

BMO Core Bond Fund (the "Fund")

For the period from November 13, 2014 to March 31, 2015 (the "period")

Manager: BMO Investments Inc. (the "Manager" or "BMOI")

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

2015 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

During the period, the Fund's total net asset value increased to approximately \$211 million. Series A units of the Fund returned 5.35%. Please see the *Past Performance* section for information on the performance returns of the Fund's other series.

During the period, the Canadian fixed income market, as measured by the yield of the 10-year Government of Canada bond, experienced a fairly steady decline. The 10-year Government of Canada bond started the period at about 2.10%, fell to a low of 1.24% at the beginning of February, and then generally traded between 1.60% and 1.30% for the rest of the period. Yields were lower across the entire yield curve. The three- to 30-year parts of the yield curve saw rates decline between 70 to 90 basis points.

The Bank of Canada ("BoC") and the U.S. Federal Reserve Board ("Fed") continued to adjust their respective monetary policies. The Fed completed the exit from its quantitative easing program (i.e., monetary policy used by the Fed to increase money supply), and initially implied it would be looking for an opportunity to execute its first rate increase. However, despite removing the word "patient" from the March Federal Open Market Committee statement, the Fed was quick to add that this didn't mean it would be impatient. Further, the Fed's economic assessment was a bit more optimistic. In January, the BoC surprised the market by cutting its overnight rate by 0.25%, to 0.75%. Initially, the BoC left the impression that another rate cut was likely in the near future, but in March it hinted that it was willing to wait a bit longer as financial conditions were improving enough to "mitigate" the impact of the oil-price shock.

The Fund's holdings were positioned with the expectation that yields along the curve would not rise, which contributed to its performance. The Fund's corporate bond holdings, more concentrated in short- and medium-term bonds, also contributed to performance. Narrowing provincial bond spreads (the incremental yield on provincial bonds versus Government of Canada bonds of similar maturity) also contributed to performance, as provincial governments continued their efforts to eliminate fiscal deficits. At the beginning of the period, the Fund's interest rate sensitivity was positioned to be in line with that of the benchmark, which detracted from performance. The portfolio manager increased the Fund's interest rate sensitivity in light of persistently weak economic data and pressure from low oil prices.

The Manager confirms that the Fund did not borrow money during the period.

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 Canadian income market continues to price in the possibility of a further interest rate cut in the coming year in response to weak economic data, persistently low commodity prices and a strong U.S. dollar. Although the Fed continues to hint at an interest rate increase in 2015, continued weakness in economic data raises the likelihood that such a hike may be delayed until 2016. Given the weak economic

BMO Core Bond Fund

outlook, the portfolio manager believes the Fund is well positioned to benefit from improved provincial bond spreads as yields along the curve will not rise in the coming period.

RELATED PARTY TRANSACTIONS

BMO Investments Inc., an indirect, wholly-owned subsidiary of Bank of Montreal (“BMO”), 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.

Administration Fees and Operating Expenses

The Fund pays a fixed administration fee to the Manager in respect of each series other than Series I. The Manager in return pays the operating expenses of these series of the Fund, other than certain specified expenses that are paid directly by the Fund (“Fund Expenses”). Fund Expenses 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 relevant series. If the Fund Expenses are specific to a series, the Fund Expenses are allocated to that series. The fixed administration fee is calculated as a fixed annual percentage of the average net asset value of each relevant series of the Fund. Separate fees and expenses are negotiated and paid by each Series I investor. 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

Investments in Bank of Montreal Debt Securities in a Primary Offering, Related-Party Underwritings, Trades in Debt Securities with a Related Entity, Trading as Principal and Conducting 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 debt securities of BMO, an affiliate of the Manager, in the primary market;
- (b) investments in a class of non-government debt securities and/or equity securities of an issuer during the period of distribution of those securities to the public and/or the 60-day period following the distribution period where BMO Nesbitt Burns Inc., an affiliate of the Manager, acted as an underwriter in the distribution;
- (c) trades in debt securities in the secondary market with BMO Nesbitt Burns Inc. who is trading with the Fund as principal; and
- (d) 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, as Manager and portfolio manager of the Fund, is required to comply with the Manager’s written policies and procedures governing the Related Party Transaction and report periodically to the IRC, describing each instance that the Manager relied on the approval and standing instruction and its 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 Manager, uninfluenced by considerations other than the best interests of the Fund, and (iii) achieves a fair and reasonable result for the Fund.

BMO Core Bond Fund

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.

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.

	As a Percentage of Management Fees		
	Maximum Annual Management Fee Rate* %	Dealer Compensation %	General Administration, Investment Advice and Profit %
Series A Units	0.95	0	100
Advisor Series Units	0.95	14	86
Series F Units	0.40	0	100
Series D Units	0.50	8	92
Series I Units	—	—	—

* 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

	Nov. 13, 2014 to Mar. 31, 2015	
Net assets, beginning of period	\$	10.00*
Increase (decrease)		
from operations:		
Total revenue	\$	0.08
Total expenses	\$	-0.05
Realized gains (losses)		
for the period	\$	0.19
Unrealized gains (losses)		
for the period	\$	0.25
Total increase (decrease)		
from operations ⁽²⁾	\$	0.47
Distributions:		
From income		
(excluding dividends)	\$	0.04
From dividends	\$	—
From capital gains	\$	0.00
Return of capital	\$	—
Total Annual Distributions ⁽³⁾	\$	0.04
Net assets, end of period	\$	10.49

Advisor Series Units

	Nov. 13, 2014 to Mar. 31, 2015	
Net assets, beginning of period	\$	10.00*
Increase (decrease)		
from operations:		
Total revenue	\$	0.07
Total expenses	\$	-0.05
Realized gains (losses)		
for the period	\$	0.31
Unrealized gains (losses)		
for the period	\$	0.00
Total increase (decrease)		
from operations ⁽²⁾	\$	0.33
Distributions:		
From income		
(excluding dividends)	\$	0.05
From dividends	\$	—
From capital gains	\$	0.00
Return of capital	\$	—
Total Annual Distributions ⁽³⁾	\$	0.05
Net assets, end of period	\$	10.48

BMO Core Bond Fund

Series F Units

	Nov. 13, 2014 to Mar. 31, 2015
Net assets, beginning of period	\$ 10.00 [*]
Increase (decrease)	
from operations:	
Total revenue	\$ 0.08
Total expenses	\$ -0.03
Realized gains (losses)	
for the period	\$ 0.03
Unrealized gains (losses)	
for the period	\$ 1.08
Total increase (decrease)	
from operations ⁽²⁾	\$ 1.16
Distributions:	
From income	
(excluding dividends)	\$ 0.06
From dividends	\$ —
From capital gains	\$ 0.00
Return of capital	\$ —
Total Annual Distributions ⁽³⁾	\$ 0.06
Net assets, end of period	\$ 10.50

Series D Units

	Nov. 13, 2014 to Mar. 31, 2015
Net assets, beginning of period	\$ 10.00 [*]
Increase (decrease)	
from operations:	
Total revenue	\$ 0.08
Total expenses	\$ -0.03
Realized gains (losses)	
for the period	\$ 0.14
Unrealized gains (losses)	
for the period	\$ 0.22
Total increase (decrease)	
from operations ⁽²⁾	\$ 0.41
Distributions:	
From income	
(excluding dividends)	\$ 0.04
From dividends	\$ —
From capital gains	\$ 0.00
Return of capital	\$ —
Total Annual Distributions ⁽³⁾	\$ 0.04
Net assets, end of period	\$ 10.51

Series I Units

	Nov. 13, 2014 to Mar. 31, 2015
Net assets, beginning of period	\$ 10.00 [*]
Increase (decrease)	
from operations:	
Total revenue	\$ 0.08
Total expenses	\$ 0.00
Realized gains (losses)	
for the period	\$ 0.13
Unrealized gains (losses)	
for the period	\$ 0.16
Total increase (decrease)	
from operations ⁽²⁾	\$ 0.37
Distributions:	
From income	
(excluding dividends)	\$ 0.07
From dividends	\$ —
From capital gains	\$ 0.00
Return of capital	\$ —
Total Annual Distributions ⁽³⁾	\$ 0.07
Net assets, end of period	\$ 10.51

* Initial net assets.

⁽¹⁾ This information is derived from the Fund's unaudited financial statements.

⁽²⁾ 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.

⁽³⁾ 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 31, the Fund's tax year-end. Accordingly, the actual allocation among income, dividends, capital gains and return of capital may differ from these estimates.

BMO Core Bond Fund

Ratios and Supplemental Data

Series A Units

		Nov. 13, 2014 to Mar. 31, 2015
Total net asset value (000's) ⁽¹⁾	\$	5,038
Number of units		
outstanding (000's) ⁽¹⁾		480
Management expense ratio ⁽²⁾	%	1.24
Management expense ratio		
before waivers or absorptions	%	1.24
Trading expense ratio ⁽³⁾	%	—
Portfolio turnover rate ⁽⁴⁾	%	123.73
Net asset value per unit	\$	10.49

Advisor Series Units

		Nov. 13, 2014 to Mar. 31, 2015
Total net asset value (000's) ⁽¹⁾	\$	50
Number of units		
outstanding (000's) ⁽¹⁾		5
Management expense ratio ⁽²⁾	%	1.25
Management expense ratio		
before waivers or absorptions	%	1.81
Trading expense ratio ⁽³⁾	%	—
Portfolio turnover rate ⁽⁴⁾	%	123.73
Net asset value per unit	\$	10.48

Series F Units

		Nov. 13, 2014 to Mar. 31, 2015
Total net asset value (000's) ⁽¹⁾	\$	84
Number of units		
outstanding (000's) ⁽¹⁾		8
Management expense ratio ⁽²⁾	%	0.63
Management expense ratio		
before waivers or absorptions	%	1.23
Trading expense ratio ⁽³⁾	%	—
Portfolio turnover rate ⁽⁴⁾	%	123.73
Net asset value per unit	\$	10.50

Series D Units

		Nov. 13, 2014 to Mar. 31, 2015
Total net asset value (000's) ⁽¹⁾	\$	73
Number of units		
outstanding (000's) ⁽¹⁾		7
Management expense ratio ⁽²⁾	%	0.74
Management expense ratio		
before waivers or absorptions	%	1.31
Trading expense ratio ⁽³⁾	%	—
Portfolio turnover rate ⁽⁴⁾	%	123.73
Net asset value per unit	\$	10.51

Series I Units

		Nov. 13, 2014 to Mar. 31, 2015
Total net asset value (000's) ⁽¹⁾	\$	205,518
Number of units		
outstanding (000's) ⁽¹⁾		19,551
Management expense ratio ⁺	%	—
Management expense ratio		
before waivers or absorptions ⁺	%	—
Trading expense ratio ⁽³⁾	%	—
Portfolio turnover rate ⁽⁴⁾	%	123.73
Net asset value per unit	\$	10.51

+ 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, 2015.

⁽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. For all financial periods listed, no commissions or other portfolio transaction costs were incurred by the Fund. As a result, the trading expense ratio for all the periods was zero.

⁽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.

BMO Core Bond Fund

PAST PERFORMANCE

The Fund's performance information assumes that all distributions made by the Fund in the periods shown were used to purchase additional securities 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 Fund commenced operations on November 13, 2014. The following bar charts show the performance for each series of the Fund for the financial period November 13, 2014 to March 31, 2015. The charts show in percentage terms how an investment made on the inception day of the Fund would have increased or decreased by the last day of the financial period.

Series A Units



Advisor Series Units



Series F Units



Series D Units



Series I Units



⁽¹⁾ For the period beginning November 13, 2014 to March 31, 2015.

BMO Core Bond Fund

SUMMARY OF INVESTMENT PORTFOLIO

As at March 31, 2015

Portfolio Allocation	% of Net Asset Value
Corporate Bonds	51.4
Provincial Bonds	23.1
Government Bonds	12.8
Cash/Receivables/Payables	6.8
Money Market Investments	4.4
Other	1.5
Total Portfolio Allocation	100.0

Top 25 Holdings	% of Net Asset Value
Issuer	
Government of Canada, 3.500% Dec 1, 2045	9.0
Province of Ontario, Unsecured, 3.450% Jun 2, 2045	8.1
Cash/Receivables/Payables	6.8
Province of Ontario, Unsecured, Notes, 3.500% Jun 2, 2024	4.8
Government of Canada, Treasury Bills, 0.557% Apr 23, 2015	4.4
Province of Quebec, Unsecured 3.750% Sep 1, 2024	4.3
Province of Quebec, Unsecured, 3.500% Dec 1, 2045	3.0
Province of British Columbia, Unsecured, Notes, 3.200% Jun 18, 2044	2.9
Canadian Imperial Bank of Commerce, Unsecured, Notes, 2.350% Oct 18, 2017	2.6
Toronto-Dominion Bank, The, Deposit Notes, Senior, Unsecured, 2.433% Aug 15, 2017	2.4
United Mexican States, Series A, Global Medium Term Notes, Senior, Unsecured, Unsubordinated, 5.125% Jan 15, 2020	2.2
Royal Bank of Canada, Deposit Notes, Senior, Unsecured, 2.770% Dec 11, 2018	2.2
Bell Canada, Medium Term Notes, Senior, Unsecured, 3.540% Jun 12, 2020	2.1
Manufacturers Life Insurance Company, The, Notes, Subordinated, Callable, 4.210% Nov 18, 2021	1.9
Daimler Canada Finance Inc., Senior, Unsecured, Notes, 2.280% Feb 17, 2017	1.8
Bank of Nova Scotia, Deposit Notes, Senior, Unsecured, 2.270% Jan 13, 2020	1.7
GE Capital Canada Funding Company, Senior, Unsecured, Notes, 2.420% May 31, 2018	1.6
United States Treasury Bonds, 2.500% Feb 15, 2045	1.6
Royal Bank of Canada, Senior, Unsecured, Notes, 2.680% Dec 8, 2016	1.5
Bank of Nova Scotia, Deposit Notes, Senior, 4.100% Jun 8, 2017	1.5
Ford Floorplan Auto Securitization Trust, Series A, Asset-Backed, Notes, 2.063% Jun 15, 2016	1.4
National Bank of Canada, Unsecured, Notes, 3.580% Apr 26, 2016	1.4
American Express Canada Credit Corp., Medium Term Notes, Senior, Unsecured, 2.310% Mar 29, 2018	1.4
Union Gas Limited, Series 1992, Senior, Unsecured, Notes, 9.700% Nov 6, 2017	1.3
Ford Credit Canada Ltd., Senior, Unsecured, Notes, 3.320% Dec 19, 2017	1.2
Top Holdings as a Percentage of Total Net Asset Value	73.1
Total Net Asset Value	\$210,763,445

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

www.bmo.com/mutualfunds and www.bmomutualfunds.com/advisor

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For more information please call BMO Investment Centre at 1-800-665-7700 (investors who purchased BMO Mutual Funds through a BMO Bank of Montreal branch or BMO Online Banking) or call Client Services toll-free at 1-800-668-7327 (investors who purchased BMO Mutual Funds through a full-service or discount broker) or at 1-800-361-1392 (investors who purchased Series NBA and NBF through a full-service or discount broker).



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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