBUTION POLICY

The TACTIC™ Funds will not pay regular cash dividends or other distributions. The Board of Directors of BMO TACTIC™ Fund Corporation intends to declare and pay sufficient dividends annually in order to recover all refunds of refundable taxes to which BMO TACTIC™ Fund Corporation is entitled. Such dividends may be paid in the form of additional Shares and/or cash. The Board of Directors of BMO TACTIC™ Fund Corporation may declare and pay additional dividends in its discretion..

Systematic Withdrawal Plan

Shareholders will also be able to elect to systematically withdraw Shares by redeeming a specific dollar amount (in integral amounts of \$100 weekly, semi-monthly, monthly, quarterly, semi-annually or annually, depending on the kind of account such Shareholder has) in respect of each next scheduled investment date subsequent to such election. Shareholders who wish to set up a withdrawal plan must notify their broker, dealer or investment advisor sufficiently in advance of the next scheduled investment date such that the broker, dealer or investment advisor is able to provide at least four Business Days’ notice to the Manager prior to the applicable next scheduled investment date to set up the regular withdrawal plan. Shareholders who wish to set up a systematic withdrawal plan with the Manager should speak with their broker, dealer or investment advisor for further details. If a Shareholder makes withdrawals under a systematic withdrawal plan which are more than the increase in value of the original investment, the value of the original investment will decrease and may eventually be depleted.

PURCHASES OF SHARES

Investors and their investment professional, if applicable, must determine which TACTIC™ Fund or Series of Shares of a TACTIC™ Fund is appropriate to invest in. Different Series may have different minimum investment levels and may require investors to pay different fees. The choice of purchase option requires investors to pay different fees and expenses and affects the amount of compensation received by an investor’s dealer. See “Fees and Expenses”.

Continuous Distribution

Shares of the TACTIC™ Funds are being issued and distributed on a continuous basis and there is no maximum number of Shares that may be issued.

Issuance of Shares

In accordance with exemptive relief which the Manager has obtained effective April 6, 2017, the Manager will seed each TACTIC™ Fund by investing at least \$150,000 in the TACTIC™ Fund before filing a final version of this prospectus and will only redeem such amount once the TACTIC™ Fund has received and accepted subscriptions aggregating not less than \$500,000 from investors other than persons or companies related to the Manager or its affiliates.

Series A Shares

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

Series D Shares

Series D Shares are available to investors who have an account with a discount brokerage.

If a Shareholder ceases to be eligible to hold Series D Shares of a TACTIC™ Fund, the Manager may convert a Shareholder's Series D Shares into Series A Shares of the TACTIC™ Fund after providing the Shareholder with 5 days' notice, unless the Shareholder notifies the Manager during the notice period and the Manager agrees that such Shareholder is once again eligible to hold Series D Shares.

Series F Shares

Series F Shares are available to investors who have fee based accounts with their dealer. The Manager has designed the Series F Shares to offer investors an alternative means of paying their dealer for investment advice and other services. Instead of paying sales charges, investors buying Series F Shares pay fees to their dealer for investment advice and other services. The Manager does not pay any commissions to dealers in respect of the Series F Shares.

If a Shareholder ceases to be eligible to hold Series F Shares of a TACTIC™ Fund, the Manager may convert a Shareholder's Series F Shares into Series A Shares of the TACTIC™ Fund after providing the Shareholder with 5 days' notice, unless the Shareholder notifies the Manager during the notice period and the Manager agrees that such Shareholder is once again eligible to hold Series F Shares.

Series I Shares

Series I Shares are available to institutional investors or to other investors on a case-by-case basis, at the Manager's discretion. The Manager does not pay any commissions to dealers in respect of the Series I Shares. If a Shareholder ceases to be eligible to hold Series I Shares of a TACTIC™ Fund, the Manager may convert a Shareholder's Series I Shares into Series A Shares of the TACTIC™ Fund after providing the Shareholder with 5 days' notice, unless the Shareholder notifies the Manager during the notice period and the Manager agrees that the Shareholder is once again eligible to hold Series I Shares.

Initial Investment

An investment in Shares of a TACTIC™ Fund requires an investor to invest and maintain a minimum balance. The table below outlines the minimums along with the minimum requirements for additional investments and pre-authorized purchase plans of Series A Shares, Series D Shares and Series F Shares. Any minimum amounts for Series I Shares are determined on a contractual basis.

Series	Minimum Balance	Minimum Additional Investments/Pre-authorized purchase plans ⁽¹⁾⁽²⁾
A	\$500	\$100
D	\$500	\$100
F	\$500	\$100

Notes:

- (1) Investors purchasing through dealers may be subject to higher minimum initial or additional investment amounts.
- (2) Minimums are per transaction.

The Manager obtained relief from the Canadian securities regulatory authorities from certain restrictions relating to the “seed capital” investment in a commodity pool so as to relieve the Manager from the requirements to (i) invest at least \$50,000 in securities of each TACTIC™ Fund, as required under paragraph 3.2(1)(a) of NI 81-104; and (ii) maintain the investment in each TACTIC™ Fund at all times, as required under paragraph 3.2(2)(a) of NI 81-104. See “Exemptions and Approvals”.

Redemption of Shares

If the value of a Shareholder’s investment in a TACTIC™ Fund falls below the minimum amount as determined by the Manager from time to time, the Manager may redeem all the Shares of such TACTIC™ Fund in such Shareholder’s account. If, as a result of market fluctuation, the value of a Shareholder’s Share falls below the minimum balance, the Manager may redeem them after giving 10 days’ notice. If, as a result of a partial redemption, the value of a Shareholder’s remaining holding falls below the minimum balance, the Manager may redeem such remaining holding immediately and without prior notice to the Shareholder. The Manager may change the minimum amounts at any time without notice.

Where a Shareholder is or becomes a citizen or resident of the U.S. or a resident of any other foreign country, the Manager may require such Shareholder to redeem its Shares, if its participation has the potential to cause adverse regulatory or tax consequences for BMO TACTIC™ Fund Corporation, a TACTIC™ Fund or other Shareholders of the TACTIC™ Fund. The Manager may redeem a Shareholder’s Shares if it is permitted or required to do so, including in connection with the termination of the TACTIC™ Fund, in accordance with applicable law. If the Manager redeems a Shareholder’s Shares the effect will be the same as if the Shareholder initiated the transaction. The Manager will not give the Shareholder or the Shareholder’s dealer notice prior to taking any action.

Additional Considerations

For the Manager to act on an order to buy or redeem Shares, the branch, telephone salesperson or dealer must send the order to the Manager on the same day it is received and assume all associated costs.

When an investor places its order through a financial advisor, the financial advisor will forward the order to the Manager. If the Manager receives an order for Shares before 4:00 p.m. (Toronto time) or such other time as indicated on the website for the TACTIC™ Funds (the “**order cut-off time**”), the investor’s order will be processed using that day’s NAV. The Manager will only process an order if it is delivered by an investor in good order. A separate NAV per Share is calculated for each Series. If the Manager receives an order from an investor after the order cut-off time, the investor’s order will be processed using the next Business Day’s NAV. A dealer may establish earlier order cut-off times. Investors should check with their dealer for details.

If the Manager does not receive payment in full, it will cancel an investor's order and redeem the Shares, as applicable. If the Manager redeems the Shares for more than the value for which they were issued, the difference will go to the applicable TACTIC™ Fund. If the Manager redeems the Shares for less than the value for which they were issued, the Manager will pay the difference to the TACTIC™ Fund and collect this amount, plus the cost of doing so, from such investor's dealer. Investors may be required to reimburse their dealers for the amount paid if their dealer suffers a loss as a result.

The Manager has the right to refuse any order to buy Shares. The Manager must do so within one Business Day from the time it receives the order. If the Manager refuses an investor's order to buy, it will immediately return, without payment of any interest thereon, any monies it received with the investor's order.

REDEMPTION AND CONVERSION OF SHARES

Redemption of Shares for Cash

Shareholders may surrender their Shares at any time for redemption for cash on any Valuation Date at a redemption price per Share equal to the NAV per Share of the applicable Series of the TACTIC™ Fund on such Valuation Date.

In order for a cash redemption in respect of Shares to be effective on a Valuation Date, a cash redemption request must be delivered to the Manager before 4:00 p.m. (Toronto time) or such other cut-off time as specified by the Manager on the Valuation Date (or such other time on such Valuation Date as the Manager may permit). If a cash redemption request is not received by the delivery deadline noted immediately above on a Valuation Date, the cash redemption request will be effective on the next Valuation Date. Payment of the redemption price will be made by no later than the second Business Day after the effective day of the redemption (or such shorter period as may be determined by the Manager in response to changes in applicable laws or general changes to settlement procedures in applicable markets). Shareholders should check with their dealer as some dealers may establish an earlier cut-off time.

Suspension of Redemption

The Manager may suspend the redemption of Shares or payment of redemption proceeds of a TACTIC™ Fund: (i) during any period when normal trading is suspended on a stock exchange or other market on which securities owned by the TACTIC™ Fund are listed and traded, or to which it is exposed, if these securities represent more than 50% by value or underlying market exposure of the total assets of the TACTIC™ Fund, without allowance for liabilities, and if these securities are not traded on any other exchange that represents a reasonably practical alternative for the TACTIC™ Fund; or (ii) with the prior permission of the securities regulatory authorities, for any period not exceeding 30 days during which the Manager determines that conditions exist that render impractical the sale of assets of the TACTIC™ Fund or that impair the ability of the Valuation Agent to determine the value of the assets of the TACTIC™ Fund. The suspension may apply to all requests for redemption received prior to the suspension but as to which payment has not been made, as well as to all requests received while the suspension is in effect. All Shareholders making such requests shall be advised by the Manager of the suspension and that the redemption will be effected at a price determined on the first Valuation Date following the termination of the suspension. All such Shareholders shall have and shall be advised that they have the right to withdraw their requests for redemption. The suspension shall terminate in any event on the first day on which the condition giving rise to the suspension has ceased to exist, provided that no other condition under which a suspension is authorized then exists. To the extent not inconsistent with official rules and regulations

promulgated by any government body having jurisdiction over the TACTIC™ Fund, any declaration of suspension made by the Manager shall be conclusive.

Conversion of Shares into another Series of the same TACTIC™ Fund

Shareholders may convert Shares of any Series into Shares of any other Series of the same TACTIC™ Fund if they are eligible to hold Shares of such other Series. Shareholders may not convert Shares of a TACTIC™ Fund to Shares of another TACTIC™ Fund.

Short-Term Redemptions

If a Shareholder redeems Shares within 90 days of purchasing such Shares, the Manager may charge a short-term redemption fee on behalf of the TACTIC™ Fund of up to 1% of the value of such Shares in circumstances where it determines that the transaction activity represents market timing or excessive short-term trading. No short-term redemption fees are charged on redemptions made under a systematic withdrawal plan or redemptions that may occur when an investor fails to meet the minimum investment amount.

This fee will be paid directly to, and retained by, the applicable TACTIC™ Fund. While this fee generally will be paid out of the redemption proceeds of the applicable Shares, the Manager retains the right to redeem other Shares without further notice to pay this fee. The Manager may, in its sole discretion, decide which Shares will be redeemed in such manner. In all cases, the investor will be responsible for any costs and expenses, as well as any tax consequences, resulting from the collection of this fee. The Manager may waive this fee at any time.

See “Fee and Expenses – Fees and Expenses Payable Directly by the Holder of Shares – Short-Term Redemption Fees”.

INCOME TAX CONSIDERATIONS

In the opinion of McCarthy Tétrault LLP, the following is, as of the date hereof, a summary of the principal Canadian federal income tax considerations under the Tax Act generally applicable to the acquisition, holding and disposition of Shares of a TACTIC™ Fund by a Shareholder who acquires such Shares pursuant to this prospectus. This summary only applies to a prospective Shareholder of a TACTIC™ Fund who is an individual (other than a trust) resident in Canada for purposes of the Tax Act, who deals at arm’s length with BMO TACTIC™ Fund Corporation and is not affiliated with BMO TACTIC™ Fund Corporation, and who holds Shares of the TACTIC™ Fund as capital property (a “**Holder**”).

Generally, Shares will be considered to be capital property to a Shareholder provided that the Shareholder does not hold such Shares in the course of carrying on a business of buying and selling securities and has not acquired them in one or more transactions considered to be an adventure or concern in the nature of trade. Certain Shareholders who might not otherwise be considered to hold Shares as capital property may, in certain circumstances, be entitled to have such Shares and all other “Canadian securities” owned or subsequently acquired by them treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act. This summary does not apply to a Holder who has entered or will enter into a “derivative forward agreement” as that term is defined in the Tax Act with respect to the Shares.

This summary is based on the facts described herein, the current provisions of the Tax Act, counsel’s understanding of the current administrative policies and assessing practices of the CRA published in writing prior to the date hereof and a certificate of the Manager. It also takes into account all specific

proposals to amend the Tax Act and regulations thereunder publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the “**Tax Proposals**”) and assumes that the Tax Proposals will be enacted as proposed. This summary does not otherwise take into account or anticipate any changes in law, whether by legislative, governmental or judicial action, nor does it take into account other federal or any provincial, territorial or foreign income tax legislation or considerations. There can be no assurance that the Tax Proposals will be enacted in the form proposed or at all.

This summary is not exhaustive of all possible Canadian federal income tax considerations applicable to an investment in Shares. This summary does not address the deductibility of interest on any funds borrowed by a Holder to purchase Shares. The income and other tax consequences of investing in Shares will vary depending on an investor’s particular circumstances including the province or territory in which the investor resides or carries on business. Accordingly, this summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any Holder. Prospective investors should consult their own tax advisors with respect to the income tax consequences to them of an acquisition of Shares based on their particular circumstances.

Status of the TACTIC™ Funds

This summary is based on the assumption that BMO TACTIC™ Fund Corporation will qualify at all times as a “mutual fund corporation” and a “financial intermediary corporation”, each as defined for the purposes of the Tax Act. BMO TACTIC™ Fund Corporation will not qualify as an “investment corporation” under the Tax Act.

To qualify as a mutual fund corporation, (i) BMO TACTIC™ Fund Corporation must be a “Canadian corporation” that is a “public corporation” for purposes of the Tax Act; (ii) its only undertaking must be the investing of its funds in property (other than real property or interests in real property); and (iii) at least 95% of the fair market value of all of the issued shares of its capital stock must be attributable to shares whose conditions require it to accept, at the demand of the holder of such shares and at prices determined and payable in accordance with the share conditions, the surrender of the shares (or fractions or part thereof) that are fully paid. In order to qualify as a public corporation, BMO TACTIC™ Fund Corporation must comply with certain minimum requirements respecting the ownership and dispersal of Shares of a particular class and series of shares (the “**Minimum Distribution Requirement**”). In this connection, (i) BMO TACTIC™ Fund Corporation’s undertaking conforms with the restrictions for a mutual fund corporation, (ii) the Manager has advised counsel it has no reason to believe that BMO TACTIC™ Fund Corporation will not comply with the Minimum Distribution Requirement at a time (“**Qualification Time**”) before the time it is required to file its tax return for its first taxation year such that it may elect to be deemed to have qualified as a public corporation from its incorporation in 2018 until the Qualification Time, and (iii) the Manager has no reason to believe that BMO TACTIC™ Fund Corporation will not at all material times qualify as a mutual fund corporation.

If BMO TACTIC™ Fund Corporation were not to qualify as a mutual fund corporation at all times, the income tax considerations as described below would in some respects be materially and adversely different.

Taxation of BMO TACTIC™ Fund Corporation

Although BMO TACTIC™ Fund Corporation is comprised of several TACTIC™ Funds, BMO TACTIC™ Fund Corporation computes its income for tax purposes as a single entity. The amount and type of dividends and other distributions to be paid to investors in respect of a TACTIC™ Fund will likely differ from the amount and type of dividends and other distributions that would be paid to an investor in a mutual fund with the same investment strategy but that did not have a multi-class corporate

structure. For example, if a TACTIC™ Fund had a net realized capital loss, that loss may be applied to reduce the net realized capital gains of BMO TACTIC™ Fund Corporation as a whole. This could benefit investors that have invested in other TACTIC™ Funds since BMO TACTIC™ Fund Corporation would be required to declare smaller Capital Gains Dividends to eliminate its net tax liability (thereby resulting in a lower tax liability for investors in the other TACTIC™ Funds).

All income of BMO TACTIC™ Fund Corporation, including taxable capital gains (net of allowable capital losses) realized by BMO TACTIC™ Fund Corporation, will be subject to tax at normal corporate rates. Taxes payable by BMO TACTIC™ Fund Corporation on net realized capital gains for taxation years throughout which it is a mutual fund corporation will be refundable on a formula basis when Shares are redeemed or when BMO TACTIC™ Fund Corporation pays dividends which it elects to pay out of realized but undistributed capital gains (“**Capital Gains Dividends**”). As a mutual fund corporation, BMO TACTIC™ Fund Corporation is entitled to maintain a Capital Gains Dividend account in respect of its realized net capital gains and from which it may elect to pay Capital Gains Dividends which are treated as capital gains in the hands of the Shareholders (see “Taxation of Shareholders” below). BMO TACTIC™ Fund Corporation will generally be subject to a tax of 38¹/₃% under Part IV of the Tax Act on any taxable dividends received from taxable Canadian corporations, which tax will be refunded when sufficient taxable dividends (other than Capital Gains Dividends)(“**Ordinary Dividends**”), are paid by BMO TACTIC™ Fund Corporation to Shareholders. Taxes payable by BMO TACTIC™ Fund Corporation on income from other sources (such as interest and foreign income) are not refundable.

Provided BMO TACTIC™ Fund Corporation qualifies as a “financial intermediary corporation”, BMO TACTIC™ Fund Corporation should not be subject to tax under Part IV.1 of the Tax Act on dividends received by it and will not generally be liable to tax under Part VI.1 of the Tax Act on dividends paid by it on “taxable preferred shares” (as defined in the Tax Act).

The Manager has advised counsel that BMO TACTIC™ Fund Corporation will elect pursuant to subsection 39(4) of the Tax Act that all “Canadian securities”, as defined in the Tax Act, be treated as capital property to it (the “**39(4) Election**”). The 39(4) Election ensures that gains or losses realized by BMO TACTIC™ Fund Corporation on the disposition of Canadian securities (which include units of a mutual fund trust such as a specified BMO ETF) are treated as capital gains or capital losses.

Each TACTIC™ Fund will utilize an investment strategy whereby it enters into derivative agreements pursuant to which it will agree to acquire from the relevant counterparty units of the specified BMO ETF at a specified future date at a price equal to the price of such units at the date the derivative agreement is entered into. In determining its income for tax purposes, BMO TACTIC™ Fund Corporation will not treat the acquisition of units of the specified BMO ETF under a derivative agreement as a taxable event and will treat the cost of the units of the specified BMO ETF so acquired as being the portion of the purchase price payable under the derivative agreement attributable to such units of the specified BMO ETF. Depending on the value of the units of the specified BMO ETF at the time they are acquired, such units may therefore have an accrued gain or loss. BMO TACTIC™ Fund Corporation will redeem or sell such units and will realize such accrued gain or, subject to the suspended loss rules, accrued loss, which BMO TACTIC™ Fund Corporation will, by virtue of the 39(4) Election, treat as a capital gain or a capital loss.

The suspended loss rules in the Tax Act will prevent BMO TACTIC™ Fund Corporation from recognizing capital losses on the disposition of units of the specified BMO ETF in certain circumstances. In such cases, the denied capital losses will not be available to offset taxable capital gains of BMO TACTIC™ Fund Corporation until a later date, if at all, which may increase the amount of net realized capital gains of TACTIC™ Fund to be distributed as Capital Gains Dividends.

BMO TACTIC™ Fund Corporation may enter into transactions denominated in currencies other than the Canadian dollar. The cost and proceeds of disposition of securities, dividends, and all other amounts will be determined for the purposes of the Tax Act in Canadian dollars using the appropriate exchange rates determined in accordance with the detailed rules in the Tax Act in that regard. The amount of income, gains and losses realized by BMO TACTIC™ Fund Corporation may be affected by fluctuations in the value of other currencies relative to the Canadian dollar.

BMO TACTIC™ Fund Corporation will be entitled to deduct an amount equal to the reasonable expenses that it incurs in the course of issuing Shares. Such issue expenses paid by BMO TACTIC™ Fund Corporation and not reimbursed will be deductible by BMO TACTIC™ Fund Corporation rateably over a five-year period subject to reduction in any taxation year which is less than 365 days. In computing its income under the Tax Act, BMO TACTIC™ Fund Corporation may deduct reasonable administrative and other expenses incurred to earn income.

Losses of BMO TACTIC™ Fund Corporation cannot be allocated to Shareholders but may be carried forward or back in accordance with the rules and limitations contained in the Tax Act and deducted by BMO TACTIC™ Fund Corporation in future or previous years.

The Manager has advised counsel that, based upon its understanding of the character and amounts of the income and capital gains to be earned or realized by BMO TACTIC™ Fund Corporation, and taking into account amounts expected to be deductible in computing the income of BMO TACTIC™ Fund Corporation, it expects the taxable income earned by BMO TACTIC™ Fund Corporation to be predominantly in the form of net capital gains and does not expect BMO TACTIC™ Fund Corporation to be subject to material non-refundable Canadian income taxes.

Taxation of Holders

The amount of any Capital Gains Dividend received by a Holder from BMO TACTIC™ Fund Corporation will generally be considered to be a capital gain of the Holder from the disposition of capital property in the taxation year of the Holder in which the Capital Gains Dividend is received.

Ordinary Dividends received by a Holder from BMO TACTIC™ Fund Corporation will be subject to the gross-up and dividend tax credit rules normally applicable to taxable dividends received from taxable Canadian corporations under the Tax Act. An enhanced gross-up and dividend tax credit is available in respect of Ordinary Dividends that are designated as “eligible dividends” by BMO TACTIC™ Fund Corporation.

The amount of any payment received by a Holder from BMO TACTIC™ Fund Corporation as a reduction of paid-up capital on Shares will not be required to be included in computing income. Instead, such amount will reduce the adjusted cost base of such Shares to the Holder. To the extent that the adjusted cost base to the Holder of the Shares would otherwise be a negative amount, the Holder will be considered to have realized a capital gain at that time equal to the negative amount and the adjusted cost base of such Shares will be increased to nil.

Management fee rebates received by a Holder must be included in income. Holders should consult their own tax advisors regarding any negotiated fees paid by them to the Manager in relation to Series I Shares.

For the purposes of determining the adjusted cost base to a Holder, when a Share is acquired, the cost of the newly acquired Share will be averaged with the adjusted cost base of all of identical Shares owned by such Holder as capital property immediately before that time. If a dividend is paid in Shares, the cost of such Shares acquired by a Holder will be equal to the amount of the dividend. A separate adjusted cost base calculation is required for each Series of Shares of a TACTIC™ Fund.

On the disposition or deemed disposition of a Share, including a redemption, the Holder will generally realize a capital gain (or capital loss) to the extent that the Holder's proceeds of disposition exceed (or are less than) the aggregate of the adjusted cost base of the Share and any reasonable costs of disposition. One-half of any capital gain (a "taxable capital gain") realized on the disposition of Shares will be included in the Holder's income and one-half of any capital loss (an "allowable capital loss") realized must be deducted from taxable capital gains of the Holder for the year. Allowable capital losses for a taxation year in excess of taxable capital gains may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against taxable capital gains in accordance with the detailed provisions of the Tax Act.

A conversion of Shares of a Series of a TACTIC™ Fund into Shares of another Series of the same TACTIC™ Fund will not be a disposition of the Shares so converted and the cost to the Holder of the new Shares will be equal to the adjusted cost base of the Shares so converted.

In general terms, individuals (other than certain trusts) who realize net capital gains or receive Capital Gains Dividends or Ordinary Dividends from BMO TACTIC™ Fund Corporation may be subject to an alternative minimum tax under the Tax Act.

Taxation of Registered Plans

Provided that BMO TACTIC™ Fund Corporation qualifies as a mutual fund corporation at a particular time, Shares will be qualified investments under the Tax Act for a trust governed by a Registered Plan at such time.

Notwithstanding the foregoing, Shares may be "prohibited investments" for an RRSP, RRIF, TFSA, RDSP or RESP even if the Shares are a qualified investment. Shares will generally not be a prohibited investment for an RRSP, RRIF, TFSA, RDSP or RESP of a planholder unless the planholder does not deal at arm's-length with BMO TACTIC™ Fund Corporation for purposes of the Tax Act or has significant interest (within the meaning of the Tax Act) in the BMO TACTIC™ Fund Corporation and the Shares are not "excluded property" as defined in the Tax Act.

Amounts received by a Registered Plan from BMO TACTIC™ Fund Corporation and capital gains realized by a Registered Plan on a disposition of a Share are generally not taxable under the Tax Act. However, amounts withdrawn from a Registered Plan (other than a return of contributions from a RESP or portions of certain payments made from a trust governed by a RDSP) will generally be subject to tax. Withdrawals from a TFSA are generally not subject to tax.

Tax Implications of BMO TACTIC™ Fund Corporation's Distribution Policy

When a Holder purchases Shares, a portion of the price paid may reflect income or capital gains accrued or realized before the Holder acquired such Shares. When these amounts are payable to such Holder as dividends, they must be included in the Holder's income for tax purposes subject to the provisions of the Tax Act, even though BMO TACTIC™ Fund Corporation earned or accrued these amounts before the Holder owned the Share.

INTERNATIONAL INFORMATION REPORTING

There are due diligence and reporting obligations in the Tax Act which were enacted to implement the Canada-United States Enhanced Tax Information Exchange Agreement. Certain Shareholders (individuals and certain entities) may be requested to provide information to BMO TACTIC™ Fund Corporation or their registered dealer relating to their citizenship, residency and, if applicable, a U.S. federal tax identification number or such information relating to controlling persons in the case of certain entities. If

a Shareholder is a U.S. person (including a U.S. citizen) or if a Shareholder does not provide the requested information, Part XVIII of the Tax Act generally requires information about the Shareholder's investments to be reported to the CRA, unless the investments are held within a Registered Plan. The CRA is expected to provide that information to the U.S. Internal Revenue Service.

There are also due diligence and reporting obligations included in the Tax Act that implement the OECD Common Reporting Standard ("CRS") which provides for the implementation of the automatic exchange of tax information applicable to residents of certain countries other than Canada or the United States. Shareholders will be required to provide certain information including their tax identification numbers for the purpose of such information exchange unless their investment is held within a Registered Plan. The CRA is expected to provide that information to countries that are party to the CRS.

BMO TACTIC™ Fund Corporation will provide information to the CRA in respect of its Shareholders in accordance with the Tax Act.

ORGANIZATION AND MANAGEMENT DETAILS OF THE TACTIC FUNDS

Officers and Directors of the BMO TACTIC™ Fund Corporation

The board of directors of BMO TACTIC™ Fund Corporation is responsible for the general oversight of the affairs of the BMO TACTIC™ Fund Corporation. The directors and executive officers of BMO TACTIC™ Fund Corporation are as follows:

<u>Name and Municipality of Residence</u>	<u>Position with the BMO TACTIC™ Fund Corporation</u>	<u>Principal Occupation for Past 5 Years</u>
ROBIN TESSIER* Toronto, Ontario	Chief Executive Officer and Director since July 11, 2018.	Managing Director, Global Structured Products, BMO Capital Markets
ANOOP DOGRA Toronto, Ontario	Chief Operating Officer and Director since July 11, 2018.	Director, Global Structured Products, BMO Capital Markets
DOUGLAS L. DERRY* Caledon, Ontario	Director since July 11, 2018.	Chairman, Poplar Lane Holdings Ltd.
MICHAEL ROSEN Toronto, Ontario	Director since July 11, 2018.	Managing Director, Global Structured Products, BMO Capital Markets
THOMAS PIPPY* Mississauga, Ontario	Director since July 11, 2018.	Professor, Faculty of Business, Conestoga College
ROBERT SCHAUER Toronto, Ontario	Chief Financial Officer.	Chief Financial Officer, BMO Mutual Funds

*Member of the Audit Committee.

The independent directors of BMO TACTIC™ Fund Corporation are entitled to be compensated by the BMO TACTIC™ Fund Corporation in appropriate circumstances.

Manager

The Manager is the manager and promoter of the TACTIC™ Funds. The Manager will perform or arrange for the performance of management services for the TACTIC™ Funds, will be responsible for the administration of the TACTIC™ Funds and will act as the investment fund manager of the TACTIC™ Funds pursuant to the Management Agreement except that, as described below, certain functions are

performed exclusively by the Investment Adviser. The Manager will be entitled to receive fees as compensation for its services rendered to the TACTIC™ Funds. The principal office of the Manager is located at 1 First Canadian Place, 100 King Street West, 3rd Floor Podium, and P.O. Box 150, Toronto, Ontario, M5X 1H3. See “Duties and Services to be Provided by the Manager” below and “Fees and Expenses”.

Directors and Certain Executive Officers of the Manager

The name and municipality of residence of the directors and certain executive officers of the Manager and their principal occupations are as follows:

<u>Name and Municipality of Residence</u>	<u>Position with the Manager and Principal Occupation</u>
PATRICK CRONIN Toronto, Ontario	Director, Deputy Chairman, Chief Executive Officer and President of the Manager and Group Head, BMO Capital Markets (Ultimate Designated Person for Capital Markets)
PETER HINMAN ⁽¹⁾ Toronto, Ontario	Director of the Manager and Chief Financial Officer of BMO Capital Markets
B. ROBERT MARKOVSKI ⁽²⁾ Toronto, Ontario	Chief Financial Officer and Managing Director of the Manager
L. JACQUES MÉNARD ⁽³⁾ Montreal, Québec	Director and Deputy Chairperson of the Manager and President Emeritus, BMO Financial Group, Québec
GILLES OUELLETTE ⁽⁴⁾ Toronto, Ontario	Director and Chairperson of the Manager and Group Head, Asset Management and Vice Chair, International, BMO Financial Group
CHARYL GALPIN ⁽⁵⁾ Toronto, Ontario	Director of the Manager, and Chief Regulatory Officer, Wealth Management
R. LUCAS SEABROOK ⁽⁶⁾ Toronto, Ontario	Director of the Manager and Global Head, Enterprise Initiatives, Infrastructure and Innovation, Bank of Montreal
SILVIO STROESCU ⁽⁷⁾ Stouffville, Ontario	Director of the Manager and President, BMO InvestorLine & Head, Direct Investing
LOUISE HAMEL ⁽⁸⁾ Toronto, Ontario	Chief Compliance Officer, Private Client Division
ANDREW AUERBACH ⁽⁹⁾ Toronto, Ontario	Director of the Manager and Head, Private Client Division and Ultimate Designated Person for Private Client Division
DAVID MOORE ⁽¹⁰⁾ Toronto, Ontario	Chief Compliance Officer, Capital Markets
CHRIS TAVES ⁽¹¹⁾ Mississauga, Ontario	Chief Operating Officer, Capital Markets

- (1) Appointed Director effective March 27, 2017. Chief Financial Officer up to and including January 31, 2017.
- (2) Appointed Chief Financial Officer effective February 1, 2017. Previously Senior Vice-President of the Manager.
- (3) Resigned as Chairman and appointed as Deputy Chairperson effective March 27, 2017.
- (4) Resigned as Deputy Chairman and appointed as Chairperson effective March 27, 2017.
- (5) Resigned as Executive Vice President, Managing Director and Head, Private Client Division of the Manager effective September 5, 2017.

- (6) Appointed Director of the Manager effective March 27, 2017 subject to regulatory approval.
- (7) Appointed Director effective March 27, 2017.
- (8) Appointed Chief Compliance Officer, Private Client Division of the Manager effective June 28, 2017.
- (9) Appointed effective February 1, 2018.
- (10) Appointed effective March 27, 2018.
- (11) Appointed effective March 27, 2018.

Each of the foregoing individuals except for Mr. Stroescu and Ms. Hamel has held his or her current office or has held a senior position with the Manager or an affiliate of the Manager during the five years preceding the date hereof.

From September 2010 to March 2013, Mr. Stroescu was Vice President, Investments at ING Direct Funds Limited and ING Direct Asset Management Limited. From March 2013 to October 2016, he was Vice President of Deposits at Tangerine Bank and Vice President of Investments Tangerine Investment Funds Limited and Tangerine Asset Management Inc. (previously, ING Direct Funds Limited and ING Direct Asset Management). As of October 2014 he was nominated President and CEO of Tangerine Investment Funds Limited and Tangerine Investment Management Inc. In October 2016, he became President, BMO InvestorLine Inc.

From November 2012 to August 2015, Ms. Hamel was Associate Vice-President, Compliance, in NA Direct Channels & Insurance at TD Bank Group. From August 2015 to October 2015, she was AVP Central Compliance at TD Bank Group. From October 2015 to May 2017, she was Chief Compliance Officer & Associate Vice-President, Compliance, in Wealth Compliance at TD Bank Group. In June 2017, she became Chief Compliance Officer, Private Client Division, of the Manager.

Duties and Services to be Provided by the Manager

Pursuant to the Management Agreement, the Manager is responsible for providing, or arranging for the provision of, managerial, administrative and compliance services to the TACTIC™ Funds including engaging the Investment Advisor. Administrative services include, without limitation: authorizing the payment of operating expenses incurred on behalf of the TACTIC™ Funds; preparing financial statements and financial and accounting information as required by the TACTIC™ Funds; ensuring that Shareholders are provided with financial statements (including interim and annual financial statements) and other reports as are required by applicable law from time to time; ensuring that the TACTIC™ Funds comply with regulatory requirements; preparing the TACTIC™ Funds' reports to Shareholders and the Canadian securities regulatory authorities; determining the amount of any distributions to be made by the TACTIC™ Funds; negotiating contractual agreements with third party providers of services, including custodians, registrars, fund accountants, auditors and printers; and arranging for any payment required on or about the date of termination of the TACTIC™ Funds.

The Manager will be required to exercise its powers and discharge its duties as manager of the TACTIC™ Funds honestly, in good faith and in the best interests of the TACTIC™ Funds and the Shareholders, and, in connection therewith, to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in similar circumstances.

The Manager may resign as manager of the TACTIC™ Funds upon no less than 30 days' notice to the Shareholders. The Manager will be deemed to have resigned if it (i) has lost any registration, licence or other authorization or cannot rely on an exemption therefrom required by it to perform its services under the Management Agreement; or (ii) ceases to carry out its functions of managing the TACTIC™ Funds in Canada. If the Manager resigns it may appoint its successor but, unless its successor is an affiliate of the Manager, its successor must be approved by the Shareholders. If the Manager is in material default of its obligations under the Management Agreement and such default has not been cured within 30 days after

notice of same has been given to the Manager, the Shareholders may remove the Manager and appoint a successor manager.

The Manager will be entitled to fees for its services as Manager as described under “Fees and Expenses” and will be reimbursed for all reasonable costs and expenses incurred by it on behalf of the TACTIC™ Funds. In addition, the Manager and each of its directors, officers, employees and agents will be indemnified by the TACTIC™ Funds for all liabilities, costs and expenses incurred in connection with any action, suit or proceeding that is proposed or commenced or other claim that is made against the Manager or any of its officers, directors, employees or agents in the exercise of its duties as manager of the TACTIC™ Funds, if they do not result from the Manager’s willful misconduct, bad faith, negligence or breach of its standard of care described above.

The administration and management services of the Manager are not exclusive and nothing in the Management Agreement prevents the Manager from providing similar administrative and management services to other investment funds and other clients (whether or not their investment objectives and strategies are similar to those of the TACTIC™ Funds) or from engaging in other activities.

The Investment Advisor

Faircourt Asset Management Inc., a corporation organized under the laws of Canada, with its registered office at 110 Yonge Street, Suite 501, Toronto, Ontario, M5C 1T4, has been retained by the Manager, on behalf of the TACTIC™ Funds, as Investment Advisor to provide investment advisory services to the TACTIC™ Funds pursuant to the Investment Advisory Agreement.

Investment advisory services will initially be provided to the TACTIC™ Funds by a portfolio management team consisting of Charles Taerk and Douglas Waterson. The members of the portfolio management team have distinct and complementary skills and professional experience managing derivative strategies. Biographical information regarding each member of the portfolio management team is set forth below.

Key Personnel of the Investment Advisor

The team that will be primarily responsible for the portfolio of each TACTIC™ Fund includes the following personnel:

<u>Name and Municipality of Residence</u>	<u>Position with the Investment Advisor</u>	<u>Years with the Investment Advisor</u>	<u>Business Experience (past 5 years)</u>
CHARLES TAERK Toronto, Ontario	President and Chief Executive Officer	15 years	President and Chief Executive Officer, Faircourt Asset Management Inc.
DOUGLAS WATERSON Toronto, Ontario	CFO & Portfolio Manager	15 years	CFO & Portfolio Manager, Faircourt Asset Management Inc.

Details of the Investment Advisory Agreement

Pursuant to the Investment Advisory Agreement, the Investment Advisor will manage the assets held by each TACTIC™ Fund in accordance with its investment objectives and investment strategies and subject to its investment restrictions. The Investment Advisor has exclusive authority to negotiate the terms of the derivative agreements between a TACTIC™ Fund and its counterparty, administer the derivative

agreements on behalf of the TACTIC™ Fund and arrange for the redemption or sale of units of the BMO ETF acquired pursuant to a derivative agreement.

The Investment Advisory Agreement will continue indefinitely unless otherwise terminated in accordance with its terms. In consideration for the services provided by the Investment Advisor pursuant to the Investment Advisory Agreement, the Investment Advisor will receive from the Manager a fee, in an amount to be agreed upon by the Manager and the Investment Advisor from time to time, payable out of the management fee.

Under the Investment Advisory Agreement, the Investment Advisor will be required to exercise its powers and discharge its duties honestly, in good faith and in the best interests of the TACTIC™ Funds and their Shareholders and must exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. The Investment Advisor will not be liable in carrying out its duties under the Investment Advisory Agreement, including for any loss or diminution in value of a TACTIC™ Fund's assets or any loss or damage caused to a TACTIC™ Fund or any Shareholder relating to permitted loans or indebtedness of a TACTIC™ Fund or for any insufficiency of income from or any depreciation in the value of any investments in or upon which any of the monies of, or belonging to, the TACTIC™ Fund shall be invested or by virtue of the acquisition or disposition of any such investments or for any other loss or damage to a TACTIC™ Fund's assets which may occur during or in the course of the performance by the Investment Advisor of its duties, powers, discretions, authorities, obligations and responsibilities under the Investment Advisory Agreement, except to the extent that the loss or damage results from wilful misconduct, negligence or reckless disregard of the Investment Advisor's duties, obligations and responsibilities or if the Investment Advisor has failed to meet the standard of care set out above.

The Investment Advisor and each of its directors, officers, employees and agents will be indemnified and held harmless by the TACTIC™ Funds for all liabilities, costs and expenses incurred in connection with any claim, action, suit or proceeding that is proposed or commenced or any other claim that is made against the Investment Advisor or any of its officers, directors, employees or agents in the exercise of the Investment Advisor's duties if they do not result from wilful misconduct, negligence or reckless disregard of the Investment Advisor's duties, obligations and responsibilities or failure to meet its standard of care.

Brokerage Arrangements

Decisions regarding the purchase and sale of portfolio securities for each TACTIC™ Fund are made by the Investment Advisor taking into consideration the particular investment objectives, investment strategies and investment restrictions of the TACTIC™ Fund.

Brokerage business is allocated to dealers based on quality of service and the terms offered for specific transactions including price, volume, speed and certainty of execution, the competitiveness of commission terms and prices, the range of services and the quality of research provided and total transaction cost. The process for allocation of brokerage business is the same as described above for dealers that are affiliated entities.

There are no ongoing contractual arrangements with any brokers with respect to securities transactions.

In addition to order execution goods and services, dealers or third parties may provide research goods and services, which include: (i) advice as to the value of securities and the advisability of effecting transactions in securities; and (ii) analyses and reports concerning securities, issuers, industries, portfolio strategy or economic or political factors and trends that may have an impact on the value of securities.

Such research goods and services may be provided by the executing dealer directly (known as proprietary research) or by a party other than the executing dealer (known as third party research).

In the event of the provision of a good or service that contains an element that is neither research goods and services nor order execution goods and services (“**mixed-use goods and services**”), such as data analysis, software applications and data feeds, brokerage commissions will only be used to pay for the portion of such goods and services which would qualify as either research goods and services or order execution goods and services. The Investment Advisor would itself pay for the remainder of the costs of such mixed-use goods and services. Records detailing the payment allocations will be kept.

The Investment Advisor makes a good faith determination that the TACTIC™ Fund, on whose behalf it directs to a dealer any brokerage transactions involving client brokerage commissions, in return for research and order execution goods and services from such dealer or third party, receives reasonable benefit, considering both the use of the goods or services and the amount of the client brokerage commissions paid, by conducting extensive trade cost analyses.

Research and order execution goods and services may benefit not only the TACTIC™ Funds whose trades generated the brokerage commission, but may also benefit other funds and clients to whom the Investment Advisor provides advice. Such research and order execution goods and services may also be shared with affiliates of the Manager. Similarly, a TACTIC™ Fund may benefit from research and order execution goods and services obtained with brokerage commissions generated by client accounts of affiliates of the Manager. There are policies and procedures in place to ensure that, over a reasonable period of time, all clients, including the TACTIC™ Funds, receive a fair and reasonable benefit in return for the commissions generated.

No affiliated companies have provided investment decision making services in the nature of research analysis and reports concerning securities and portfolio strategies and statistical or other similar services to the Manager or a person appointed by the Manager in return for the allocation of brokerage transactions. Services other than order execution provided to the Investment Advisor by non-affiliated dealers and third parties in return for the allocation of brokerage transactions may include research, market data subscriptions, and economic analysis.

The name of any non-affiliated dealer or third party that provides such goods or services to the TACTIC™ Funds in return for the allocation of brokerage transactions will be provided upon request. You can direct inquiries about the TACTIC™ Funds to our administration office by calling us toll free at 1-800-668-7327 or through our website at www.bmonotes.com.

Independent Review Committee

NI 81-107 requires all publicly offered investment funds, such as the TACTIC™ Funds, to establish an independent review committee. The independent review committee is required to be comprised of a minimum of three members, each of whom must be independent of the Manager, entities related to the Manager and the TACTIC™ Funds.

The mandate of the IRC is to review conflict of interest matters identified and referred to the IRC by the Manager and to give an approval or a recommendation, depending on the nature of the conflict of interest matter. At all times, the members of the IRC are required to act honestly and in good faith and in the best interests of the TACTIC™ Fund and, in connection therewith, to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

The Manager has established written policies and procedures for dealing with each conflict of interest matter. At least annually, the IRC will review and assess the adequacy and effectiveness of the Manager's written policies and procedures relating to conflict of interest matters and will conduct a self-assessment of the IRC's independence, compensation and effectiveness.

The Manager will maintain records of all matters and/or activities subject to the review of the IRC, including a copy of the Manager's written policies and procedures dealing with conflict of interest matters, minutes of IRC meetings, and copies of materials, including any written reports, provided to the IRC. The Manager will also provide the IRC with assistance and information sufficient for the IRC to carry out its responsibilities under NI 81-107.

The members of the IRC are entitled to be compensated by the TACTIC™ Funds and reimbursed for all reasonable costs and expenses for the duties they perform as IRC members. In addition, the members of the IRC are entitled to be indemnified by the TACTIC™ Funds, except in cases of willful misconduct, bad faith, negligence or breach of their standard of care.

The IRC report to the Manager and Shareholders will be available without charge on the TACTIC™ Fund's website at www.bmonotes.com (under "TACTIC Funds"), on SEDAR at www.sedar.com or upon request to the Manager by calling toll-free at 1-866-864-7760 (English) or 1-866-529-0017 (French) or by writing to admin.dealerservices@bmonb.com.

Compensation for members of the IRC in respect of the TACTIC™ Funds is currently \$1,000 per TACTIC™ Fund, up to \$10,000 per annum (approximately \$1,350 per TACTIC™ Fund, up to \$13,500 per annum for the chair) and is payable by the TACTIC™ Funds.

The Manager will appoint Allen Clarke (chair), Thomas Pippy and Douglas Derry to the IRC.

The following are brief biographies provided by the members of the IRC:

Allen Clarke (chair) acts as a consultant on financial products and matters of corporate governance. Mr. Clarke was the founder, Chief Executive Officer and Chief Investment Officer of Opus 2 Financial, an investment portfolio company, from 1999 to 2004. Prior to this, Mr. Clarke was a Senior Vice-President at AGF Funds and Richardson Greenshields and Central Guaranty Trust. Mr. Clarke also served as a member of the independent review committee for BMO ETFs, BMO Mutual Funds and BMO Private Portfolios, from 2007-16. Mr. Clarke also serves on the independent review committee, for Canoe Financial, Ridgewood Capital, and numerous BMO Closed-End Funds. Mr. Clarke is a recipient of the Queen Elizabeth II Diamond Jubilee Metal, an Honorary trustee of the Royal Ontario Museum and a Fellow of the Royal Canadian Geographical Society.

Thomas Pippy is a Chartered Professional Accountant and is a Professor in the Faculty of Business at Conestoga College. Mr. Pippy's previous positions include Senior Vice President Finance, Mergers and Acquisitions at a major Canadian software company and Vice President and Director of a major Canadian investment dealer. Mr. Pippy is also on the board of directors of BMO Corporate Class Inc., BMO Monthly Dividend Fund Ltd., Durham Radio Inc., Top 20 Europe Dividend Trust, Europe Blue-Chip Dividend & Growth Fund. He is a member of the Independent Review Committee for BMO Q-Model® Funds, DoubleLine Income Solutions Trust, PineBridge Investment Grade Preferred Securities Fund, Global Water Solutions Fund and Global Alpha Worldwide Growth Fund.

Douglas Derry serves on the Independent Review Committees of certain funds administered within each of the Bank of Montreal and the Scotiabank groups of companies, and on the Board of Directors of various publicly-listed, public interest, and private companies, including AGF Management Limited, the

above Scotiabank groups of companies, Poplar Lane Holdings Ltd. and Keewhit Investments Ltd. He serves as an Officer of St. Michael's Hospital (Toronto) Research Institute and is a Trustee of Trinity College School and the Patrick and Barbara Keenan Foundation. He is Past Chair of the Institute of Chartered Accountants of Ontario, The Bishop Strachan School, The Empire Club of Canada, the Empire Club Foundation, the University of Guelph and the University of Guelph Heritage Trust (Vice Chair). Mr. Derry spent many years in financial services as a Senior Partner with PricewaterhouseCoopers LLP. A Fellow of the Institute of Chartered Professional Accountants of Ontario (FCPA), and the Chartered Accountants of Ontario (FCA), Mr. Derry is a graduate of the Richard Ivey School of Business, University of Western Ontario. In 2012 he was awarded the Queen Elizabeth II Diamond Jubilee Medal for his dedicated service to his peers, his community and to Canada.

Custodian

CIBC Mellon Trust Company (the "**Custodian**") will be appointed as the custodian of the TACTIC™ Funds' assets pursuant to a custodian agreement between the Manager and the Custodian in respect of the TACTIC™ Funds (the "**Custodian Agreement**"). The Custodian will provide custodial services to the TACTIC™ Funds from its offices in Toronto, Ontario. The Custodian may employ sub-custodians as considered appropriate in the circumstances.

The Manager or the Custodian may terminate the Custodian Agreement without any penalty: (a) upon at least 90 days' written notice or such lesser notice as the other may agree to, or (b) immediately, if (i) any party to the agreement becomes insolvent, or makes an assignment for the benefit of creditors, (ii) a petition in bankruptcy is filed by or against that party and is not discharged within 30 days, or (iii) proceedings for the appointment of a receiver for that party are commenced and not discontinued within 30 days.

The Custodian shall exercise the same degree of care, diligence and skill in the safekeeping of the assets of the TACTIC™ Funds and providing the services described under the Custodian Agreement that a reasonably prudent person would exercise in the circumstances, or, if higher, the degree of care, diligence and skill that the Custodian uses in respect of its own property of a similar nature in its custody.

The Custodian shall indemnify and hold the TACTIC™ Funds and the Manager harmless from, any direct loss suffered or incurred by the Manager, or the TACTIC™ Funds, resulting from or caused by reason of the fraud, wilful misconduct, negligence, lack of good faith or breach of the Custodian's standard of care provided for under the Custodian Agreement; however, the Custodian shall be without liability for any loss resulting from or caused by: (i) events or circumstances beyond its reasonable control including the nationalization or expropriation of assets and the imposition of currency controls or restrictions; (ii) errors by the Manager or any investment manager in their instructions to the Custodian provided such instructions have been given in accordance with the Custodian Agreement; or (iii) the insolvency of or acts or omissions by a depository or clearing agency that operates a book-based system.

In addition to and without derogation from any other indemnity afforded under the Custodian Agreement or otherwise by law, the TACTIC™ Funds shall indemnify and hold harmless the Custodian from any loss, damage or expense, including reasonable counsel fees and expenses, arising in connection with the Custodian Agreement except to the extent caused by reason of the fraud, wilful misconduct, negligence, lack of good faith or a breach of the standard of care of the Custodian.

Auditor

The auditor of the TACTIC™ Funds is PricewaterhouseCoopers LLP, Chartered Professional Accountants, Licensed Public Accountants. The address of the auditor is PwC Tower, 18 York Street, Suite 2600, Toronto, Ontario, M5J 0B2.

Registrar and Transfer Agent

BMONB, at its principal offices in Toronto, Ontario, is the registrar and transfer agent for the TACTIC™ Funds. The register and transfer ledger for the TACTIC™ Funds is kept in Toronto, Ontario.

Promoter

The Manager took the initiative in creating the TACTIC™ Funds and, accordingly, is a promoter as defined in the securities legislation of certain Provinces and Territories of Canada. Except as otherwise described herein, the Manager will not receive any benefits, directly or indirectly, from the issuance of Shares offered hereunder.

CALCULATION OF NET ASSET VALUE

The NAV of each TACTIC™ Fund and NAV per Share of each Series of each TACTIC™ Fund will be calculated by the Valuation Agent as of the Valuation Time on each Valuation Date. The NAV of a Series of Shares of a TACTIC™ Fund on a particular date will be equal to the aggregate value of the assets of the TACTIC™ Fund attributable to such Series less the aggregate value of the liabilities of the TACTIC™ Fund attributable to such Series, as applicable, including any dividends or other distributions payable to Shareholders of such Series of the TACTIC™ Fund on or before such date and liabilities of the TACTIC™ Fund in respect of such Series for management fees, expenses and taxes, expressed in Canadian dollars at the applicable exchange rate on such date. The NAV per Share of each Series of a TACTIC™ Fund on any day will be obtained by dividing the NAV of the Series on such day by the number of Shares of the Series then outstanding.

Valuation Policies and Procedures

In determining the NAV of a Series of a TACTIC™ Fund at any time, the Valuation Agent uses the following principles:

- (a) the value of any cash on hand or on deposit, bills and demand notes and accounts receivable, prepaid expenses, dividends receivable and interest declared or accrued and not yet received, are valued at the full amount or at what the Valuation Agent considers to be the fair value;
- (b) money market investments are valued at what the Valuation Agent considers to be the fair value;
- (c) bonds are valued at bid prices obtained from a recognized pricing service;
- (d) any security that is listed on any stock exchange shall be valued at the latest closing sale price (or such other value as the Canadian Securities Administrators may permit) last reported on the Valuation Date, or, if no closing sale price is available, the security shall be fair valued;

- (e) mutual fund securities that are not listed on any stock exchange are valued at their respective net asset values on the relevant Valuation Date;
- (f) securities or property which have no available price quotations are valued at the Valuation Agent's best estimate of the fair value;
- (g) foreign currency accounts shall be expressed in Canadian dollars on the following basis:
 - (i) investments and other assets shall be valued at the rate of exchange at the end of the valuation period; and
 - (ii) purchases and sales of investments, income and expenses shall be recorded at the rate of exchange on the dates of the transactions;
- (h) a TACTIC™ Fund's holdings shall be valued in Canadian dollars before the NAV of the TACTIC™ Fund is calculated;
- (i) forward foreign exchange contracts shall be valued as the difference between the value of the contract on the date the contract was originated and the value of the contract on the Valuation Date. Foreign exchange options shall be valued at their quoted market value. When the contract or option closes or expires, a realized foreign exchange gain or loss shall be recognized;
- (j) forward contracts shall be valued as the difference between the value of the contract on the date the contract was originated and the value of the contract on the Valuation Date;
- (k) clearing corporation options shall be valued at the current market value;
- (l) should a TACTIC™ Fund write a covered clearing corporation option, the premium received shall be considered a deferred credit with a value equal to the current market value of an option that would have the effect of closing the position. Any difference resulting from revaluation will be treated as an unrealized gain or loss. Deferred credits will be deducted to arrive at the NAV of the TACTIC™ Fund;
- (m) futures contracts shall be valued at the outstanding current margin payable or receivable;
- (n) bullion, coins, certificates or other evidences of precious metals shall be valued at current market value;
- (o) restricted securities shall be valued at the lesser of: (i) the value thereof based on reported quotations in common use, and (ii) the percentage of the market value of unrestricted securities of the same class, equal to the percentage that the TACTIC™ Fund's acquisition cost was of the market value of such unrestricted securities at the time of acquisition, provided that if the time period during which the restrictions on such securities apply is known, the price may be adjusted to reflect that time period;
- (p) all other assets shall be valued at the Valuation Agent's best estimate of fair value; and
- (q) if any investment cannot be valued under the foregoing rules or if the foregoing rules are considered by the Valuation Agent to be inappropriate, then, notwithstanding the foregoing rules, the Valuation Agent may estimate the fair value of an investment using established fair valuation procedures such as: consideration of public information, broker quotes and valuation models. The Valuation Agent may also use external fair value service providers. The value calculated on fair value securities for the purposes of

calculating a TACTIC™ Fund's NAV may differ from the securities' most recent closing market price.

The Valuation Agent may also determine the fair value of securities in the following circumstances: (i) when there is a halt trade on a security which is normally traded on an exchange; (ii) with respect to securities that trade on markets that have closed prior to the time of calculation of the NAV of the TACTIC™ Fund when there is sufficient evidence that the closing price on the market is not the most appropriate value at the time of valuation; and (iii) when there are investment or currency restrictions imposed by a country that affect the TACTIC™ Fund's ability to liquidate the assets held in that market.

All liabilities of BMO TACTIC™ Fund Corporation will be allocated as between the TACTIC™ Funds (and as between the Series of a TACTIC™ Fund) on the basis determined by the Manager to be the fairest.

Each portfolio transaction will be reflected in the calculation of NAV per Share no later than the calculation of NAV per Share next made after the date on which the transaction becomes binding. The issue of Shares will be reflected in the calculation of NAV per Share next made after the issue date for such Shares, which may be up to two Business Days after the date that the subscription order for such Shares is accepted. The conversion or redemption of Shares will be reflected in the calculation of NAV per Share next made after the conversion request or redemption request is accepted.

The NAV per Share of a Series is calculated in Canadian dollars or U.S. dollars, as applicable, in accordance with the rules and policies of the Canadian Securities Administrators or in accordance with any exemption therefrom that the TACTIC™ Funds may obtain. The NAV per Share of a Series determined in accordance with the principles set out above may differ from the NAV per Share determined under International Financial Reporting Standards.

Reporting of Net Asset Value

Following the Valuation Time on any Valuation Date, the NAV of each TACTIC™ Fund and NAV per Share of each Series of each TACTIC™ Fund will usually be published in the financial press and will be posted on the Manager's website at www.bmonotes.com.

ATTRIBUTES OF THE SECURITIES

Description of the Securities Distributed

Each TACTIC™ Fund is authorized to issue an unlimited number of redeemable, transferable Shares of an unlimited number of Series of Shares.

Certain Provisions of the Shares

All Shares of a Series of each TACTIC™ Fund have equal rights and privileges. Each whole Share is entitled to participate equally with respect to any and all dividends and distributions made by the TACTIC™ Funds to holders of such Shares. Shares are issued only as fully-paid and are non-assessable. Shares have no voting rights except as described below under "Matters Requiring Shareholders' Approval".

Series A Shares

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

Series D Shares

Series D Shares are available to investors who have an account with a discount brokerage.

Series F Shares

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

Series I Shares

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

Redemption of Shares for Cash

On any Valuation Date, holders of Shares may redeem their Shares for cash at a redemption price per Share equal to the NAV per Share on such Valuation Date.

No Pass-Through Voting Rights

Shareholders will not have any right to vote securities held by the TACTIC™ Funds, unless otherwise agreed to by the Manager.

Modification of Terms

The rights attached to the Shares of each TACTIC™ Fund may only be modified, amended or varied in accordance with the terms of the articles of incorporation of BMO TACTIC™ Fund Corporation and applicable law. See "Shareholder Matters – Matters Requiring Shareholders' Approval".

SHAREHOLDER MATTERS

Meeting of Shareholders

Shares have no voting rights except as described below under "Matters Requiring Shareholders' Approval". A meeting of the Shareholders of a TACTIC™ Fund voting as a single Series (unless the circumstances are such that one Series is affected differently, in which case the holders of each Series of Shares of a TACTIC™ Fund will vote separately) may be convened by BMO TACTIC™ Fund Corporation or the Manager by a written requisition specifying the purpose of the meeting and must be convened if requisitioned by Shareholders holding not less than 5% of the Shares of a TACTIC™ Fund then outstanding by a written requisition specifying the purpose of the meeting. Except as otherwise required or permitted by law, meetings of Shareholders will be held if called by BMO TACTIC™ Fund Corporation or the Manager upon written notice of not less than 21 days nor more than 50 days before the meeting. At any meeting of Shareholders, a quorum shall consist of one Shareholder present in person or by proxy and holding 5% of the Shares of BMO TACTIC™ Fund Corporation except for the purpose of any meeting called to consider item (c) below under "Matters Requiring Shareholders' Approval" in which case the quorum shall be Shareholders holding 15% of the outstanding Shares of BMO TACTIC™ Fund Corporation. If no quorum is present at such meeting within one-half hour after the time fixed for the holding of such meeting, the meeting, if convened upon the request of Shareholders or for the purpose of considering a change in the manager of the TACTIC™ Fund, shall be cancelled, but in any other case,

the meeting shall stand adjourned and will be held at the same time and place on a day which is not less than 3 days later. Shareholders present in person or represented by proxy at any reconvened meeting will constitute a quorum.

Matters Requiring Shareholders' Approval

As required by NI 81-102, a meeting of the Shareholders of a TACTIC™ Fund will be called to approve certain changes as follows:

- (a) the basis of the calculation of a fee or expense that is charged to the TACTIC™ Fund is changed in a way that could result in an increase in charges to such TACTIC™ Fund, except where:
 - (i) the TACTIC™ Fund is at arm's length with the person or company charging the fee; and
 - (ii) the Shareholders have received at least 60 days' notice before the effective date of the change;
- (b) a fee or expense is introduced that is to be charged to the TACTIC™ Fund or directly to its Shareholders by the TACTIC™ Fund or the Manager in connection with the holding of Shares that could result in an increase in charges to the TACTIC™ Fund or its Shareholders;
- (c) the Manager is changed, unless the new manager of the TACTIC™ Fund is an affiliate of the Manager;
- (d) the fundamental investment objectives of the TACTIC™ Fund are changed;
- (e) the TACTIC™ Fund decreases the frequency of the calculation of the NAV per Share;
- (f) the TACTIC™ Fund undertakes a reorganization with, or transfers its assets to, another mutual fund, if the TACTIC™ Fund ceases to continue after the reorganization or transfer of assets and the transaction results in the Shareholders becoming securityholders in the other mutual fund, unless:
 - (i) the IRC has approved the change;
 - (ii) the TACTIC™ Fund is being reorganized with, or its assets are being transferred to, another mutual fund to which NI 81-102 and NI 81-107 apply and that is managed by the Manager, or an affiliate of the Manager;
 - (iii) the Shareholders have received at least 60 days' notice before the effective date of the change; and
 - (iv) the transaction complies with certain other requirements of applicable Canadian securities legislation;
- (g) the TACTIC™ Fund undertakes a reorganization with, or acquires assets from, another mutual fund, if the TACTIC™ Fund continues after the reorganization or acquisition of

assets, the transaction results in the securityholders of the other mutual fund becoming Shareholders, and the transaction would be a material change to the TACTIC™ Fund; or

- (h) any other matter which is required by law to be submitted to a vote of the Shareholders.

Approval of Shareholders will be deemed to have been given if expressed by resolution passed at a meeting of Shareholders duly called and held for the purpose of considering the same, by at least a majority of the votes cast. Shareholders are entitled to one vote per Share held on the record date established for voting at any meeting of Shareholders at which they are entitled to vote.

A TACTIC™ Fund may, without Shareholders' approval, enter into a merger or other similar transaction that has the effect of combining the TACTIC™ Fund or its assets (a "**Permitted Merger**") with any other investment fund or funds managed by the Manager or an affiliate of the Manager that have investment objectives that are substantially similar to those of the TACTIC™ Fund, subject to:

- (a) approval of the merger by the IRC;
- (b) compliance with certain merger pre-approval conditions set out in section 5.6 of NI 81-102, including that the merger occur on a tax-free basis; and
- (c) written notice to Shareholders at least 60 days before the effective date of the merger.

In connection with a Permitted Merger, the merging funds will be valued at their respective NAVs for the purpose of such transaction.

In addition, the auditor of the TACTIC™ Fund may not be changed unless:

- (a) the IRC has approved the change; and
- (b) Shareholders have received at least 60 days' notice before the effective date of the change.

The approval of Shareholders of a TACTIC™ Fund voting as a single Series of the TACTIC™ Fund (unless the circumstances are such that one Series is affected differently, in which case the holders of each Series of Shares of a TACTIC™ Fund will vote separately), by resolution passed by at least two-thirds of the votes cast at a meeting called and held for such purpose, is required upon a proposal to amend the articles of incorporation of BMO TACTIC™ Fund Corporation to:

- (a) add to, remove or change the rights, privileges, restrictions or conditions attached to the Shares of such class or Series and, without limiting the generality of the foregoing,
 - (i) remove or change prejudicially rights to accrued dividends or rights to cumulative dividends,
 - (ii) add, remove or change prejudicially redemption rights or sinking fund provisions,
 - (iii) reduce or remove a dividend preference or a liquidation preference, or
 - (iv) add, remove or change prejudicially conversion privileges, options, voting, transfer or pre-emptive rights, or rights to acquire securities of a corporation;

- (b) add to the rights or privileges of any class or Series of Shares having rights or privileges equal or superior to the Shares of such class or Series;
- (c) make a class or Series of Shares of BMO TACTIC™ Fund Corporation having rights or privileges inferior to the Shares of such class or Series equal or superior to the Shares of such class or Series;
- (d) effect an exchange or create a right of exchange of the Shares of another class or Series into the Shares of such class or Series; or
- (e) add, remove or change restrictions on the issue, transfer or ownership of the Shares of such class or Series.

The approval of Shareholders of a TACTIC™ Fund is not required in respect of an amendment referred to in section 170(1) (a), (b) or (e) of the *Business Corporations Act* (Ontario).

As required under the *Business Corporations Act* (Ontario), section 184(3) to (8), the approval of Shareholders of a TACTIC™ Fund voting as a single Series of the TACTIC™ Fund (unless the circumstances are such that one Series is affected differently, in which case the holders of each Series of Shares of a TACTIC™ Fund will vote separately), by resolution passed by at least two-thirds of the votes cast at a meeting called and held for such purpose, is required to authorize a sale, lease or exchange of all or substantially all the property of BMO TACTIC™ Fund Corporation other than in the ordinary course of business.

Reporting to Shareholders

Tax information slips for Shareholders to prepare their annual Canadian federal income tax returns will be distributed to them by the end of February of the calendar year following the year to which the slip relates or otherwise as required by applicable law.

The Manager will make available to Shareholders such financial statements and other continuous disclosure documents as are required by applicable law, including (i) unaudited interim and audited annual financial statements of the TACTIC™ Funds, prepared in accordance with International Financial Reporting Standards and (ii) interim and annual management reports of fund performance in respect of the TACTIC™ Funds.

The Manager will keep adequate books and records reflecting the activities of the TACTIC™ Funds. A Shareholder or his or her duly authorized representative has the right to examine the books and records of the TACTIC™ Fund, during normal business hours at the registered office of the Manager. Notwithstanding the foregoing, a Shareholder shall not have access to any information that, in the opinion of the Manager, should be kept confidential in the interests of the TACTIC™ Fund.

TERMINATION OF THE TACTIC™ FUNDS

A TACTIC™ Fund may be terminated by the Manager on at least 60 days' notice of such termination to Shareholders of the TACTIC™ Fund and the Manager will issue a press release in advance thereof.

Upon termination of a TACTIC™ Fund, the assets of such TACTIC™ Fund will be converted to cash and, after paying or providing for all liabilities and obligations of the TACTIC™ Fund, shall be distributed in cash or in specie pro rata among Shareholders of each Series of Shares of the TACTIC™

Fund in proportion to the Net Asset Value of the Series of Shares of the TACTIC™ Fund on the redemption of their Shares.

The rights of Shareholders described under “Redemption and Conversion of Shares” will cease as and from the date of termination of the TACTIC™ Fund.

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

BMONB is the promoter of the TACTIC™ Funds, it or its affiliates may provide leverage to the TACTIC™ Funds and it administers the operations of the TACTIC™ Funds pursuant to a management agreement, and receives fees therefor. BMO Asset Management Inc. (“BMOAM”) is the investment fund manager of, and provides management and administration services to, each of the BMO ETFs to which the TACTIC™ Funds seek exposure. Each of BMONB and BMOAM is an affiliate of Bank of Montreal. Accordingly, the TACTIC™ Funds may be considered connected issuers of BMONB under applicable securities legislation by virtue of BMONB’s relationship with the TACTIC™ Funds.

The Manager will receive fees for its services to the TACTIC™ Funds. See “Fees and Expenses”.

PROXY VOTING DISCLOSURE FOR PORTFOLIO SECURITIES HELD

The Manager has delegated the voting of proxies of each TACTIC™ Fund’s portfolio securities to the Investment Advisor as part of the Investment Advisor’s management of the TACTIC™ Fund’s portfolio, subject to the Manager’s continuing oversight. The Investment Advisor must vote proxies on behalf of a TACTIC™ Fund in a manner consistent with the best interests of the TACTIC™ Fund and its Shareholders.

The Manager has established policies and procedures to be considered, in conjunction with the Investment Advisor’s own policies and procedures, in determining how to vote on matters for which the TACTIC™ Funds receive proxy materials for a meeting of securityholders of an issuer. Due to the variety of proxy voting issues that may arise, the following summary of the proxy voting policies and procedures is not exhaustive and is intended to provide guidance but does not necessarily dictate how each issue must be voted in each instance. Further, the Manager or the Investment Advisor may depart from their respective proxy voting policies and procedures or not vote a proxy, in order to avoid voting decisions that may be contrary to the best interests of a TACTIC™ Fund and its Shareholders.

The policies and procedures established by the Manager or the Investment Advisor (the “**Proxy Voting Guidelines**”) include:

- i. a standing policy for dealing with routine matters on which a TACTIC™ Fund may vote. In particular, the Proxy Voting Guidelines apply general guidelines to a number of routine matters. These guidelines vary, depending on the specific matter involved. Routine matters include: election of directors; appointment of auditors; changes in capital structure; and an increase in authorized stock;
- ii. the circumstances under which a TACTIC™ Fund will deviate from the standing policy for routine matters. The Proxy Voting Guidelines provide that the Manager or the Investment Advisor may depart from the general guidelines with respect to routine matters, in order to avoid voting decisions that may be contrary to the best interests of the TACTIC™ Fund and the TACTIC™ Fund’s Shareholders. For example, the Proxy Voting Guidelines provide that TACTIC™ Funds will typically support management’s recommendations regarding the

appointment of an auditor, but may vote against such a recommendation if the fees for services are excessive or if there are other reasons to question the independence or quality of the company's auditors;

- iii. the policies under which, and the procedures by which, a TACTIC™ Fund will determine how to vote or refrain from voting on non-routine matters. These policies vary depending on the specific matter involved. Non-routine matters include: corporate restructurings; mergers and acquisitions; proposals affecting shareholder rights; corporate governance; executive compensation; social and environmental issues; and shareholder proposals. For example, with respect to shareholders rights, the Proxy Voting Guidelines provide that the TACTIC™ Funds will typically vote in favour of proposals that give shareholders a greater voice in the affairs of the company and oppose any measure that seeks to limit those rights; and
- iv. procedures to ensure that portfolio securities held by a TACTIC™ Fund are voted in accordance with the instructions of the Manager of the Investment Advisor. This includes the requirement of each investment advisor to provide to the Manager on a quarterly basis a certificate confirming that it has voted all securities held by the TACTIC™ Funds it manages in accordance with the Proxy Voting Guidelines.

The following three situations involving the voting of proxies present a potential material conflict of interest:

- voting proxies in respect of a shareholders meeting of the Manager's affiliates;
- voting proxies of an issuer in respect of a proposed merger or other corporate reorganization or transaction involving the issuer (or any of its affiliates) and the Manager of the Investment Advisor, or any of its affiliates; and
- voting proxies of an issuer in regard to the nomination or election of any officer or director of the Manager or the Investment Advisor to the board of directors of that issuer.

A conflict of interest may exist if the Manager or the Investment Advisor, their personnel or another related entity has a business relationship with (or is actively soliciting business from) either the company soliciting the proxy or a third party that has a material interest in the outcome of a proxy vote or that is actively lobbying for a particular outcome of a proxy vote. Conflicts of interest also may arise if an individual employed by the Manager or the Investment Advisor that is involved in the proxy vote decision has a direct or indirect personal relationship or other interest in either the company soliciting the proxy or in a third party that has a material interest in the outcome of a proxy vote, or that is lobbying for a particular outcome of a proxy vote.

The Investment Advisor has procedures in place to identify potential conflicts of interest. When the Investment Advisor becomes aware of any vote that presents a conflict, the Investment Advisor must vote such proxy question in a manner consistent with, and uninfluenced by considerations other than, the best interest of the applicable TACTIC™ Fund and its Shareholders.

The Manager will post the proxy voting record on www.bmonotes.com no later than August 31 of each year. The Manager will send the most recent copy of the Proxy Voting Guidelines and proxy voting record, without charge, to any Shareholder upon a request made by the Shareholder.

MATERIAL CONTRACTS

The following contracts can reasonably be regarded as material to purchasers of Shares:

- (a) the articles of incorporation of BMO TACTIC™ Fund Corporation referred to under “Overview of the Legal Structure of the Tactic™ Funds”;
- (b) the Management Agreement referred to under “Organization and Management Details of the TACTIC™ Funds – Manager”;
- (c) the Investment Advisory Agreement referred to under “Organization and Management Details of the TACTIC™ Funds – The Investment Advisor – Details of the Investment Advisory Agreement”; and
- (d) the Custodian Agreement referred to under “Organization and Management Details of the TACTIC™ Funds – Custodian”.

Copies of the foregoing agreements may be examined during normal business hours at the registered office of the Manager.

EXPERTS

McCarthy Tétrault LLP, legal counsel to the TACTIC™ Funds and the Manager, has provided certain legal opinions on the principal Canadian federal income tax considerations that apply to an investment in the TACTIC™ Funds by an individual resident in Canada. See “Income Tax Considerations”.

The auditor of the TACTIC™ Funds is PricewaterhouseCoopers LLP, Chartered Professional Accountants, Licensed Public Accountants, Toronto, Ontario. The auditor of the TACTIC™ Funds has prepared a report to the Shareholder dated October 1, 2018, which is included herein. PricewaterhouseCoopers LLP has advised the TACTIC™ Funds and the Manager that it is independent with respect to the TACTIC™ Funds within the meaning of the Rules of Professional Conduct of the Institute of Chartered Professional Accountants of Ontario.

EXEMPTIONS AND APPROVALS

The Manager has obtained exemptive relief from the Canadian securities regulatory authorities to relieve the Manager from the requirements to (i) invest at least \$50,000 in securities of each TACTIC™ Fund, as required under paragraph 3.2(1)(a) of NI 81-104; and (ii) maintain the investment in each TACTIC™ Fund at all times, as required under paragraph 3.2(2)(a) of NI 81-104.

In accordance with exemptive relief which the Manager has obtained effective April 6, 2017, the Manager will seed each TACTIC™ Fund by investing at least \$150,000 in the TACTIC™ Fund before filing a final version of this prospectus and will only redeem such amount once the TACTIC™ Fund has received and accepted subscriptions aggregating not less than \$500,000 from investors other than persons or companies related to the Manager or its affiliates.

BMOAM has obtained exemptive relief for it and its affiliates (including, for greater certainty, the Manager) to relieve mutual funds, including the TACTIC™ Funds, from the requirements of:

- (i) subsection 2.1(1) of NI 81-102, to permit each TACTIC™ Fund to purchase a security of its specified BMO ETF or enter into a specified derivatives transaction with respect to its specified

BMO ETF even though, immediately after the transaction more than 10 percent of the net asset value of the TACTIC™ Fund would be invested, directly or indirectly, in the securities of its specified BMO ETF;

- (ii) paragraph 2.5(2)(a) of NI 81-102, to permit each TACTIC™ Fund to invest in securities of its specified BMO ETF; and
- (iii) paragraphs 2.5(2)(e) and 2.5(2)(f) of NI 81-102, to permit each TACTIC™ Fund to pay brokerage commissions in relation to its purchase and sale on a recognized exchange (as defined in the *Securities Act* (Ontario)) in Canada of securities of its specified BMO ETF.

PURCHASERS' STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase mutual fund securities within two business days after receipt of a prospectus and any amendment or within 48 hours after the receipt of a confirmation of a purchase of such securities. If the agreement is to purchase such securities under a contractual plan, the time period during which withdrawal may be made may be longer. In several of the Provinces and Territories, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's Province or Territory. The purchaser should refer to the applicable provisions of the securities legislation of the Province or Territory for the particulars of these rights or should consult with a legal adviser.

DOCUMENTS INCORPORATED BY REFERENCE

Additional information about the TACTIC™ Funds will be available in the following documents:

- (a) the most recently filed comparative annual financial statements of the TACTIC™ Funds, together with the accompanying report of the auditor;
- (b) any interim financial statements of the TACTIC™ Funds filed after the most recently filed comparative annual financial statements of the TACTIC™ Funds;
- (c) the most recently filed annual management report of fund performance (“**MRFP**”) of the TACTIC™ Funds; and
- (d) any interim MRFP of the TACTIC™ Funds filed after the most recently filed annual MRFP of the TACTIC™ Funds.

These documents are or will be incorporated by reference into, and form an integral part of, this prospectus. These documents may be obtained upon request, at no cost, by calling toll-free at 1-866-864-7760 (English) or 1-866-529-0017 (French), by emailing BMONB at admin.dealerservices@bmonb.com or by contacting a registered dealer. These documents and other information about the TACTIC™ Funds is also available on BMO's website at www.bmonotes.com and/or on SEDAR at www.sedar.com.

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of BMO Advantaged S&P/TSX Capped Composite TACTIC™ Fund, BMO Advantaged Equal Weight Banks TACTIC™ Fund, BMO Advantaged Equal Weight Oil & Gas TACTIC™ Fund and BMO Advantaged Laddered Preferred Share TACTIC™ Fund (collectively, the “TACTIC™ Funds”, or individually the “TACTIC™ Fund”)

We have audited the accompanying statement of financial position of each TACTIC™ Fund as at October 1, 2018 and the related notes, which comprise a summary of significant accounting policies and other explanatory information (together, the “financial statement”).

Management's responsibility for the statement of financial position

Management is responsible for the preparation and fair presentation of the financial statement of each TACTIC™ Fund in accordance with those requirements of International Financial Reporting Standards relevant to preparing such a financial statement, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statement of each TACTIC™ Fund based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements for each TACTIC™ Fund. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements of each TACTIC™ Fund, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement of each TACTIC™ Fund in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements of each TACTIC™ Fund.

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

Opinion

In our opinion, the financial statement of each TACTIC™ Fund presents fairly, in all material respects, the financial position of each TACTIC™ Fund as at October 1, 2018 in accordance with those requirements of International Financial Reporting Standards, relevant to preparing such a financial statement.

PricewaterhouseCoopers LLP
Chartered Professional Accountants, Licensed Public Accountants
Toronto, Ontario
October 1, 2018

**BMO ADVANTAGED S&P/TSX CAPPED COMPOSITE TACTIC™ FUND
STATEMENT OF FINANCIAL POSITION**

As at October 1, 2018 (All amounts in Canadian Dollars)

ASSETS

Current Assets

Cash \$150,000

Total Assets \$150,000

Net Assets Attributable to Holders of Redeemable Shares

Series A \$10

Series D \$10

Series F \$10

Series I \$149,970

Total net assets attributable to holders of redeemable shares \$150,000

Shares Issued and Outstanding (Note 5)

Series A 1

Series D 1

Series F 1

Series I 14,997

Net Assets Attributable to Holders of Redeemable Shares (per share)

Series A \$10

Series D \$10

Series F \$10

Series I \$10

Approved by BMO TACTIC™ Fund Corporation:

“Anoop Dogra”
Director

“Robin Tessier”
Director

The accompanying notes are an integral part of the financial statement.

**BMO ADVANTAGED EQUAL WEIGHT BANKS TACTIC™ FUND
STATEMENT OF FINANCIAL POSITION**

As at October 1, 2018 (All amounts in Canadian Dollars)

ASSETS

Current Assets

Cash	\$150,000
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Total Assets	\$150,000
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Net Assets Attributable to Holders of Redeemable Shares

Series A	\$10
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Series D	\$10
----------------	------

Series F	\$10
----------------	------

Series I	\$149,970
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Total net assets attributable to holders of redeemable shares	\$150,000
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Shares Issued and Outstanding (Note 5)

Series A	1
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Series D	1
----------------	---

Series F	1
----------------	---

Series I	14,997
----------------	--------

Net Assets Attributable to Holders of Redeemable Shares (per share)

Series A	\$10
----------------	------

Series D	\$10
----------------	------

Series F	\$10
----------------	------

Series I	\$10
----------------	------

Approved by BMO TACTIC™ Fund Corporation:

“Anoop Dogra”
Director

“Robin Tessier”
Director

The accompanying notes are an integral part of the financial statement.

**BMO ADVANTAGED EQUAL WEIGHT OIL & GAS TACTIC™ FUND
STATEMENT OF FINANCIAL POSITION**

As at October 1, 2018 (All amounts in Canadian Dollars)

ASSETS

Current Assets

Cash \$150,000

Total Assets \$150,000

Net Assets Attributable to Holders of Redeemable Shares

Series A \$10

Series D \$10

Series F \$10

Series I \$149,970

Total net assets attributable to holders of redeemable shares \$150,000

Shares Issued and Outstanding (Note 5)

Series A 1

Series D 1

Series F 1

Series I 14,997

Net Assets Attributable to Holders of Redeemable Shares (per share)

Series A \$10

Series D \$10

Series F \$10

Series I \$10

Approved by BMO TACTIC™ Fund Corporation:

“Anoop Dogra”
Director

“Robin Tessier”
Director

The accompanying notes are an integral part of the financial statement.

**BMO ADVANTAGED LADDERED PREFERRED SHARE TACTIC™ FUND
STATEMENT OF FINANCIAL POSITION**

As at October 1, 2018 (All amounts in Canadian Dollars)

ASSETS

Current Assets

Cash \$150,000

Total Assets \$150,000

Net Assets Attributable to Holders of Redeemable Shares

Series A \$10

Series D \$10

Series F \$10

Series I \$149,970

Total net assets attributable to holders of redeemable shares \$150,000

Shares Issued and Outstanding (Note 5)

Series A 1

Series D 1

Series F 1

Series I 14,997

Net Assets Attributable to Holders of Redeemable Shares (per share)

Series A \$10

Series D \$10

Series F \$10

Series I \$10

Approved by BMO TACTIC™ Fund Corporation:

“Anoop Dogra”
Director

“Robin Tessier”
Director

The accompanying notes are an integral part of the financial statement.

NOTES TO STATEMENTS OF FINANCIAL POSITION

(All amounts in Canadian Dollars unless otherwise stated)

1. **General Information**

Each TACTIC™ Fund is a mutual fund established as separate class of shares of a single mutual fund corporation, the BMO TACTIC™ Fund Corporation, formed under the laws of the Province of Ontario pursuant to articles of incorporation dated July 11, 2018. Faircourt Asset Management Inc. (the “**Investment Advisor**”) has been retained as the investment advisor of the TACTIC™ Funds and will be responsible for implementing the investment strategy of the TACTIC™ Funds. BMO Nesbitt Burns Inc., as manager of the TACTIC™ Funds (the “**Manager**”), will be responsible for, or arrange for, the management and administration of the TACTIC™ Funds.

The address of each 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 financial statements were authorized for issuance by the Board of Directors of BMO TACTIC™ Fund Corporation on October 1, 2018.

Investment Objectives

BMO Advantaged S&P/TSX Capped Composite TACTIC™ Fund seeks to provide long-term tax-efficient compound growth through leveraged exposure to BMO S&P/TSX Capped Composite Index ETF.

BMO Advantaged Equal Weight Banks TACTIC™ Fund seeks to provide long-term tax-efficient compound growth through leveraged exposure to BMO Equal Weight Banks Index ETF.

BMO Advantaged Equal Weight Oil & Gas TACTIC™ Fund seeks to provide long-term tax-efficient compound growth through leveraged exposure to BMO Equal Weight Oil & Gas Index ETF.

BMO Advantaged Laddered Preferred Share TACTIC™ Fund seeks to provide long-term tax-efficient compound growth through leveraged exposure to BMO Laddered Preferred Share Index ETF.

General Investment Strategies

Use of Derivatives

Each TACTIC™ Fund will utilize an investment strategy whereby it enters into derivative agreements pursuant to which it will agree to acquire from the relevant counterparty units of its specified BMO ETF at a specified future date at a price equal to the price of such units at the date the derivative agreement is entered into. Such use of derivatives shall comply with applicable Canadian securities legislation.

Each TACTIC™ Fund may invest in or use other derivative instruments in order to earn additional returns for the TACTIC™ Fund, provided that the use of such derivative instruments is in compliance with applicable Canadian securities legislation and is consistent with the investment objectives and investment strategies of the TACTIC™ Fund.

Investments in Other Investment Funds

In accordance with applicable Canadian securities legislation, including NI 81-102, and as an alternative to or in conjunction with obtaining exposure to its specified BMO ETF, a TACTIC™ Fund may invest in other securities in a manner that is consistent with its investment objectives and investment strategies, provided that there are no management fees or incentive fees payable by the TACTIC™ Fund through investments in other investment funds that, to a reasonable person, would duplicate a fee payable by the other investment fund for the same service. There are fees and expenses payable by the other investment funds in addition to the fees and expenses payable by the Funds.

2. **Summary of Significant Accounting Policies**

The principal accounting policies applied in the preparation of the financial statements are set out below.

2.1 *Basis of Preparation*

The statement of financial position of each TACTIC™ Fund has been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB), relevant to preparing a statement of financial position. The statement of financial position of each TACTIC™ Fund has been prepared under the historical cost convention as modified by revaluation of financial assets and financial liabilities (including derivative financial instruments) at fair value through profit and loss.

The net asset value (NAV) of a TACTIC™ Fund is the value of the total assets of the TACTIC™ Fund less the value of its total liabilities determined, on each valuation day, in accordance with Part 14 of National Instrument (NI) 81-106 *Investment Fund Continuous Disclosure* for the purpose of processing shareholder transactions. Net assets are determined in accordance with IFRS. As of October 1, 2018, each TACTIC™ Fund's NAV is equal to its net assets.

2.2 *Functional and Presentation Currency*

The statement of financial position of each TACTIC™ Fund is presented in Canadian dollars, which is the TACTIC™ Funds' functional and presentation currency.

2.3 *Financial Instruments*

The TACTIC™ Funds record investments and derivatives at fair value. The TACTIC™ Funds' investment transactions are accounted for on the trade date. Each TACTIC™ Fund classifies and measures financial instruments in accordance with IFRS 9 Financial Instruments (IFRS 9). Upon initial recognition, financial instruments are classified as amortized cost, fair value through profit or loss (FVTPL), or fair value through other comprehensive income (FVOCI). Financial instruments are subsequently measured as FVTPL with changes in fair value recognized in the Statement of Comprehensive Income.

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

Shares of the Funds are offered for sale on a continuous basis and may be purchased or redeemed on any day on which the TSX is open for trading and any other day designated by the Manager on which the NAV of each series ("Series") of shares ("Shares") of each TACTIC™ Fund will be calculated ("**Valuation Date**"), at the NAV per share of the respective Series of the relevant Fund. Each Fund is a multi-series Fund. The different Series of each of the Funds do not have identical features. Consequently, the outstanding redeemable shares of each Fund are classified as financial liabilities in accordance with the requirements of International Accounting Standard 32 *Financial Instruments: Presentation*.

The TACTIC™ Funds' obligation for net assets attributable to holders of redeemable shares is presented at the redemption amount, which approximates fair value and is payable if the holder exercises the right to put the shares back to the TACTIC™ Funds.

3. **Fair Value**

Fair value is 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 carrying values of cash and the obligation for net assets attributable to holders of redeemable shares for each TACTIC™ Fund approximate their fair values.

4. **Risks associated with financial instruments**

The TACTIC™ Funds' overall risk management program seeks to maximize the returns derived for the level of risk to which the TACTIC™ Funds are exposed and seeks to minimize potential adverse effects on the TACTIC™ Funds' financial performance.

4.1 *Credit risk*

The TACTIC™ Funds are exposed to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. As at October 1, 2018, the credit risk is considered limited as the TACTIC™ Funds only held cash balances with an A+ rated custodian.

4.2 *Liquidity risk*

Liquidity risk is the risk that the TACTIC™ Funds will encounter difficulty in meeting obligations associated with financial liabilities. Each TACTIC™ Fund maintains sufficient cash on hand to fund anticipated redemptions.

4.3 *Capital risk management*

The capital of each TACTIC™ Fund is represented by the net assets attributable to holders of redeemable shares. The amount of net assets attributable to holders of redeemable shares can change significantly subject to the amount and frequency of subscriptions and redemptions at the discretion of shareholders. On any trading day, shareholders may redeem shares of any of the TACTIC™ Funds for cash at a redemption price per share equal to the respective Fund's NAV per share of the applicable series.

5. **Redeemable shares**

The capital of each TACTIC™ Fund is represented by issued redeemable shares with no par value. The shares are entitled to distributions, if any, and to a proportionate share of the net assets attributable to the shareholders of the applicable Series. In accordance with the investment objectives and strategies, and the risk management practices outlined in Note 4, the TACTIC™ Funds endeavour to invest the subscriptions received in the appropriate investments while maintaining sufficient liquidity to meet redemptions. The TACTIC™ Funds are authorized to issue an unlimited number of shares.

Series of Shares

The authorized capital of each TACTIC™ Fund includes one or more Series of Shares. An unlimited number of Shares are authorized for issuance. Each TACTIC™ Fund is offering Series A Shares, Series D Shares, Series F Shares and Series I Shares. Each TACTIC™ Fund is authorized to issue an unlimited number of Series A, Series D, Series F and Series I Shares.

Each Share entitles the holder to the same rights and obligations as any other shareholder and no shareholder is entitled to any privilege, priority or preference in relation to any other shareholder, subject to each shareholder of a Series being entitled to redemptions based on the net asset value per share of the particular Series.

Each shareholder is entitled to participate equally with respect to any and all dividends and other distributions made to the applicable Series of the applicable TACTIC™ Fund. On termination or liquidation of a TACTIC™ Fund, the shareholders of record are entitled to receive on a pro rata basis with holders of shares of that Series all of the assets of the applicable TACTIC™ Fund attributable to that Series

remaining after payment of all debts, liabilities and liquidation expenses of the applicable TACTIC™ Fund on the redemption of their Shares.

Shares have no voting rights except as required by National Instrument 81-102 – *Investment Funds*. Where so required, each shareholder is entitled to one vote for each Share held, except for meetings at which only shareholders of another Series are entitled to vote separately as a Series, in accordance with National Instrument 81-102 – *Investment Funds*.

6. Authorized Shares issued

As at October 1, 2018, the Manager held all of the issued and outstanding shares of each of the TACTIC™ Funds having provided \$150,000 of seed capital for each of the TACTIC™ Funds. The Manager will only redeem such amount in respect of a TACTIC™ Fund once the TACTIC™ Fund has received and accepted subscriptions aggregating not less than \$500,000 from investors other than persons or companies related to the Manager or its affiliates.

The TACTIC™ Funds' authorized shares issued are as follows:

Fund	Series	Shares	Consideration (\$)	Price per Share (\$)
BMO Advantaged S&P/TSX Capped Composite TACTIC™ Fund	A	1	10	10
	D	1	10	10
	F	1	10	10
	I	14,997	149,970	10
	Total	15,000	150,000	
BMO Advantaged Equal Weight Banks TACTIC™ Fund	A	1	10	10
	D	1	10	10
	F	1	10	10
	I	14,997	149,970	10
	Total	15,000	150,000	
BMO Advantaged Equal Weight Oil & Gas TACTIC™ Fund	A	1	10	10
	D	1	10	10
	F	1	10	10
	I	14,997	149,970	10
	Total	15,000	150,000	
BMO Advantaged Laddered Preferred Share TACTIC™ Fund	A	1	10	10
	D	1	10	10
	F	1	10	10
	I	14,997	149,970	10
	Total	15,000	150,000	

7. Related Party Transactions

Management fees rates

Each TACTIC™ Fund will pay the Manager a management fee, as set forth in the table below, based on the daily net asset value of the applicable series of the applicable Fund. The management fee, plus applicable taxes, including HST, will be accrued daily and paid monthly in arrears. The Manager may, from time to time in its discretion, waive a portion of the management fee charged at any given time.

Series	Annual Management Fee (%)
A	1.05%, including an amount equal to the service fee of 1.00% payable by the Manager to registered dealers
D	0.05%
F	0.05%
I	*

*The Fund does not pay a management fee in respect of Series I shares because Series I investors negotiate and pay a separate fee directly to the Manager.

Service fee

Each TACTIC™ Fund will pay to registered dealers a service fee equal to 1.00% per annum of the net asset value per Series A Share of each TACTIC™ Fund. The service fee, plus applicable taxes, will be calculated daily and paid at the end of each calendar quarter.

No service fees are payable in respect of the Series D Shares, Series F Shares or Series I Shares.

Counterparty fees

In order to achieve its investment objectives, each TACTIC™ Fund will enter into one or more derivative agreements with one or more counterparties pursuant to which it agrees to acquire from the relevant counterparty units of its specified BMO ETF at an agreed upon future date at a price equal to the per unit price at the date the derivative agreement is entered into. Such use of derivatives must comply with applicable Canadian securities legislation.

The Manager will pay such counterparties a counterparty fee of up to 0.10% per annum on the total assets of the TACTIC™ Fund exposed under the derivatives employed by the TACTIC™ Fund plus applicable taxes. The counterparty fee will be calculated and accrued daily and paid monthly to the relevant counterparty in arrears.

Each TACTIC™ Fund will pay the counterparty to the derivative agreement 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 TACTIC™ Fund. The hedge fee will be charged to the TACTIC™ Fund monthly regardless of whether the Manager actually hedges. The Manager expects there to be no net cost to the TACTIC™ Fund as the only anticipated hedge cost would be financing which will be offset by interest earned on the TACTIC™ Fund's cash.

CERTIFICATE OF THE FUNDS, THE MANAGER AND PROMOTER

Dated: October 1, 2018

This prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of all of the provinces and territories of Canada.

On behalf of BMO TACTIC™ Fund Corporation

“Robin Tessier”
By: Robin Tessier
Chief Executive Officer

“Robert Schauer”
By: Robert Schauer
Chief Financial Officer

On behalf of the Board of Directors of BMO TACTIC™ Fund Corporation

“Anoop Dogra”
By: Anoop Dogra
Director

“Michael Rosen”
By: Michael Rosen
Director

**BMO Nesbitt Burns Inc.
as Manager of the TACTIC™ Funds**

“Patrick Cronin”
By: Patrick Cronin
Chief Executive Officer

“B. Robert Markovski”
By: B. Robert Markovski
Chief Financial Officer

**On behalf of the Board of Directors of BMO Nesbitt Burns Inc.
as Manager of the TACTIC™ Funds**

“Gilles Ouellette”
By: Gilles Ouellette
Director

“Charyl Galpin”
By: Charyl Galpin
Director

**BMO Nesbitt Burns Inc.
as Promoter of the TACTIC™ Funds**

“Robin Tessier”
By: Robin Tessier
Managing Director