

# BMO Tactical Balanced ETF Fund (the “Fund”)

For the 12-month period ended September 30, 2022 (the “Period”)

Manager: BMO Investments Inc. (the “Manager” or “BMOI”)

Portfolio manager: Quintessence Wealth, Toronto, Ontario (the “portfolio manager”)

## 2022 Annual Management Report of Fund Performance

This annual management report of fund performance contains financial highlights but does not contain the complete annual financial statements of the Fund. If the annual financial statements of the Fund do not accompany the mailing of this report, you may obtain a copy of the annual financial statements at your request, and at no cost, by calling 1-800-665-7700 and 1-800-668-7327, by writing to us at BMO Investments Inc., First Canadian Place, 100 King Street West, 43rd Floor, Toronto, Ontario, M5X 1A1 or by visiting our website at [www.bmo.com/gam/ca/advisor/legal-and-regulatory](http://www.bmo.com/gam/ca/advisor/legal-and-regulatory) or SEDAR at [www.sedar.com](http://www.sedar.com). You may also contact us using one of these methods to request a copy of the Fund’s interim financial report, proxy voting policies and procedures, proxy voting disclosure record and/or quarterly portfolio disclosure.

### MANAGEMENT DISCUSSION OF FUND PERFORMANCE

#### Investment Objective and Strategies

The Fund’s objective is to provide long-term capital growth and preservation of capital by investing primarily in a diversified portfolio of global equity and fixed income exchange traded funds.

The portfolio manager may invest up to 100% of the Fund’s assets in securities of exchange traded funds, including funds that are managed by the Manager or one of its affiliates or associates and non-affiliated funds. The portfolio manager considers asset class and sector investments based on fundamentals, economic and markets outlook, as well as uses technical indicators when implementing portfolio rebalances.

#### Risk

The risks associated with an investment in the Fund remain as disclosed in the Fund’s most recent simplified prospectus or any amendments thereto and fund facts. During the Period, there were no changes to the Fund that materially affected the overall risk level associated with an investment in the Fund. The Manager reviewed the Fund using the standardized investment risk classification methodology prescribed by National Instrument 81-102 *Investment Funds* and determined on May 27, 2022 that the risk rating of the Fund had not changed. The Manager reviews the Fund’s investment risk level and reference index, if any, at least annually.

#### Results of Operations

During the Period, the Fund’s total net asset value changed from approximately \$339 million to approximately \$225 million. Series A units of the Fund returned -13.54%. Please see the *Past Performance* section for information on the performance returns of the Fund’s other series.

During the Period, central banks pivoted, shifting from established accommodative policies to aggressively raising interest rates which created concerns about a potential recession. In response, financial conditions tightened in all regions. Meanwhile, the strong U.S. dollar drove up the costs of U.S. exports, heightening inflation outside the U.S.

A political shift to nationalism that occurred in many economies along with the conflict in Ukraine had destabilized global energy markets and supply chains. Meanwhile, China maintained its zero-COVID policies, which included lockdowns.

The Fund’s lower exposure to market volatility and options overlay reduced losses, thus contributing to performance. The Fund’s benchmark, the MSCI World Index (C\$), had a return of -11.9% during the Period. The Fund’s duration (interest rate sensitivity) in fixed income was lower than the benchmark duration for most of the Period, which contributed to performance. Some of the Fund’s thematic exposures, such as uranium, clean energy and base metals, produced strong returns and contributed to performance. The Fund’s overweight positions in Japan, India and Brazil also contributed. Individual contributors to performance included the Fund’s hedged position in the S&P 500 Index, which reduced the effects of volatility. Other contributors included Global X Uranium Exchange Traded Fund



Mutual Funds

# BMO Tactical Balanced ETF Fund

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(“ETF”), BMO Clean Energy Index ETF, BMO Equal Weight Global Base Metals Hedged to CAD Index ETF, Franklin FTSE Japan Hedged ETF, Franklin FTSE India ETF and Franklin FTSE Brazil ETF.

The Fund’s currency exposure in Europe, Asia and the Far East (“EAFE”), as well as in emerging markets, detracted significantly from performance following the onset of the Russia-Ukraine conflict. The Fund’s exposure to China detracted from performance, as did its fixed income credit exposure. Individual detractors from performance included the Fund’s significant position in BMO MSCI EAFE Index ETF, as it was exposed to the euro, British pound and Japanese yen versus a short position in the Canadian dollar. A position in VanEck J.P. Morgan EM Local Currency Bond ETF detracted given that Russian debt had no value, and also owing to widening spreads and currency exposure. Other detractors included KraneShares CSI China Internet ETF, KraneShares Boser MSCI China A 50 Connect Index ETF and ETFMG Alternative Harvest ETF.

New positions in the Fund included Consumer Staples Select Sector SPDR Fund, which was a defensive shift as the Fund took profits on other positions. iShares 20+ Year Treasury Bond ETF was added to bond exposure as yields rose and recession risks increased.

Increased positions included KraneShares Boser MSCI China A 50 Connect Index ETF, ETFMG Alternative Harvest ETF, BMO MSCI Emerging Markets Index ETF and BMO S&P/TSX Equal Weight Global Base Metals Hedged to CAD Index ETF, which added to thematic and regional high-conviction positions.

Decreased positions included BMO MSCI EAFE Index ETF, which was trimmed to add to other exposures.

The Fund exited positions in BMO NASDAQ 100 Equity Hedged to CAD Index ETF and Invesco S&P 500 Equal Weight ETF to take profits from tactical positions.

## ***Multi-Series Structure Change***

As at March 28, 2022, no Series D units were issued and outstanding for this Fund. Series D units are no longer available for purchase by new or existing investors effective March 28, 2022.

*For information on the Fund’s performance and composition, please refer to the Past Performance section and Summary of Investment Portfolio section of this report.*

## **Recent Developments**

The portfolio manager believes the market is currently in a bear market (a decline of at least 20% from recent high levels) and will maintain a more defensive position on rallies to preserve capital. As the U.S. Federal Open Market Committee approaches its terminal interest rate, inflation should peak and begin to recede, but the portfolio manager expects inflation to remain elevated, keeping financial conditions tight. Markets are likely to remain volatile, supporting a tactical investment style.

In February 2022, hostilities commenced in Ukraine. In response, a number of countries have imposed economic sanctions on Russia and certain Russian citizens and entities. The impact of the hostilities, economic sanctions and other measures may have wide-ranging global effects on price volatility for securities and commodities as well as the stability of global financial markets. It is uncertain how long the hostilities, economic sanctions and market instability will continue and whether they will escalate further.

## **RELATED PARTY TRANSACTIONS**

From time to time, the Manager may, on behalf of the Fund, enter into transactions or arrangements with or involving other members of BMO Financial Group, or certain other persons or companies that are related or connected to the Manager (each a “Related Party”). The purpose of this section is to provide a brief description of any transaction involving the Fund and a Related Party.

## **Manager**

BMO Investments Inc., an indirect, wholly-owned subsidiary of Bank of Montreal (“BMO”), is the Manager and trustee of the Fund. The Manager is paid a management fee by the Fund as compensation for its services, which is described in the “Management Fees” section later in this document.

# BMO Tactical Balanced ETF Fund

## Administration Fee and Operating Expenses

The Fund pays a fixed administration fee to the Manager in respect of each series other than Series I. The Manager in return pays the operating expenses of these series of the Fund, other than certain specified expenses that are paid directly by the Fund (“Fund Expenses”). Fund Expenses are allocated proportionately among the relevant series. If the Fund Expenses are specific to a series, the Fund Expenses are allocated to that series. The fixed administration fee is calculated as a fixed annual percentage of the net asset value of each relevant series of the Fund. The annual fixed administration fee rate for each series of the Fund other than Series I is 0.15%. The administration fee is subject to applicable taxes. The Manager may, in certain cases, waive a portion of the administration fee that it receives from the Fund or from certain series of the Fund. Separate fees and expenses are negotiated and paid directly by each Series I investor. Further details about the fixed administration fee, Fund Expenses and/or operating expenses can be found in the Fund’s most recent simplified prospectus at [www.bmo.com/gam/ca/advisor/legal-and-regulatory](http://www.bmo.com/gam/ca/advisor/legal-and-regulatory) or [www.sedar.com](http://www.sedar.com).

## Buying and Selling Securities

During the Period, the Fund relied on standing instructions provided by the independent review committee (“IRC”) for any of the following related party transactions that may have occurred in the Fund (each, a “Related Party Transaction”):

- (a) investments in securities issued by BMO, an affiliate of the Manager, or any other issuer related to the Manager;
- (b) investments in a class of non-government debt securities and/or equity securities of an issuer during the period of distribution of those securities to the public and/or the 60-day period following the distribution period where BMO Nesbitt Burns Inc., an affiliate of the Manager, or any other affiliate of the Manager acted as an underwriter in the distribution;
- (c) trades in debt securities in the secondary market with BMO Nesbitt Burns Inc., an affiliate of the Manager, that is trading with the Fund as principal; and
- (d) trades of a security of any issuer from or to, another investment fund managed by the Manager or an affiliate of the Manager or a managed account managed by an affiliate of the Manager.

In accordance with the IRC’s standing instructions, in making a decision to cause the Fund to enter into a Related Party Transaction, the Manager and the portfolio manager of the Fund are required to comply with the Manager’s written policies and procedures governing the Related Party Transaction and report periodically to the IRC, describing each instance that the Manager relied on the standing instructions and its compliance or non-compliance with the governing policies and procedures. The governing policies and procedures are designed to ensure that each Related Party Transaction (i) is made free from any influence of BMO, BMO Nesbitt Burns Inc. or an associate or affiliate of BMO and/or BMO Nesbitt Burns Inc., and without taking into account any considerations relevant to BMO, BMO Nesbitt Burns Inc. or an associate or affiliate of BMO and/or BMO Nesbitt Burns Inc.; (ii) represents the business judgment of the Manager, uninfluenced by considerations other than the best interests of the Fund; and (iii) achieves a fair and reasonable result for the Fund.

## Brokerage Commissions

The Fund pays standard brokerage commissions at market rates to BMO Nesbitt Burns Inc., an affiliate of the Manager, for executing a portion of its trades. The brokerage commissions charged to the Fund (excluding exchange and other fees) during the periods indicated, were as follows:

	Period ended Sep. 30, 2022 \$000	Period ended Sep. 30, 2021 \$000
Total brokerage commissions	218	396
Brokerage commissions paid to BMO Nesbitt Burns Inc.	138	241

## Distribution Services

The Manager markets and distributes the Fund through BMO branches and/or (depending on the series) through registered dealers and brokers, including BMO InvestorLine Inc. and BMO Nesbitt Burns Inc., both affiliates of the Manager. The Manager pays to these affiliates a service fee called a “trailing commission” based on the average daily value of the units and/or shares that are held in investor accounts. This service fee is paid monthly or quarterly and varies by purchase option and by series. Effective on or after June 1, 2022, series of units of the Fund that pay a service fee are no longer available for purchase by investors who hold those securities in an account with BMO InvestorLine Inc.

# BMO Tactical Balanced ETF Fund

## FINANCIAL HIGHLIGHTS

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

### The Fund's Net Assets per Unit <sup>(1)</sup>

#### Series A Units

		2022	Periods ended Sep. 30			
		2021	2020	2019	2018	
Net assets, beginning of period	\$	10.64	10.36	10.42	10.27	10.02
<b>Increase (decrease)</b>						
<b>from operations:</b>						
Total revenue	\$	0.37	0.35	0.27	0.32	0.29
Total expenses <sup>(2)</sup>	\$	-0.18	-0.16	-0.16	-0.17	-0.16
Realized gains (losses)						
for the period	\$	0.16	0.21	0.05	0.05	0.25
Unrealized gains (losses)						
for the period	\$	-1.63	-0.10	0.04	0.09	0.03
<b>Total increase (decrease)</b>						
from operations <sup>(3)</sup>	\$	-1.28	0.30	0.20	0.29	0.41
<b>Distributions:</b>						
From net investment income						
(excluding dividends)	\$	—	—	0.00	—	0.02
From dividends	\$	—	—	0.09	—	0.19
From capital gains	\$	0.46	—	0.13	0.05	0.03
Return of capital	\$	—	0.05	0.05	0.00	—
<b>Total Annual Distributions <sup>(4)</sup></b>	\$	0.46	0.05	0.27	0.05	0.24
<b>Net assets, end of period</b>	\$	8.81	10.64	10.36	10.42	10.27

#### Advisor Series Units

		2022	Periods ended Sep. 30			
		2021	2020	2019	2018	
Net assets, beginning of period	\$	10.68	10.41	10.45	10.31	10.07
<b>Increase (decrease)</b>						
<b>from operations:</b>						
Total revenue	\$	0.36	0.34	0.27	0.32	0.30
Total expenses <sup>(2)</sup>	\$	-0.18	-0.16	-0.17	-0.18	-0.17
Realized gains (losses)						
for the period	\$	0.15	0.24	0.05	0.05	0.24
Unrealized gains (losses)						
for the period	\$	-1.64	-0.11	0.04	0.06	0.05
<b>Total increase (decrease)</b>						
from operations <sup>(3)</sup>	\$	-1.31	0.31	0.19	0.25	0.42
<b>Distributions:</b>						
From net investment income						
(excluding dividends)	\$	—	—	0.00	—	0.02
From dividends	\$	—	—	0.09	—	0.19
From capital gains	\$	0.48	—	0.12	0.06	0.03
Return of capital	\$	—	0.05	0.04	—	—
<b>Total Annual Distributions <sup>(4)</sup></b>	\$	0.48	0.05	0.25	0.06	0.24
<b>Net assets, end of period</b>	\$	8.82	10.68	10.41	10.45	10.31

#### Series F Units

		2022	Periods ended Sep. 30			
			2021	2020	2019	2018
Net assets, beginning of period	\$	11.21	10.80	10.80	10.58	10.22
<b>Increase (decrease)</b>						
<b>from operations:</b>						
Total revenue	\$	0.39	0.37	0.27	0.33	0.30
Total expenses <sup>(2)</sup>	\$	-0.08	-0.05	-0.05	-0.06	-0.05
Realized gains (losses)						
for the period	\$	0.14	0.18	0.01	0.08	0.24
Unrealized gains (losses)						
for the period	\$	-1.71	-0.09	0.11	0.05	-0.01
<b>Total increase (decrease)</b>						
<b>from operations <sup>(3)</sup></b>	\$	-1.26	0.41	0.34	0.40	0.48
<b>Distributions:</b>						
From net investment income						
(excluding dividends)	\$	—	—	0.03	—	0.07
From dividends	\$	0.00	—	0.14	—	0.10
From capital gains	\$	0.43	—	0.12	0.04	0.03
Return of capital	\$	0.03	0.05	0.05	0.06	0.04
<b>Total Annual Distributions <sup>(4)</sup></b>	\$	0.46	0.05	0.34	0.10	0.24
<b>Net assets, end of period</b>	\$	9.40	11.21	10.80	10.80	10.58

#### Series D Units

		2022	Periods ended Sep. 30			
		2021	2020	2019	2018	
Net assets, beginning of period	\$	10.77	10.42	10.52	10.39	10.14
<b>Increase (decrease)</b>						
<b>from operations:</b>						
Total revenue	\$	0.28	0.37	0.26	0.31	0.30
Total expenses <sup>(2)</sup>	\$	-0.06	-0.09	-0.09	-0.10	-0.09
Realized gains (losses)						
for the period	\$	0.19	0.15	0.01	0.00	0.24
Unrealized gains (losses)						
for the period	\$	-0.30	-0.07	0.06	0.06	0.09
<b>Total increase (decrease)</b>						
<b>from operations <sup>(3)</sup></b>	\$	0.11	0.36	0.24	0.27	0.54
<b>Distributions:</b>						
From net investment income						
(excluding dividends)	\$	—	—	0.00	—	0.07
From dividends	\$	—	—	0.17	—	0.14
From capital gains	\$	0.48	—	0.16	0.09	0.03
Return of capital	\$	0.14	0.05	0.06	0.05	0.06
<b>Total Annual Distributions <sup>(4)</sup></b>	\$	0.62	0.05	0.39	0.14	0.30
<b>Net assets, end of period</b>	\$	—	10.77	10.42	10.52	10.39

# BMO Tactical Balanced ETF Fund

## Series G Units

		2022	Periods ended Sep. 30		
			2021	2020	2019 <sup>(3)</sup>
Net assets, beginning of period	\$	10.60	10.26	10.18	10.00 <sup>*</sup>
<b>Increase (decrease)</b>					
<b>from operations:</b>					
Total revenue	\$	0.32	0.35	0.27	0.17
Total expenses <sup>(2)</sup>	\$	-0.12	-0.10	-0.10	-0.06
Realized gains (losses)					
for the period	\$	0.17	0.19	0.08	0.03
Unrealized gains (losses)					
for the period	\$	-1.83	-0.06	-0.04	0.06
<b>Total increase (decrease)</b>					
<b>from operations<sup>(3)</sup></b>	\$	-1.46	0.38	0.21	0.20
<b>Distributions:</b>					
From net investment income					
(excluding dividends)	\$	—	—	0.00	—
From dividends	\$	—	—	0.10	—
From capital gains	\$	0.34	—	0.06	—
Return of capital	\$	—	0.05	0.02	—
<b>Total Annual Distributions<sup>(4)</sup></b>	\$	0.34	0.05	0.18	—
<b>Net assets, end of period</b>	\$	8.93	10.60	10.26	10.18

## Series I Units

		2022	Periods ended Sep. 30			2018
			2021	2020	2019	
Net assets, beginning of period	\$	10.82	10.35	10.35	10.06	9.83
<b>Increase (decrease)</b>						
<b>from operations:</b>						
Total revenue	\$	0.36	0.34	0.27	0.31	0.29
Total expenses <sup>(2)</sup>	\$	0.00	0.03	0.02	0.01	0.02
Realized gains (losses)						
for the period	\$	0.13	0.25	0.02	0.06	0.06
Unrealized gains (losses)						
for the period	\$	-1.65	-0.12	0.10	0.08	-0.39
<b>Total increase (decrease)</b>						
<b>from operations<sup>(3)</sup></b>	\$	-1.16	0.50	0.41	0.46	-0.02
<b>Distributions:</b>						
From net investment income						
(excluding dividends)	\$	0.17	—	0.09	—	0.15
From dividends	\$	0.02	—	0.14	—	0.16
From capital gains	\$	0.47	—	0.12	0.02	0.03
Return of capital	\$	0.01	0.05	0.05	0.06	0.06
<b>Total Annual Distributions<sup>(4)</sup></b>	\$	0.67	0.05	0.40	0.08	0.40
<b>Net assets, end of period</b>	\$	8.95	10.82	10.35	10.35	10.06

## Series L Units

		2022	Periods ended Sep. 30			2018
			2021	2020	2019	
Net assets, beginning of period	\$	—	10.52	10.57	10.46	9.96
<b>Increase (decrease)</b>						
<b>from operations:</b>						
Total revenue	\$	—	0.25	0.28	0.31	0.30
Total expenses <sup>(2)</sup>	\$	—	0.00	-0.00	-0.03	-0.02
Realized gains (losses)						
for the period	\$	—	-0.28	0.43	0.00	0.21
Unrealized gains (losses)						
for the period	\$	—	-0.05	-0.52	0.05	0.17
<b>Total increase (decrease)</b>						
<b>from operations<sup>(3)</sup></b>	\$	—	-0.08	0.19	0.33	0.66
<b>Distributions:</b>						
From net investment income						
(excluding dividends)	\$	—	—	0.07	—	0.04
From dividends	\$	—	—	0.17	—	0.04
From capital gains	\$	—	—	0.15	0.11	0.03
Return of capital	\$	—	0.05	0.05	0.13	0.01
<b>Total Annual Distributions<sup>(4)</sup></b>	\$	—	0.05	0.44	0.24	0.12
<b>Net assets, end of period</b>	\$	—	—	10.52	10.57	10.46

<sup>\*</sup> Initial net assets.

<sup>(1)</sup> This information is derived from the Fund's audited annual financial statements.

<sup>(2)</sup> Includes commissions and other portfolio transaction costs and withholding taxes.

<sup>(3)</sup> Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

<sup>(4)</sup> Distributions were either paid in cash or reinvested in additional units of the Fund, or both. The allocation of the distributions from each of income, dividends, capital gains and return of capital is based on the Manager's estimate as at September 30 of the period shown, as applicable, which is the Fund's financial year-end. However, the actual allocation of distributions is determined as at December 15, the Fund's tax year-end. Accordingly, the actual allocation among income, dividends, capital gains and return of capital may differ from these estimates.

<sup>(5)</sup> The information shown in this column is for the period beginning March 8, 2019 (the series' inception date) and ending September 30, 2019.

# BMO Tactical Balanced ETF Fund

## Ratios and Supplemental Data

### Series A Units

		2022	Periods ended Sep. 30			2018
			2021	2020	2019	
Total net asset value (000's) <sup>(1)</sup>	\$	77,450	112,397	148,080	118,315	48,906
Number of units						
outstanding (000's) <sup>(1)</sup>		8,792	10,567	14,296	11,359	4,762
Management expense ratio <sup>(2)</sup>	%	1.78	1.79	1.78	1.77	1.78
Management expense ratio						
before waivers or absorptions	%	1.78	1.79	1.80	1.78	1.78
Trading expense ratio <sup>(3)</sup>	%	0.10	0.12	0.05	0.05	0.07
Portfolio turnover rate <sup>(4)</sup>	%	194.29	396.29	118.18	116.68	167.92
Net asset value per unit	\$	8.81	10.64	10.36	10.42	10.27

### Advisor Series Units

		2022	Periods ended Sep. 30			2018
			2021	2020	2019	
Total net asset value (000's) <sup>(1)</sup>	\$	65,318	95,413	110,420	85,382	38,675
Number of units						
outstanding (000's) <sup>(1)</sup>		7,404	8,931	10,610	8,169	3,750
Management expense ratio <sup>(2)</sup>	%	1.82	1.83	1.83	1.83	1.83
Management expense ratio						
before waivers or absorptions	%	1.82	1.83	1.83	1.83	1.83
Trading expense ratio <sup>(3)</sup>	%	0.10	0.12	0.05	0.05	0.07
Portfolio turnover rate <sup>(4)</sup>	%	194.29	396.29	118.18	116.68	167.92
Net asset value per unit	\$	8.82	10.68	10.41	10.45	10.31

### Series F Units

		2022	Periods ended Sep. 30			2018
			2021	2020	2019	
Total net asset value (000's) <sup>(1)</sup>	\$	59,958	98,186	138,121	90,855	24,320
Number of units						
outstanding (000's) <sup>(1)</sup>		6,377	8,756	12,785	8,410	2,298
Management expense ratio <sup>(2)</sup>	%	0.71	0.72	0.72	0.72	0.72
Management expense ratio						
before waivers or absorptions	%	0.71	0.72	0.72	0.72	0.72
Trading expense ratio <sup>(3)</sup>	%	0.10	0.12	0.05	0.05	0.07
Portfolio turnover rate <sup>(4)</sup>	%	194.29	396.29	118.18	116.68	167.92
Net asset value per unit	\$	9.40	11.21	10.80	10.80	10.58

### Series D Units

		2022	Periods ended Sep. 30			2018
			2021	2020	2019	
Total net asset value (000's) <sup>(1)</sup>	\$	—	2,034	3,339	2,660	2,925
Number of units						
outstanding (000's) <sup>(1)</sup>		—	189	320	253	281
Management expense ratio <sup>(2)</sup>	%	1.08	1.10	1.11	1.10	1.11
Management expense ratio						
before waivers or absorptions	%	1.09	1.10	1.11	1.10	1.11
Trading expense ratio <sup>(3)</sup>	%	0.10	0.12	0.05	0.05	0.07
Portfolio turnover rate <sup>(4)</sup>	%	194.29	396.29	118.18	116.68	167.92
Net asset value per unit	\$	—	10.77	10.42	10.52	10.39

### Series G Units

		2022	Periods ended Sep. 30			2019 <sup>(5)</sup>
			2021	2020	2019	
Total net asset value (000's) <sup>(1)</sup>	\$	288	253	336	176	
Number of units						
outstanding (000's) <sup>(1)</sup>		32	24	33	17	
Management expense ratio <sup>(2)</sup>	%	1.24	1.24	1.24	1.24	
Management expense ratio						
before waivers or absorptions	%	1.25	1.27	1.26	1.34	
Trading expense ratio <sup>(3)</sup>	%	0.10	0.12	0.05	0.05	
Portfolio turnover rate <sup>(4)</sup>	%	194.29	396.29	118.18	116.68	
Net asset value per unit	\$	8.93	10.60	10.26	10.18	

### Series I Units

		2022	Periods ended Sep. 30			2018
			2021	2020	2019	
Total net asset value (000's) <sup>(1)</sup>	\$	22,025	31,049	34,060	20,271	5,261
Number of units						
outstanding (000's) <sup>(1)</sup>		2,461	2,870	3,291	1,958	523
Management expense ratio <sup>+</sup>	%	—	—	—	—	—
Management expense ratio						
before waivers or absorptions <sup>+</sup>	%	—	—	—	—	—
Trading expense ratio <sup>(3)</sup>	%	0.10	0.12	0.05	0.05	0.07
Portfolio turnover rate <sup>(4)</sup>	%	194.29	396.29	118.18	116.68	167.92
Net asset value per unit	\$	8.95	10.82	10.35	10.35	10.06

### Series L Units

		2022	Periods ended Sep. 30			2018
			2021	2020	2019	
Total net asset value (000's) <sup>(1)</sup>	\$	—	—	35	4,369	4,254
Number of units						
outstanding (000's) <sup>(1)</sup>		—	—	3	414	407
Management expense ratio <sup>(2)</sup>	%	—	0.22	0.22	0.37	0.48
Management expense ratio						
before waivers or absorptions	%	—	0.74	0.46	0.37	0.48
Trading expense ratio <sup>(3)</sup>	%	—	0.12	0.05	0.05	0.07
Portfolio turnover rate <sup>(4)</sup>	%	—	396.29	118.18	116.68	167.92
Net asset value per unit	\$	—	—	10.52	10.57	10.46

+ Operating expenses are paid by BMOII and management fees are paid directly to BMOII as negotiated with the investor.

<sup>(1)</sup> This information is provided as at September 30 of the period shown.

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

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

<sup>(4)</sup> The Fund's portfolio turnover rate indicates how actively the Fund's portfolio manager manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a fund's portfolio turnover rate in a year, the greater the trading costs payable by the fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

<sup>(5)</sup> The information shown in this column is for the period beginning March 8, 2019 (the series' inception date) and ending September 30, 2019.

# BMO Tactical Balanced ETF Fund

## Management Fees

The Manager is responsible for the day-to-day management of the business and operations of the Fund. The Manager monitors and evaluates the Fund's performance, pays for the investment advice provided by the Fund's portfolio manager and provides certain administrative services required by the Fund. As compensation for its services, the Manager is entitled to receive a management fee payable monthly, calculated based on the daily net asset value of each series of the Fund at the annual rate set out in the table below. The management fee is subject to applicable taxes. The Manager may, at its discretion, waive a portion or the entire amount of the management fee chargeable at any given time for each series of the Fund.

	Annual Management Fee Rate*	As a Percentage of Management Fees	
		Dealer Compensation	General Administration, Investment Advice and Profit
	%	%	%
Series A Units	1.50	66	34
Advisor Series Units	1.50	66	34
Series F Units	0.50	0	100
Series G Units	0.95	37	63
Series I Units	—	—	—

\* For Series I Units, separate Series I fees are negotiated and paid directly by each Series I investor. The combined management and administration fees for Series I Units will not exceed the management fee charged for Advisor Series or Series A Units.

## PAST PERFORMANCE

The Fund's performance information assumes that all distributions made by the Fund in the periods shown were reinvested in additional securities of the Fund and is based on the net asset value of the Fund. The reinvestment of distributions increases returns. The performance information does not take into account sales, redemption, distribution, other optional charges or income taxes payable that, if applicable, would have reduced returns or performance. Please remember that how the Fund has performed in the past does not indicate how it will perform in the future.

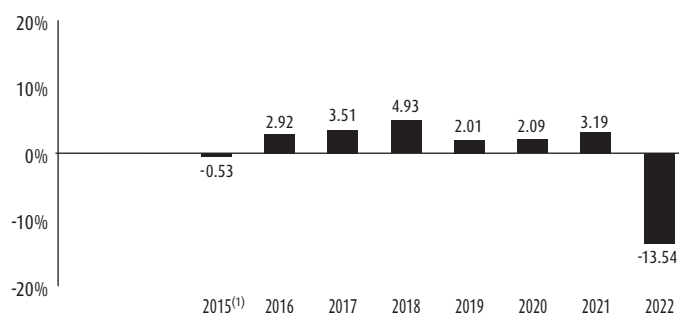
The returns of each series may differ from one another for a number of reasons, including if the series was not issued and outstanding for the entire reporting period and because of the different levels of management fees and expenses allocated and payable by each series.

On February 1, 2017, the management fee on Series F units was lowered from 0.60% to 0.50%. This change could have affected the performance of the Fund had it been in effect throughout the performance measurement periods presented.

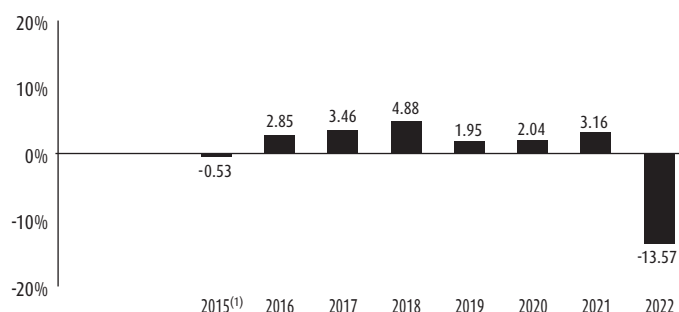
## Year-by-Year Returns

The following bar charts show the performance of each series of the Fund for each of the financial years shown, and illustrate how the Fund's performance has changed from year to year. The charts show in percentage terms how an investment made on the first day of each financial year would have increased or decreased by the last day of each financial year.

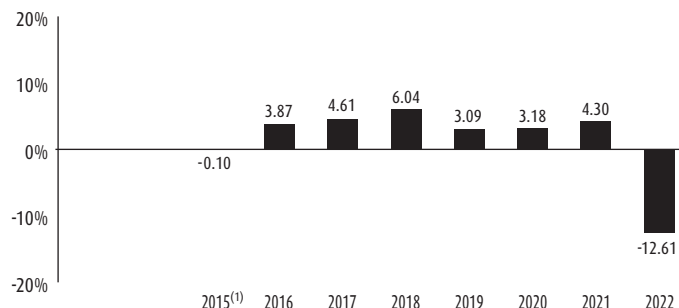
### Series A Units



### Advisor Series Units



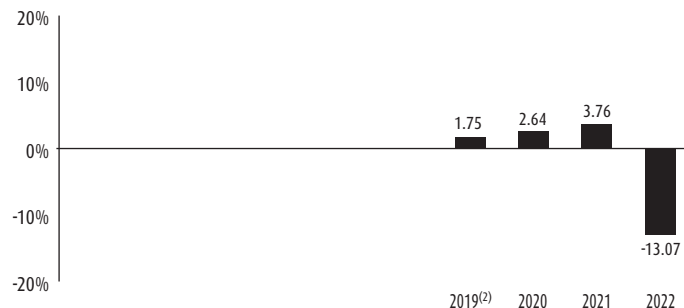
### Series F Units



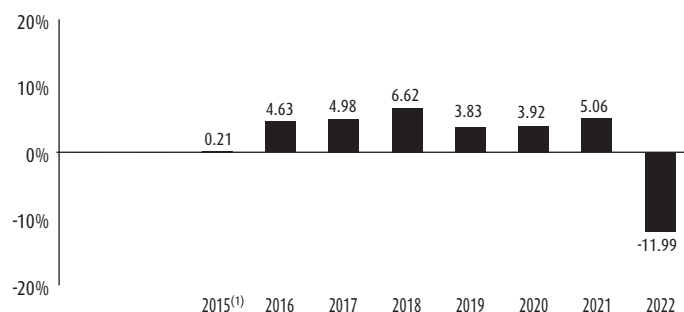


# BMO Tactical Balanced ETF Fund

## Series G Units



## Series I Units



<sup>(1)</sup> For the period beginning with the performance launch date of April 17, 2015 to September 30, 2015.

<sup>(2)</sup> For the period beginning with the performance launch date of March 11, 2019 to September 30, 2019.

## Annual Compound Returns

This table compares the historical annual compound returns of the Fund with its blended benchmark (composed of 40% Bloomberg Global Aggregate Bond Index (C\$) and 60% MSCI World Index (C\$)), in addition to the MSCI World Index (C\$), a broad-based index. The Fund uses a blended benchmark to compare its overall relative performance because the blended benchmark is a better reflection of the asset mix of the underlying investments within the Fund's portfolio. Therefore, the blended benchmark is a more accurate and useful comparison.

The Bloomberg Global Aggregate Bond Index (C\$) provides a broad-based measure of the global investment-grade fixed-rate debt markets. The Bloomberg Global Aggregate Bond Index contains three major components: the U.S. Aggregate Index, the Pan-European Aggregate Index, and the Asian-Pacific Aggregate Index.

The MSCI World Index (C\$) is a broad-based global index that represents large- and mid-cap equity performance across 23 developed markets countries. It covers approximately 85% of the free float-adjusted market capitalization in each country.

## Series A Units

		1 year	3 years	5 years	10 years	Since Inception <sup>(1)</sup>
BMO Tactical Balanced ETF Fund	%	-13.54	-3.06	-0.51		0.44
Blended Benchmark	%	-12.43	2.30	4.86		5.28
MSCI World Index (C\$)	%	-11.93	6.53	8.02		8.18

## Advisor Series Units

		1 year	3 years	5 years	10 years	Since Inception <sup>(1)</sup>
BMO Tactical Balanced ETF Fund	%	-13.57	-3.10	-0.55		0.39
Blended Benchmark	%	-12.43	2.30	4.86		5.28
MSCI World Index (C\$)	%	-11.93	6.53	8.02		8.18

## Series F Units

		1 year	3 years	5 years	10 years	Since Inception <sup>(1)</sup>
BMO Tactical Balanced ETF Fund	%	-12.61	-2.03	0.55		1.48
Blended Benchmark	%	-12.43	2.30	4.86		5.28
MSCI World Index (C\$)	%	-11.93	6.53	8.02		8.18

## Series G Units

		1 year	3 years	5 years	10 years	Since Inception <sup>(1)</sup>
BMO Tactical Balanced ETF Fund	%	-13.07	-2.54			-1.66
Blended Benchmark	%	-12.43	2.30			3.50
MSCI World Index (C\$)	%	-11.93	6.53			11.62

## Series I Units

		1 year	3 years	5 years	10 years	Since Inception <sup>(1)</sup>
BMO Tactical Balanced ETF Fund	%	-11.99	-1.32	1.24		2.14
Blended Benchmark	%	-12.43	2.30	4.86		5.28
MSCI World Index (C\$)	%	-11.93	6.53	8.02		8.18

<sup>(1)</sup> Return from the performance launch date of April 17, 2015 to September 30, 2022.

<sup>(2)</sup> Return from the performance launch date of March 11, 2019 to September 30, 2022.

*A commentary on the market and/or information regarding the relative performance of the Fund as compared to its broad-based benchmark can be found under the Results of Operations section of this report.*



# BMO Tactical Balanced ETF Fund

## SUMMARY OF INVESTMENT PORTFOLIO

As at September 30, 2022

Portfolio Allocation	% of Net Asset Value	Holdings** Issuer	% of Net Asset Value
International Equity Funds	29.3	BMO MSCI EAFE Index ETF	23.6
Emerging Markets Equity Funds	19.6	Invesco S&P 500 Equal Weight ETF	12.9
U.S. Equity Funds	18.3	BMO MSCI Emerging Markets Index ETF	11.8
Global Equity Funds	12.6	VanEck J.P. Morgan EM Local Currency Bond ETF	11.3
Emerging Markets Fixed Income Fund	11.3	iShares 20+ Year Treasury Bond ETF	10.9
U.S. Fixed Income Fund	10.9	Vanguard FTSE Europe ETF	5.1
Cash/Receivables/Payables	-2.0	VanEck Gold Miners ETF	3.4
<b>Total Portfolio Allocation</b>	<b>100.0</b>	KraneShares CSI China Internet ETF	2.8
		Global X Uranium ETF	2.3
		KraneShares Boseria MSCI China A ETF	2.1
		BMO Equal Weight Global Base Metals Hedged to CAD Index ETF	2.1
		ETFMG Alternative Harvest ETF	1.9
		First Trust NASDAQ Cybersecurity ETF	1.9
		BMO Clean Energy Index ETF	1.9
		Consumer Staples Select Sector SPDR Fund	1.6
		Franklin FTSE India ETF	1.2
		Global X FinTech ETF	1.2
		Global X Robotics & Artificial Intelligence ETF	1.0
		Franklin FTSE Brazil ETF	0.7
		Global X US Infrastructure Development ETF	0.7
		Franklin FTSE United Kingdom ETF	0.6
		Franklin FTSE South Korea ETF	0.5
		iShares MSCI Thailand ETF	0.5
		Cash/Receivables/Payables	-2.0
		<b>Total Holdings as a Percentage of Total Net Asset Value</b>	<b>100.0</b>
		<b>Total Net Asset Value</b>	<b>\$225,039,290</b>

\*\*Represents the entire portfolio.

\*The prospectus and other information about the underlying exchange traded fund(s) held in the portfolio are available on the exchange traded fund's designated website and/or at [www.sedar.com](http://www.sedar.com). For BMO Exchange Traded Funds, this information is also available at [www.bmo.com/etflegal](http://www.bmo.com/etflegal).

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

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If you have any questions, please give us a call as follows:

- If you purchased BMO Mutual Funds through a BMO Bank of Montreal branch or BMO Online Banking, please call 1-800-665-7700.
- If you purchased BMO Mutual Funds through a full-service or discount broker, please call 1-800-668-7327 or email **[clientservices.mutualfunds@bmo.com](mailto:clientservices.mutualfunds@bmo.com)**.

**Caution regarding forward-looking statements**

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

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