

BMO Preferred Share Fund (the "Fund")

For the period ended March 31, 2014 • Manager: BMO Investments Inc. (the "Manager")

Portfolio manager: BMO Asset Management Inc., Toronto, Ontario (the "portfolio manager")

2014 Semi-Annual Management Report of Fund Performance

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

MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Results of Operations

Over the six-month period ended March 31, 2014, (the "period"), Series A units of the Fund returned 1.43%. Please see *Past Performance* for information on the performance returns of the Fund's other series.

During the period, weaker-than-expected economic data and geopolitical issues in Ukraine had a negative impact on market performance. Volatility in equity markets prompted an increase in demand for products with higher yields and lower volatility. The announcement by the U.S. Federal Reserve Board (the "Fed") that it would begin tapering (i.e., reduction) its quantitative easing (i.e., monetary policy used by central banks to increase money supply) program also caused concern among investors who believed that it may be premature to pare back economic stimulus.

During the fourth quarter of 2013, the long end of the interest rate yield curve rose as the economic picture continued to improve. However, as economic and geopolitical events developed, it affected U.S. interest rates in the first quarter of 2014, putting downward pressure on the long end of the interest rate yield curve. All of this had an indirect impact on Canadian interest rates.

The Fund's holdings in bank perpetual preferred shares and bank high reset rate preferred shares contributed to performance, as bank-related issues benefit from Basel III capital rules for global banks, while high reset preferred shares are generally shorter duration (i.e., a measure of interest rate sensitivity). The Fund's overweight position in

bank-related products and in short-duration instruments also contributed to performance earlier in the period, as the interest rate environment was rising.

The Fund remained positioned for an increasing interest rate environment, which detracted from performance when interest rates did not rise. An underweight position in non-bank perpetual preferred shares also detracted from performance when long-end interest rates declined in the first quarter amid market volatility. As non-bank perpetuals and non-bank low reset rate preferred shares have longer duration and typically benefit from lower interest rates, these holdings detracted from performance later in the period. The portfolio manager continued to add to bank-related products and also increased bank floating preferred shares to position for the eventuality of rising interest rates.

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

Recent Developments

The portfolio manager believes that the Fed's next steps in its quantitative easing program and the outcome of current geopolitical events will have a significant impact on the level of market volatility and the direction of interest rates. In fact, geopolitical risks could increase demand for safer, less-volatile products, which may also affect interest rates. The Fund remains positioned for both a rising interest rate environment and narrowing credit spreads.

BMO Preferred Share Fund

Multi-Series Structure Change

Effective April 8, 2014, in addition to the types of units currently available for sale to investors, the Manager began offering Series D units. Series D units may currently only be purchased through BMO InvestorLine, an affiliate of the Manager.

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, 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 generally accepted accounting principles 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 net asset value per unit (“NAVPU”) 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 NAVPU 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 (“IAS 32”): 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.

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

RELATED PARTY TRANSACTIONS

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

Portfolio Manager

The Fund’s portfolio manager is BMO Asset Management Inc. (“BMOAM”), an affiliate of the Manager. BMOAM provides portfolio management services to the Fund. BMOAM receives from the Fund a management fee based on assets under management, calculated daily and payable monthly.

BMO Preferred Share Fund

Administration Fees

The Fund pays a fixed administration fee to the Manager. The Manager in return pays the operating expenses of the Fund, other than certain specified expenses that are paid directly by the Fund (“Fund Expenses”). Fund Expenses include interest or other borrowing expenses, costs and expenses related to the operation of the Fund’s Independent Review Committee (“IRC”), including fees and expenses of IRC members, 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, filed in compliance with the relevant amendments to NI 81-101). Fund Expenses are allocated proportionately among the series. If the Fund Expenses are specific to a series, the Fund Expenses are allocated to that series. The fixed administration fee is calculated as a fixed annual percentage of the average net asset value of each relevant series of the Fund. Further details about the fixed administration fee and/or Fund Expenses can be found in the Fund’s most recent simplified prospectus at www.bmo.com/mutualfunds or www.sedar.com.

Buying and Selling Securities

Investing in Preferred Shares of the Bank of Montreal, Investing in Bank of Montreal Debt Securities in the Secondary Market, Related-Party Underwritings, Trades in Debt Securities with a Related Entity, Trading as Principal, and Inter-Fund Trades

During the period, the Manager relied on an approval and standing instruction provided by the Fund’s IRC with respect to the following related party transactions:

- (a) investments in preferred shares of Bank of Montreal (“BMO”), an affiliate of the Manager;
- (b) investments in BMO debt securities in the secondary market;
- (c) investments in a class of equity and/or non-government debt securities of an issuer during the period of distribution of those securities to the public and/or the 60-day period following the distribution period where BMO Nesbitt Burns Inc., an affiliate of the Manager, acted as an underwriter in the distribution;
- (d) trades in debt securities in the secondary market with BMO Nesbitt Burns Inc. who is trading with the Fund as principal; and
- (e) inter-fund trades (each, a “Related Party Transaction”).

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

Brokerage Commissions

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

		Period ended Mar. 31, 2014 \$000
Total brokerage commissions	\$	569
Brokerage commissions paid to BMO Nesbitt Burns Inc.	\$	223

Distribution Services

The Manager markets and distributes the Fund through Bank of Montreal branches and/or (depending on the series) through registered dealers and brokers, including BMO InvestorLine Inc. and BMO Nesbitt Burns Inc., both affiliates of the Manager. The Manager pays to these affiliates a service fee called a “trailing commission” based on the average daily value of the units and/or shares that are held in investor accounts. This service fee is paid monthly or quarterly and varies by purchase option and by series.

BMO Preferred Share Fund

Management Fees

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

	Maximum Annual Management Fee Rate* %	As a Percentage of Management Fees	
		Dealer Compensation %	General Administration, Investment Advice and Profit %
Series A Units	1.55	1	99
Advisor Series Units	1.55	87	13
Series F Units	0.65	0	100
Series I Units	—	—	—
Series O Units	0.025	0	100

* For Series I Units, separate Series I fees are negotiated and paid by each Series I investor. Because the Manager pays no distribution, service or trailing fees on Series I Units, Series I Units will have lower Series I fees than the management fees for Series A Units.

FINANCIAL HIGHLIGHTS

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

The Fund's Net Assets per Unit ⁽¹⁾

Series A Units

	Period ended		Periods ended Sep. 30
	Mar. 31 2014	2013 ⁽⁵⁾	
Net assets, beginning of period	\$ 10.03	10.00*	
Increase (decrease) from operations:			
Total revenue	\$ 0.24	0.08	
Total expenses ⁽²⁾	\$ -0.10	-0.04	
Realized gains (losses) for the period	\$ -0.01	-0.00	
Unrealized gains (losses) for the period	\$ 0.02	0.01	
Total increase (decrease) from operations ⁽³⁾	\$ 0.15	0.05	
Distributions:			
From income (excluding dividends)	\$ —	—	
From dividends	\$ 0.09	—	
From capital gains	\$ —	—	
Return of capital	\$ 0.00	—	
Total Annual Distributions ⁽⁴⁾	\$ 0.09	—	
Net assets, end of period	\$ 10.09	10.03	

Advisor Series Units

	Period ended		Periods ended Sep. 30
	Mar. 31 2014	2013 ⁽⁵⁾	
Net assets, beginning of period	\$ 10.02	10.00*	
Increase (decrease) from operations:			
Total revenue	\$ 0.24	0.10	
Total expenses ⁽²⁾	\$ -0.10	-0.04	
Realized gains (losses) for the period	\$ -0.01	-0.00	
Unrealized gains (losses) for the period	\$ 0.04	0.00	
Total increase (decrease) from operations ⁽³⁾	\$ 0.17	0.06	
Distributions:			
From income (excluding dividends)	\$ —	—	
From dividends	\$ 0.07	—	
From capital gains	\$ —	—	
Return of capital	\$ 0.00	—	
Total Annual Distributions ⁽⁴⁾	\$ 0.07	—	
Net assets, end of period	\$ 10.11	10.02	

Series F Units

	Period ended		Periods ended Sep. 30
	Mar. 31 2014	2013 ⁽⁵⁾	
Net assets, beginning of period	\$ 10.04	10.00*	
Increase (decrease) from operations:			
Total revenue	\$ 0.28	0.07	
Total expenses ⁽²⁾	\$ -0.05	-0.02	
Realized gains (losses) for the period	\$ -0.01	-0.01	
Unrealized gains (losses) for the period	\$ 0.11	-0.02	
Total increase (decrease) from operations ⁽³⁾	\$ 0.33	0.02	
Distributions:			
From income (excluding dividends)	\$ —	—	
From dividends	\$ 0.10	—	
From capital gains	\$ —	—	
Return of capital	\$ 0.00	—	
Total Annual Distributions ⁽⁴⁾	\$ 0.10	—	
Net assets, end of period	\$ 10.14	10.04	

BMO Preferred Share Fund

Series I Units

	Period ended		Periods ended Sep. 30
	Mar. 31 2014	2013 ⁽⁵⁾	
Net assets, beginning of period	\$ 10.05	10.00 [*]	
Increase (decrease) from operations:			
Total revenue	\$ 0.25	0.08	
Total expenses ⁽²⁾	\$ 0.00	-0.01	
Realized gains (losses) for the period	\$ -0.01	-0.01	
Unrealized gains (losses) for the period	\$ 0.05	0.01	
Total increase (decrease) from operations⁽³⁾	\$ 0.29	0.07	
Distributions:			
From income (excluding dividends)	\$ 0.01	—	
From dividends	\$ 0.12	—	
From capital gains	\$ —	—	
Return of capital	\$ 0.00	—	
Total Annual Distributions⁽⁴⁾	\$ 0.13	—	
Net assets, end of period	\$ 10.17	10.05	

Series O Units

	Period ended		Periods ended Sep. 30
	Mar. 31 2014	2013 ⁽⁵⁾	
Net assets, beginning of period	\$ 9.99	10.00 [*]	
Increase (decrease) from operations:			
Total revenue	\$ 0.24	0.02	
Total expenses ⁽²⁾	\$ -0.02	-0.00	
Realized gains (losses) for the period	\$ 0.00	0.00	
Unrealized gains (losses) for the period	\$ 0.01	-0.03	
Total increase (decrease) from operations⁽³⁾	\$ 0.23	-0.01	
Distributions:			
From income (excluding dividends)	\$ 0.00	—	
From dividends	\$ 0.10	—	
From capital gains	\$ —	—	
Return of capital	\$ 0.00	—	
Total Annual Distributions⁽⁴⁾	\$ 0.10	—	
Net assets, end of period	\$ 10.08	9.99	

* Initial net assets.

⁽¹⁾ This information is derived from the Fund's audited and unaudited financial statements. The net assets per unit presented in the financial statements differs from the net asset value calculated for fund pricing purposes. An explanation of these differences can be found in the notes to the Fund's financial statements.

⁽²⁾ Includes commissions and other portfolio transaction costs.

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

⁽⁴⁾ Distributions were either paid in cash or reinvested in additional units of the Fund, or both. The allocation of the distributions from each of income, dividends, capital gains and return of capital is based on the Manager's estimate as at March 31 and September 30 of the period shown, which is the Fund's interim and financial year-end, respectively. However, the actual allocation of distributions is determined as at December 15, the Fund's tax year-end. Accordingly, the actual allocation among income, dividends, capital gains and return of capital may differ from these estimates.

⁽⁵⁾ The information shown in this column is for the period beginning August 12, 2013 (the series' launch date) and ending September 30, 2013.

⁽⁶⁾ The information shown in this column is for the period beginning September 20, 2013 (the series' launch date) and ending September 30, 2013.

Ratios and Supplemental Data

Series A Units

	Period ended		Periods ended Sep. 30
	Mar. 31 2014	2013 ⁽⁵⁾	
Total net asset value (000's) ⁽¹⁾	\$ 21,206	12,485	
Number of units outstanding (000's) ⁽¹⁾	2,098	1,242	
Management expense ratio ⁽²⁾	% 1.95	1.97	
Management expense ratio before waivers or absorptions	% 1.95	2.03	
Trading expense ratio ⁽³⁾	% 0.16	0.65	
Portfolio turnover rate ⁽⁴⁾	% 12.14	8.25	
Net asset value per unit	\$ 10.11	10.05	

Advisor Series Units

	Period ended		Periods ended Sep. 30
	Mar. 31 2014	2013 ⁽⁵⁾	
Total net asset value (000's) ⁽¹⁾	\$ 724	203	
Number of units outstanding (000's) ⁽¹⁾	72	20	
Management expense ratio ⁽²⁾	% 1.87	1.98	
Management expense ratio before waivers or absorptions	% 1.93	3.63	
Trading expense ratio ⁽³⁾	% 0.16	0.65	
Portfolio turnover rate ⁽⁴⁾	% 12.14	8.25	
Net asset value per unit	\$ 10.12	10.05	

Series F Units

	Period ended		Periods ended Sep. 30
	Mar. 31 2014	2013 ⁽⁵⁾	
Total net asset value (000's) ⁽¹⁾	\$ 362	20	
Number of units outstanding (000's) ⁽¹⁾	36	2	
Management expense ratio ⁽²⁾	% 0.90	0.96	
Management expense ratio before waivers or absorptions	% 1.16	12.15	
Trading expense ratio ⁽³⁾	% 0.16	0.65	
Portfolio turnover rate ⁽⁴⁾	% 12.14	8.25	
Net asset value per unit	\$ 10.16	10.06	

BMO Preferred Share Fund

Series I Units

	Period ended		Periods ended Sep. 30
	Mar. 31 2014	2013 ⁽³⁾	
Total net asset value (000's) ⁽¹⁾	\$ 129,163	16,326	
Number of units			
outstanding (000's) ⁽¹⁾	12,679	1,620	
Management expense ratio ⁺	%	—	—
Management expense ratio			
before waivers or absorptions ⁺	%	0.03	—
Trading expense ratio ⁽³⁾	%	0.16	0.65
Portfolio turnover rate ⁽⁴⁾	%	12.14	8.25
Net asset value per unit	\$	10.19	10.08

Series O Units

	Period ended		Periods ended Sep. 30
	Mar. 31 2014	2013 ⁽³⁾	
Total net asset value (000's) ⁽¹⁾	\$ 711,799	415,814	
Number of units			
outstanding (000's) ⁽¹⁾	70,545	41,507	
Management expense ratio ⁽²⁾	%	0.25	0.25
Management expense ratio			
before waivers or absorptions	%	0.25	0.25
Trading expense ratio ⁽³⁾	%	0.16	0.65
Portfolio turnover rate ⁽⁴⁾	%	12.14	8.25
Net asset value per unit	\$	10.09	10.02

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

⁽¹⁾ This information is provided as at March 31 or September 30 of the period shown, as applicable.

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

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

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

⁽³⁾ The information shown in this column is for the period beginning August 12, 2013 (the series' launch date) and ending September 30, 2013.

⁽⁴⁾ The information shown in this column is for the period beginning September 20, 2013 (the series' launch date) and ending September 30, 2013.

PAST PERFORMANCE

The Fund's performance information assumes that all distributions made by the Fund in the periods shown were used to purchase additional units or shares of the Fund and is based on the net asset value of the Fund.

The performance information does not take into account sales, redemption, distribution or other optional charges that, if applicable, would have reduced returns or performance. Please remember that how the Fund has performed in the past does not indicate how it will perform in the future.

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

Year-by-Year Returns

The following bar charts show the performance for each series of the Fund for each of the financial years shown and for the six-month period ended March 31, 2014. The charts show in percentage terms how an investment made on the first day of each financial year would have increased or decreased by the last day of each financial year.

Series A Units



BMO Preferred Share Fund

Advisor Series Units



Series F Units



Series I Units



Series O Units



⁽¹⁾ For the period beginning August 12, 2013 to September 30, 2013.

⁽²⁾ For the period beginning September 20, 2013 to September 30, 2013.

⁽³⁾ For the six-month period ended March 31, 2014.

BMO Preferred Share Fund

SUMMARY OF INVESTMENT PORTFOLIO

As at March 31, 2014

Portfolio Allocation	% of Net Asset Value
Preferred Shares – Fixed/Floaters	55.5
Preferred Shares – Straight	23.7
Preferred Shares – Floating Perpetual	7.8
Canadian Equity Fund	6.3
Preferred Shares – Retractable	2.9
Other	2.7
Cash/Receivables/Payables	1.1
Total Portfolio Allocation	100.0

Top 25 Holdings	% of Net Asset Value
Issuer	
BMO S&P/TSX Laddered Preferred Share Index ETF ⁺	6.3
Manulife Financial Corporation, Class A, Series 4, Non-Cumulative, 5-Year Rate Reset, Preferred, Convertible, Redeemable, Jun 19, 2014, \$25.00	2.4
Enbridge Inc., Series D, Cumulative, 5-Year Rate Reset Preferred, Redeemable, Mar 1, 2018, \$25.00	2.3
Manulife Financial Corporation, Class 1, Series 1, Non-Cumulative, 5-Year Rate Reset, Preferred, Exchangeable, Redeemable, Sep 19, 2014, \$25.00	2.2
Bank of Montreal, Series 17, Class B, Non-Cumulative, Floating Rate, Perpetual, Preferred, Redeemable, Aug 25, 2018, \$25.00	1.9
Pembina Pipeline Corporation, Series 5, Cumulative, Fixed/Floater Rate Preferred, Redeemable, Jun 1, 2019, \$25.00	1.9
Brookfield Office Properties Inc., Series L, Class AAA, Cumulative, 5-Year Rate Reset Preferred, Exchangeable, Redeemable, Sep 30, 2014, \$25.00	1.8
Bank of Nova Scotia, Series 15, Non-Cumulative, Preferred, Redeemable, Jul 29, 2014, \$25.50	1.5
Toronto Dominion Bank, The, Series AI, Non-Cumulative, 5-Year Rate Reset, Preferred, Perpetual, Redeemable, Apr 30, 2014, \$25.00	1.5
Canadian Imperial Bank of Commerce, Series 35, Non-Cumulative, 5-Year Rate Reset Preferred, Redeemable, Apr 30, 2019, \$25.00	1.5
Government of Canada, 2.750% Sep 1, 2016	1.4
Brookfield Office Properties Inc., Series N, Class AAA, Cumulative Exchangeable, Preferred, Redeemable, Jun 30, 2016, \$25.00	1.4

Top 25 Holdings	% of Net Asset Value
Issuer	
Toronto-Dominion Bank, The, Class A, Series R, Non-Cumulative, Preferred, Redeemable, Apr 29, 2014, \$25.75	1.4
Canadian Imperial Bank of Commerce, Series 37, Class A, Non-Cumulative, 5-Year Rate Reset Preferred, Redeemable, Jul 28, 2014, \$25.00	1.4
HSBC Bank Canada, Series E, Non-Cumulative, 5-Year Rate Reset Preferred, Redeemable, Jun 30, 2014, \$25.00	1.4
Bank of Nova Scotia, Series 26, Non-Cumulative, 5-Year Rate Reset, Preferred, Redeemable, May 26, 2019, \$25.00	1.4
Aimia Inc., Series 3, Cumulative, Fixed/Floater Rate, Preferred, Redeemable, Mar 31, 2019, \$25.00	1.4
Toronto Dominion Bank, The, Series T, Non-Cumulative, Floating Rate, Preferred, Perpetual, Redeemable, Jul 31, 2018, \$25.00	1.3
Brookfield Asset Management Inc., Series 22, Cumulative, 5-Year Rate Reset Preferred, Redeemable, Sep 30, 2014, \$25.00	1.2
Sun Life Financial Inc., Class A, Series 6R Non-Cumulative, 5-Year Rate Reset Preferred, Exchangeable, Redeemable, Jun 30, 2014, \$25.00	1.2
Bank of Nova Scotia, Series 28, Non-Cumulative, Convertible Preferred, Redeemable, Apr 26, 2014, \$25.00	1.2
Canadian Imperial Bank of Commerce, Series 33, Class A, Non-Cumulative, 5-Year Rate Reset Preferred, Redeemable, Jul 31, 2014, \$25.00	1.2
Toronto Dominion Bank, The, Series AG, Non-Cumulative, 5-Year Rate Reset, Preferred, Redeemable, Apr 30, 2014, \$25.00	1.2
National Bank of Canada, Series 30, Non-Cumulative, Fixed/Floater Rate Preferred, Redeemable, Mar 15, 2019, \$25.00	1.2
Enbridge Inc., Series 9, Cumulative, Fixed/Floater Rate Preferred, Redeemable, Dec 1, 2019, \$25.00	1.2
Top Holdings as a Percentage of Total Net Asset Value	42.8
Total Net Asset Value	\$863,254,018

⁺ The prospectus and other information about the underlying exchange traded fund held in the portfolio are available on the internet at www.sedar.com and, also at www.bmo.com/etfs.

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

www.bmo.com/mutualfunds

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

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