

BMO Mutual Funds 2013

Annual Financial Statements

September 30, 2013

BMO Dividend Fund

Independent Auditor's Report

To the Unitholders and Trustee of:

BMO Equity Fund
BMO Canadian Small Cap Equity Fund
(formerly BMO Special Equity Fund)
BMO Resource Fund
BMO Mortgage and Short-Term Income Fund
BMO Money Market Fund
BMO Bond Fund
BMO Canadian Equity ETF Fund
BMO Asset Allocation Fund
BMO Dividend Fund
BMO Precious Metals Fund
BMO Monthly Income Fund
BMO Diversified Income Portfolio
BMO Global Infrastructure Fund
BMO Laddered Corporate Bond Fund
BMO Enhanced Equity Income Fund
BMO Emerging Markets Bond Fund
BMO LifeStage Plus 2015 Fund
BMO LifeStage Plus 2020 Fund
BMO LifeStage Plus 2025 Fund
BMO LifeStage Plus 2030 Fund
BMO LifeStage Plus 2017 Fund
BMO LifeStage Plus 2022 Fund
BMO LifeStage Plus 2026 Fund
BMO SelectTrust Fixed Income Portfolio
BMO FundSelect Security Portfolio
BMO FundSelect Balanced Portfolio
BMO FundSelect Growth Portfolio
BMO FundSelect Equity Growth Portfolio
(formerly BMO FundSelect Aggressive Growth Portfolio)

BMO Target Yield ETF Portfolio
BMO Target Enhanced Yield ETF Portfolio
BMO Fixed Income ETF Portfolio
BMO Security ETF Portfolio
BMO Conservative ETF Portfolio
BMO Balanced ETF Portfolio
BMO Growth ETF Portfolio
BMO Equity Growth ETF Portfolio
BMO World Bond Fund
BMO Emerging Markets Fund
BMO European Fund
BMO North American Dividend Fund
BMO U.S. Equity ETF Fund
BMO U.S. Equity Fund
BMO Global Dividend Fund
(formerly BMO Global Science & Technology Fund)
BMO International Equity ETF Fund
BMO Global Monthly Income Fund
BMO Preferred Share Fund
BMO Tactical Dividend ETF Fund
BMO Global Strategic Bond Fund
BMO U.S. High Yield Bond Fund
BMO U.S. Dollar Money Market Fund
BMO U.S. Dollar Equity Index Fund
BMO U.S. Dollar Monthly Income Fund
BMO U.S. Dollar Dividend Fund
BMO U.S. Dollar Balanced Fund

To the Shareholders and Directors of BMO Global Tax Advantage Funds Inc.:

BMO Global Dividend Class
BMO Canadian Equity Class
BMO Global Equity Class
BMO Global Energy Class
BMO Dividend Class
BMO Greater China Class
BMO International Value Class
BMO Short-Term Income Class
BMO Canadian Tactical ETF Class
BMO Global Tactical ETF Class
BMO LifeStage 2017 Class
BMO LifeStage 2020 Class
BMO LifeStage 2025 Class
BMO LifeStage 2030 Class
BMO LifeStage 2035 Class
BMO LifeStage 2040 Class
BMO SelectClass Security Portfolio
BMO SelectClass Balanced Portfolio
BMO SelectClass Growth Portfolio
BMO SelectClass Equity Growth Portfolio
(formerly BMO SelectClass Aggressive Growth Portfolio)
BMO Security ETF Portfolio Class
BMO Balanced ETF Portfolio Class
BMO Growth ETF Portfolio Class
BMO Equity Growth ETF Portfolio Class
(formerly BMO Aggressive Growth ETF Portfolio Class)
BMO American Equity Class
BMO Asian Growth and Income Class

(collectively the Funds)

Independent Auditor's Report *(continued)*

We have audited the accompanying financial statements of each of the Funds, which comprise the statement of investment portfolio as at September 30, 2013 and the statements of net assets, operations and changes in net assets as at and for the periods indicated in note 1, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements of each of the Funds in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

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

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

Opinion

In our opinion, the financial statements of each of the Funds present fairly, in all material respects, the financial position of each of the Funds, the results of each of their operations and the changes in each of their net assets as at and for the periods indicated in note 1 in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants
Toronto, Ontario
December 20, 2013

BMO Dividend Fund

STATEMENT OF NET ASSETS

(in thousands of Canadian dollars, except per unit data)

As at	September 30 2013	September 30 2012
ASSETS		
Cash	3,752	3,794
Investments at fair value	3,767,635	3,770,650
Income receivable	9,525	12,165
Subscriptions receivable	3,548	1,750
Due from broker	—	74,272
Total assets	3,784,460	3,862,631
LIABILITIES		
Distributions payable	—	—
Due to broker	—	38,237
Accrued expenses	5,306	5,351
Redemptions payable	6,479	8,131
Total liabilities	11,785	51,719
Net assets representing unitholders' equity	3,772,675	3,810,912
Net assets representing unitholders' equity		
Series A Units	3,295,433	3,300,691
Series I Units	200,644	204,654
Series F Units	19,158	19,427
Advisor Series Units	248,812	277,099
Series T5 Units	8,628	9,041
Net assets per unit		
Series A Units	\$ 49.23	\$ 44.76
Series I Units	\$ 10.64	\$ 9.65
Series F Units	\$ 13.55	\$ 12.34
Advisor Series Units	\$ 19.27	\$ 17.57
Series T5 Units	\$ 7.04	\$ 6.85

STATEMENT OF OPERATIONS

(in thousands of Canadian dollars, except per unit data)

For the periods ended	September 30 2013	September 30 2012
INVESTMENT INCOME		
Dividends	117,081	128,504
Interest	450	1,221
Distributions from investment trust units	6,088	1,737
Securities lending revenue	650	612
Foreign taxes	(1,417)	(112)
	122,852	131,962
EXPENSES		
Management fees (note 5)	59,799	59,087
Fixed administration fees (note 5)	5,131	5,105
Independent Review Committee fees	5	2
Interest charges	1	—
Fund Facts fees	1	1
Operating expenses absorbed by the Manager	(1)	—
Commissions and other portfolio transaction costs (note 5)	1,450	1,196
	66,386	65,391
Net investment income for the period	56,466	66,571
Realized gain on sale of investments	119,019	157,163
Realized loss on foreign exchange	(394)	(491)
Change in unrealized appreciation in value of investments	244,037	104,697
Increase in net assets from operations	419,128	327,940
Increase in net assets from operations		
Series A Units	360,932	288,743
Series I Units	26,724	18,356
Series F Units	2,312	1,574
Advisor Series Units	28,213	18,663
Series T5 Units	947	604
Increase in net assets from operations per unit (note 2)		
Series A Units	5.16	3.64
Series I Units	1.32	0.90
Series F Units	1.53	1.75
Advisor Series Units	1.98	1.16
Series T5 Units	0.74	0.46

The accompanying notes are an integral part of these financial statements.

BMO Dividend Fund

STATEMENT OF CHANGES IN NET ASSETS (in thousands of Canadian dollars)

For the periods ended	September 30 2013	September 30 2012
Series A Units		
Net assets – beginning of period	3,300,691	3,522,023
Increase in net assets from operations	360,932	288,743
UNIT TRANSACTIONS:		
Proceeds from sale of units	323,931	287,189
Reinvested distributions	47,352	27,753
Amounts paid on units redeemed	(689,289)	(796,759)
Total unit transactions	(318,006)	(481,817)
DISTRIBUTIONS TO UNITHOLDERS FROM:		
Net investment income	(9,776)	(28,258)
Capital gains	(38,408)	—
Total distributions paid to unitholders	(48,184)	(28,258)
Net assets – end of period	3,295,433	3,300,691

Series I Units		
Net assets – beginning of period	204,654	163,830
Increase in net assets from operations	26,724	18,356
UNIT TRANSACTIONS:		
Proceeds from sale of units	17,801	49,192
Reinvested distributions	6,138	11,830
Amounts paid on units redeemed	(48,425)	(26,720)
Total unit transactions	(24,486)	34,302
DISTRIBUTIONS TO UNITHOLDERS FROM:		
Net investment income	(3,889)	(11,834)
Capital gains	(2,359)	—
Total distributions paid to unitholders	(6,248)	(11,834)
Net assets – end of period	200,644	204,654

Series F Units		
Net assets – beginning of period	19,427	5,800
Increase in net assets from operations	2,312	1,574
UNIT TRANSACTIONS:		
Proceeds from sale of units	3,692	17,515
Reinvested distributions	452	134
Amounts paid on units redeemed	(6,250)	(5,461)
Total unit transactions	(2,106)	12,188
DISTRIBUTIONS TO UNITHOLDERS FROM:		
Net investment income	(243)	(135)
Capital gains	(232)	—
Total distributions paid to unitholders	(475)	(135)
Net assets – end of period	19,158	19,427

For the periods ended	September 30 2013	September 30 2012
Advisor Series Units		
Net assets – beginning of period	277,099	—
Increase in net assets from operations	28,213	18,663
UNIT TRANSACTIONS:		
Proceeds from sale of units	44,411	295,969
Reinvested distributions	3,752	151
Amounts paid on units redeemed	(100,708)	(37,525)
Total unit transactions	(52,545)	258,595
DISTRIBUTIONS TO UNITHOLDERS FROM:		
Net investment income	(705)	(159)
Capital gains	(3,250)	—
Total distributions paid to unitholders	(3,955)	(159)
Net assets – end of period	248,812	277,099

Series T5 Units		
Net assets – beginning of period	9,041	—
Increase in net assets from operations	947	604
UNIT TRANSACTIONS:		
Proceeds from sale of units	1,293	9,592
Reinvested distributions	234	117
Amounts paid on units redeemed	(2,187)	(895)
Total unit transactions	(660)	8,814
DISTRIBUTIONS TO UNITHOLDERS FROM:		
Net investment income	(49)	(52)
Capital gains	(106)	—
Return of capital	(545)	(325)
Total distributions paid to unitholders	(700)	(377)
Net assets – end of period	8,628	9,041

Total Fund		
Net assets – beginning of period	3,810,912	3,691,653
Increase in net assets from operations	419,128	327,940
UNIT TRANSACTIONS:		
Proceeds from sale of units	391,128	659,457
Reinvested distributions	57,928	39,985
Amounts paid on units redeemed	(846,859)	(867,360)
Total unit transactions	(397,803)	(167,918)
DISTRIBUTIONS TO UNITHOLDERS FROM:		
Net investment income	(14,662)	(40,438)
Capital gains	(44,355)	—
Return of capital	(545)	(325)
Total distributions paid to unitholders	(59,562)	(40,763)
Net assets – end of period	3,772,675	3,810,912

The accompanying notes are an integral part of these financial statements.

BMO Dividend Fund

STATEMENT OF INVESTMENT PORTFOLIO

As at September 30, 2013 (in thousands of Canadian dollars, unless otherwise noted)

	Par Value (in thousands)	Cost (\$)	Fair Value (\$)		Number of Shares or Units	Cost** (\$)	Fair Value (\$)
MONEY MARKET INVESTMENTS							
Federal – 0.6%							
Government of Canada, Treasury Bills, 0.980% Oct 7, 2013	10,000	9,995	9,998				
Government of Canada, Treasury Bills, 1.020% Oct 10, 2013	1,550	1,546	1,550				
Government of Canada, Treasury Bills, 0.990% Oct 24, 2013	400	399	400				
Government of Canada, Treasury Bills, 0.976% Nov 7, 2013	6,600	6,585	6,594				
Government of Canada, Treasury Bills, 0.983% Dec 19, 2013	5,000	4,988	4,989				
		23,513	23,531				
Provincial – 0.6%							
Province of Alberta, Treasury Bills, 1.034% Dec 17, 2013	10,000	9,974	9,978				
Province of Alberta, Treasury Bills, 1.027% Dec 20, 2013	5,000	4,988	4,989				
Province of Manitoba, Treasury Bills, 1.069% Oct 16, 2013	4,650	4,639	4,648				
Province of New Brunswick, Treasury Bills, 1.054% Nov 5, 2013	3,300	3,291	3,296				
		22,892	22,911				
Total Money Market Investments – 1.2%		46,405	46,442				
			Fair Value (\$)				
	Number of Shares or Units	Cost** (\$)					
EQUITIES							
Consumer Discretionary – 6.8%							
Dollarama Inc.	398,800	26,290	33,304				
Magna International Inc.	971,100	39,124	82,456				
Starbucks Corporation	590,900	39,521	46,860				
Target Corporation	838,100	52,901	55,224				
Thomson Reuters Corporation	1,054,600	43,958	37,966				
		201,794	255,810				
Consumer Staples – 5.2%							
Loblaw Companies Limited	784,000	37,270	35,672				
Mondelez International Inc., Class A	2,292,700	64,599	74,178				
Procter & Gamble Company, The	649,300	50,948	50,562				
Shoppers Drug Mart Corporation	566,900	34,224	33,628				
		187,041	194,040				
Energy – 23.7%							
ARC Resources Ltd.	2,229,900	46,898	58,513				
Baytex Energy Corp.	1,781,400	85,809	75,620				
Canadian Natural Resources Limited	721,600	24,646	23,344				
Cenovus Energy Inc.	2,796,300	83,841	85,902				
Crescent Point Energy Corp.	2,383,000	100,645	92,818				
Enbridge Inc.	4,038,400	62,441	173,571				
Inter Pipeline Ltd.	1,228,200	22,838	30,889				
Keyera Corp.	637,900	28,688	37,317				
Pembina Pipeline Corporation	1,108,000	30,833	37,783				
Peyto Exploration & Development Corp.	1,580,300	28,862	47,994				
Suncor Energy Inc.	2,697,104	94,905	99,334				
TransCanada Corporation	2,097,500	64,958	94,912				
Vermilion Energy, Inc.	655,700	30,573	37,119				
		705,937	895,116				
Financials – 40.4%							
American International Group, Inc.	1,165,800	56,235	58,384				
Bank of Nova Scotia	4,695,100	181,358	276,870				
Boardwalk REIT	714,500	31,784	41,120				
Brookfield Asset Management Inc., Class A	2,111,200	63,550	81,366				
Brookfield Office Properties Inc.	3,296,900	55,156	64,850				
Dundee REIT	1,138,700	39,687	33,068				
Intact Financial Corporation	1,830,400	77,727	112,954				
JPMorgan Chase & Co.	1,747,400	87,693	93,037				
Manulife Financial Corporation	2,812,000	48,956	47,917				
RioCan REIT	1,782,600	42,275	43,317				
Royal Bank of Canada	3,980,700	159,682	262,726				
Toronto-Dominion Bank, The	3,307,200	173,311	306,478				
Wells Fargo & Company	2,391,700	84,153	101,795				
		1,101,567	1,523,882				
Industrials – 8.0%							
Canadian National Railway Company	1,440,200	66,636	150,285				
Finning International Inc.	2,249,900	48,994	53,120				
Progressive Waste Solutions Ltd.	1,777,800	37,871	46,863				
SNC-Lavalin Group Inc.	679,800	35,803	28,789				

*Where applicable, distributions received from holdings as a return of capital are used to reduce the adjusted cost base of the securities in the portfolio.

**For the purpose of the Statement of Investment Portfolio, cost includes commissions and other portfolio transaction costs (note 2).

The accompanying notes are an integral part of these financial statements.

BMO Dividend Fund

STATEMENT OF INVESTMENT PORTFOLIO (cont'd)

As at September 30, 2013 (in thousands of Canadian dollars, unless otherwise noted)

	Number of Shares or Units	Cost** (\$)	Fair Value (\$)
Westshore Terminals Investment Corporation	755,000	18,244	23,103
.....	207,548		302,160
Information Technology – 5.9%			
MacDonald, Dettwiler and Associates Ltd.	534,080	31,290	42,192
Microsoft Corporation	2,427,900	72,086	83,279
QUALCOMM Incorporated	1,403,000	88,911	97,303
.....	192,287		222,774
Telecommunication Services – 5.0%			
BCE Inc.	719,989	19,193	31,658
Rogers Communications Inc., Class B.	1,376,400	54,708	60,933
TELUS Corporation	2,834,400	73,096	96,597
.....	146,997		189,188
Utilities – 3.7%			
Brookfield Infrastructure Partners L.P.	1,772,200	62,614	69,293
Emera Inc.	609,600	12,916	18,148
Fortis Inc.	1,624,000	45,724	50,782
.....	121,254		138,223
Total Equities – 98.7%		2,864,425	3,721,193
Total Investment Portfolio – 99.9%		2,910,830	3,767,635
Other Assets Less Liabilities – 0.1%		5,040	
NET ASSETS – 100.0%		3,772,675	

THE FUND'S INVESTMENT PORTFOLIO IS CONCENTRATED IN THE FOLLOWING SEGMENTS AS AT:

	September 30 2013	September 30 2012
Money Market Investments		
Federal	0.6%	0.4%
Provincial	0.6%	0.9%
Equities		
Consumer Discretionary	6.8%	5.2%
Consumer Staples	5.2%	1.3%
Energy	23.7%	24.2%
Financials	40.4%	41.8%
Industrials	8.0%	7.2%
Information Technology	5.9%	1.5%
Materials	—%	6.7%
Telecommunication Services	5.0%	5.3%
Utilities	3.7%	4.4%
Other Assets Less Liabilities	0.1%	1.1%
.....	100.0%	100.0%

+Where applicable, distributions received from holdings as a return of capital are used to reduce the adjusted cost base of the securities in the portfolio.

*For the purpose of the Statement of Investment Portfolio, cost includes commissions and other portfolio transaction costs (note 2).

BMO Dividend Fund

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in thousands of Canadian dollars, except per unit data)
September 30, 2013

1. The Fund

BMO Dividend Fund (“the Fund”) is an open-ended mutual fund trust established under the laws of the province of Ontario and is governed by a Master Declaration of Trust dated November 6, 2007. The Master Declaration of Trust was amended on October 23, 2008 and November 3, 2009 to permit certain funds to offer a multi-series structure. In addition to the existing Series A units, certain Funds are permitted to offer Series I, Series F, Advisor Series, Series T5, Series T6 and/or Classic Series units. Each series is intended for different kinds of investors and has different management fees and fixed administration fees. Refer to Note 7(a) for the Fund’s series and respective launch date(s) and Note 7(d) for management fee rates and fixed administration fee rates for each series.

BMO Investments Inc. (the “Manager”) is the manager and Trustee of the Fund. The Manager is a wholly-owned subsidiary of Bank of Montreal.

The information provided in these audited financial statements is for the period(s) ended September 30, 2013 and 2012. Financial information provided for a fund established during the period(s) is presented from the date of inception as noted in Note 7(a). Financial information provided for a series established during the period(s) is presented from the launch date as noted in Note 7(a).

2. Summary of significant accounting policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles (“Canadian GAAP”), including estimates and assumptions made by management that may affect the reported amounts of assets, liabilities, income and expenses during the reported periods. Actual results could differ from estimates.

Fund mergers

The Manager has adopted the purchase method of accounting for certain Fund mergers which occurred during the periods. Under this method, one of the Funds in each merger is identified as the acquiring Fund, and is referred to as the “Continuing Fund”, and the other Fund involved in the merger is referred to as the “Terminated Fund”. This identification is based on the comparison of the relative net asset values of the Funds as well as consideration of the continuation of such aspects of the Continuing Fund as: investment advisors; investment objectives and practices; type of portfolio securities; and management fees and expenses. Where applicable, refer to Note 7(a) for the details of the merger transactions.

Valuation of investments

Canadian GAAP requires the use of bid prices for long positions and ask prices for short positions in the fair valuation of investments traded in an active market, rather than the use of closing prices currently used for the purpose of determining Net Asset Value (“NAV”). For investments that are not traded in an active market, Canadian GAAP requires the use of valuation techniques, incorporating factors that market participants would consider in setting a price.

The NAV is the value of the total assets of a Fund less the fair value of its total liabilities at a Valuation Date (the “Valuation Date” is each day on which the Toronto Stock Exchange is open for trading) determined in accordance with Part 14 of National Instrument 81-106 – Investment Fund Continuous Disclosure (“NI 81-106”) for the purpose of processing unitholder transactions. For financial statement purposes, valuations are determined in accordance with Canadian GAAP. This may result in a difference between the net assets per unit for each series and the NAV per unit for each series. Refer to Note 7(b) for the comparison between NAV per unit and net assets per unit for each series.

Investments are deemed to be held for trading. Investments are recorded at their fair value with the change between this amount and average cost being recorded as unrealized appreciation (depreciation) in value of investments in the Statement of Operations.

BMO Dividend Fund

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
(All amounts in thousands of Canadian dollars, except per unit data)
September 30, 2013

Securities and exchange traded funds listed on a recognized public securities exchange in North America are valued for financial statement purposes at their bid prices for long positions and ask prices for short positions. Procedures are in place to fair value securities traded in countries outside of North America daily, to avoid stale prices and to take into account, among other things, any significant events occurring after the close of a foreign market.

For bonds, debentures, asset-backed securities and other debt securities, the fair value represents the bid price provided by independent security pricing services. Short-term investments, if any, are included in the Statement of Investment Portfolio at their fair value. Unlisted warrants, if any, are valued based on a pricing model which considers factors such as the market value of the underlying security, strike price and terms of the warrant. Mutual fund units held as investments are valued at their respective NAVs on each Valuation Date, as these values are the most readily and regularly available.

The Manager uses fair value pricing when the price of a security held in the Fund is unavailable, unreliable or not considered to reflect the current fair value, and may determine another value which it considers to be fair and reasonable using the services of third-party valuation service providers, or using a valuation technique that, to the extent possible, makes maximum use of inputs and assumptions based on observable market data including volatility, comparable companies and other applicable rates or prices.

Investment transactions

Investment transactions are accounted for on the trade date. Realized gains (losses) from the sale of investments and unrealized appreciation (depreciation) in the value of investments are calculated with reference to the average cost of the related investments which exclude brokerage commissions and other trading expenses. All net

realized gains (losses), unrealized appreciation (depreciation) in value, and transaction costs are attributable to investments and derivative instruments which are deemed held for trading, and are included in the Statement of Operations.

Client brokerage commissions, where applicable, are used as payment for order execution services or research services. The portfolio advisors or Manager may select brokers, including their affiliates, who charge a commission in excess of that charged by other brokers ("soft dollars") if they determine in good faith that the commission is reasonable in relation to the order execution and research services utilized. It is the Manager's objective that over time, all clients receive benefits from the client brokerage commissions.

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund are expensed and included in "Commissions and other portfolio transaction costs" in the Statement of Operations.

Cost of investments

The cost of investments represents the amount paid for each security and is determined on an average cost basis.

Income recognition

Interest income is recognized on an accrual basis. Dividend income and distributions from investment trust units are recognized on the ex-dividend and ex-distribution date, respectively.

Interest on inflation-indexed bonds will be paid based on a principal value, which is adjusted for inflation. The inflation adjustment of the principal value is recognized as part of interest income in the Statement of Operations. If held to maturity, the Fund will receive, in addition to a coupon interest payment, a final payment equal to the sum of the par value and the inflation compensation accrued from the original issue date. Interest is accrued on each Valuation Date based on the inflation adjusted par value at that time and is included in "Interest" in the Statement of Operations.

BMO Dividend Fund

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
(All amounts in thousands of Canadian dollars, except per unit data)
September 30, 2013

Translation of foreign currencies

The fair value of investments and other assets and liabilities in foreign currencies are translated into the Fund's functional currency at the rates of exchange prevailing at the period-end date. Purchases and sales of investments, and income and expenses are translated at the rates of exchange prevailing on the respective dates of such transactions. Foreign exchange gains (losses) on completed transactions are included in "Realized gain (loss) on sale of investments" and unrealized foreign exchange gains (losses) are included in "Change in unrealized appreciation (depreciation) in value of investments" in the Statement of Operations. Realized and unrealized foreign exchange gains (losses) on assets (other than investments) and liabilities are included in "Realized gain (loss) on foreign exchange" in the Statement of Operations.

Forward currency contracts

A forward currency contract is an agreement between two parties (the Fund and the counterparty) to purchase or sell a currency against another currency at a set price on a future date. The Fund may enter into forward currency contracts for hedging purposes which can include the hedging of all or a portion of the currency exposure of an investment or group of investments, either directly or indirectly. The Fund may also enter into these contracts for non-hedging purposes which can include increasing the exposure to a foreign currency or to shift exposure to foreign currency fluctuations from one country to another.

The value of forward currency contracts entered into by the Fund is recorded as the difference between the value of the contract on the Valuation Date and the value on the date the contract originated.

Changes in the value of open forward currency contracts at each Valuation Date are recognized in the Statement of Operations as "Change in unrealized appreciation (depreciation) in value of forward currency contracts".

Amounts realized at the close of the contracts are recorded as "Realized gain (loss) on forward currency contracts" in the Statement of Operations.

Futures contracts

Futures contracts are financial agreements to purchase or sell a financial instrument at a contracted price on a specified future date. Futures contracts are valued at the gain or loss that would arise as a result of closing the position at the Valuation Date, the "notional value". Any difference between the notional value on each Valuation Date and the notional value on the previous Valuation Date is recorded as "Net income (loss) from derivative contracts" in the Statement of Operations. Treasury bills or cash are held as margin against the futures contracts.

Credit default swap contracts

A credit default swap contract is an agreement to transfer credit risk from one party, a buyer of protection, to another party, a seller of protection. The Fund as a seller of protection would be required to pay a notional or other agreed upon value to the buyer of protection in the event of a default by a third party. In return, the Fund would receive from the counterparty a periodic stream of payments over the term of the contract provided that no event of default occurs. If no default occurs, the Fund would keep the stream of payments and would have no payment obligations.

The Fund as a buyer of protection would receive a notional or other agreed upon value from the seller of protection in the event of a default by a third party. In return, the Fund would be required to pay to the counterparty a periodic stream of payments over the term of the contract provided that no event of default occurs.

Credit default swap contracts are fair valued daily based upon quotations from independent security pricing sources. Premiums paid or received, if any, are included in "Net income from derivative contracts" in the Statement of Operations. Net periodic payments are accrued daily and recorded as "Net income (loss) from derivative contracts" in the Statement of Operations. When credit default swap contracts expire or are closed out, gains or losses are recorded as "Net income (loss) from derivative contracts" in the Statement of Operations.

BMO Dividend Fund

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
(All amounts in thousands of Canadian dollars, except per unit data)
September 30, 2013

Option contracts

The Fund may engage in option contract transactions by purchasing (long positions) or writing (short positions) call or put option contracts. These contracts have different risk exposures for the Fund whereas the risk for long positions will be limited to the premium paid to purchase the option contracts, the risk exposure for the short position is potentially unlimited until closed or expired.

Purchased option contracts

The premium paid for purchasing a call option is recorded as an asset in the Statement of Net Assets. The premium is valued at every Valuation Date at an amount equal to the fair value of the option that would have the effect of closing the position. The change in the difference between the premium and the fair value is shown as "Change in unrealized appreciation (depreciation) in value of investments" in the Statement of Operations.

When a purchased option expires, the Fund will realize a loss equal to the premium paid. When a purchased option is closed, the gain or loss the Fund will realize will be the difference between the proceeds and the premium paid. When a purchased call option is exercised, the premium paid is added to the cost of acquiring the underlying security. When a purchased put option is exercised, the premium paid will be subtracted from the proceeds from the sale of the underlying security that had to be sold.

Written option contracts

The premium received from writing a call or put option is recorded as a liability in the Statement of Net Assets.

When a written option expires, the Fund will realize a gain equal to the premium received. When a written option is closed, the Fund will realize a gain or loss equal to the difference between the cost at which the contract was closed and the premium received. When

a written call option is exercised, the premium received is added to the proceeds from the sale of the underlying investments to determine the realized gain or loss. When a written put option is exercised, the premium received will be subtracted from the cost of the underlying investment the Fund had purchased.

The gain or loss that the Fund realizes when a purchased or written option is expired or closed is recorded as "Net income (loss) from derivative contracts" in the Statement of Operations.

Securities lending

A Fund may engage in securities lending, where applicable, pursuant to the terms of an agreement which includes restrictions as set out in Canadian securities legislation. Collateral held is government Treasury Bills and qualified Notes.

Income from securities lending, where applicable, is included in the Statement of Operations and is recognized when earned. The securities on loan continue to be displayed in the Statement of Investment Portfolio. The market value of the securities loaned and collateral held is determined daily. Aggregate fair values of securities on loan and related collateral held in trust as at September 30, 2013 and September 30, 2012, where applicable, are disclosed in Note 7(h).

Increase or decrease in net assets from operations per unit
"Increase (decrease) in net assets from operations per unit" of a series in the Statement of Operations represents the increase (decrease) in net assets from operations attributable to the series, divided by the weighted average number of units of the series outstanding during the period.

Short-term trading penalty

To discourage excessive trading, the Fund may, at the Manager's sole discretion, charge a short-term trading penalty. This penalty is paid directly to the Fund and is included in "Interest" in the Statement of Operations, if any.

BMO Dividend Fund

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
(All amounts in thousands of Canadian dollars, except per unit data)
September 30, 2013

Other assets and liabilities

Income receivable, subscriptions receivable, futures contract margin receivable, and due from broker are designated as loans and receivables and recorded at cost or amortized cost. Similarly, amounts due to broker, futures contract margin payable, redemptions payable, distributions payable and accrued expenses are designated as financial liabilities and reported at amortized cost. Other assets and liabilities are short-term in nature, and are carried at cost or amortized cost which approximates fair value.

Future accounting standards

Canadian investment entities will be required to prepare their financial statements in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), for fiscal years beginning on or after January 1, 2014. As a result, the Fund will report its financial results for the interim period ending March 31, 2015, prepared on an IFRS basis. It will also provide comparative data on an IFRS basis, including an opening balance sheet as at October 1, 2013 ("transition date").

The differences between the Fund's accounting policies under Canadian GAAP and IFRS requirements will result in measurement and recognition differences on transition to IFRS. The net impact of these differences will be recorded in the increase/ decrease in net assets attributable to redeemable unitholders.

Significant accounting changes resulting from our adoption of IFRS

The main accounting changes listed below should not be considered a comprehensive list of impacts of adopting IFRS, but rather the most significant of certain key changes.

The framework for fair valuation is set out under IFRS 13 Fair Value Measurement ("IFRS 13"), which includes the requirements for the measurement and disclosure of fair value. If an asset or liability measured at fair value has a bid price and an ask price, the standard requires valuation to be based on

a price within the bid-ask spread that is most representative of fair value. The standard allows the use of mid-market pricing or other pricing conventions that are used by market participants as a practical means for fair value measurements within a bid-ask spread. Thus this standard will impact the net assets per unit for financial statement reporting purposes compared to current standards, and may also result in the elimination of the differences between the net asset per unit and NAV per unit at the financial statement reporting date. While IFRS does not require interest income to be disclosed for debt instruments measured at Fair Value through Profit or Loss, when interest income is disclosed, IFRS requires that the effective interest rate method of calculating accrued interest be used rather than the straight-line amortization method. The Manager is assessing the impact of this change to the Fund's financial statements. The Manager has not identified any changes that will impact NAV per unit as a result of the transition to IFRS.

Where the Fund holds controlling interest in an investment, it is the Manager's expectation that the Fund will qualify as an Investment Entity in accordance with IFRS 10 Consolidated Financial Statements. As such, the Fund will not be required to consolidate its investments, but rather to hold the investments at Fair Value through Profit or Loss regardless of whether those investments are controlled. If the Fund fair values the investments it controls, it may be required to make additional financial statement disclosures on its controlled investments in accordance with IFRS 12 Disclosure of Interests in Other Entities ("IFRS 12"). IFRS 12 also requires additional disclosures if the Fund is determined to qualify as an investment entity without having all of the typical characteristics of an investment entity.

The criteria contained within IAS 32 Financial Instruments: Presentation ("IAS 32") will result in the classification of the unitholders' equity as a liability within the Fund's Statement of Net Assets, unless all conditions required for equity classification are met. The Manager is currently assessing the Fund's unitholder structure to determine classification under IAS 32.

BMO Dividend Fund

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
(All amounts in thousands of Canadian dollars, except per unit data)
September 30, 2013

Under IFRS, cash flows statement is one of the primary financial statements required to be presented. The Fund will therefore be presenting cash flows statement in its set of financial statements in accordance with the presentation requirements in IAS 7 Statement of Cash Flows ("IAS 7").

3. Unit valuation

Units of the Fund are offered for sale on a continuous basis and may be purchased or redeemed on any Valuation Date at the NAV per unit of a particular series. The NAV per unit of a series for the purposes of subscription or redemption is computed by dividing the NAV of the Fund attributable to the series (that is, the total fair value of the assets attributable to the series less the liabilities attributable to the series) by the total number of units of the series of the Fund outstanding at such time. This amount may be different from the net asset per unit of a series calculation, which is presented on the Statement of Net Assets. Generally, any differences are due to valuing actively traded securities at bid prices for Canadian GAAP purposes while NAV typically utilizes closing price to determine fair value for the purchase and redemption of units. See Note 7(b) for the comparison between NAV per unit and net assets per unit for each series.

Expenses directly attributable to a series are charged to that series. Other expenses, income, realized and unrealized gains and losses from investment transactions are allocated proportionately to each series based upon the relative NAV of each series.

Capital

The capital of the Fund is represented by issued and redeemable units with no par value. The units are entitled to distributions, if any, and to payment of a proportionate share based on the Fund's NAV per unit upon redemption. The Fund has no restrictions or specific capital requirements on the subscriptions and

redemptions of units except as disclosed in Note 7(a), if any. The relevant movements in capital are shown on the Statement of Changes in Net Assets. In accordance with its investment objectives and strategies, and the risk management practices outlined in Note 6, the Fund endeavours to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemptions, such liquidity being augmented by short-term borrowings or disposal of investments where necessary.

4. Income taxes

The Fund qualifies as a mutual fund trust under the provisions of the Income Tax Act (Canada) (the "Tax Act"). Distributions of all net taxable income and sufficient amounts of net realized capital gains for each taxation year will be paid to unitholders. Part of the Fund's net income and net realized capital gains not paid or payable, is subject to income tax. It is the intentions of the Fund to distribute all of its income and sufficient net realized capital gains so that the Fund will not be subject to income tax. Income tax on net realized capital gains not paid or payable is generally recoverable by virtue of refunding provisions contained in tax legislation, as redemptions occur.

Non-capital losses that arose in 2004 and 2005 are available to be carried forward for ten years and applied against future taxable income. Non-capital losses that arose in 2006 and thereafter are available to be carried forward for twenty years. Capital losses for income tax purposes may be carried forward indefinitely and applied against capital gains realized in future years.

The Fund's non-capital and capital losses for income tax purposes as of the tax year-ended December 2012 are included in Note 7(c), if applicable.

BMO Dividend Fund

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

(All amounts in thousands of Canadian dollars, except per unit data)

September 30, 2013

5. Related party transactions

(a) Management fees

The Manager is responsible for the day-to-day management of the Fund and its investment portfolio in compliance with the Fund's constating documents. The Manager monitors and evaluates the performance of the Fund, pays for the investment management services of the investment advisors and provides all related administrative services required by the Fund. As compensation for its services the Manager is entitled to receive a fee payable monthly, calculated at the maximum annual rates included in Note 7(d).

(b) Fixed administration fee

The Manager pays certain operating expenses of the Fund in return for a fixed administration fee, which is paid for by the Fund. Certain specified expenses are paid directly by the Fund and include interest and borrowing expenses, costs and expenses related to the operation of the Fund's Independent Review Committee, taxes 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 (e.g., cost associated with the production of Fund Facts). The fixed administration fee is calculated daily as a fixed annual percentage of the average NAV of the Fund. Refer to Note 7(d) for the fixed administration fee rates charged to the Fund.

The Manager may, in some years and in certain cases, absorb a portion of management fees, fixed administration fees or certain specified expenses of the Fund or series of the Fund. The decision to absorb these expenses is reviewed periodically and determined at the discretion of the Manager, without notice to unitholders.

(c) Commissions and other portfolio transaction costs

The Fund may execute trades with and or through BMO Nesbitt Burns Inc., an affiliate of the Manager, based on established standard brokerage agreements at market prices. These fees are included in "Commissions and other portfolio transaction costs" in the Statement of Operations. Refer to Note 7(e) for related party fees charged to the Fund for the periods ended September 30, 2013 and 2012, where applicable.

(d) Initial investments

In order to establish a new Fund, the Manager makes an initial investment in the Fund. Pursuant to the policies of the Canadian Securities Administrators, an initial investor cannot redeem its investments until an additional \$500 has been received from other investors with respect to the same series of units. Refer to Note 7(d) for the investment in units of the Fund held by the Manager as at September 30, 2013 and September 30, 2012, where applicable.

(e) Other related party transactions

From time to time, the Manager may on behalf of the Fund enter into transactions or arrangements with or involving other members of Bank of Montreal Group of Companies, or certain other persons or companies that are related or connected to the Manager of the Fund. These transactions or arrangements may include transactions or arrangements with or involving Bank of Montreal Group of Companies, BMO Nesbitt Burns Inc., BMO Harris Investment Management Inc., BMO Asset Management Inc., BMO InvestorLine Inc., HIM Money Inc., BMO Trust Company, Pymfod International Limited, Lloyd George Management Inc., or other investment funds offered by BMO and may involve the purchase or sale of portfolio securities through or from a member of Bank of Montreal Group of Companies, the purchase or sale of securities issued or guaranteed by a member of Bank of Montreal Group of Companies, the purchase or redemption of units or shares of other BMO Mutual Funds or the provision of services to the Manager.

6. Financial instrument risk

The Fund may be exposed to a variety of financial risks that are concentrated in its investment holdings, including derivative instruments. The Statement of Investment Portfolio groups securities by asset type, geographic region and/or market segment. The Fund's risk management practice includes the monitoring of compliance to investment guidelines.

The Manager manages the potential effects of these financial risks on the Fund's performance by employing and overseeing professional and experienced portfolio managers that regularly monitor the Fund's positions, market events and diversify investment portfolios within the constraints of the investment guidelines.

BMO Dividend Fund

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
(All amounts in thousands of Canadian dollars, except per unit data)
September 30, 2013

Where the Fund invests in other investment fund(s), it may be indirectly exposed to the financial instrument risks of the underlying fund(s), depending on the investment objectives and the type of securities held by the underlying fund(s). The decision to buy or sell an underlying fund is based on the investment guidelines and positions, rather than the exposure of the underlying fund(s).

(a) Currency risk

Currency risk is the risk that the value of investments denominated in currencies, other than the functional currency of the Fund, will fluctuate due to changes in foreign exchange rates. Investments in foreign markets are exposed to currency risk as the prices denominated in foreign currencies are converted to the Fund's functional currency in determining fair value. The Fund may enter into forward currency contracts for hedging purposes to reduce foreign currency exposure or to establish exposure to foreign currencies. The Fund's exposure to currency risk, if any, is further discussed in Note 7(f).

(b) Interest rate risk

Interest rate risk is the risk that the fair value of the Fund's interest-bearing investments will fluctuate due to changes in market interest rates. The Fund's exposure to interest rate risk is concentrated in its investment in debt securities (such as bonds, money market instruments, short-term investments and debentures) and interest rate derivative instruments, if any. Other assets and liabilities are short-term in nature and/or non-interest bearing. The Fund's exposure to interest rate risk, if any, is further discussed in Note 7(f).

(c) Other market risk

Other market risk is the risk that the fair value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments

traded in a market. Other assets and liabilities are monetary items that are short-term in nature, as such they are not subject to other market risk. The Fund's exposure to other market risk, if any, is further discussed in Note 7(f).

(d) Credit risk

Credit risk is the risk that a loss could arise from a security issuer or counterparty to a financial instrument not being able to meet its financial obligations. The fair value of debt securities includes consideration of the credit worthiness of the debt issuer. Credit risk exposure for over-the-counter derivative instruments is based on the Fund's unrealized gain of the contractual obligations with the counterparty as at the reporting date. The credit exposure of other assets is represented by its carrying amount. The Fund's exposure to credit risk, if any, is further discussed in Note 7(f).

The Fund may enter into securities lending transactions with approved counterparties. Credit risk associated with these transactions is considered minimal as all counterparties have a sufficient approved credit rating and the market value of collateral held by the Fund must be at least 102% of the fair value of securities loaned, if any, as disclosed in Note 7(h).

(e) Liquidity risk

The Fund's exposure to liquidity risk is concentrated in the daily cash redemptions of units. The Fund primarily invests in securities that are traded in active markets and can be readily disposed. In addition, the Fund retains sufficient cash and cash equivalent positions to maintain liquidity. The Fund may, from time to time, enter into over-the-counter derivative contracts or invest in unlisted securities, which are not traded in an organized market and may be illiquid. Securities for which a market quotation could not be obtained and may be illiquid are identified on the Statement of Investment Portfolio. The proportion of illiquid securities to the NAV of the Fund is monitored by the Manager to ensure it does not exceed the regulatory limit and does not significantly affect the liquidity required to meet the Fund's financial obligations.

BMO Dividend Fund

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
 (All amounts in thousands of Canadian dollars, except per unit data)
 September 30, 2013

7. Fund specific information

(a) Fund and series information, change in units and significant events

The Fund's inception date was May 31, 1994. The Fund is authorized to issue an unlimited number of units in each of Series A, Series I, Series F, Advisor Series and Series T5.

Series	Launch Date
Series A	October 3, 1994
Series I	March 5, 2008
Series F	November 3, 2008
Advisor Series	June 1, 2012
Series T5	June 1, 2012

Series A units are offered on a no-load basis and are available to all investors.

Series I units are available for purchase by institutional investors who make the required minimum investments and have entered into an agreement with the Manager. No management fees and fixed administration fees are charged to the Fund in respect of the Series I units as each investor or dealer negotiates a separate fee with the Manager.

Series F units are available for purchase by 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 to the Manager based on the value of their assets.

Advisor Series units are available to all investors through authorized dealers and brokers.

Series T5 units are available through authorized dealers and brokers and are suitable for investors holding units outside of a registered plan. They are designed for investors who wish to receive a regular monthly distribution.

The number of units of each series that have been issued and are outstanding are disclosed in the table below.

For the periods ended (in thousands of units)	Sep. 30 2013	Sep. 30 2012
Series A		
Units issued and outstanding, beginning of period	73,734	84,770
Issued	6,894	6,575
Issued on reinvestment of distributions	1,056	653
Redeemed during the period	(14,740)	(18,264)
Units issued and outstanding, end of period	66,944	73,734
Series I		
Units issued and outstanding, beginning of period	21,198	17,590
Issued	1,752	5,246
Issued on reinvestment of distributions	638	1,302
Redeemed during the period	(4,732)	(2,940)
Units issued and outstanding, end of period	18,856	21,198
Series F		
Units issued and outstanding, beginning of period	1,574	503
Issued	288	1,516
Issued on reinvestment of distributions	36	11
Redeemed during the period	(485)	(456)
Units issued and outstanding, end of period	1,413	1,574
Advisor Series		
Units issued and outstanding, beginning of period	15,770	—
Issued	2,423	17,957
Issued on reinvestment of distributions	212	9
Redeemed during the period	(5,493)	(2,196)
Units issued and outstanding, end of period	12,912	15,770
Series T5		
Units issued and outstanding, beginning of period	1,321	—
Issued	188	1,435
Issued on reinvestment of distributions	34	17
Redeemed during the period	(317)	(131)
Units issued and outstanding, end of period	1,226	1,321

BMO Dividend Fund

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
 (All amounts in thousands of Canadian dollars, except per unit data)
 September 30, 2013

Fund merger

As at the close of business on June 1, 2012, the Fund ("the Continuing Fund") acquired the net assets of BMO Guardian Dividend Growth Fund ("the Terminated Fund"). As a result, the unitholders of the Terminated Fund became unitholders of the Continuing Fund. The cost of this merger was borne by the Manager of the Fund. The net assets acquired by each series and the units issued of each series of the Continuing Fund are listed in the table below.

Series	Net Assets Acquired (\$)	Units Issued
Series I	8,818	981,560
Series F	16,059	1,393,619
Advisor Series	285,898	17,368,742
T5 Series	9,195	1,376,590

Series name changes

As at the close of business on March 28, 2013, the following series names were changed:

- BMO Guardian Dividend Fund Series F changed to Series F
- BMO Guardian Dividend Fund Advisor Series changed to Advisor Series
- BMO Guardian Dividend Fund Series T5 changed to Series T5

(b) Comparison of NAV per unit to net assets per unit

Series	Sep. 30, 2013		Sep. 30, 2012	
	NAV per Unit	Net Assets per Unit	NAV per Unit	Net Assets per Unit
Series A	49.27	49.23	44.84	44.76
Series I	10.65	10.64	9.67	9.65
Series F	13.57	13.55	12.36	12.34
Advisor Series	19.29	19.27	17.60	17.57
Series T5	7.04	7.04	6.86	6.85

(c) Income taxes

The Fund did not have any available capital and non-capital losses carried forward for income tax purposes as of the tax year-ended December 2012.

(d) Related party transactions

Management and fixed administration fees

The Manager is entitled to receive the following fees payable monthly, calculated at the following maximum annual rates:

Series	Management Fees (%)	Fixed Administration Fees (%)
Series A	1.50	0.13
Series I	*	*
Series F	0.75 ⁺	0.13
Advisor Series	1.75	0.13
Series T5	1.75	0.13

*Negotiated and paid by each Series I investor directly to the Manager.

⁺Effective March 26, 2012, the management fee rate was reduced from 0.90 to 0.75.

Initial investments

The Manager held the following units of the Fund:

Series	Sep. 30, 2013		Sep. 30, 2012	
	Number of Units	Value of Units (\$)	Number of Units	Value of Units (\$)
Advisor Series	602	12	593	10
Series T5	1,648	12	1,522	10

(e) Brokerage commissions and soft dollars

Brokerage commissions paid on securities transactions and amounts paid to related parties of the Manager for brokerage services provided to the Fund for the periods are as follows:

	Sep. 30, 2013 (\$)	Sep. 30, 2012 (\$)
Total brokerage amounts paid	1,449	1,196
Total brokerage amounts paid to related parties	120	57

There were no ascertainable soft dollars or client brokerage commissions paid or payable to dealers by the Fund during the periods.

(f) Financial instrument risk

The Fund's objective is to achieve a high level of after-tax return, including dividend income and capital gains, from growth in the value of investment by investing primarily in dividend-yielding common and preferred shares of established Canadian companies.

BMO Dividend Fund

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

(All amounts in thousands of Canadian dollars, except per unit data)
September 30, 2013

No changes to the Fund's objective or strategy, which would have had an effect on the overall level of risk of investing in the Fund, were made during the period.

Currency risk

The table below summarizes the Fund's exposure to currency risk. Amounts shown are based on the carrying value of monetary and non-monetary assets (including derivatives and the underlying principal (notional) amount of forward currency contracts, if any).

As at Sep. 30, 2013

Currency	Cash and other current receivables & payables (\$)	Investments (\$)	Forward currency contracts (\$)	Net currency exposure (\$)	As a % of net assets (%)
U.S. Dollar	1,542	660,622	—	662,164	17.6

All amounts in CA\$.

As at Sep. 30, 2012

Currency	Cash and other current receivables & payables (\$)	Investments (\$)	Forward currency contracts (\$)	Net currency exposure (\$)	As a % of net assets (%)
U.S. Dollar	(54,651)	161,603	—	106,952	2.8

All amounts in CA\$.

As at the periods ended September 30, 2013 and September 30, 2012, if the Canadian dollar had strengthened or weakened by 5% in relation to all foreign currencies, with all other factors remaining constant, Net Assets could possibly have decreased or increased, respectively, by approximately \$33,108 (September 30, 2012 – \$5,348). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

Interest rate risk

As at September 30, 2013 and September 30, 2012, the Fund did not have significant exposure to interest rate risk.

Other market risk

As at September 30, 2013, 98.7% (September 30, 2012 – 97.6%) of the Fund's Net Assets were traded on respective stock exchanges. If equity prices on the respective stock exchanges had increased or decreased by 10% as at the periods ended, with all other factors remaining constant, Net Assets could possibly have increased or decreased, respectively, by approximately \$372,119 (September 30, 2012 – \$372,082). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

Credit risk

As at September 30, 2013 and September 30, 2012, the Fund did not have significant exposure to credit risk.

(g) Fair value hierarchy

The Fund classifies its financial instruments into three levels based on the inputs used to value the financial instruments. Level 1 securities are valued based on the quoted prices in active markets for identical securities. Level 2 securities are valued based on significant observable market inputs, such as quoted prices from similar securities and quoted prices in inactive markets or based on unobservable inputs to models. Level 3 securities are valued based on significant unobservable inputs that reflect the Manager's determination of assumptions that market participants might reasonably use in valuing the securities. The tables below show the relevant disclosure.

As at September 30, 2013

Financial assets	Level 1	Level 2	Level 3	Total
Equity Securities	3,721,193	—	—	3,721,193
Debt Securities	—	46,442	—	46,442
Total	3,721,193	46,442	—	3,767,635

As at September 30, 2012

Financial assets	Level 1	Level 2	Level 3	Total
Equity Securities	3,720,818	—	—	3,720,818
Debt Securities	—	49,832	—	49,832
Total	3,720,818	49,832	—	3,770,650

Significant transfers

There were no significant transfers between the levels during the periods.

BMO Dividend Fund

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
(All amounts in thousands of Canadian dollars, except per unit data)
September 30, 2013

(h) Securities lending

The Fund had assets involved in securities lending transactions outstanding as at September 30, 2013 and September 30, 2012 as follows:

	Sep. 30, 2013 (\$)	Sep. 30, 2012 (\$)
Aggregate value of securities on loan	647,447	805,453
Aggregate value of collateral received for the loan	683,861	854,835

Management's Responsibility for Financial Reporting

The accompanying financial statements have been prepared by management of BMO Investments Inc. Management is responsible for the information and representations made in these financial statements.

Management has maintained appropriate processes to ensure that relevant and reliable financial information is produced. The financial statements have been produced in accordance with accounting principles generally accepted in Canada and include certain amounts based on estimates and judgements. The significant accounting policies which management believes are appropriate for the BMO Mutual Funds are described in Note 2 to the financial statements.

The Trustee of each of the Trusts is responsible for reviewing and approving the financial statements and overseeing management's performance of its financial reporting responsibilities. The Trustee reviews the financial statements, adequacy of internal controls, the audit process and financial reporting with management and the external auditors.

The Board of Directors of BMO Global Tax Advantage Funds Inc. is responsible for reviewing and approving the financial statements and overseeing management's performance of its financial reporting responsibilities. The Audit Committee of the Board of Directors reviews the financial statements, adequacy of internal controls, the audit process and financial reporting with management and the external auditors. The Audit Committee reports to the Board of Directors prior to the Board approval of the financial statements.

PricewaterhouseCoopers LLP are the external auditors of the BMO Mutual Funds. The auditors have been appointed by the respective Boards and cannot be changed without the prior approval of the Independent Review Committee and 60 days notice to the Securityholders. They have audited the financial statements in accordance with generally accepted auditing standards in Canada to enable them to express their opinion on the financial statements. Their report is included as an integral part of the financial statements.

Rajiv Silgado
Chief Executive Officer
BMO Investments Inc.
December 10, 2013

R.J. Schauer
Treasurer and Chief Financial Officer
BMO Mutual Funds
December 10, 2013

Trustee and Officers

Trustee of BMO Mutual Fund Trusts
BMO Investments Inc.

Officers of BMO Mutual Fund Trusts
Robert J. Schauer, CPA, CA
Treasurer & Chief Financial Officer

Michelle Magnaye
Corporate Secretary

Fund Manager
BMO Investments Inc.
Member of the Investment Funds Institute of Canada

Directors of BMO Investments Inc.
Myra Cridland

Barry M. Cooper

Ross F. Kappelé

Rajiv R. Silgardo

Robert J. Schauer, CPA, CA

Directors of BMO Global Tax Advantage Funds Inc.

Barry M. Cooper

Ross F. Kappelé

Helen Killoch*

Douglas E. Kirk*

Thomas A. Pippy, CPA, CA*

Rajiv R. Silgardo

Directors and Officers

Officers of BMO Investments Inc.

Barry M. Cooper, *Chairman*

Rajiv R. Silgardo, *Chief Executive Officer*

Ross F. Kappelé, *Executive Vice-President
& Head of Retail Distribution*

Kevin Gopaul, *Chief Product Officer
& Senior Vice President*

Subhas Sen, *Senior Vice President*

Dirk McRobb, *Senior Vice President*

Stella Vranes, CPA, CA, *Chief Financial Officer*

William Chinkiwsky, *Chief Compliance Officer*

Michelle Magnaye, *Corporate Secretary*

Penelope Muradya, *Assistant Corporate Secretary*

Officers of BMO Global Tax Advantage Funds Inc.

Barry M. Cooper, *Chairman*

Rajiv R. Silgardo, *Chief Executive Officer*

Robert J. Schauer, CPA, CA
Treasurer & Chief Financial Officer

Michelle Magnaye, *Corporate Secretary*

Penelope Muradya, *Assistant Corporate Secretary*

Fund Manager

BMO Investments Inc.

Member of the Investment Funds Institute of Canada

*Audit Committee member for BMO Global Tax Advantage Funds Inc.

www.bmo.com/mutualfunds

BMO Investments Inc.

**First Canadian Place, 43rd Floor, 100 King Street West
Toronto, ON M5X 1A1**

For more information please call 1-800-665-7700



© Registered trade-mark of Bank of Montreal, used under licence.

™ Trade-mark of Bank of Montreal, used under licence.

BMO Mutual Funds are offered by BMO Investments Inc., a financial services firm and separate legal entity from Bank of Montreal.