Simplified Prospectus

August 18, 2015

BMO Retirement Portfolios

BMO Retirement Income Portfolio
(series A, F, T6 and Advisor Series)
BMO Retirement Conservative Portfolio
(series A, F, T6 and Advisor Series)
BMO Retirement Balanced Portfolio
(series A, F, T6 and Advisor Series)

BMO Risk Reduction Funds

BMO Risk Reduction Fixed Income Fund (series I)
BMO Risk Reduction Equity Fund (series I)

The BMO Mutual Funds in this simplified prospectus are offered by BMO Investments Inc.

Offering series A securities, series F securities, series T6 securities, series I securities and Advisor Series securities, as noted.

No securities regulatory authority has expressed an opinion about these securities. It is an offence to claim otherwise.

The funds and the securities of the funds offered under this simplified prospectus are not registered with the United States Securities and Exchange Commission and they are sold in the United States only in reliance on exemptions from registration.

BMO Mutual Funds

Introduction

In this document, "we", "us" and "our" refer to BMO Investments Inc. We refer to all of the mutual funds we offer as "BMO Mutual Funds". We refer to the funds offered under this simplified prospectus as "fund" or "funds". We refer to a unit or the units of the funds as "unit" or "units". We also refer to units as "securities" and holders of units as "securityholders".

This simplified prospectus contains selected important information to help you make an informed investment decision and understand your rights as an investor. It's divided into two parts. Pages 2 to 15 contain specific information about each fund and pages 16 to 39 contain general information about the funds.

You'll find more information about each fund in the following documents (once available):

- the annual information form
- the most recently filed fund facts
- the most recently filed annual financial statements
- any interim financial report filed after those financial statements
- the most recently filed annual management report of fund performance
- any interim management report of fund performance filed after that annual management report of fund performance.

These documents are incorporated by reference into this simplified prospectus. That means they legally form part of this simplified prospectus just as if they were printed in it.

There's no charge for these documents. You'll also find copies of them, and other information about the funds, on the internet at **www.sedar.com**.

If you would like a copy of these documents and you purchased your securities at a BMO Bank of Montreal branch, through the BMO Investment Centre, by telephone or through the internet, for more information about BMO Mutual Funds, please call toll free at 1-800-665-7700 or visit our website:

In English: **www.bmo.com/mutualfunds**

En français: **www.bmo.com/fonds**

If you would like a copy of these documents and you purchased your securities through a dealer, for more information about BMO Mutual Funds, please call toll free at 1-800-668-7327 or visit our website:

In English: **www.bmo.com/gam/ca**

En français: **www.bmo.com/gma/ca**

Specific information about each of the mutual funds described in this document

A guide to using the fund descriptions

You'll find all the key information about each fund in one place—the fund descriptions. They begin on page 6. Each fund description is organized into sections to make it easier for you to compare funds. Below is a short guide to what you'll find in each section of the fund descriptions.

1 Fund details

The *Fund details* section provides an overview of some basic information about the fund, like what kind of fund it is, when it was started and what type of securities it offers.

A mutual fund can be set up as a trust or as a corporation. The funds offered under this simplified prospectus are organized as trusts. When you invest in a fund, you are buying units of a trust. The funds may offer more than one series of securities. Each series is intended for a different kind of investor and may have a different management fee.

The *Fund details* section tells you if the fund is a qualified investment for registered retirement savings plans ("RRSPs"), registered retirement income funds ("RRIFs"), registered education savings plans ("RESPs"), deferred profit sharing plans ("DPSPs"), registered disability savings plans ("RDSPs") and tax-free savings accounts ("TFSAs") (collectively, the "registered plans" and each a "registered plan"). You should consult your own tax advisor to determine whether an investment in a fund would be a prohibited investment for your registered plan.

This section shows the maximum management fee that we may charge for the series of securities of the funds. For each series, we may, from time to time at our discretion, waive a portion or the entire amount of the management fee chargeable at any given time.

This section includes information about the administration fee of the funds and the name of the portfolio manager—the company that makes the day-to-day decisions about fund investments.

2 What does the fund invest in?

This section tells you the *Investment objectives* and *Investment strategies* of the fund.

Investment objectives

These are the goals of the fund. You'll find details about the kinds of securities the fund invests in, as well as any special focus, like concentrating on a particular country or industry.

Investment strategies

This section tells you how the portfolio manager tries to achieve the fund's objectives. Each of the funds follows the standard investment restrictions and practices established by Canadian securities legislation, unless Canadian securities regulators have given the fund approval to vary from these restrictions. If we and/or the fund have obtained such an approval, we may discuss it here or under *Additional information* and we also discuss it in the annual information form.

As permitted by Canadian securities legislation, the Independent Review Committee (the "IRC") of the funds has provided us with approval to enable the funds to engage in certain transactions with, and purchase securities of, certain related parties. Additional information is available in the funds' annual information form and under *Additional information* on page 38.

Each fund may hold cash as a defensive strategy or while waiting to invest in other securities. A fund may also buy short-term fixed income securities and money market instruments.

A fund may purchase securities of other mutual funds (or obtain exposure to other mutual funds by entering into derivative transactions), including mutual funds or exchange traded funds that are managed by us or our affiliates or associates.

In some cases, the investment strategies section of a fund may indicate that the fund has percentage or other restrictions on its investment in certain types of securities. In these cases, if the restriction is adhered to at the time of investment and then later the market value of the investment, the rating of the investment, or the value of the fund, changes in a manner that causes the restriction to be exceeded, it is not a violation of the restriction.

How the funds use derivatives

A derivative is an investment whose value is based on the value of another investment—called the underlying investment. There are many different kinds of derivatives, but they usually take the form of a contract to buy or sell a stock, currency, commodity, market index or mutual fund.

6 BMO RETIREMENT INCOME PORTFOLIO

1

BMO Retirement Income Portfolio

Fund details

Type of fund	Global fixed income balanced
Date started	Series A: August 18, 2015 Series F: August 18, 2015 Series T6: August 18, 2015 Advisor Series: August 18, 2015
Securities offered	Units of a mutual fund trust
Eligible for registered plans	Expected to be a qualified investment
Management fee	Series A: 1.40% Series F: 0.40% Series T6: 1.40% Advisor Series: 1.40%
Administration fee	0.15% Fees and expenses also include taxes and other fund costs. See *Fees and expenses* on page 31 for details.
Portfolio manager	BMO Asset Management Inc. Toronto, Ontario (Portfolio Manager since August 18, 2015)

2

What does the fund invest in?

Investment objectives

This fund's objective is to seek to preserve the value of your investment and provide some potential for growth while seeking to reduce portfolio volatility by investing primarily, directly or indirectly, in global equities and fixed income securities.

The fundamental investment objectives may only be changed with the approval of a majority of the votes cast at a meeting of securityholders called for that purpose.

Investment strategies

These are the strategies the portfolio manager uses to try to achieve the fund's objectives:

- employs a strategic asset allocation strategy and may dynamically shift the fund's exposure across asset classes and markets
- employs investment strategies that seek to reduce portfolio risk levels. These strategies seek to reduce exposure to market declines, while recognizing that the fund may not fully benefit from strong market growth
- may invest up to 100% of the purchase cost of the fund's assets in foreign securities
- may invest up to 100% of the fund's assets in securities of exchange traded funds and other mutual funds, including funds that are managed by us or one of our affiliates or associates
- the underlying funds selected by the portfolio manager will invest primarily in global equities and fixed income securities and will be selected on the basis that they help the fund to achieve its objective using the same strategies that it uses when investing directly in those securities
- allocates assets among the underlying mutual funds and exchange traded funds based on each underlying fund's investment objectives and strategies, among other factors. The underlying funds, as well as the percentage holding in each underlying fund, may be changed without notice from time to time
- the fund or the underlying funds may use derivatives to implement the investment strategy. Derivatives, such as options, futures, forward contracts, swaps and other derivative instruments may be used for both hedging and non-hedging purposes, or to, among other things:
  - protect the fund against potential losses. For example, the portfolio manager may be concerned about the impact that rising interest rates may have on the fund. The portfolio manager may attempt to reduce the impact of security price fluctuations by using interest rate swaps
  - reduce the impact of volatility on the fund. For example, the portfolio manager may attempt to reduce the impact of any adverse changes in exchange rates by buying currency futures
  - gain exposure to securities without buying the securities directly.

The fund will only use derivatives as permitted by Canadian securities regulators.

The fund or the underlying funds may enter into securities lending, repurchase and reverse repurchase transactions to earn additional income. These transactions will be used in conjunction with the other investment strategies in a manner considered appropriate to achieving the fund's investment objectives. Please see *Securities lending, repurchase and reverse purchase transactions risk* on page 20.

The fund may engage in short selling in order to manage volatility or enhance the fund's performance in declining or volatile markets. In compliance with its investment objectives, the fund will engage in short sales by borrowing securities which the portfolio manager believes are overvalued and selling them in the open market. The securities will then be repurchased by the fund at a later date and returned to the lender. The fund will only engage in short sales as permitted by Canadian securities regulators.

In some market conditions, the fund may invest a portion of its assets in short-term or other debt securities.

3

What are the risks of investing in the fund?

The investment strategies may involve the following risks, which we explain starting on page 16:

- capital depletion risk (for Series T6 investors only)
- credit risk
- currency risk
- derivative risk
- equity risk
- foreign investment risk
- fund of funds risk
- indexing risk
- interest rate risk
- large transaction risk
- securities lending, repurchase and reverse repurchase transactions risk
- series risk
- short selling risk.

4

Who should invest in this fund?

Consider this fund if:

- you are at or near retirement seeking reduced portfolio volatility while maintaining some market exposure
- you are comfortable with low investment risk (i.e., you are willing to accept some fluctuations in the market value of your investment over the short-term).

Series T6 securities are suitable for investors holding securities outside of a registered plan and wishing to receive monthly distributions.

Please see *Fund risk classification* on page 4 for a description of how we determined the classification of this fund's risk level. 5

6

Distribution policy

The fund distributes any net income and any net capital gains in December. Distributions are automatically reinvested in additional securities of the fund, unless you tell us in writing that you prefer to receive cash.

For Series T6 securities, the fund will make monthly distributions of an amount comprised of any net income, and/or ROC based on 6% of the net asset value per security of the series as determined on December 31 of the prior year.

If the cash distributions to you are greater than the net increase in the value of your investments in Series T6 securities, these distributions will erode the value of your original investments.

A ROC does not necessarily reflect the fund's investment performance and should not be confused with "yield" or "income". You should not draw any conclusions about the fund's investment performance from the amount of this distribution.

A ROC will reduce the amount of your original investment and may result in the return to you of the entire amount of your original investment. A ROC made to you is not immediately taxable in your hands but will reduce the ACB of the related securities. You should consult your tax advisor regarding the tax implications of receiving a ROC on your securities. Please see page 36 for more information.

Fund expenses indirectly borne by investors 7

This information is not available because the fund is new and its expenses are not yet known.

7 BMO RETIREMENT INCOME PORTFOLIO

Some common types of derivatives a fund may use include:

- *Futures or forward contracts:* these are agreements made today to buy or sell a particular currency, security or market index on a specific day in the future at a specified price
- *Options contracts:* these are agreements that give the buyer the right, but not the obligation, to buy or sell certain securities within a certain time period, at a specified price
- *Swap agreements:* these are negotiated contracts between parties agreeing to exchange periodic payments in the future based on returns of different investments. Swaps are generally equivalent to a series of forward contracts packaged together

Mutual funds can use derivatives for purposes other than hedging only if the fund has enough cash or securities to cover its positions.

A mutual fund can only use derivatives as permitted by the Canadian securities regulators, and only if their use is consistent with the fund's investment objectives.

Currency hedging strategies

Certain funds buy securities denominated in foreign currencies. The value of these securities will vary with changes in the value of the Canadian dollar. To protect against variations in exchange rates, these funds may buy or sell forward currency contracts or currency futures contracts.

Each fund that engages in currency hedging will exchange currency on a spot basis at prevailing rates or through forward contracts of one year or less. We enter into currency hedging contracts only up to the market value of the assets a fund holds in that currency. We may adjust the contracts from time to time.

Securities lending, repurchase and reverse repurchase transactions

All of the funds may engage in securities lending, repurchase and reverse repurchase transactions as described under *General investment* risks.

Short selling strategies

The funds may engage in short selling in order to manage volatility or enhance the fund's performance in declining or volatile markets.

A "short sale" is where a fund borrows securities from a borrowing agent (generally a custodian or dealer) and then sells the borrowed securities in the open market. At a later date, the same number and type of securities are repurchased by the fund and returned to the borrowing agent. In the interim, the proceeds from the first sale are deposited with the borrowing agent and the fund pays interest to the borrowing agent. If the value of the securities declines between the time that the fund borrows the securities and the time it repurchases and returns the securities, the fund makes a profit for the difference (less any interest the fund must pay to the borrowing agent).

A mutual fund will only engage in short sales as permitted by Canadian securities regulators, and only if the strategy is consistent with the fund's investment objectives.

3 What are the risks of investing in the fund?

When you're deciding which funds to invest in, risk is one of the things you should think about. This section tells you the specific risks of investing in the fund. You'll find a description of each risk under *General investment risks*.

4 Who should invest in this fund?

This section tells you the kind of investor the fund may be suitable for and how the fund could fit into your portfolio. When you're choosing a fund to invest in, you need to ask yourself what you're expecting from your investments, how long you're planning to put your money away, and how much risk you're willing to accept. You should also think about how the fund will work with your other investments.

5 Fund risk classification

We assign an investment risk rating to each fund to provide you with further information to help you determine whether the fund is appropriate for you. The methodology we use to determine the volatility risk ratings of the funds for purposes of disclosure in this simplified prospectus is based on the methodology recommended by the Investment Funds Institute of Canada ("IFIC"). IFIC recommended that the most easily understood form of risk in this context is historical volatility risk as measured by the standard deviation of fund performance. However IFIC recognizes that other types of risk, both measurable and non-measurable, may exist. It is also important to note that a fund's historical volatility may not be indicative of its future volatility.

Using this methodology, we will generally assign a risk rating based on a fund's historical rolling three and five-year standard deviation in one of the following categories:

- **Low –** generally includes money market funds and Canadian fixed income funds;
- **Low to medium –** generally includes balanced and asset allocation funds;
- **Medium –** generally includes large-cap equity funds investing in developed markets;
- **Medium to high –** generally includes equity funds investing in small/mid-cap issuers, or in specific countries or larger sectors; and
- **High –** generally includes equity funds investing in emerging markets or narrower sectors.

In certain instances, this method may produce a result that we believe may not be indicative of a fund's future volatility. As a result, in addition to using the methodology recommended by IFIC, we 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 fund and the liquidity of those investments, in making our final determination of each fund's risk rating. In addition, if a fund does not have at least three years of monthly return history, the benchmark index that most closely resembles the investment mandate or strategy of the fund may be used as a proxy. We would then assign a risk classification to such a fund based on our expectation of the risk factors that are likely to be relevant. This risk classification may change once the fund has sufficient performance history. The investment risk rating for each fund is reviewed at least annually as well as if there is a material change in a fund's investment objectives or investment strategies.

These risk ratings do not necessarily correspond to an investor's risk tolerance assessment; please consult your financial advisor for advice regarding your personal circumstances.

Details about the method that we use to determine the investment risk level of each fund are available on request, at no cost to you. If you purchased your securities at a BMO Bank of Montreal branch or through the BMO Investment Centre, you may call us toll free at 1-800-665-7700, write to BMO Investments Inc. at 100 King Street West, 43rd Floor, Toronto, Ontario M5X 1A1 or email us at **mutualfunds@bmo.com**. If you purchased your securities through a dealer, you may call us toll free at 1-800-668-7327, write to BMO Investments Inc. at 250 Yonge Street, 9th Floor, Toronto, Ontario M5B 2M8 or email us at **clientservices.mutualfunds@bmo.com**.

6 Distribution policy

This section tells you when you might receive distributions from a fund and the character of the distribution. However, due to tax loss restriction rules, a fund may make other distributions from time to time. Distributions from all funds held in BMO registered plans are always reinvested in additional securities of the same series of the fund you hold. Distributions from all other funds, including funds held outside BMO registered plans, are reinvested in additional securities of the same series of the fund, unless you tell us in writing that you prefer cash. Given the nature of Series T6 securities, we recommend that you request cash distributions. You'll find information about the taxation of distributions and dividends under *Income tax considerations for investors*.

7 Fund expenses indirectly borne by investors

This section gives you a hypothetical example to help you compare the indirect cost of investing in the fund with the indirect cost of investing in other mutual funds. These costs are paid out of a fund's assets. While you don't pay them directly, they have the effect of lowering the fund's returns. The information in the chart is for the series of the fund that are charged management fees, have been issued to investors and have completed a financial year. See *Fees and expenses* for more information about the cost of investing in the funds.

The example shows the expenses you would pay if:

- you invested $1,000 in the fund for the time periods shown;
- the fund earned 5% each year (the fund's actual performance will likely be different); and
- the fund's management expense ratio was the same in all periods as it was in its last financial year.

A word about special terms

While we've made the fund descriptions easy to understand, you'll come across a few investment terms. Here's what they mean.

Capital Gain: Generally, the amount an investment has risen in value since it was bought. A capital gain is realized when the investment is sold. Net capital gains are capital gains after deducting capital losses.

Capitalization: Market capitalization is the value of a company, generally measured by multiplying the price of its common equity shares by the number of shares outstanding.

Derivatives: Specialized investments like forward contracts, futures, options and swaps whose value is based on the value of another investment called an underlying investment. See page 2 for more information.

Fixed Income Securities: Investments that pay a fixed rate of interest. They're usually corporate and government bonds.

Hedging: A transaction intended to offset risk.

Liquidity: How easy it is for a fund to buy and sell a security, like a stock or a bond. The easier it is, the more liquid the investment.

Maturity: The day on which investments like bonds or derivative contracts come due for payment.

Net Income: The net income of a fund is interest, dividends and other investment income earned after deducting all expenses. It does not include capital gains or capital losses.

Return of Capital ("ROC"): A fund can generally choose to make a distribution that is a ROC. Also, a mutual fund trust will be considered to distribute a ROC if it distributes more than its net income and net realized capital gains. In any case, a ROC distribution is not included in your income, but instead reduces the adjusted cost base ("ACB") of the securities on which it was paid. When you eventually redeem the securities, you may realize a larger capital gain. If the ACB of your securities is reduced to less than zero while you continue to hold them, you will be deemed to realize an immediate capital gain equal to the negative amount and your ACB will be increased to zero. A ROC distribution should not be confused with return on investment or "yield". You should not draw any conclusions about a fund's investment performance from the amount of ROC it distributes.

Volatility: Volatility refers to the amount of uncertainty or risk about the size of changes in a security's value. A higher volatility means that a security's value can potentially be spread out over a larger range of values. This means that the price of the security can change dramatically over a short time period in either direction. A lower volatility means that a security's value does not fluctuate as dramatically, but changes in value at a steadier pace over a period of time.

Yield: The annual income distributed from an investment expressed as a percentage of the investment's current value. For example, a money market instrument that pays $30 in interest with a current value of $1,000 has a yield of 3%.

BMO Retirement Income Portfolio

Fund details

Type of fund	Global fixed income balanced
Date started	Series A: August 18, 2015 Series F: August 18, 2015 Series T6: August 18, 2015 Advisor Series: August 18, 2015
Securities offered	Units of a mutual fund trust
Eligible for registered plans	Expected to be a qualified investment
Management fee	Series A: 1.40% Series F: 0.40% Series T6: 1.40% Advisor Series: 1.40%
Administration fee	0.15% Fees and expenses also include taxes and other fund costs. See *Fees and expenses* on page 31 for details.
Portfolio manager	BMO Asset Management Inc. Toronto, Ontario (Portfolio Manager since August 18, 2015)

What does the fund invest in?

Investment objectives

This fund's objective is to seek to preserve the value of your investment and provide some potential for growth while seeking to reduce portfolio volatility by investing primarily, directly or indirectly, in global equities and fixed income securities.

The fundamental investment objectives may only be changed with the approval of a majority of the votes cast at a meeting of securityholders called for that purpose.

Investment strategies

These are the strategies the portfolio manager uses to try to achieve the fund's objectives:

- employs a strategic asset allocation strategy and may dynamically shift the fund's exposure across asset classes and markets
- employs investment strategies that seek to reduce portfolio risk levels. These strategies seek to reduce exposure to market declines, while recognizing that the fund may not fully benefit from strong market growth
- may invest up to 100% of the purchase cost of the fund's assets in foreign securities
- may invest up to 100% of the fund's assets in securities of exchange traded funds and other mutual funds, including funds that are managed by us or one of our affiliates or associates
- the underlying funds selected by the portfolio manager will invest primarily in global equities and fixed income securities and will be selected on the basis that they help the fund to achieve its objective using the same strategies that it uses when investing directly in those securities
- allocates assets among the underlying mutual funds and exchange traded funds based on each underlying fund's investment objectives and strategies, among other factors. The underlying funds, as well as the percentage holding in each underlying fund, may be changed without notice from time to time
- the fund or the underlying funds may use derivatives to implement the investment strategy. Derivatives, such as options, futures, forward contracts, swaps and other derivative instruments may be used for both hedging and non-hedging purposes, or to, among other things:
  - protect the fund against potential losses. For example, the portfolio manager may be concerned about the impact that rising interest rates may have on the fund. The portfolio manager may attempt to reduce the impact of security price fluctuations by using interest rate swaps
  - reduce the impact of volatility on the fund. For example, the portfolio manager may attempt to reduce the impact of any adverse changes in exchange rates by buying currency futures
  - gain exposure to securities without buying the securities directly.

The fund will only use derivatives as permitted by Canadian securities regulators.

The fund or the underlying funds may enter into securities lending, repurchase and reverse repurchase transactions to earn additional income. These transactions will be used in conjunction with the other investment strategies in a manner considered appropriate to achieving the fund's investment objectives. Please see *Securities lending, repurchase and reverse purchase transactions risk* on page 20.

The fund or the underlying funds may engage in short selling in order to manage volatility or enhance the fund's performance in declining or volatile markets. In compliance with its investment objectives, the fund will engage in short sales by borrowing securities which the portfolio manager believes are overvalued and selling them in the open market. The securities will then be repurchased by the fund at a later date and returned to the lender. The fund will only engage in short sales as permitted by Canadian securities regulators.

In some market conditions, the fund may invest a portion of its assets in short-term or other debt securities.

What are the risks of investing in the fund?

The investment strategies may involve the following risks, which we explain starting on page 16:

- capital depletion risk (for Series T6 investors only)
- credit risk
- currency risk
- derivative risk
- equity risk
- foreign investment risk
- fund of funds risk
- indexing risk
- interest rate risk
- large transaction risk
- securities lending, repurchase and reverse repurchase transactions risk
- series risk
- short selling risk.

Who should invest in this fund?

Consider this fund if:

- you are at or near retirement seeking reduced portfolio volatility while maintaining some market exposure
- you are comfortable with low investment risk (i.e., you are willing to accept some fluctuations in the market value of your investment over the short-term).

Series T6 securities are suitable for investors holding securities outside of a registered plan and wishing to receive monthly distributions.

Please see *Fund risk classification* on page 4 for a description of how we determined the classification of this fund's risk level.

Distribution policy

The fund distributes any net income and any net capital gains in December. Distributions are automatically reinvested in additional securities of the fund, unless you tell us in writing that you prefer to receive cash.

For Series T6 securities, the fund will make monthly distributions of an amount comprised of any net income, and/or ROC based on 6% of the net asset value per security of the series as determined on December 31 of the prior year.

If the cash distributions to you are greater than the net increase in the value of your investments in Series T6 securities, these distributions will erode the value of your original investments.

A ROC does not necessarily reflect the fund's investment performance and should not be confused with "yield" or "income". You should not draw any conclusions about the fund's investment performance from the amount of this distribution.

A ROC will reduce the amount of your original investment and may result in the return to you of the entire amount of your original investment. A ROC made to you is not immediately taxable in your hands but will reduce the ACB of the related securities. You should consult your tax advisor regarding the tax implications of receiving a ROC on your securities. Please see page 36 for more information.

Fund expenses indirectly borne by investors

This information is not available because the fund is new and its expenses are not yet known.

BMO Retirement Conservative Portfolio

Fund details

Type of fund	Global fixed income balanced
Date started	Series A: August 18, 2015 Series F: August 18, 2015 Series T6: August 18, 2015 Advisor Series: August 18, 2015
Securities offered	Units of a mutual fund trust
Eligible for registered plans	Expected to be a qualified investment
Management fee	Series A: 1.45% Series F: 0.45% Series T6: 1.45% Advisor Series: 1.45%
Administration fee	0.15% Fees and expenses also include taxes and other fund costs. See *Fees and expenses* on page 31 for details.
Portfolio manager	BMO Asset Management Inc. Toronto, Ontario (Portfolio Manager since August 18, 2015)

What does the fund invest in?

Investment objectives

This fund's objective is to seek to preserve the value of your investment and provide moderate potential for growth while seeking to reduce portfolio volatility by investing primarily, directly or indirectly, in global equities and fixed income securities.

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- may invest up to 100% of the fund's assets in securities of exchange traded funds and other mutual funds, including funds that are managed by us or one of our affiliates or associates
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  - protect the fund against potential losses. For example, the portfolio manager may be concerned about the impact that rising interest rates may have on the fund. The portfolio manager may attempt to reduce the impact of security price fluctuations by using interest rate swaps
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For Series T6 securities, the fund will make monthly distributions of an amount comprised of any net income, and/or ROC based on 6% of the net asset value per security of the series as determined on December 31 of the prior year.

If the cash distributions to you are greater than the net increase in the value of your investments in Series T6 securities, these distributions will erode the value of your original investments.

A ROC does not necessarily reflect the fund's investment performance and should not be confused with "yield" or "income". You should not draw any conclusions about the fund's investment performance from the amount of this distribution.

A ROC will reduce the amount of your original investment and may result in the return to you of the entire amount of your original investment. A ROC made to you is not immediately taxable in your hands but will reduce the ACB of the related securities. You should consult your tax advisor regarding the tax implications of receiving a ROC on your securities. Please see page 36 for more information.

Fund expenses indirectly borne by investors

This information is not available because the fund is new and its expenses are not yet known.

BMO Retirement Balanced Portfolio

Fund details

Type of fund	Global neutral balanced
Date started	Series A: August 18, 2015 Series F: August 18, 2015 Series T6: August 18, 2015 Advisor Series: August 18, 2015
Securities offered	Units of a mutual fund trust
Eligible for registered plans	Expected to be a qualified investment
Management fee	Series A: 1.50% Series F: 0.50% Series T6: 1.50% Advisor Series: 1.50%
Administration fee	0.15% Fees and expenses also include taxes and other fund costs. See *Fees and expenses* on page 31 for details.
Portfolio manager	BMO Asset Management Inc. Toronto, Ontario (Portfolio Manager since August 18, 2015)

What does the fund invest in?

Investment objectives

This fund's objective is to seek to preserve the value of your investment and provide potential for growth while seeking to reduce portfolio volatility by investing primarily, directly or indirectly, in global equities and fixed income securities.

The fundamental investment objectives may only be changed with the approval of a majority of the votes cast at a meeting of securityholders called for that purpose.

Investment strategies

These are the strategies the portfolio manager uses to try to achieve the fund's objectives:

- employs a strategic asset allocation strategy and may dynamically shift the fund's exposure across asset classes and markets
- employs investment strategies that seek to reduce portfolio risk levels. These strategies seek to reduce exposure to market declines, while recognizing that the fund may not fully benefit from strong market growth
- may invest up to 100% of the purchase cost of the fund's assets in foreign securities
- may invest up to 100% of the fund's assets in securities of exchange traded funds and other mutual funds, including funds that are managed by us or one of our affiliates or associates
- the underlying funds selected by the portfolio manager will invest primarily in global equities and fixed income securities and will be selected on the basis that they help the fund to achieve its objective using the same strategies that it uses when investing directly in those securities
- allocates assets among the underlying mutual funds and exchange traded funds based on each underlying fund's investment objectives and strategies, among other factors. The underlying funds, as well as the percentage holding in each underlying fund, may be changed without notice from time to time
- the fund or the underlying funds may use derivatives to implement the investment strategy. Derivatives, such as options, futures, forward contracts, swaps and other derivative instruments may be used for both hedging and non-hedging purposes, or to, among other things:
  - protect the fund against potential losses. For example, the portfolio manager may be concerned about the impact that rising interest rates may have on the fund. The portfolio manager may attempt to reduce the impact of security price fluctuations by using interest rate swaps
  - reduce the impact of volatility on the fund. For example, the portfolio manager may attempt to reduce the impact of any adverse changes in exchange rates by buying currency futures
  - gain exposure to securities without buying the securities directly.

The fund will only use derivatives as permitted by Canadian securities regulators.

The fund or the underlying funds may enter into securities lending, repurchase and reverse repurchase transactions to earn additional income. These transactions will be used in conjunction with the other investment strategies in a manner considered appropriate to achieving the fund's investment objectives. Please see *Securities lending, repurchase and reverse purchase transactions risk* on page 20.

The fund or the underlying funds may engage in short selling in order to manage volatility or enhance the fund's performance in declining or volatile markets. In compliance with its investment objectives, the fund will engage in short sales by borrowing securities which the portfolio manager believes are overvalued and selling them in the open market. The securities will then be repurchased by the fund at a later date and returned to the lender. The fund will only engage in short sales as permitted by Canadian securities regulators.

In some market conditions, the fund may invest a portion of its assets in short-term or other debt securities.

What are the risks of investing in the fund?

The investment strategies may involve the following risks, which we explain starting on page 16:

- capital depletion risk (for Series T6 investors only)
- credit risk
- currency risk
- derivative risk
- equity risk
- foreign investment risk
- fund of funds risk
- indexing risk
- interest rate risk
- large transaction risk
- securities lending, repurchase and reverse repurchase transactions risk
- series risk
- short selling risk.

Who should invest in this fund?

Consider this fund if:

- you are at or near retirement seeking reduced portfolio volatility while maintaining some market exposure
- you are comfortable with low to medium investment risk (i.e., you are willing to accept some fluctuations in the market value of your investment).

Series T6 securities are suitable for investors holding securities outside of a registered plan and wishing to receive monthly distributions.

Please see *Fund risk classification* on page 4 for a description of how we determined the classification of this fund's risk level.

Distribution policy

The fund distributes any net income and any net capital gains in December. Distributions are automatically reinvested in additional securities of the fund, unless you tell us in writing that you prefer to receive cash.

For Series T6 securities, the fund will make monthly distributions of an amount comprised of any net income, and/or ROC based on 6% of the net asset value per security of the series as determined on December 31 of the prior year.

If the cash distributions to you are greater than the net increase in the value of your investments in Series T6 securities, these distributions will erode the value of your original investments.

A ROC does not necessarily reflect the fund's investment performance and should not be confused with "yield" or "income". You should not draw any conclusions about the fund's investment performance from the amount of this distribution.

A ROC will reduce the amount of your original investment and may result in the return to you of the entire amount of your original investment. A ROC made to you is not immediately taxable in your hands but will reduce the ACB of the related securities. You should consult your tax advisor regarding the tax implications of receiving a ROC on your securities. Please see page 36 for more information.

Fund expenses indirectly borne by investors

This information is not available because the fund is new and its expenses are not yet known.

BMO Risk Reduction Fixed Income Fund

Fund details

Type of fund	Specialty
Date started	Series I: August 18, 2015*
Securities offered	Units of a mutual fund trust
Eligible for registered plans	Not a qualified investment for registered plans
Management fee	Series I: N/A. A Series I fee is negotiated and paid by each Series I investor(1)
Administration fee	For Series I, separate fees and expenses are negotiated and paid by each Series I investor(1) Fees and expenses also include taxes and other fund costs. See *Fees and expenses* on page 31 for details.
Portfolio manager	BMO Asset Management Inc. Toronto, Ontario (Portfolio Manager since August 18, 2015)

* This fund will not issue units to investors unless subscriptions aggregating not less than $500,000 have been received and accepted by the fund from investors other than us, a portfolio advisor of the fund, or officers, directors or securityholders of us or a portfolio advisor of the fund.

(1) The combined management and administration fees for Series I will not exceed 2.50%.

What does the fund invest in?

Investment objectives

This fund's objective is to seek to preserve the value of your investment, to provide the potential for income and to reduce portfolio volatility as compared to the broader global fixed income market by investing primarily, directly or indirectly, in global fixed income securities and/or derivatives.

The fundamental investment objectives may only be changed with the approval of a majority of the votes cast at a meeting of securityholders called for that purpose.

Investment strategies

These are the strategies the portfolio manager uses to try to achieve the fund's objectives:

- employs a strategic fixed income risk strategy and may dynamically shift the fund's exposure across global markets
- seeks to reduce significant downside risks of the fixed income securities in which the fund invests through the use of derivatives including, without limitation, buying or selling a combination of futures contracts and put and/or call options
- employs investment strategies that seek to reduce portfolio risk levels. These strategies seek to reduce exposure to market declines, while recognizing that the fund may not fully benefit from strong market growth
- may invest up to 100% of the purchase cost of the fund's assets in foreign securities
- may invest up to 100% of the fund's assets in securities of exchange traded funds that are index participation units, including funds that are managed by us or one of our affiliates or associates
- the fund or the underlying funds may use derivatives to implement the investment strategy
- the fund intends to use derivatives to hedge risks to which the fund is directly or indirectly exposed including to manage volatility, currency risk or interest risk, to obtain protection from decreases in the market value of securities, to reduce portfolio volatility and to otherwise preserve the value of your investment. Derivatives, such as options, futures, forward contracts, swaps and other derivative instruments may be used to, among other things:
  - protect the fund against potential losses. For example, the portfolio manager may be concerned about the impact that rising interest rates may have on the fund. The portfolio manager may attempt to reduce the impact of security price fluctuations by using interest rate swaps
  - reduce the impact of volatility on the fund. For example, the portfolio manager may attempt to reduce the impact of any adverse changes in exchange rates by buying currency futures
  - The fund is not permitted to use derivatives to speculate, to seek to increase returns independent of the risks hedged or to generate independent income
  - However, the fund is permitted to use derivatives to gain exposure to securities without buying the securities directly.

The fund will only use derivatives as permitted by Canadian securities regulators.

The fund may enter into securities lending, repurchase and reverse repurchase transactions to earn additional income. These transactions will be used in conjunction with the other investment strategies in a manner considered appropriate to achieving the fund's investment objectives. Please see *Securities lending, repurchase and reverse purchase transactions risk* on page 20.

The fund or the underlying funds may engage in short selling in order to manage volatility or enhance the fund's performance in declining or volatile markets. In compliance with its investment objectives, the fund will engage in short sales by borrowing securities which the portfolio manager believes are overvalued and selling them in the open market. The securities will then be repurchased by the fund at a later date and returned to the lender. The fund will only engage in short sales as permitted by Canadian securities regulators.

In some market conditions, the fund may invest a portion of its assets in short-term or other debt securities.

What are the risks of investing in the fund?

The investment strategies may involve the following risks, which we explain starting on page 16:

- credit risk
- currency risk
- derivative risk
- foreign investment risk
- fund of funds risk
- indexing risk
- interest rate risk
- large transaction risk
- liquidity risk
- securities lending, repurchase and reverse repurchase transactions risk
- short selling risk
- tax treatment of options risk.

Who should invest in this fund?

Consider this fund if:

- you are looking for a global fixed income fund with less volatility for your portfolio
- you are comfortable with low investment risk (i.e., you are willing to accept some fluctuations in the market value of your investment over the short-term).

Please see *Fund risk classification* on page 4 for a description of how we determined the classification of this fund's risk level.

Distribution policy

The fund distributes any net income and any net capital gains in December. Distributions are automatically reinvested in additional securities of the fund, unless you tell us in writing that you prefer to receive cash. Please see page 36 for more information.

Fund expenses indirectly borne by investors

For Series I, separate fees and expenses are negotiated and paid by each Series I investor.

BMO Risk Reduction Equity Fund

Fund details

Type of fund	Specialty
Date started	Series I: August 18, 2015*
Securities offered	Units of a mutual fund trust
Eligible for registered plans	Not a qualified investment for registered plans
Management fee	Series I: N/A. A Series I fee is negotiated and paid by each Series I investor(1)
Administration fee	For Series I, separate fees and expenses are negotiated and paid by each Series I investor(1) Fees and expenses also include taxes and other fund costs. See *Fees and expenses* on page 31 for details.
Portfolio manager	BMO Asset Management Inc. Toronto, Ontario (Portfolio Manager since August 18, 2015)

* This fund will not issue units to investors unless subscriptions aggregating not less than $500,000 have been received and accepted by the fund from investors other than us, a portfolio advisor of the fund, or officers, directors or securityholders of us or a portfolio advisor of the fund.

(1) The combined management and administration fees for Series I will not exceed 2.50%.

What does the fund invest in?

Investment objectives

This fund's objective is to seek to preserve the value of your investment, to provide the potential for growth and to reduce portfolio volatility as compared to the broader global equity market by investing primarily, directly or indirectly, in global equity securities and/or derivatives.

The fundamental investment objectives may only be changed with the approval of a majority of the votes cast at a meeting of securitytholders called for that purpose.

Investment strategies

These are the strategies the portfolio manager uses to try to achieve the fund's objectives:

- employs a strategic equity risk strategy and may dynamically shift the fund's equity exposure across global markets
- seeks to reduce significant downside risks of the equity securities in which the fund invests through the use of derivatives including, without limitation, buying or selling a combination of put and/or call options
- employs investment strategies that seek to reduce portfolio risk levels. These strategies seek to reduce exposure to market declines, while recognizing that they may not fully benefit from strong market growth
- may invest up to 100% of the purchase cost of the fund's assets in foreign securities
- may invest up to 100% of the fund's assets in securities of exchange traded funds that are index participation units, including funds that are managed by us or one of our affiliates or associates
- the fund or the underlying funds may use derivatives to implement the investment strategy
- the fund intends to use derivatives to hedge risks to which the fund is directly or indirectly exposed including to manage volatility, currency risk or interest risk, to obtain protection from decreases in the market value of securities, to reduce portfolio volatility and to otherwise preserve the value of your investment. Derivatives, such as options, futures, forward contracts, swaps and other derivative instruments may be used to, among other things:
  - protect the fund against potential losses. For example, the portfolio manager may be concerned about the impact that rising interest rates may have on the fund. The portfolio manager may attempt to reduce the impact of security price fluctuations by using interest rate swaps
  - reduce the impact of volatility on the fund. For example, the portfolio manager may attempt to reduce the impact of any adverse changes in exchange rates by buying currency futures
  - The fund is not permitted to use derivatives to speculate, to seek to increase returns independent of the risks hedged or to generate independent income
  - However, the fund is permitted to use derivatives to gain exposure to securities without buying the securities directly.

The fund will only use derivatives as permitted by Canadian securities regulators.

The fund may enter into securities lending, repurchase and reverse repurchase transactions to earn additional income. These transactions will be used in conjunction with the other investment strategies in a manner considered appropriate to achieving the fund's investment objectives. Please see *Securities lending, repurchase and reverse purchase transactions risk* on page 20.

The fund or the underlying funds may engage in short selling in order to manage volatility or enhance the fund's performance in declining or volatile markets. In compliance with its investment objectives, the fund will engage in short sales by borrowing securities which the portfolio manager believes are overvalued and selling them in the open market. The securities will then be repurchased by the fund at a later date and returned to the lender. The fund will only engage in short sales as permitted by Canadian securities regulators.

In some market conditions, the fund may invest a portion of its assets in short-term or other debt securities.

What are the risks of investing in the fund?

The investment strategies may involve the following risks, which we explain starting on page 16:

- currency risk
- derivative risk
- equity risk
- foreign investment risk
- fund of funds risk
- indexing risk
- large transaction risk
- liquidity risk
- securities lending, repurchase and reverse repurchase transactions risk
- short selling risk
- tax treatment of options risk.

Who should invest in this fund?

Consider this fund if:

- you are looking for a global equity fund with less volatility for your portfolio
- you are comfortable with low to medium investment risk (i.e., you are willing to accept some fluctuations in the market value of your investment).

Please see *Fund risk classification* on page 4 for a description of how we determined the classification of this fund's risk level.

Distribution policy

The fund distributes any net income and any net capital gains in December. Distributions are automatically reinvested in additional securities of the fund, unless you tell us in writing that you prefer to receive cash. Please see page 36 for more information.

Fund expenses indirectly borne by investors

For Series I, separate fees and expenses are negotiated and paid by each Series I investor.

What is a mutual fund and what are the risks of investing in a mutual fund?

What is a mutual fund?

A mutual fund is a pool of investments managed by professional money managers. When you invest in a mutual fund, you're actually pooling your money with other people who have similar investment goals. A portfolio manager invests that money on behalf of the whole group. If the investments make money, everyone shares in the gain. If the investments lose money, the whole group shares in the loss.

Mutual fund companies keep track of each investor's share of the pool by selling mutual funds in units or shares. The more you invest, the more units you own and the bigger your share of the fund's income, gains and losses. As an investor, you also share a portion of the fund's expenses.

Mutual funds come in many varieties that are designed to meet the differing needs of investors. A fund could hold investments like stocks, bonds, cash, derivatives, or other mutual funds and exchange traded funds or some combination of these, depending on its investment objectives.

The value of these investments can go up or down. They're affected by things such as changes in interest rates or currency exchange rates, economic conditions in Canada or abroad, or news about the companies the fund invests in. When the value of the investments change, it can make the price of the mutual fund securities rise or fall. That's why mutual fund investments can increase or decrease in value after you buy them and why the value of your investment in a mutual fund may be more or less when you redeem it than when you purchased it.

Under exceptional circumstances, a mutual fund may not allow you to redeem your securities. See *When you may not be allowed to redeem your securities* on page 28 for more information.

How mutual funds are structured

A mutual fund can be set up as a trust or corporation. Both allow you to pool your money with other investors, but there are some differences. When you invest in a trust, you buy units of the trust. When you invest in a corporation, you buy shares of the corporation. Some mutual fund corporations issue several classes of shares, where each share class works like a separate mutual fund with its own investment objectives.

The main difference between an investment in a trust and a corporation is in how the entity and your investment in the entity are taxed. This is generally more important if you're investing outside of a registered plan. Distributions from a mutual fund that is a trust are generally treated differently for tax purposes than distributions from a mutual fund that is a corporation. You can switch your investment between the different classes and series of shares of a corporation without realizing capital gains on your securities at the time of the switch. You cannot switch your investment between two trusts or between a corporation and a trust or between two corporations on a tax-deferred basis.

Units of a mutual fund trust and classes of a mutual fund corporation may be issued in different series. Each series is intended for different kinds of investors and may have different fees and expenses or different distribution policies.

The funds offered under this simplified prospectus are organized as trusts. When you invest in a fund, you are buying units of a trust.

What are the risks of investing in a mutual fund?

Risk varies from one fund to another. You can measure risk by how often the fund's value changes and how big the changes tend to be. This is called volatility. The bigger and more often the changes in value, the more volatile the fund.

Every fund has a different degree of volatility, which depends largely on the investments that the fund makes. For example, if a fund only invests in interest-paying money market instruments offered by the Canadian government, it will be subject to very little volatility. That's because the government guarantees payment of a certain interest rate and there's little chance it will fail to keep its promise. On the other hand, some funds may invest heavily in technology stocks. Technology stocks can have frequent, large changes in value as a company's products go in and out of favour, so funds that have heavy exposure to technology stocks can be quite volatile.

As a general rule, the higher the risk, the higher the potential for gains (and losses). The lower the risk, the lower the potential for gains (and losses). A key to reducing the overall volatility of your portfolio is to hold a wide variety of investments.

When you're deciding which funds to invest in, you need to ask yourself how comfortable you'll be with their volatility. Here are some important points that can help you decide:

- *the length of time you're prepared to invest*. The more time you have until you need to cash in your investments, the more you should be thinking about investing in funds that have exposure to equities. These can be volatile in the short-term, but over the long-term, they've tended to provide higher returns than other kinds of investments
- *your investment goals*. Your goals are unique and will influence the amount of risk that you are willing to take. If you can reach your goal only by earning higher returns on your investments, you may want to think about taking on more risk by making more volatile funds a larger part of your portfolio
- *your portfolio as a whole*. A fund that may seem too risky on its own may be suitable as a small percentage of your portfolio. Why? Diversification. When you hold a variety of interest-paying funds and equity funds in your portfolio, you increase the potential for higher returns. At the same time, a good mix of investments tends to reduce wide swings in the value of your portfolio. That's because the various kinds of investments the funds hold tend to react differently to market and economic changes.

Mutual fund investments are not guaranteed

Unlike bank accounts or GICs, the funds aren't covered by the Canada Deposit Insurance Corporation or the Régie de l'assurance dépôts du Québec and aren't guaranteed by Bank of Montreal or by anyone else. The value of each fund will vary with changes in the value of the fund's investments.

Under exceptional circumstances, a fund may suspend redemptions. See *When you may not be allowed to redeem your securities* on page 28.

General investment risks

The volatility of a fund depends on the kinds of investments it makes. Here are some of the common risk factors that cause the value of funds to change. Not all risks apply to all funds.

Capital depletion risk

Series T6 securities make monthly distributions of an amount comprised, in whole or in part, of ROC based on 6% of the net asset value per security of the series on December 31 of the prior year. As well, certain other series of the funds may make distributions comprised, in whole or in part, of ROC. A ROC reduces the amount of your original investment and may result in the return to you of the entire amount of your original investment. ROC that is not reinvested will reduce the net asset value of the fund, which could reduce the fund's ability to generate future income. You should not draw any conclusions about the fund's investment performance from the amount of this distribution. ROC can only be made by a series of a fund to the extent that there is a positive balance in the capital account for the relevant series. To the extent that the balance in the capital account becomes, or is at risk of becoming, zero, monthly distributions may be reduced or discontinued without prior notice. See page 36 for additional information about ROC.

Credit risk

Credit risk is the risk that the company, government or other entity (including a special purpose vehicle) that issued a bond or other fixed income security (including asset-backed and mortgage-backed securities) can't pay interest or repay principal when it's due. This risk is lowest among issuers that have a high credit rating from a credit rating agency. It's highest among issuers that have a low credit rating or no credit rating. Investments with a lower credit rating usually offer a better return than higher-grade investments, but have the potential for substantial loss as well as gain, as will the funds that buy them.

High yielding, higher risk income securities in which some of the funds may invest are subject to greater risk of loss of principal and income than higher rated fixed income securities, and are considered to be less certain with respect to the issuer's capacity to pay interest and repay principal.

A specialized credit rating agency, such as Standard & Poor's or DBRS, may reduce the credit rating of an issuer's debt securities. Unexpected downgrades in credit rating typically decrease the value of such securities.

Currency risk

Funds that invest in foreign securities buy them using foreign currency. For example, funds use U.S. dollars to buy U.S. stocks or bonds. Because currencies change in value against each other, it's possible that an unfavourable move in the exchange rate may reduce, or even eliminate, any increase in the value of that investment. The opposite can also be true—the fund can benefit from changes in exchange rates.

Derivative risk

While derivatives can be useful for hedging against losses or as a substitute for the underlying assets, they involve a number of risks:

- the hedging strategy used by a fund may not be effective
- there's no guarantee that a market will exist when a fund wants to meet the terms of the derivative contract. This could prevent the fund from making a profit or limiting its losses
- the other party to a derivative contract may not be able to meet its obligations
- stock exchanges may set daily trading limits on futures contracts. This could prevent a fund from closing a contract
- the price of stock index options may be distorted if trading in some or all of the stocks that make up the index is interrupted. If a fund could not close out its position in these options because of interruptions or imposed restrictions, it may experience losses
- the price of a derivative may not accurately reflect the value of the underlying security or index
- an acceptable counterparty may not be willing to enter into contracts that allow the fund to link its performance to the underlying security
- if a fund is required to give a security interest in order to enter into a derivative, there is a risk that the other party may try to enforce the security interest against the fund's assets
- the cost of the derivative contracts may increase.

Equity risk

Businesses issue equity securities, such as shares or units, to help pay for their operations and finance future growth. Funds that buy equities become part owners of the company that issued the securities. Changes in the value of the businesses change the value of the fund. The price of a security is influenced by the outlook for the particular business, by the market activity and by the larger economic picture, both at home and abroad. When the economy is expanding, the outlook for many businesses may also be good and the value of their securities may rise. The opposite is also true.

Funds that invest in limited partnership units or trust units, such as oil and gas royalty trusts, real estate investment trusts and income trusts, will have varying degrees of risk depending on the sector and the underlying asset or business and may therefore be susceptible to risks associated with the industry in which the underlying business operates, to changes in business cycles, commodity prices, and to interest rate fluctuations and other economic factors.

Foreign investment risk

When a fund invests in foreign securities, its value is affected by financial markets and general economic trends in the countries where the securities are issued. While the U.S. market has standards that are similar to those in Canada, other foreign markets may not. For example, some foreign markets may not be as strictly regulated as Canadian and U.S. markets. Their laws might make it difficult to protect investor rights. The political climate might be less stable and social, religious and regional tensions may exist. Business disclosure and accounting standards may be less stringent than in Canada and the U.S., making it difficult to obtain complete information about a potential investment. Securities markets may be smaller than in more developed countries, making it more difficult to sell securities in order to take profits or avoid losses. As a result, the value of foreign securities, and the value of funds that hold them, may rise or fall more rapidly and to a greater degree than Canadian and U.S. investments. In general, securities issued in more developed markets have lower foreign investment risk. Securities issued in emerging or developing markets have higher foreign investment risk.

Funds that concentrate their investments in a single country or region of the world tend to be riskier than funds with greater geographic diversification because prices of securities in the same markets tend to move up and down together.

Fund of funds risk

Certain funds invest directly in, or obtain exposure to, other investment funds as part of their investment strategy. Therefore, these funds will be subject to the risks of the underlying funds. Also, if an underlying fund suspends redemptions, the investment fund that invests in the underlying fund will be unable to value part of its portfolio and may be unable to redeem securities.

Indexing risk

Certain funds, including index funds and certain exchange traded funds, use a variety of indexing strategies or have exposure to underlying mutual funds that use indexing strategies. Indexing strategies involve tracking the performance of an index by tracking the performance of the investments included in the index. It's unlikely that a fund or an underlying mutual fund will be able to track an index perfectly because each of the fund and underlying mutual fund has its own operating and trading costs, which lower returns. Indices don't have these costs.

Also, a fund or an underlying mutual fund may, in basing its investment decisions on an index, have more of its assets invested in one or more issuers than is usually permitted for mutual funds. In these circumstances, the fund or underlying mutual fund may tend to be more volatile and less liquid than more diversified mutual funds as it is affected more by the performance of individual issuers.

Further, concentrating its investments in the securities of a particular index allows a fund or an underlying mutual fund to focus on that index's potential, but it also means that the fund or underlying mutual fund may tend to be more volatile than a fund or underlying mutual fund that invests in the securities of a variety of indices because prices of securities on the same index tend to move up and down together. If required by its investment objectives, the fund or underlying mutual fund must continue to invest in the securities of the index, even if the index is performing poorly. That means the fund or underlying mutual fund won't be able to reduce risk by diversifying its investments into securities listed on other indices.

Also, if the stock market upon which the index is based is not open, the fund or underlying mutual fund may be unable to determine its net asset value per security, and so may be unable to satisfy redemption requests.

Interest rate risk

The value of funds that invest in fixed income securities can move up or down as interest rates change. Here's why. Fixed income securities—including bonds, mortgages, treasury bills and commercial paper—pay a rate of interest that's fixed when they're issued. Their value tends to move in the opposite direction to interest rate changes. For example, when interest rates rise, the value of an existing bond will fall because the interest rate on that bond is less than the market rate. The opposite is also true. These changes in turn affect the value of any fund investing in fixed income securities.

In the case of money market funds, a fund's yield is affected by short-term interest rates, and will vary.

Large transaction risk

A fund may have one or more investors who hold or acquire a significant amount of securities of the fund, including another mutual fund. For example, a financial institution may buy or sell large amounts of the securities of a fund to hedge its obligations relating to a guaranteed investment product whose performance is linked to the performance of the fund. As well, certain mutual funds, including the funds, may invest directly in the funds. If one or more of these investors (including these investing funds) decides to redeem its investment in a fund, the fund may have to make large sales of securities to meet these requests. The portfolio manager may have to change the composition of the fund's portfolio significantly or may be forced to sell investments at unfavourable prices, which can negatively impact the fund's returns. Conversely, if one or more of these investors decides to increase its investment in a fund, the fund may have to hold a relatively large position in cash for a period of time while the portfolio manager attempts to find suitable investments. This could negatively impact the fund's return.

A trust, such as a fund, is subject to a "loss restriction event" for the purposes of the Income Tax Act (the "Tax Act") each time a person or partnership becomes a "majority-interest beneficiary" of the trust for tax purposes, which generally occurs when a beneficiary of the trust and its affiliates have beneficial interests in the trust of more than 50% of the fair market value of the trust. However, no person, partnership or affiliated group should will be or become a "majority interest beneficiary" of a fund as long as the fund satisfies certain investment diversification restrictions. If a fund experiences a "loss restriction event", the taxation year of the fund will be deemed to end.

The fund will realize its capital losses and may elect to realize its capital gains. Unused capital losses will expire and the ability of the fund to carryforward non-capital losses will be restricted.

Liquidity risk

Some securities may be difficult to buy or sell because they're not well known or because political or economic events significantly affect them. These include investments in specific sectors, especially commodity sectors, and investments in developing or smaller markets. In addition, smaller companies may be hard to value because they're developing new products or services for which there is not yet a developed market or revenue stream. They may only have a small number of shares in the market, which may make it difficult for a fund to buy or sell shares when it wants to. The value of funds that hold these investments may rise or fall substantially.

Securities lending, repurchase and reverse repurchase transactions risk

The funds may engage in securities lending, repurchase and reverse repurchase transactions. These transactions will be used in conjunction with the other investment strategies in a manner considered appropriate to achieving the fund's investment objectives. Securities lending is an agreement whereby a fund lends securities through an authorized agent in exchange for a fee and a form of acceptable collateral. Under a repurchase transaction, a fund agrees to sell securities for cash while, at the same time, assuming an obligation to repurchase the same securities for cash (usually at a lower price) at a later date. A reverse repurchase transaction is a transaction pursuant to which a fund buys securities for cash while, at the same time, agreeing to resell the same securities for cash (usually at a higher price) at a later date.

The risks associated with securities lending, repurchase or reverse repurchase transactions arise when a counterparty defaults under the agreement evidencing the transaction and the fund is forced to make a claim in order to recover its investment. In a securities lending or a repurchase transaction, a fund could incur a loss if the value of the securities loaned or sold has increased in value relative to the value of the collateral held by the fund. In the case of a reverse repurchase transaction, a fund could incur a loss if the value of the securities purchased by the fund decreases in value relative to the value of the collateral held by the fund.

To limit these risks:

- the collateral held by the fund must equal at least 102% of the market value of the security sold, loaned or cash paid (the collateral is adjusted on each business day to ensure that this value is maintained)
- repurchase transactions and securities lending agreements are limited to 50% of a fund's assets. Collateral held for loaned securities and cash paid for received securities are not included when making this calculation
- we only enter into such transactions with parties who appear to have the resources and the financial strength to fulfill the terms of the agreements.

Series risk

The funds issue more than one series of securities. Each series has its own fees and expenses, which are tracked separately; however, if a series can't meet its financial obligations, the other series are responsible for making up the difference. This is because the fund as a whole is legally responsible for the financial obligations of all of the series.

Short selling risk

Short selling strategies can provide a fund with an opportunity to manage volatility and enhance performance in declining or volatile markets. Short selling securities involves risk because there is no assurance that securities will sufficiently decline in value during the period of the short sale to offset the interest paid by the fund and make a profit for the fund. Securities sold short may instead increase in value. The fund may also experience difficulties repurchasing and returning the borrowed securities. The borrowing agent from whom the fund has borrowed securities may go bankrupt and the fund may lose the collateral it has deposited with the borrowing agent.

To limit these risks, a fund will implement controls when conducting a short sale:

- the security sold short must not be an illiquid asset
- at the time the fund sells the security short:
  - the fund has borrowed or arranged to borrow the security from a borrowing agent
  - the aggregate market value of all securities of the issuer of the securities sold short by the fund does not exceed 5% of the net asset value of the fund
  - the aggregate market value of all securities sold short by the fund does not exceed 20% of the net asset value of the fund
  - the fund must hold cash cover that, together with the portfolio assets deposited with the borrowing agents as security for the short sales by the fund, is at least 150% of the aggregate market value of all securities sold short by the fund on a daily mark-to-market basis
- the fund must not use the cash cover from a short sale to enter into a long position in a security, other than a security that qualifies as cash cover.

Tax treatment of options risk

In determining its income for tax purposes, a fund intends to treat derivatives that are (A) used to hedge risks and (B) not used (i) to speculate, (ii) to seek to increase returns independent of the risks hedged or (iii) to generate independent income, on capital account. A fund will generally treat other derivatives on income account. The Canada Revenue Agency's practice is to not grant advance income tax rulings on the characterization of items as capital or income. No advance income tax ruling has been sought or received from the Canada Revenue Agency.

The Tax Act contains recently enacted derivative forward agreement ("DFA") rules that, in some circumstances, could apply to cause a gain or loss on the disposition or an acquisition of an investment by a fund, which would otherwise be treated on capital account, to be treated on income account where the disposition or acquisition arises under a DFA. Whether the DFA rules will apply in respect of an underlying investment of a fund will depend on the terms and conditions of the derivatives that are entered into by the fund, including the extent of the risk of loss and opportunity for gain or profit in respect of the underlying investment that is maintained by the fund. Generally, the fund anticipates that the DFA Rules will not apply to its investments.

There is a risk that the Canada Revenue Agency may disagree with the tax treatment adopted by a fund. In such case, the net income of the fund for tax purposes and the taxable component of distributions to investors could subsequently be determined to be more than originally reported. Investors could be reassessed or the fund could be liable for income tax. Also, the fund could become liable for unremitted withholding taxes on prior distributions made to non-resident investors. Any liability imposed on the fund may reduce the value of the fund and the value of an investor's investment in the fund.

Organization and management of BMO Mutual Funds

Manager	The manager is responsible for the day-to-day management of the business and operations of the funds. BMO Investments Inc., an indirect wholly-owned subsidiary of Bank of Montreal, is the manager of the BMO Mutual Funds.	**BMO Investments Inc.** 100 King Street West, 43rd Floor Toronto, Ontario M5X 1A1 **1-800-665-7700 or 1-800-668-7327**
Trustee	All of the funds are organized as trusts. The trustee holds title to the securities owned by the funds on behalf of securityholders, has exclusive authority over their assets and affairs and has a fiduciary responsibility to act in the best interest of the securityholders.	**BMO Investments Inc.** Toronto, Ontario
Principal distributor	The principal distributor markets and distributes the funds through registered dealers and brokers.	**BMO Investments Inc.** Toronto, Ontario
Custodian	The custodian holds the funds' cash and securities on behalf of the funds. The custodian is independent of BMO Investments Inc.	**CIBC Mellon Trust Company** Toronto, Ontario
Registrar	The registrar processes orders, records all investor investment transactions, issues or cancels certificates, as applicable, issues account statements to securityholders and deals with enquiries from investors and dealers. The register of securities of the funds is kept in Toronto, Ontario and Montreal, Quebec.	**BMO Investments Inc.** Toronto, Ontario
Auditor	The auditor audits the funds' annual financial statements to ensure that these statements fairly present the financial position and results of operations of each of the funds in accordance with International Financial Reporting Standards. The auditor is independent of BMO Investments Inc. and the funds.	**PricewaterhouseCoopers LLP, Chartered Professional Accountants** Toronto, Ontario
Securities lending agent	The securities lending agent acts as agent for securities lending transactions for those funds that engage in securities lending. The securities lending agent is independent of BMO Investments Inc.	**The Bank of New York Mellon** Toronto, Ontario

Organization and management of BMO Mutual Funds *(continued)*

Independent Review Committee	The funds are required to have an independent review committee ("IRC") in accordance with National Instrument 81-107 *Independent Review Committee for Investment 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 its approval or recommendation, depending on the nature of the conflict of interest matter. In each instance where a conflict of interest matter is identified and referred to the IRC, the primary focus of the IRC is to determine if the manager's proposed action achieves a fair and reasonable result for the funds. The IRC is currently composed of four members and each member is independent of the funds, the manager and other companies related to the manager. The IRC will prepare, for each financial year of the funds, a report to securityholders that describes the IRC and its activities for the financial year. Securityholders can get a copy of this report, at no cost, as follows: • If you purchased your securities at a BMO Bank of Montreal Branch or through the BMO Investment Centre, you may call us toll free at 1-800-665-7700, write to BMO Investments Inc. at 100 King Street West, 43rd Floor, Toronto, Ontario, M5X 1A1 or visit our website at **www.bmo.com/mutualfunds**. • If you purchased your securities through a dealer, you may call us toll free at 1-800-668-7327, write to BMO Investments Inc., at 250 Yonge St., 9th Floor, Toronto, Ontario, M5B 2M8 or visit our website at **www.bmo.com/gam/ca**. You can also get a copy of this report through the SEDAR website at **www.sedar.com**. Additional information about the IRC, including the names of IRC members, is available in the funds' annual information form.

Portfolio manager

The portfolio manager provides investment advice to the manager on the investment portfolios of the funds. We've hired the following company to manage the investment portfolios of the funds.

BMO Asset Management Inc. Toronto, Ontario ("BMOAM")	BMOAM is a wholly-owned, indirect subsidiary of Bank of Montreal, the parent company of BMO Investments Inc. and had approximately $73 billion (CAD) in assets under management as at December 31, 2014. The BMOAM equity team employs a "bottom-up" investment process using fundamental analysis to identify attractively priced equities. Research responsibilities are divided by sector.

The securities of underlying funds held by a fund that we, or one of our affiliates or associates, manage will not be voted unless, at our discretion, we arrange for securities of the underlying fund to be voted by the securityholders of the fund.

In certain circumstances, in place of you approving a fund merger, the IRC has been permitted under securities legislation to approve a fund merger. In these circumstances, you will receive written notice of any proposed fund merger at least 60 days prior to the effective date of the merger.

Purchasing funds

You can buy, switch, or redeem Series A securities and Series T6 securities under the no load sales charge option ("No Load Series T6") of the funds at no charge:

- in person, at any Bank of Montreal branch.
- by telephone, once you've made arrangements for payment:
  – with your Bank of Montreal branch
  – through the BMO Investment Centre, 1-800-665-7700
- through the internet (other than in an RDSP) at **www.bmo.com/mutualfunds**, once you've made authorization arrangements.
- by mail. Your order to buy must be mailed with a certified cheque made out to the fund you're buying.
- automatically through a Continuous Savings Plan for purchases, or a Systematic Withdrawal Plan for redemptions.

You can buy, switch, or redeem Series A and No Load Series T6 securities through a registered dealer. Please contact your dealer to find out how to place an order. Some dealers may charge you a fee for their services.

You can buy Series F securities of the funds through dealers who have entered into a Series F agreement with us and only with our prior approval. A dealer's ability to sell Series F securities is subject to our terms and conditions.

Through your dealer, you may buy Advisor Series and certain Series T6 ("Load Series T6") securities of the funds under the Sales Charge option or under the deferred charge option.

You don't pay a sales charge when you buy Series A, Series F or No Load Series T6 securities of the funds.

Your choice of purchase option affects the fees and sales charges you, or we, will pay to your dealer and the service fee we will pay to your dealer. See *Fees and expenses* on page 31 and *Dealer compensation* on page 34.

Under the Sales Charge option, you pay a commission to your dealer when you buy securities of a fund. The commission is negotiable between you and your dealer, but cannot exceed 5% of the amount you invest. See further details under *Fees and expenses* on page 31.

There is one deferred charge option – the Low Load Deferred Charge option. Under the Low Load Deferred Charge option, we pay a commission to your dealer on your behalf when you buy securities of a fund. You may be required to pay a fee to us if you redeem your securities within a specified number of years after your purchase. The redemption fee is a percentage of the original cost of the securities redeemed and declines at the rates shown in the *Fees and expenses* table starting on page 31.

How the funds are structured

When you invest in a fund, you buy units. Each fund distributes its earnings by allocating its income and net capital gains to securityholders. In general, income and capital gains distributed to you from a trust is taxed as if you received it directly. A fund may also distribute capital to you. Distributions of capital, called ROC, are not taxable but reduce the ACB of your units.

About the series of securities

The funds in this simplified prospectus may issue more than one series of securities. You'll find the type of securities each fund offers through this simplified prospectus in the *Fund details* section of its fund description. Each series is intended for different kinds of investors and has different fees and expenses. See *Fees and expenses* and *Dealer compensation* for details.

- Series A and No Load Series T6 securities are available to all investors. You can buy Series A and No Load Series T6 securities directly from us by mail, by telephone (once you've made arrangements for payment) or through the internet (other than in an RESP, RDSP or TFSA) at **www.bmo.com/mutualfunds** or at any branch of Bank of Montreal in Canada or from the BMO Investment Centre or through your dealer.
- Load Series T6 and Advisor Series securities are available to all investors through authorized dealers and brokers, and may be purchased under the Sales Charge option or the Low Load Deferred Charge option. You can also buy Load Series T6 and Advisor Series securities under the Sales Charge option directly from us by mail, by telephone (once you've made arrangements for payment) at any branch of Bank of Montreal in Canada or from the BMO Investment Centre.
- Series F securities are for investors who are enrolled in dealer sponsored wrap programs or flat fee accounts. Instead of paying a commission on each transaction, these investors pay an annual fee based on the value of their assets. Series F securities are also available to other

investors for whom we do not incur substantial distribution costs. The management fee is reduced for these investors because our costs are reduced. You can buy Series F securities only through dealers who have entered into a Series F agreement with us and only with our prior approval. A dealer's participation in Series F securities distribution is subject to our terms and conditions. You don't pay a sales charge when you buy Series F securities of the funds.
- Series I securities are for institutional investors, for use within managed asset programs or structured products. A fund doesn't pay a management fee on Series I securities because Series I investors negotiate and pay a separate fee directly to us. You don't pay a sales charge when you buy Series I securities of the funds. If eligible, you can buy Series I securities only through a registered dealer or broker who has entered into a Series I Agreement with us and only with our prior approval. A dealer's participation in Series I securities distribution is subject to our terms and conditions.

If you or your dealer is no longer eligible to hold Series F or Series I securities (as the case may be), we may switch your Series F or Series I securities (as applicable) into Series A securities or Advisor Series securities (under the Sales Charge option) of the same fund. If we do this, we'll give you at least 30 days' notice. If we switch your securities of a fund into securities of another series of the same fund in the circumstances described above, the management fee charged to your new series and the service fee payable by us to registered dealers, if any, may be higher than the series that you previously owned. These service fees are set out below under *Dealer compensation* on page 34.

Provided the conditions set out below are met, we may, in our discretion, switch your securities of a fund into securities of another series of the same fund. We may only switch your securities in this circumstance if all the following conditions are satisfied:
- you receive securities of the same value;
- the management fee and administration fee of the new series are not more than that of the series that you previously owned;
- the switch is done at no cost to you;
- the switch is not a disposition for tax purposes; and
- the service commissions payable to registered dealers and brokers, if any, remain the same.

The price of a security

When you buy, switch or redeem securities of a mutual fund, you do so at the net asset value ("NAV") of the security. This is also called the fund's unit or share price. We calculate the price of each security for each series of each fund as at 4:00 p.m. Eastern Time ("ET") on each valuation day. A valuation day is any day that the Toronto Stock Exchange is open for trading or such other time as we may from time to time determine to be a day for valuation for any fund. Prices for the series of securities sold through BMO Bank of Montreal branches and the BMO Investment Centre may be published in major Canadian newspapers the following day and are published on the internet at **www.bmo.com/mutualfunds**. Prices for series of securities sold through a dealer may be published in major Canadian newspapers the following day and are published on the Internet at **www.bmo.com/gam/ca**.

For each fund, we calculate the price for each security by:
- adding up the market value of each series' proportionate share of the assets of the fund (its investments and cash)
- subtracting the liabilities of the fund (any money the fund owes) attributed to the series of securities
- dividing by the number of securities of the series held by all investors in the series.

How to calculate a fund's NAV per security of a series

$$\frac{\text{series' proportionate share of assets} - \text{series' proportionate share of liabilities}}{\text{number of securities of that series}} = \text{price of a security} = \text{NAV per security}$$

How we process your order

Your order to buy, switch or redeem securities must be forwarded to us by your dealer. If we receive your order by 4:00 p.m. (ET) on a valuation day, we'll process it at that day's price per security. If we receive your order after 4:00 p.m. (ET), we'll process it at the next valuation day's price. If the Toronto Stock Exchange closes earlier than 4:00 p.m. (ET) on a valuation day, we may impose an earlier deadline. We'll process your order only if it's in good order. The issue and redemption price of the securities of a fund is based on the mutual fund's NAV per security next determined after receipt by the mutual fund of your order.

If you're buying securities, you must include payment with your order. If we do not receive payment within three (3) business days of processing your purchase order for any securities, we must redeem your securities on the next business day. If the proceeds from the redemption are greater than the payment you owe, the relevant fund keeps the difference. If the proceeds are less than the payment you owe, we will pay the difference to the relevant fund on your behalf, and collect this amount together with additional costs from your dealer who may collect these amounts from you.

We'll pay to the fund you're buying any interest earned between the time you make payment and the time the purchase is completed. We generally don't issue certificates. We may accept or reject an order to buy within one business day of receiving the order. If we accept your order, your broker or dealer or we will send you confirmation of your order, which is your proof of the transaction. If you sign up for our Continuous Savings Plan or Systematic Withdrawal Plan, you'll only receive confirmation of the first transaction made under the plan. If we reject your order, we'll return any money we've received, without interest.

If you're redeeming securities, we'll transfer or mail the proceeds to you within three (3) business days after we determine the redemption price provided all necessary documents and/or information have been received.

Short-Term Trading

We discourage investors from short-term trading. Short-term trading can harm a fund's performance and the value of other investors' holdings in a fund because such trading can increase brokerage and other administrative costs of a fund and interfere with the long term investment decisions of the portfolio manager. Short-term trading may be particularly problematic when large sums are involved. Short-term trading can include buying and then redeeming or switching securities of a fund within 30 days of buying or switching them into the fund. We have policies and procedures to detect and deter short-term trading that include the ability to refuse your present or future order(s) to buy or switch securities. If, in our sole discretion, we determine that you are engaging in short-term trading, in addition to taking other available remedies, the relevant fund may charge a short-term trading penalty to be paid directly to the fund out of the redemption proceeds, reducing the amount otherwise payable to you on the redemption or switch (see page 33 for more information). We may waive this penalty at any time.

The restrictions imposed on short-term trading, including the short-term trading fees, will generally not apply in connection with redemptions or switches: from money market funds and similar funds; initiated by us; under special circumstances, as determined by us in our sole discretion; or pursuant to Systematic Withdrawal Plans. The annual information form includes a description of all arrangements, whether formal or informal, with any person or company, to permit short-term trades of securities of the funds.

Despite these restrictions and our procedures to detect and deter short-term trading, we cannot ensure that such trading will be completely eliminated.

Your guide to buying, switching and redeeming the funds

The following tables show you the minimum amounts for buying, switching and redeeming securities of a fund, and for maintaining an account or an investment in a fund. These amounts depend on the kind of account and fund or series you choose. If the value of your investment in a fund falls below the minimum amount as determined by us from time to time, we will give you 30 days' written notice before we redeem all the securities of such fund in your account. If, as a result of market fluctuation, the value of your securities falls below the minimum balance, we may buy your securities from you or redeem them for you after giving you 10 days' notice. If, as a result of a partial redemption, the value of your remaining holding falls below the minimum balance, we may redeem such remaining holding immediately and without prior notice to you. We may change the minimum amounts at any time without notice. Any minimum amounts for Series I securities are determined on a contractual basis. Any minimum purchase amounts for Series F securities are determined by your dealer and the minimum account balance for Series F securities is $250. These minimums are not currently enforced but may be enforced at our discretion.

Buying funds

	Minimum amount you can buy		Minimum balance
	Your first purchase	Each additional purchase	
ALL FUNDS AND SERIES *except Series F and Series I securities*			
SINGLE PURCHASE			
Regular account	$500	$50	$500
RRIF account	$5,000	—	—
CONTINUOUS SAVINGS PLAN			
All accounts	$50 a month	—	—

Switching between funds

	Minimum amount you can switch	Minimum balance
ALL FUNDS AND SERIES *except Series F and Series I securities*		
Regular account	$50	$500

Redeeming funds

	Minimum amount you can redeem	Minimum balance
ALL FUNDS AND SERIES *except Series F and Series I securities*		
SINGLE REDEMPTION		
All accounts	$50	$500
RRIF, LIF, LRIF, PRIF and RLIF accounts	Minimum amount required under the Tax Act	N/A
SYSTEMATIC WITHDRAWAL PLAN		
All non-registered accounts	$100 monthly, quarterly or semi-annually	$10,000

Switching funds

A switch involves moving your investment from one BMO Mutual Fund or series to another BMO Mutual Fund or series. We describe the kinds of switches you can make below. When we receive your order, we'll switch your securities of one BMO Mutual Fund or series for securities of another BMO Mutual Fund or series. You'll find the minimum amounts needed for switches in the tables above. You may pay a fee of up to 2% of the value of the securities redeemed for switching between the funds. You and your dealer can negotiate this fee. There may be fees or charges payable on the redemption of securities of the fund from which you are switching or on the purchase of the securities of the new fund or new series, depending on the series of securities involved and the arrangements between you and your dealer. Please see *Fees and expenses* on page 31 for more information. If necessary, securities may be redeemed to pay fees or charges.

Switching securities you hold in a non-registered account may result in a disposition of your securities and cause you to realize a capital gain or capital loss. Net capital gains are taxable. For details about how switches are taxed, see *Income tax considerations for investors*.

You may instruct your dealer or financial advisor to switch securities of one series or purchase option of a fund to securities of another series or purchase option of the same fund, which series may have different fees and expenses, as long as you meet the minimum initial investment requirement for that series. If you wish to switch your securities, it is your sole responsibility to monitor your account and instruct your dealer or financial advisor to switch your securities.

Switching between series of the same fund

You can switch your units of one series of a fund into units of another series of the same fund, provided you are qualified. This is called a redesignation, and should not result in a disposition for income tax purposes.

Switching between the funds

You can switch units of a fund into securities of the same series or different series of another BMO Mutual Fund, provided you are qualified. This is a disposition for income tax purposes. Switching units you hold in a non-registered account may result in a capital gain or capital loss. Net capital gains are taxable.

Switching under the deferred charge option

If you are switching securities that you bought under the Low Load Deferred Charge option, you must switch into the same purchase option if you would like the new securities to continue the deferred charge schedule of the securities that you have switched from. This is true if you switch between any of the funds.

Switching between purchase options

Switches between purchase options may involve a change in the compensation paid to your dealer and redemption fees. We do not recommend that you switch between purchase options as it may result in additional fees.

Redeeming funds

See the table on page 27 for the minimum amounts needed for redemptions.

For your protection, you must sign your redemption request and we may ask that your signature be guaranteed by a bank, trust company or your dealer.

If we have not received all the necessary documentation and/or information needed to settle your redemption request within ten (10) business days, we are required under securities legislation to purchase the equivalent number of securities you asked to be redeemed as of the close of business on the tenth business day. If the purchase price of the securities is less than the original redemption price, the fund will keep the difference. If the amount of the purchase price exceeds the original redemption price, we will pay the difference to the fund and may seek reimbursement from your dealer, together with additional costs. Your dealer may be entitled to recover these amounts from you.

Redeeming securities you hold in a non-registered account may result in a capital gain or capital loss. You'll find information about the taxation of securities held in a non-registered account under *Income tax considerations for investors*.

When you may not be allowed to redeem your securities

A fund may suspend your right to request a redemption for all or part of a period when:

- normal trading is suspended on a stock, options or futures exchange in Canada or outside Canada in which securities or derivatives that make up more than 50% of the value or underlying exposure of the fund's total assets are traded, and

- those securities or derivatives are not traded on any other exchange that represents a reasonable alternative for the fund.

A fund may postpone a redemption payment for any period during which your right to request a redemption is suspended under the circumstances described above or with the approval of the Canadian securities regulators. A fund may not accept orders for the purchase of securities during any period when the redemption of its securities has been suspended.

Redeeming securities under the deferred charge option

You may be required to pay a redemption fee on securities bought under the deferred charge option if you redeem the securities within three years after you purchase them under the Low Load Deferred Charge option. This redemption fee is a percentage of the original cost of your investment, and declines at the rates shown on page 31 under *Fees and expenses*. If you are redeeming securities that were switched from another fund, the redemption fee rate is based on the date the original securities were purchased in the other fund. With the deferred charge option, your securities are redeemed in the order they were purchased or deemed purchased.

Optional services

This section tells you about the plans and services that are available to fund investors. Call us toll free at 1-800-665-7700 or 1-800-668-7327 or ask your dealer for full details.

Continuous Savings Plan

You can generally make weekly, bi-weekly, semi-monthly, monthly or quarterly investments in the funds using our Continuous Savings Plan. Here's how the plan works:

- you must meet the minimum requirements in the table on page 27
- we'll automatically transfer money from your bank account to buy securities of the funds you choose.

Averaging the cost of your investments

Making regular investments through our Continuous Savings Plan can reduce the cost of investing. Here's how. Let's say you invest $100 in a fund each month. That money will buy more securities of the fund when prices are low and fewer securities when prices are high. Over time, this can mean a lower average cost per security than if you had made one lump-sum purchase.

The funds have received relief to permit dealers to deliver the fund facts once to participants in a Continuous Savings Plan upon their initial purchases of securities of a fund and then not thereafter for subsequent purchases pursuant to the Continuous Savings Plan, unless they request it. You may request fund facts by calling us toll free at 1-800-665-7700 if you purchased your securities at a BMO Bank of Montreal branch or through the BMO Investment Centre or toll free at 1-800-668-7327 if you purchased your securities through a dealer. The simplified prospectus may also be found on the SEDAR website at **www.sedar.com** or on our websites at **www.bmo.com/mutualfunds** and **www.bmo.com/gam/ca**.

You do not have a statutory right to withdraw from your purchase of mutual funds pursuant to a Continuous Savings Plan, other than in respect of your initial purchase. However, you will continue to have all other statutory rights under securities law, including certain rights if this simplified prospectus or any document incorporated by reference contains a misrepresentation (see page 38 under *What are your legal rights?*), whether or not you request the fund facts. You will continue to have the right to terminate your participation in a Continuous Savings Plan at any time, upon providing notice to us at least four (4) business days before the next scheduled investment date.

Systematic Withdrawal Plan

You can withdraw money monthly, quarterly, semi-annually or annually from your funds using our Systematic Withdrawal Plan. Here's how the plan works:

- you must hold your funds in a non-registered account
- you must meet the minimum requirements in the table on page 27
- we'll redeem enough securities to withdraw money from your account and make payments to you.

If you withdraw more than your funds are earning, you'll reduce your original investment and may use it up altogether.

Registered plans

You may purchase securities of the funds (other than BMO Risk Reduction Fixed Income Fund and BMO Risk Reduction Equity Fund) through registered plans offered by us or other institutions, subject to certain restrictions. You should consult your tax advisor about the special rules that apply to each particular registered plan, including whether or not an investment in a fund would be a prohibited investment for your registered plan.

We can also set up a RRSP, RRIF, one of the various types of locked-in RRSPs or RRIFs, RESP, TFSA or RDSP for you. See *Fees and expenses* for fees that may apply.

BMO Mutual Funds Allocation Averaging Program

Under this program, which is available only through dealers, you can arrange for regular (monthly, quarterly, semi-annual or annual) transfers from a lump sum investment in BMO Money Market Fund (offered under a separate simplified prospectus) to a maximum of five other funds of your choice. The minimum initial investment is $5,000 and the minimum transfer amount to any one fund each time is $50.

BMO Mutual Funds Distribution Transfer Program

Under this program, which is available only through dealers, you can arrange to have distributions made by one fund automatically reinvested in another fund or funds within the same series and currency. The reinvestment will be processed and trade dated on the same valuation date. This service is not available to investors who hold their securities in a registered plan.

The following table shows the fees and expenses payable by the funds and the fees and expenses you may have to pay if you invest in the funds. Fees are paid by the funds before they calculate their price per security. These fees indirectly reduce the value of your investment.

In general, the approval of securityholders will not be obtained if the basis of the calculation of a fee or expense that is charged to Series A, Series F, Series I and No Load Series T6 securities of a fund (or is charged directly to securityholders of these series by the fund or by us in connection with the holding of securities of such series of the fund) is changed in a way that could result in an increase in charges to the series or to securityholders of such series or if a fee or expense, to be charged to Series A, Series F, Series I and No Load Series T6 securities of a fund (or to be charged directly to securityholders of these series by the fund or by us in connection with the holding of securities of such series of the fund) that could result in an increase in charges to the series or to securityholders of such series, is introduced. In the cases above, securityholders of such series will be sent a written notice of the change at least 60 days prior to the effective date.

If the basis of the calculation of a fee or expense that is charged to any other series of a fund is changed in a way that could result in an increase in charges to the series or to securityholders of these series or if a fee or expense, to be charged directly to securityholders of these series by the fund or by us in connection with the holding of securities of such series of the fund, is introduced, and if this fee or expense is charged by an entity that is at arm's length to the fund, then the approval of securityholders of such series will not be obtained. In the cases above, securityholders of such series will be sent a written notice of the change at least 60 days prior to the effective date.

If a fund holds securities of an underlying fund, fees and expenses are payable by the underlying fund in addition to the fees and expenses payable by the fund. No management fees or incentive fees are payable by a fund that, to a reasonable person, would duplicate a fee payable by an underlying fund for the same service. No sales fees or redemption fees are payable by the fund in relation to its purchases or redemptions of the underlying fund that, to a reasonable person, would duplicate a fee payable by an investor in the fund. Further, except in cases where we have obtained exemptive relief, no sales or redemption fees are payable by a fund in relation to its purchases or redemptions of the securities of an underlying fund if we or one of our affiliates or associates manage the underlying fund. See *Additional information* for more details.

Fees and expenses payable by the funds

Management fees	Each fund pays us a fee for our management services. For this management fee, various services are provided to the funds, such as investment management and advisory services, sales and trailing commissions to registered dealers on the distribution of the funds' securities, and other services that include but are not limited to advertising and promotional services, office overhead expenses related to the Manager's activities, and all other services necessary or desirable to conduct and operate the funds' business in an efficient manner. The management fee for each series is expressed as a percentage of the daily NAV of the series and varies by fund and series. The fee is calculated daily and payable monthly. You'll find the maximum management fee for the series of each fund in the *Fund details* section. Series F securities have lower management fees than other series since we do not pay service fees on Series F securities. For Series I securities, separate fees are negotiated and paid for each Series I investor. The combined management and administration fees for Series I will not exceed 2.50%. For each series, we may, at our discretion, waive a portion or the entire amount of the management fee chargeable at any given time. Management fees are subject to applicable taxes.

Fees and expenses payable by the funds *(continued)*

Management fees *(continued)*	Depending on several factors, we may reduce or rebate all or a portion of the management fee for certain investors in a fund. These factors include the value of an investment in the fund and the nature of an investment, such as large investments by institutional investors. See *Fees and Expenses* in the funds' annual information form.
Operating expenses	The manager pays certain operating expenses of each fund including audit and legal fees and expenses; custodian and transfer agency fees; costs attributable to the issue, redemption and change of securities, including the cost of the securityholder record keeping system; expenses incurred in respect of preparing and distributing prospectuses, financial reports and other types of reports, statements and communications to securityholders; fund accounting and valuation costs; filing fees, including those incurred by the manager (collectively the "Administration Expenses"). In return, each fund pays a fixed administration fee to the manager. The administration fee may vary by fund and is a fixed annual percentage of the average net assets of the fund. For Series I securities of the funds, separate fee and expense arrangements are negotiated with each Series I investor. The combined management and administration fees for Series I will not exceed 2.50%. See the *Administration fee* information in the *Fund details* table for each fund. Administration fees are subject to applicable taxes. Each fund also pays certain operating expenses directly ("Fund Expenses"), including expenses incurred in respect of preparing and distributing fund facts; interest or other borrowing expenses; all reasonable costs and expenses incurred in relation to compliance with NI 81-107, including compensation and expenses payable to IRC members and any independent counsel or other advisors employed by the IRC, the costs of the orientation and continuing education of IRC members and the costs and expenses associated with IRC meetings; taxes of all kinds to which the fund is or might be subject; and costs associated with compliance with any new governmental or regulatory requirement introduced after December 1, 2007. Funds that offer more than one series of securities allocate Fund Expenses proportionately among the series. Fund Expenses that are specific to a series are allocated to that series. Certain Fund Expenses are subject to applicable taxes. The administration fee and Fund Expenses are included in the management expense ratios of the funds. **IRC fees and expenses** Each IRC member receives compensation for the duties he or she performs as an IRC member. The annual retainer for each IRC member (other than the Chair) in respect of all of the BMO Mutual Funds is approximately $52,749; the annual retainer for the Chair is approximately $78,161. In addition, each IRC member is entitled to the reimbursement of all reasonable expenses in connection with his or her duties as an IRC member. The manager will not reimburse the funds for any costs incurred in relation to compliance with NI 81-107.

Fees and expenses payable directly by you

For fees and expenses payable directly by you, the applicable rate of GST, HST or QST, as applicable, will be determined based on your province or territory of residence.

Sales charges	**For securities purchased under the Sales Charge option:** 0-5% of the amount you invest **For securities purchased under the deferred charge option:** None
Switch fees	0-2% of the amount you switch
Redemption fees	**For securities purchased under the Sales Charge option:** None **For securities purchased under the deferred charge option:** You pay a redemption fee at the following rates if you redeem your securities during the time periods specified. The redemption fee is a percentage of the original cost of the securities you are redeeming.
Low Load Deferred Charge schedule	**During the following periods after purchase** — **Redemption fee** First year — 3.0% Second year — 2.0% Third year — 1.0% Thereafter — Nil
Series I fees	For Series I securities, separate fee and expense arrangements are negotiated and paid by each Series I investor.
Short-term trading fee	Short-term trading by investors may adversely affect all investors in a fund. To discourage short-term trading, a fund may, at our sole discretion, charge a short-term trading penalty of up to 2% of the amount that you redeem or switch if you buy or switch and then redeem or switch securities of the fund within 30 days of purchasing or switching them. This penalty will be paid directly to the fund. While this penalty generally will be paid out of the redemption proceeds of the fund in question, we have the right to redeem such other funds in any of your accounts without further notice to pay this penalty. We may in our sole discretion decide which securities will be redeemed in such manner as we may determine. You will be responsible for any costs and expenses, as well as any tax consequences, resulting from the collection of this penalty. We may waive this penalty at any time. Please see *Short-term trading* on page 26.
Registered plan fees	An annual administration fee of $10 (plus applicable taxes) is charged for each RRSP and RESP account. This fee may be different if you invest through a dealer other than us. A fee of $50 (plus applicable taxes) may be applied to a registered plan account if and at such time as you transfer it, in whole or in part, to another institution. This fee may be different if you invest through a dealer other than us.
Other fees and expenses	Continuous Savings Plan – None Systematic Withdrawal Plan – None BMO Distribution Transfer Program – None Your dealer may charge a fee for similar services Dishonoured payments – $25 (plus applicable taxes)

Impact of sales charges

Certain series of the funds, including Series A, No Load Series T6, Series F and Series I are no load. That means you pay no sales or redemption charges on these transactions.

The following table shows the maximum amount of fees that you would have to pay if you made an investment of $1,000 in Series A, No Load Series T6, Series F and Series I securities of a fund, held that investment for one, three, five or ten years and redeemed immediately before the end of the period.

The following table also shows the maximum amount of fees that you would have to pay under the different purchase options available to you if you made an investment of $1,000 in Load Series T6 or Advisor Series securities of a fund, if you held that investment for one, three, five or ten years and redeemed immediately before the end of that period. The fees under the Sales Charge option are negotiable with your dealer.

	At purchase	One Year	Three Years	Five Years	Ten Years
No Load option[1]	none	none	none	none	none
Sales Charge option	$50.00	n/a	n/a	n/a	n/a
Low Load Deferred Charge option[2]	n/a	$30.00	$10.00	n/a	n/a

(1) Applicable to Series A, No Load Series T6, Series F and Series I securities of the funds.

(2) Redemption fees may apply if you redeem your Load Series T6 or Advisor Series securities within three years of purchase under the Low Load Deferred Charge option, as shown under *Fees and expenses* above. The redemption fee is based upon the original cost of your investment. For purposes of the table, no reinvestments of income or capital gains distributions have been assumed.

Dealer compensation

We pay sales commissions to some Bank of Montreal employees.

Sales commissions

If you buy Load Series T6 or Advisor Series securities under the Sales Charge option, you pay your dealer a sales commission at the time of purchase. The maximum amount of the commission is 5% of the amount you invest in BMO Mutual Funds other than money market funds and 2% of the amount you invest in money market funds. The sales commission is negotiable between you and your dealer.

If you buy Load Series T6 or Advisor Series securities under the Low Load Deferred Charge option, we pay your dealer a commission of 2% of the amount you invest. The commissions we pay to your dealer for securities purchased under the deferred charge option are not negotiable.

Sales commissions are not paid when you switch between funds, but a switch fee of up to 2% may be charged by your dealer. This fee may be negotiated between you and your dealer. No commissions are paid when you receive securities from reinvested distributions.

Service fees

For certain series of the funds, out of the management fees that we receive, we pay your registered dealer (including discount brokers for securities you purchase through your discount brokerage account) a service fee or trailing commission, calculated daily and paid monthly or quarterly at the option of the dealer. The service fee is a percentage of the average daily value of the securities you hold. The service fee varies by fund and by purchase option. We do not pay service fees on Series F or Series I securities. The following tables provide a summary of the maximum annual service fee we pay to your dealer on Series A, Series T6 and Advisor Series securities.

	Service Fee (%) (as applicable)		
	No Load	**Sales Charge option** (Advisor Series and Load Series T6 are available under the Sales Charge option)	**Deferred Charge option** (Advisor Series and Load Series T6 are available under the Deferred Charge option)
Fund	Maximum annual fee Series A and No Load Series T6	Advisor Series and Load Series T6	Low Load Deferred Charge option
BMO Retirement Income Portfolio	up to 1.00	1.00	1.00
BMO Retirement Conservative Portfolio	up to 1.00	1.00	1.00
BMO Retirement Balanced Portfolio	up to 1.00	1.00	1.00

Other sales incentives

We'll pay for any new compensation programs that we may introduce as well as a portion of marketing and educational programs; neither the funds nor their securityholders pay for any compensation programs.

Sales incentive programs

We pay for marketing materials we give to dealers to help support their sales efforts. We may also share with dealers up to 50% of their costs in marketing the funds.

We may pay up to 10% of the costs of some dealers to hold educational seminars or conferences for their representatives to teach them about, among other things, new developments in the mutual fund industry, financial planning or new financial products. The dealer makes all decisions about where and when the conference is held and who can attend.

We may arrange seminars for representatives of the dealers where we inform them about new developments in our mutual funds, our products and services and mutual fund industry matters. We invite dealers to send their representatives to our seminars and we do not decide who attends. The representatives must pay their own travel, accommodation and personal expenses in connection with attending our seminars.

Equity interests

Bank of Montreal Holding Inc. owns 100% of the issued shares of the manager. Bank of Montreal Holding Inc. is a wholly-owned subsidiary of Bank of Montreal. BMO Nesbitt Burns Inc. and BMO InvestorLine Inc., both indirect wholly-owned subsidiaries of Bank of Montreal, may sell securities of the funds. Such sales are made on the same basis as those made by other dealers, with no preferential compensation.

Dealer compensation from management fees

During the manager's financial year ended October 31, 2014, we paid approximately 11.06% of total management fees we received to registered dealers in sales and service commissions for selling BMO Mutual Funds.

Income tax considerations for investors

This is a general summary of the current Canadian federal income tax rules applicable to you as an investor in the funds. This summary assumes that you are a Canadian resident individual (other than a trust) who holds securities of the funds directly as capital property or in a registered plan. This summary is not intended to be legal or tax advice. More information is contained in the funds' annual information form.

We have tried to make this summary easy to understand. As a result, we cannot be technically precise, or cover all the tax consequences that may apply. We suggest that you consult your tax advisor for details about your situation.

How the funds make money

Mutual funds make money in a number of ways, including:

- Earning income in the form of interest, dividends, income distributions from a trust, gains and losses from derivatives and other types of returns from investment
- Realizing capital gains when they sell an investment for more than its ACB. Mutual funds can also realize a capital loss when they sell an investment for less than its ACB.

A mutual fund is required to calculate its income and capital gains in Canadian dollars. So, when a mutual fund sells a foreign denominated security or when that security matures, the mutual fund may realize a capital gain or capital loss as a result of a change in the value of the foreign currency relative to the Canadian dollar.

The funds treat gains and losses realized on futures, forward contracts, options and other derivatives as ordinary income and losses or as capital gains and capital losses, depending on the circumstances. Capital losses may be denied or suspended and therefore, unavailable to shelter capital gains. For example, a capital loss may be suspended if a capital loss is realized on the sale of an investment and an identical investment is acquired within a period that begins 30 days before and ends 30 days after the day that the loss was realized. This is more likely to occur to a fund invests in underlying funds. There are other loss restriction rules that may prevent a fund from deducting losses.

If you hold units – Each year, each fund will distribute enough of its net income and net realized capital gains so that the fund will not be subject to normal income tax. The fund flows its taxable income through to investors in the form of distribution. Investors are generally taxed on this income as if they earned it directly.

Portfolio turnover
In general, the higher a fund's portfolio turnover rate, the greater the chance that you will receive a capital gains distribution or capital gains dividend. Any capital gains realized would be offset by any capital losses realized on portfolio transactions. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

How your investment is taxed

How you are taxed on your investment in the funds depends on whether you hold securities of a fund in your registered plan or your non-registered account.

Registered plans

The securities of BMO Risk Reduction Fixed Income Fund and BMO Risk Reduction Equity Fund are not and are not expected to be a qualified investment for registered plans. Accordingly, securities of these funds should not be held in a registered plan.

If securities of a fund (other than BMO Risk Reduction Fixed Income Fund and BMO Risk Reduction Equity Fund) are held in your registered plan, generally, neither you nor your registered plan is subject to tax on distributions paid on those securities or on capital gains realized when those securities are redeemed or switched. However, even when securities of a fund are a qualified investment for your registered plan, you may be subject to tax if a security held in your RRSP, RRIF or TFSA is a "prohibited investment" for your registered plan.

You will generally be subject to a 50% potentially refundable tax on the value of a prohibited investment held in your RRSP, RRIF or TFSA and a 100% tax on income attributable to and capital gains realized on the disposition (or deemed disposition) of that prohibited investment. However, under a safe harbour for newly established mutual funds, the securities of a fund will not be a prohibited investment for an RRSP, RRIF or TFSA at any time during the first 24 months of existence if the fund is a mutual fund trust and follows a reasonable policy of investment diversification throughout that period. **You should consult your tax advisor about the special rules that apply to each particular registered plan, including whether or not an investment in a fund would be a prohibited investment for your RRSP, RRIF or TFSA.**

Non-registered accounts

If securities are held in your non-registered account, you must include in your income for a taxation year, the taxable portion of all distributions (including management fee distributions) paid or payable to you by a fund during the year, whether you received them in cash or invested them in additional securities. The amount of reinvested distributions is added to the ACB of your securities. This ensures that you do not pay tax on the amount again at a later date.

Distributions paid by a fund may consist of capital gains, ordinary Canadian dividends, foreign source income, other income and/or ROC.

One-half of a capital gain distribution is included in your income. Ordinary Canadian dividends are subject to the dividend gross-up and tax credit rules. Steps will be taken to pass on to you the benefit of the enhanced dividend tax credit when it is available. You may be eligible for foreign tax credits in respect of any foreign taxes paid by a fund.

ROC is not immediately taxable to you but will reduce the ACB of the securities on which it was paid. As a result, the amount of any capital gain that you realize when you redeem your securities will be larger (or the capital loss will be smaller), unless the ROC was reinvested in additional securities. If the ACB of your securities is reduced to less than zero while you continue to hold them, you will be deemed to realize an immediate capital gain equal to the negative amount and your ACB will be increased to zero. Monthly distributions on Series T6 securities are expected to include ROC.

You should consult with your tax advisor about the tax treatment of fees payable directly to us, your dealer or any other fees payable directly by you.

Buying securities before a distribution date

You must include in your income the taxable portion of a distribution received from a fund even though the fund may have earned the income or realized the capital gains that gave rise to the distribution before you owned your securities. If you invest in a fund late in the year, you may have to pay tax on its earnings for the whole year.

Sales Charge and Fees

Sales charges paid on the purchase of securities are not deductible in computing your income but are added to the ACB of your securities.

Switching your securities

If you switch your securities of a fund for securities of another series of the same fund, the switch is made as a redesignation of your securities. In other words, the switch should occur on a tax-deferred basis so that you do not realize a capital gain or capital loss on your switched securities. The cost of your new securities will generally be equal to the ACB of the switched securities.

As part of a switch, some securities may be redeemed to pay fees. Any other type of switch involves the redemption of your securities, which is a disposition for income tax purposes.

Redeeming your securities

The redemption of securities is a disposition. You will realize a capital gain or capital loss when you redeem or otherwise dispose of your securities. The capital gain or loss is the difference between the proceeds you receive for the redemption and the ACB of your redeemed securities, less any cost of disposition. We will provide you with details of your proceeds of redemption. However, in order to calculate your gain or loss you will need to know the ACB of your securities on the date of the redemption.

In general, you must include one-half of any capital gain in computing your income for tax purposes and may deduct one-half of any capital loss to offset taxable capital gains.

How to calculate ACB

For most situations, here's how the total ACB of your securities of a series of a particular fund is calculated.

- Start with the cost of your initial investment, including any sales charges you paid.
- Add the cost of any additional investments, including any sales charges you paid.
- Add the amount of any distributions that were reinvested (including ROC and management fee distributions).
- Subtract the amount of any ROC.
- For a tax-deferred switch into the fund, add the ACB of switched securities.
- For a tax-deferred switch out of the fund, subtract the ACB of the switched securities.
- Subtract the ACB of any previously redeemed securities.

The ACB of a single security is the average of the ACB of all the identical securities.

Tax reporting

Each year we will send you a tax slip with detailed information about the distributions paid to you on securities held in a non-registered account. To calculate your ACB, you will need to keep detailed records of the cost of all purchases and the amount of all distributions paid to you.

Exchange of tax information

There are new due diligence and reporting obligations which were enacted to implement the Canada-United States Enhanced Tax Information Exchange Agreement. You may be requested to provide information to your dealer to identify U.S. persons holding securities of the funds. If you are a U.S. person (including a U.S. citizen) or if you do not provide the requested information, generally, information about your investments held in the financial account maintained by your dealer will 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.

What are your legal rights?

Under securities law in some provinces and territories, you have the right to:

- withdraw from your agreement to buy mutual funds within two business days of receiving the simplified prospectus or fund facts
- cancel your purchase within 48 hours of receiving confirmation of your order, or
- cancel your purchase agreement and get your money back if the simplified prospectus, annual information form, fund facts or financial statements misrepresent any facts about the fund. You may also be entitled to get your money back or make a claim for damages if you have suffered a loss.

The time limit to exercise these rights depends on the governing legislation in your province or territory.

For more information, refer to the securities legislation of your province or territory or consult your lawyer.

Additional information

The manager of the funds has received an exemption from Canadian securities regulators to enable the dealer-managed funds, subject to certain conditions imposed by the regulators, including the prior approval of the funds' IRC, to purchase equity securities of a reporting issuer during the period of distribution (the "Distribution") of the issuer's securities pursuant to a private placement offering and for the 60-day period following the completion of the Distribution notwithstanding that the manager or the associates or affiliates thereof act or have acted as underwriter in connection with the Distribution.

The manager has also received an exemption from Canadian securities regulators to enable the funds, subject to certain conditions imposed by the regulators, including the prior approval of the funds' IRC, to purchase debt securities in the secondary market from, or sell debt securities in the secondary market to, an associate or affiliate of the manager that is a principal dealer in the Canadian debt securities markets, acting as principal.

Subject to certain conditions imposed by the regulators, including the prior approval of the funds' IRC, the funds may:

- invest in or continue to invest in securities of Bank of Montreal or another related issuer; and
- invest in equity and/or corporate debt securities of a reporting issuer during the Distribution of the issuer's securities and for the 60-day period following the completion of the Distribution, notwithstanding that the manager or an associate or affiliate thereof acts or has acted as underwriter in connection with the Distribution.

We, and all of the BMO Mutual Funds, have also obtained exemptive relief, subject to certain conditions, to permit the BMO Mutual Funds:

1. to invest in Bank of Montreal debt securities in the secondary market and to invest in Bank of Montreal debt securities, other than asset-backed commercial paper securities, with a term of maturity of 365 days or more in a primary offering;
2. to purchase mortgages from and/or sell mortgages to certain associates or affiliates of the manager;
3. to purchase securities of exchange traded funds managed by us, or one of our affiliates or associates, and to pay the applicable brokerage commissions associated with such purchases in the secondary market;
4. to invest in securities of certain exchange traded funds managed by us that are not considered "index participation units" under NI 81-102, subject to certain conditions; and
5. to invest in debt securities of an issuer during the Distribution or during the period of 60 days after the Distribution, notwithstanding that the Manager, or an associate or affiliate of the Manager, acts or has acted as an underwriter in the Distribution and notwithstanding that the debt securities do not have a designated rating by a designated rating organization as contemplated by section 4.1(4)(b) of NI 81-102.

Prior to seeking IRC approval, the manager is required to refer its written policies and procedures relating to the above-mentioned investments for the funds to the IRC for the IRC's review. The policies and procedures are designed to ensure, among other things, that each such transaction (i) is consistent with, or be necessary to meet, the investment objectives of the funds (ii) is free from any influence by the manager or any associates or affiliates thereof and does not take into account any consideration relevant to the manager or any associates or affiliates thereof (iii) represents the manager's business judgment uninfluenced by considerations other than the best interests of the funds, and (iv) achieves a fair and reasonable result for the funds. In the event an investment for a fund is not made in accordance with the conditions imposed by the regulators and/or the IRC, the manager is required to notify the IRC and the IRC, as soon as practicable, is required to notify the securities regulators. This information is also included in the annual report to securityholders prepared by the IRC.

Additional information about exemptive relief decisions received by the funds and the mandate and responsibilities of the IRC is disclosed in the funds' annual information form.

You'll find more information about each fund in the funds' annual information form, fund facts, management reports of fund performance and financial statements. These documents are incorporated by reference into this simplified prospectus, which means that they legally form part of this simplified prospectus just as if they were printed in it.

BMO Mutual Funds are offered by BMO Investments Inc. If you would like a copy of these documents and you purchased your securities at a BMO Bank of Montreal branch or through the BMO Investment Centre, call us toll free at 1-800-665-7700. If you would like a copy of these documents and you purchased your securities through a dealer, call us toll free at 1-800-668-7327. There's no charge for these documents. You'll also find copies of them, and other information about the funds, such as information circulars and material contracts, on the Internet at **www.bmo.com/mutualfunds**, **www.bmo.com/gam/ca** or **www.sedar.com**.

bmo.com/mutualfunds

bmo.com/fonds

BMO Mutual Funds are offered by BMO Investments Inc.
Offering series A securities, series F securities, series I securities, series T6 securities and/or Advisor Series securities, as noted.

BMO Retirement Portfolios

BMO Retirement Income Portfolio (series A, F, T6 and Advisor Series)
BMO Retirement Conservative Portfolio (series A, F, T6 and Advisor Series)
BMO Retirement Balanced Portfolio (series A, F, T6 and Advisor Series)

BMO Risk Reduction Funds

BMO Risk Reduction Fixed Income Fund (series I)
BMO Risk Reduction Equity Fund (series I)

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HOW TO REACH US
BMO Investments Inc., 2465 Argentia Road, 5th Floor, Mississauga, Ontario L5N 0B4
BMO Investissements Inc., 129, rue St. Jacques, 5ème étage, Montréal, Québec H2Y 1L6

BMO Mutual Funds

A member of BMO Financial Group