



PROXY VOTING POLICIES AND PROCEDURES

FOR

BMO Nesbitt Burns Group of Funds

June 2005

INTRODUCTION

Investment funds must be operated for the benefit of their securityholders. Because an investment fund is the beneficial owner of its portfolio securities, the investment fund's manager, acting on the investment fund's behalf, has the right and the obligation to vote proxies relating to the investment fund's portfolio securities. As a practical matter however, the manager may delegate this function to the investment fund's portfolio advisor as part of the advisor's general management of investment fund assets, subject to the continuing oversight of the manager.

The manager must act in the best interest of the investment fund. This extends to all functions undertaken on the investment fund's behalf, including the voting of proxies relating to the investment fund's portfolio securities. A portfolio advisor voting proxies on behalf of an investment fund, therefore, must also do so in a manner consistent with the best interests of the fund and its securityholders.

Accordingly, BMO Nesbitt Burns Inc. has established policies and procedures on behalf of the BMO Nesbitt Burns Group of Funds (individually a "Fund" and collectively the "Funds") to be followed by each of the relevant Fund's delegated portfolio advisor, in conjunction with its own proxy voting policies, in determining how to vote on any matter for which the Funds receive, in their capacity as securityholder, proxy materials for a meeting of securityholders of an issuer.

PROXY VOTING PROCEDURES

BMO Nesbitt Burns Inc. has delegated the proxy voting function to each of the Funds' portfolio advisors as part of the portfolio advisor's general management of investment fund assets, subject to the continuing oversight of BMO Nesbitt Burns Inc. A copy of these proxy voting policies and procedures has been provided to the portfolio advisor for each of the relevant Funds. The portfolio advisor will ensure securities held by the relevant Fund will be voted in accordance with these policies and procedures, in conjunction with its own, and that these policies and procedures are not inconsistent with its own proxy voting policies and procedures.

These policies reflect BMO Nesbitt Burns Inc.'s position on various issues on behalf of the Funds. To preserve the ability of decision makers to make the best decision in each case, these policies are intended only to provide guidance and are not intended to dictate how each issue must be voted.

A summary of these policies and procedures will be included in the Funds' Annual Information Form. These policies and procedures are reviewed and updated as necessary.

To help ensure securities held by the Funds are voted in accordance with these policies and procedures, BMO Nesbitt Burns Inc. will obtain a quarterly certification from each portfolio advisor certifying that it has received a copy of the BMO Nesbitt Burns Group of Funds' proxy voting policies and procedures and has voted all securities held by the

Funds it manages in accordance with such policies and procedures. Each portfolio advisor will also confirm it has provided BMO Nesbitt Burns Inc. with a copy of its current proxy voting policy.

In addition, BMO Nesbitt Burns Inc. will review every portfolio advisor's proxy voting policy and any updates thereto, to ensure it is not inconsistent with BMO Nesbitt Burns Inc.'s policies and procedures, and is otherwise acceptable to BMO Nesbitt Burns Inc.'s.

PROXY VOTING POLICY

These guidelines are designed to apply to a wide range of subjects that can have a significant effect on the investment value of the securities held in a Fund's portfolio. These guidelines are not exhaustive due to the variety of proxy voting issues that the Funds may be required to consider. The Funds, or their delegated portfolio advisor, may depart from these guidelines in order to avoid voting decisions that may be contrary to the best interests of the Funds and the Funds' securityholders. In voting proxies, the Funds will apply the following general guidelines:

ROUTINE MATTERS

Election of Directors: Votes on director nominees will be made on a case-by-case basis, and may consider such factors as independence of the board, attendance at board meetings, long-term company performance, excessive executive compensation and any egregious board actions.

Appointment of Auditors: The selection of accountants to audit a company's financial record is a routine business matter and the Funds will typically support management's recommendation. However, the Funds may vote against the appointment of auditors if the fees for services are excessive or there are other reasons to question the independence or quality of the company's auditors.

Changes in Capital Structure: Changes in a company's charter, articles of incorporation or by-laws are often technical and administrative in nature. Absent a compelling reason to the contrary, the Funds will typically cast their votes in accordance with the company's management on such "housekeeping" proposals. However, the Funds will review and analyze on a case-by-case basis any non-routine proposals that are likely to affect the structure and operation of the company or have a material economic effect on the company.

Increase in Authorized Stock: Votes on proposals to increase the number of shares of common stock authorized for issuance are determined on a case-by-case basis. The Funds will typically vote for proposals to approve increases when a company's shares are in danger of being de-listed or for other legitimate financing needs.

NON-ROUTINE MATTERS

Corporate Restructurings, Mergers and Acquisitions: Considered on a case-by-case basis based on such features as strategic rationale, changes in corporate governance and their impact on shareholder rights.

Proposals Affecting Shareholder Rights: The Funds believe that certain fundamental rights of shareholders must be protected. The Funds will typically vote in favour of proposals that give shareholders a greater voice in the affairs of the company and oppose any measure that seeks to limit those rights.

Corporate Governance: The Funds recognize the importance of good governance in ensuring that management and the board of directors fulfill their obligations to the shareholders. The Funds favour proposals promoting transparency and accountability within a company.

Executive Compensation: Whether proposed by a shareholder or management, the Funds will review proposals relating to executive compensation plans on a case-by-case basis to ensure that the long-term interests of management and shareholders are properly aligned.

Social and Environmental Issues: The Funds will review and analyze on a case-by-case basis proposals relating to social, political and environmental issues, among others, to determine whether they are in the best interests of the Funds and the Funds' securityholders.

The Funds, or their delegated portfolio advisor, may deviate from the guidelines referred to above, including choosing not to vote the securities, when it is considered to be in the best interests of the Funds and the Funds' securityholders to do so.

CONFLICTS OF INTEREST

Any proxy decision that pertains to Bank of Montreal shall be made free from any influence by Bank of Montreal or any affiliate or associate thereof and shall represent the business judgment of the appropriate portfolio advisor uninfluenced by considerations other than the best interests of the Funds and the Funds' securityholders.

A conflict of interest may exist if a portfolio advisor, its personnel or another related entity has a business relationship with (or is actively soliciting business from) either the company soliciting the proxy or a third party that has a material interest in the outcome of a proxy vote or that is actively lobbying for a particular outcome of a proxy vote. Individual conflicts of interest also may arise if the portfolio advisor(s) involved in the proxy vote decision have a direct or indirect material personal relationship or other material interest in either the company soliciting the proxy or in a third party that has a

material interest in the outcome of a proxy vote or that is lobbying for a particular outcome of a proxy vote.

The Funds' portfolio advisors should have procedures in place to identify potential conflicts of interest and when a Fund's portfolio advisor becomes aware of any vote that presents a conflict, the portfolio advisor shall vote such proxy question in a manner consistent with, and uninfluenced by considerations other than, the best interests of the Fund and its securityholders.

FUND OF FUNDS

A Fund that holds securities of another mutual fund that is managed by [BMO Nesbitt Burns Inc. or an affiliate or associate of BMO Nesbitt Burns Inc. shall not vote any of those securities, and may, if BMO Nesbitt Burns Inc. so chooses, arrange for all of the securities it holds of the other mutual fund to be voted by the beneficial holders of securities of the Fund.

SECURITIES LENDING TRANSACTIONS

Each portfolio advisor will make reasonable efforts to monitor corporate developments relating to portfolio securities that are loaned by the Funds it manages in securities lending transactions, and when appropriate and in the best interests of the Funds and its securityholders, will take reasonable steps to ensure that the Funds can exercise a right to vote these securities. BMO Nesbitt Burns Inc. recognizes that in certain circumstances the benefit to the Funds and the Funds' securityholders from engaging in securities lending may have to be weighed against the benefits to the Funds and the Funds' securityholders from voting proxies.

PROXY ISSUES NOT COVERED BY THE POLICY

Where a proxy question arises that has not been addressed in this policy, the relevant portfolio advisor for each Fund will vote the securities at its discretion and in accordance with its policies and procedures, and always in the best interests of the Funds and the Funds' securityholders.

PROXY VOTING RECORD

BMO Nesbitt Burns Inc. will maintain and prepare a proxy voting record per Fund on an annual basis for the period beginning July 1, 2005 and ending on June 30 of each year. BMO Nesbitt Burns Inc. will post the proxy voting record to its website no later than August 31 of each year, commencing in 2006. Upon request made by a securityholder after August 31, BMO Nesbitt Burns Inc. will promptly deliver a copy of the Funds' proxy voting policies and procedures and proxy voting record free of charge to such securityholder.

Each of the Fund's portfolio advisors will maintain, on a per Fund basis, the following proxy voting record for each time that a Fund receives, in its capacity as securityholder, materials relating to a meeting of securityholders of a reporting issuer:

- (a) the name of the issuer;
- (b) the exchange ticker symbol of the portfolio securities, unless not readily available;
- (c) the CUSIP¹ number for the portfolio securities;
- (d) the meeting date;
- (e) a brief identification of the matter or matters to be voted on at the meeting;
- (f) whether the matter or matters voted on were proposed by the issuer, its management or another person or company;
- (g) whether the Fund voted on the matter or matters
- (h) if applicable, how the Fund voted on the matter or matters; and
- (i) whether the votes cast by the Fund were for or against the recommendations of management of the issuer.

Each of the Fund's portfolio advisors will provide the information above on a quarterly basis to:

BMO Nesbitt Burns Inc.
1 First Canadian Place
54th Floor, Managed Assets Group
P.O. Box 150
Toronto, ON
M5X 1H3
Attention: BMO Nesbitt Burns Group of Funds – Product Manager

EFFECTIVE DATE

This policy is effective as of June 1, 2005

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¹ or ISIN number for non-Canadian and non-U.S. portfolio securities.