

# BMO Mortgage and Short-Term Income Fund (the "Fund")

For the 12-month period ended September 30, 2022 (the "Period")

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

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

## 2022 Annual Management Report of Fund Performance

This annual management report of fund performance contains financial highlights but does not contain the complete annual financial statements of the Fund. If the annual financial statements of the Fund do not accompany the mailing of this report, you may obtain a copy of the annual financial statements at your request, and at no cost, by calling 1-800-665-7700 and 1-800-668-7327, 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/gam/ca/advisor/legal-and-regulatory](http://www.bmo.com/gam/ca/advisor/legal-and-regulatory) or SEDAR at [www.sedar.com](http://www.sedar.com). You may also contact us using one of these methods to request a copy of the Fund's interim financial report, proxy voting policies and procedures, proxy voting disclosure record and/or quarterly portfolio disclosure.

### MANAGEMENT DISCUSSION OF FUND PERFORMANCE

#### Investment Objective and Strategies

The Fund's objective is to provide a level of income consistent with investments in short-term fixed income securities. The Fund invests primarily in short-term, high-quality fixed income securities issued or guaranteed by Canadian federal, provincial or municipal governments, or issued by corporations. It may also invest in mortgages insured or guaranteed by Canadian federal or provincial governments, or conventional first mortgages on Canadian real estate, either directly or indirectly through pooled mortgage investments, such as mortgage-backed securities.

The portfolio manager examines economic indicators like growth, inflation and monetary policy to provide a framework for selecting appropriate securities and analyzes credit ratings of various issuers to determine the best potential investments for the portfolio. The portfolio manager also uses general environmental, social and governance (ESG) integration and positive screening in the security selection process.

#### Risk

The risks associated with an investment in the Fund remain as disclosed in the Fund's most recent simplified prospectus or any amendments thereto and fund facts. During the Period, there were no changes to the Fund that materially affected the overall risk level associated with an investment in the Fund. The Manager reviewed the Fund using the standardized investment risk classification methodology prescribed by National Instrument 81-102 *Investment Funds* and determined on May 27, 2022 that the

risk rating of the Fund had not changed. The Manager reviews the Fund's investment risk level and reference index, if any, at least annually.

#### Results of Operations

During the Period, the Fund's total net asset value changed from approximately \$273 million to approximately \$197 million. Series A units of the Fund returned -6.09%. Please see the *Past Performance* section for information on the performance returns of the Fund's other series.

During the Period, supply chain issues and the soaring energy prices resulting from the Russia-Ukraine conflict sent Canadian inflation higher than experienced in decades. The Bank of Canada ("BoC") embarked on an aggressive cycle of interest-rate increases to tame inflation and anchor expectations. Canada's overnight lending rate increased from 0.25% to 3.25% during the Period. Bond yields rose across the yield curve, with short-term rates rising significantly faster than long-term ones, inverting the yield curve. The Canadian short-term bond market, as measured by the FTSE Canada Short Term Overall Bond Index, declined 5.2% over the Period.

The Fund's interest rate positioning contributed to its performance. The portfolio manager was concerned that global supply-chain issues, overly stimulative monetary policy, and renewed consumer spending would push inflation higher. The portfolio manager kept the duration (interest-rate sensitivity) of the Fund below that of its benchmark. The Fund's overweight exposure to corporate credit with maturities of less than five years also contributed to its performance, as a result of the additional yield versus that of the benchmark.



Mutual Funds

# BMO Mortgage and Short-Term Income Fund

---

The Fund's overweight exposure to the corporate sector detracted from performance. While credit spreads were relatively narrow on a historical basis at the beginning of the Period, the portfolio manager believed that a reasonably robust economy and investor appetite for yield would allow the corporate bond sector to outperform its Government of Canada benchmarks. However, rising interest rates, geopolitical concerns with respect to the Russia-Ukraine conflict and increasing investor concerns about a recession pressured risk assets and corporate bond spreads widened significantly.

As concerns over the Russia-Ukraine conflict grew, the portfolio manager sought protection against credit spread widening through the purchase of both investment grade and high yield credit default swaps.

As the economy continued to improve and inflation expectations moved higher, the likelihood of rising interest rates increased. As a result of the anticipated upward pressure on interest rates, the portfolio manager reduced the duration of the Fund further below that of its benchmark.

## **Multi-Series Structure Change**

Series D units are no longer available for purchase by new or existing investors effective June 10, 2022.

*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 expects high inflation will persist. Global supply chains remain an issue, and in Canada, the labour market remains tight, and the economy is still in excess demand. Central banks have expressed determination to keep longer-term inflation expectations among investors well anchored and are willing to accept the trade-off of a possible recession. This commitment to tightening policy into a strong but slowing economy will likely push interest rates even higher and, as a result, the portfolio manager expects to keep, on balance, the duration of the Fund below that of the benchmark.

Credit spreads are attractive on a historical basis, particularly within the one-to-five-year segment of Canadian corporate credit. Potential recession concerns could result in further discounting. However, upon weakness, the portfolio manager would look to increase exposure to the extent that credit spreads provide adequate compensation for medium-term economic growth risks. On balance, the portfolio manager expects to maintain an overweight credit spread exposure within the Fund.

In February 2022, hostilities commenced in Ukraine. In response, a number of countries have imposed economic sanctions on Russia and certain Russian citizens and entities. The impact of the hostilities, economic sanctions and other measures may have wide-ranging global effects on price volatility for securities and commodities as well as the stability of global financial markets. It is uncertain how long the hostilities, economic sanctions and market instability will continue and whether they will escalate further.

## **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 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.

### **Manager**

BMO Investments Inc., an indirect, wholly-owned subsidiary of Bank of Montreal ("BMO"), is the Manager and trustee of the Fund. The Manager is paid a management fee by the Fund as compensation for its services, which is described in the "Management Fees" section later in this document.

### **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 Manager a management fee based on assets under management, calculated daily and payable monthly.

### **Administration Fee 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 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 net asset value of each relevant series of the Fund. The annual fixed administration fee rate for each series of the Fund other than Series I is 0.17%. The administration fee is subject to applicable taxes. The Manager may, in certain cases, waive a portion of the administration fee that it receives from the Fund or from certain series of the Fund. Separate fees and expenses are negotiated and paid directly by each Series I investor. Further details about the fixed administration fee,

# BMO Mortgage and Short-Term Income Fund

Fund Expenses and/or operating expenses can be found in the Fund's most recent simplified prospectus at [www.bmo.com/gam/ca/advisor/legal-and-regulatory](http://www.bmo.com/gam/ca/advisor/legal-and-regulatory) or [www.sedar.com](http://www.sedar.com).

## Buying and Selling Securities

During the Period, the Fund relied on standing instructions provided by the independent review committee ("IRC") for any of the following related party transactions that may have occurred in the Fund (each, a "Related Party Transaction"):

- (a) investments in securities issued by BMO, an affiliate of the Manager, or any other issuer related to the Manager;
- (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, or any other 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., an affiliate of the Manager, that is trading with the Fund as principal; and
- (d) trades of a security of any issuer from or to, another investment fund managed by the Manager or an affiliate of the Manager or a managed account managed by an affiliate of the Manager.

In accordance with the IRC's standing instructions, in making a decision to cause the Fund to enter into a Related Party Transaction, the Manager and the 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 relied on the standing instructions and its compliance or non-compliance with the governing policies and procedures. The governing policies and procedures are designed to ensure that each 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.

## Distribution Services

The Manager markets and distributes the Fund through BMO 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. Effective on or after June 1, 2022, series of units of the Fund that pay a service fee are no longer available for purchase by investors who hold those securities in an account with BMO InvestorLine Inc.

## 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 <sup>(1)</sup>

#### Series A Units

		2022	Periods ended Sep. 30			
			2021	2020	2019	2018
Net assets, beginning of period	\$	10.96	11.17	10.93	10.71	10.85
<b>Increase (decrease)</b>						
<b>from operations:</b>						
Total revenue	\$	0.19	0.19	0.27	0.25	0.23
Total expenses	\$	-0.11	-0.11	-0.14	-0.17	-0.17
Realized gains (losses)						
for the period	\$	-0.12	0.03	0.20	0.02	-0.04
Unrealized gains (losses)						
for the period	\$	-0.63	-0.20	0.04	0.22	-0.05
<b>Total increase (decrease)</b>						
<b>from operations <sup>(2)</sup></b>	\$	-0.67	-0.09	0.37	0.32	-0.03
<b>Distributions:</b>						
From net investment income						
(excluding dividends)	\$	0.13	0.12	0.15	0.11	0.11
From dividends	\$	—	—	—	—	—
From capital gains	\$	—	—	—	—	—
Return of capital	\$	0.00	0.00	0.00	—	—
<b>Total Annual Distributions <sup>(3)</sup></b>	\$	0.13	0.12	0.15	0.11	0.11
<b>Net assets, end of period</b>	\$	10.17	10.96	11.17	10.93	10.71

# BMO Mortgage and Short-Term Income Fund

## Advisor Series Units

	2022	Periods ended Sep. 30			
		2021	2020	2019	2018
Net assets, beginning of period	\$ 9.72	9.91	9.70	9.50	9.62
<b>Increase (decrease)</b>					
<b>from operations:</b>					
Total revenue	\$ 0.17	0.17	0.24	0.22	0.20
Total expenses	\$ -0.09	-0.10	-0.13	-0.15	-0.15
Realized gains (losses)					
for the period	\$ -0.10	0.01	0.18	0.02	-0.04
Unrealized gains (losses)					
for the period	\$ -0.58	-0.16	0.01	0.19	-0.03
<b>Total increase (decrease)</b>					
<b>from operations <sup>(2)</sup></b>	\$ -0.60	-0.08	0.30	0.28	-0.02
<b>Distributions:</b>					
From net investment income (excluding dividends)	\$ 0.12	0.11	0.14	0.10	0.09
From dividends	\$ —	—	—	—	—
From capital gains	\$ —	—	—	—	—
Return of capital	\$ 0.00	0.00	0.00	—	—
<b>Total Annual Distributions <sup>(3)</sup></b>	\$ 0.12	0.11	0.14	0.10	0.09
<b>Net assets, end of period</b>	\$ 9.01	9.72	9.91	9.70	9.50

## Series F Units

	2022	Periods ended Sep. 30			
		2021	2020	2019	2018
Net assets, beginning of period	\$ 9.70	9.88	9.65	9.46	9.59
<b>Increase (decrease)</b>					
<b>from operations:</b>					
Total revenue	\$ 0.17	0.17	0.24	0.22	0.20
Total expenses	\$ -0.04	-0.05	-0.06	-0.06	-0.05
Realized gains (losses)					
for the period	\$ -0.10	0.01	0.18	0.00	-0.04
Unrealized gains (losses)					
for the period	\$ -0.59	-0.17	0.01	0.24	-0.03
<b>Total increase (decrease)</b>					
<b>from operations <sup>(2)</sup></b>	\$ -0.56	-0.04	0.37	0.40	0.08
<b>Distributions:</b>					
From net investment income (excluding dividends)	\$ 0.17	0.16	0.19	0.20	0.20
From dividends	\$ —	—	—	—	—
From capital gains	\$ —	—	—	—	—
Return of capital	\$ 0.00	0.00	0.00	0.00	0.00
<b>Total Annual Distributions <sup>(3)</sup></b>	\$ 0.17	0.16	0.19	0.20	0.20
<b>Net assets, end of period</b>	\$ 8.99	9.70	9.88	9.65	9.46

## Series D Units

	2022	Periods ended Sep. 30				2018 <sup>(4)</sup>
		2021	2020	2019		
Net assets, beginning of period	\$ 10.10	10.29	10.07	9.86	10.00	*
<b>Increase (decrease)</b>						
<b>from operations:</b>						
Total revenue	\$ 0.17	0.18	0.25	0.23	0.18	
Total expenses	\$ -0.06	-0.06	-0.09	-0.12	-0.10	
Realized gains (losses)						
for the period	\$ -0.02	0.02	0.20	0.05	-0.03	
Unrealized gains (losses)						
for the period	\$ -0.91	-0.18	0.08	0.06	-0.09	
<b>Total increase (decrease)</b>						
<b>from operations <sup>(2)</sup></b>	\$ -0.82	-0.04	0.44	0.22	-0.04	
<b>Distributions:</b>						
From net investment income (excluding dividends)	\$ 0.16	0.15	0.18	0.13	0.11	
From dividends	\$ —	—	—	—	—	
From capital gains	\$ —	—	—	—	—	
Return of capital	\$ 0.00	0.00	0.00	0.00	0.00	
<b>Total Annual Distributions <sup>(3)</sup></b>	\$ 0.16	0.15	0.18	0.13	0.11	
<b>Net assets, end of period</b>	\$ 9.36	10.10	10.29	10.07	9.86	

## Series I Units

	2022	Periods ended Sep. 30			
		2021	2020	2019	2018
Net assets, beginning of period	\$ 9.65	9.84	9.71	9.52	9.65
<b>Increase (decrease)</b>					
<b>from operations:</b>					
Total revenue	\$ 0.16	0.17	0.25	0.22	0.20
Total expenses	\$ -0.00	—	—	-0.00	-0.00
Realized gains (losses)					
for the period	\$ -0.11	0.02	0.07	0.02	-0.04
Unrealized gains (losses)					
for the period	\$ -0.51	-0.17	-0.04	0.21	-0.04
<b>Total increase (decrease)</b>					
<b>from operations <sup>(2)</sup></b>	\$ -0.46	0.02	0.28	0.45	0.12
<b>Distributions:</b>					
From net investment income (excluding dividends)	\$ 0.21	0.21	0.34	0.26	0.25
From dividends	\$ —	—	—	—	—
From capital gains	\$ —	—	—	—	—
Return of capital	\$ 0.00	0.00	0.00	0.00	0.00
<b>Total Annual Distributions <sup>(3)</sup></b>	\$ 0.21	0.21	0.34	0.26	0.25
<b>Net assets, end of period</b>	\$ 8.95	9.65	9.84	9.71	9.52

\* Initial net assets.

<sup>(1)</sup> This information is derived from the Fund's audited annual financial statements.

<sup>(2)</sup> 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.

<sup>(3)</sup> 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 September 30 of the period shown, as applicable, which is the Fund's financial year-end. 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.

<sup>(4)</sup> The information shown in this column is for the period beginning November 20, 2017 (the series' inception date) and ending September 30, 2018.

# BMO Mortgage and Short-Term Income Fund

## Ratios and Supplemental Data

### Series A Units

		Periods ended Sep. 30				
		2022	2021	2020	2019	2018
Total net asset value (000's) <sup>(1)</sup>	\$	126,968	149,071	159,656	208,724	214,475
Number of units						
outstanding (000's) <sup>(1)</sup>		12,489	13,600	14,297	19,088	20,017
Management expense ratio <sup>(2)</sup>	%	1.00	1.00	1.29	1.57	1.57
Management expense ratio						
before waivers or absorptions	%	1.57	1.57	1.57	1.57	1.57
Trading expense ratio <sup>(3)</sup>	%	—	—	—	—	—
Portfolio turnover rate <sup>(4)</sup>	%	34.35	27.93	36.36	40.68	65.72
Net asset value per unit	\$	10.17	10.96	11.17	10.93	10.71

### Advisor Series Units

		Periods ended Sep. 30				
		2022	2021	2020	2019	2018
Total net asset value (000's) <sup>(1)</sup>	\$	29,107	52,975	22,287	5,785	5,499
Number of units						
outstanding (000's) <sup>(1)</sup>		3,230	5,450	2,250	597	579
Management expense ratio <sup>(2)</sup>	%	1.00	1.00	1.28	1.56	1.56
Management expense ratio						
before waivers or absorptions	%	1.57	1.57	1.55	1.56	1.56
Trading expense ratio <sup>(3)</sup>	%	—	—	—	—	—
Portfolio turnover rate <sup>(4)</sup>	%	34.35	27.93	36.36	40.68	65.72
Net asset value per unit	\$	9.01	9.72	9.91	9.70	9.50

### Series F Units

		Periods ended Sep. 30				
		2022	2021	2020	2019	2018
Total net asset value (000's) <sup>(1)</sup>	\$	31,246	59,063	17,926	2,495	4,297
Number of units						
outstanding (000's) <sup>(1)</sup>		3,476	6,090	1,815	258	454
Management expense ratio <sup>(2)</sup>	%	0.46	0.46	0.58	0.57	0.57
Management expense ratio						
before waivers or absorptions	%	0.58	0.58	0.58	0.57	0.57
Trading expense ratio <sup>(3)</sup>	%	—	—	—	—	—
Portfolio turnover rate <sup>(4)</sup>	%	34.35	27.93	36.36	40.68	65.72
Net asset value per unit	\$	8.99	9.70	9.88	9.65	9.46

### Series D Units

		Periods ended Sep. 30				
		2022	2021	2020	2019	2018 <sup>(5)</sup>
Total net asset value (000's) <sup>(1)</sup>	\$	9	4,977	5,662	106	16
Number of units						
outstanding (000's) <sup>(1)</sup>		1	493	550	11	2
Management expense ratio <sup>(2)</sup>	%	0.62	0.62	0.90	1.19	1.21
Management expense ratio						
before waivers or absorptions	%	1.19	1.19	1.19	1.19	2.45
Trading expense ratio <sup>(3)</sup>	%	—	—	—	—	—
Portfolio turnover rate <sup>(4)</sup>	%	34.35	27.93	36.36	40.68	65.72
Net asset value per unit	\$	9.36	10.10	10.29	10.07	9.86

## Series I Units

		Periods ended Sep. 30				
		2022	2021	2020	2019	2018
Total net asset value (000's) <sup>(1)</sup>	\$	9,797	6,515	4,882	162,356	260,851
Number of units						
outstanding (000's) <sup>(1)</sup>		1,094	675	496	16,721	27,388
Management expense ratio <sup>+</sup>	%	—	—	—	—	—
Management expense ratio						
before waivers or absorptions <sup>+</sup>	%	—	—	—	—	—
Trading expense ratio <sup>(3)</sup>	%	—	—	—	—	—
Portfolio turnover rate <sup>(4)</sup>	%	34.35	27.93	36.36	40.68	65.72
Net asset value per unit	\$	8.95	9.65	9.84	9.71	9.52

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

<sup>(1)</sup> This information is provided as at September 30 of the period shown.

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

<sup>(3)</sup> 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 nil.

<sup>(4)</sup> 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.

<sup>(5)</sup> The information shown in this column is for the period beginning November 20, 2017 (the series' inception date) and ending September 30, 2018.

## 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 annual rate set out in the table below. The management fee is subject to applicable taxes. The Manager may, at its discretion, waive a portion or the entire amount of the management fee chargeable at any given time for each series of the Fund.

	Annual Management Fee Rate*	As a Percentage of Management Fees	
		Dealer Compensation	General Administration, Investment Advice and Profit
	%	%	%
Series A Units	1.25	40	60
Advisor Series Units	1.25	40	60
Series F Units	0.35	0	100
Series D Units	0.90	16	84
Series I Units	—	—	—

\* For Series I Units, separate Series I fees are negotiated and paid directly by each Series I investor. The combined management and administration fees for Series I Units will not exceed the management fee charged for Advisor Series or Series A Units.

# BMO Mortgage and Short-Term Income Fund

## PAST PERFORMANCE

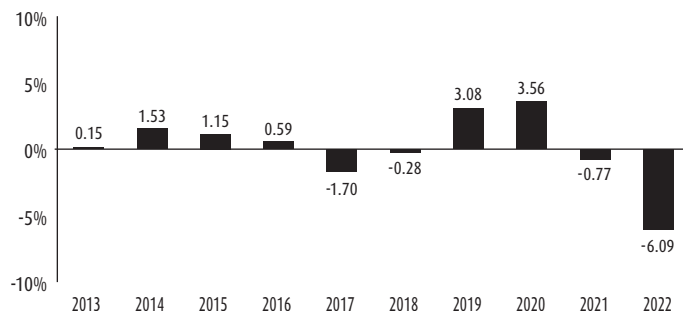
The Fund's performance information assumes that all distributions made by the Fund in the periods shown were reinvested in additional securities of the Fund and is based on the net asset value of the Fund. The reinvestment of distributions increases returns. The performance information does not take into account sales, redemption, distribution, other optional charges or income taxes payable 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.

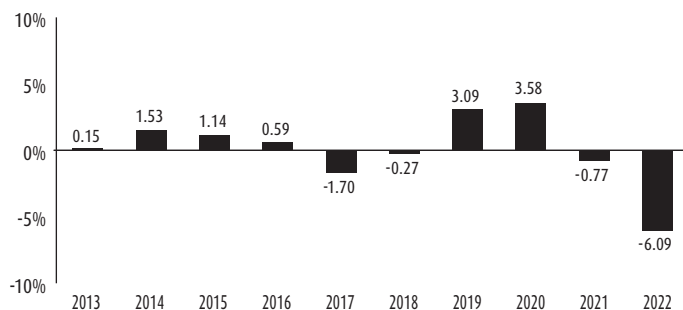
### Year-by-Year Returns

The following bar charts show the performance of each series of the Fund for each of the financial years shown, and illustrate how the Fund's performance has changed from year to year. 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.

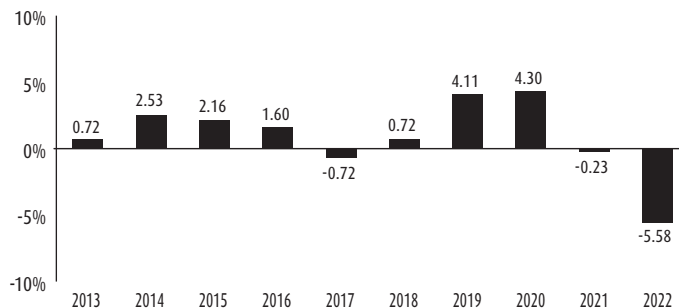
#### Series A Units



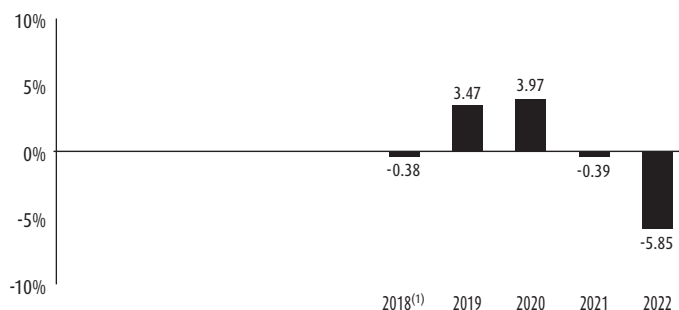
#### Advisor Series Units



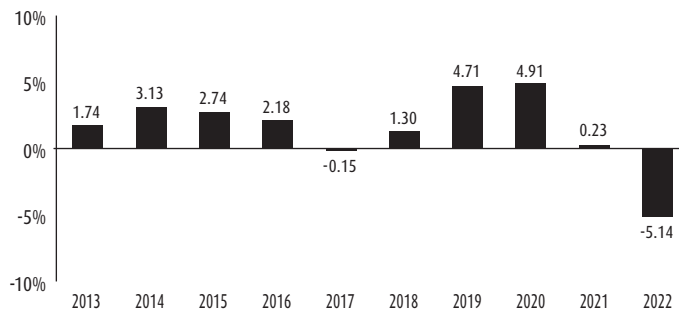
#### Series F Units



#### Series D Units



#### Series I Units



<sup>(1)</sup> For the period beginning with the performance launch date of November 21, 2017 to September 30, 2018.

# BMO Mortgage and Short-Term Income Fund

## Annual Compound Returns

This table compares the historical annual compound returns of the Fund with its benchmark, the FTSE Canada Short Term Overall Bond Index.

The FTSE Canada Short Term Overall Bond Index is a broad measure of the total return of Canadian bonds that mature in less than five years and greater than one year.

### Series A Units

		1 year	3 years	5 years	10 years	Since Inception
BMO Mortgage and Short-Term Income Fund	%	-6.09	-1.18	-0.16	0.09	
FTSE Canada Short Term Overall Bond Index	%	-5.16	-0.15	0.93	1.32	

### Advisor Series Units

		1 year	3 years	5 years	10 years	Since Inception
BMO Mortgage and Short-Term Income Fund	%	-6.09	-1.17	-0.15	0.09	
FTSE Canada Short Term Overall Bond Index	%	-5.16	-0.15	0.93	1.32	

### Series F Units

		1 year	3 years	5 years	10 years	Since Inception
BMO Mortgage and Short-Term Income Fund	%	-5.58	-0.58	0.60	0.92	
FTSE Canada Short Term Overall Bond Index	%	-5.16	-0.15	0.93	1.32	

### Series D Units

		1 year	3 years	5 years	10 years	Since Inception <sup>(1)</sup>
BMO Mortgage and Short-Term Income Fund	%	-5.85	-0.84			0.11
FTSE Canada Short Term Overall Bond Index	%	-5.16	-0.15			0.85

### Series I Units

		1 year	3 years	5 years	10 years	Since Inception
BMO Mortgage and Short-Term Income Fund	%	-5.14	-0.09	1.13	1.53	
FTSE Canada Short Term Overall Bond Index	%	-5.16	-0.15	0.93	1.32	

<sup>(1)</sup> Return from the performance launch date of November 21, 2017 to September 30, 2022.

*A commentary on the market and/or information regarding the relative performance of the Fund as compared to its benchmark can be found under the Results of Operations section of this report.*



# BMO Mortgage and Short-Term Income Fund

## SUMMARY OF INVESTMENT PORTFOLIO

As at September 30, 2022

Portfolio Allocation	% of Net Asset Value
Corporate Bonds & Debentures	45.1
Mortgage-Backed Securities	31.6
Provincial Bonds	13.2
Federal Bonds	9.8
Cash/Receivables/Payables	0.3
Asset-Backed Securities*	0.0
<b>Total Portfolio Allocation</b>	<b>100.0</b>

Top 25 Holdings Issuer	% of Net Asset Value
Government of Canada, Unsecured, 1.250% Mar 1, 2027	7.4
Province of Ontario, Unsecured, 2.600% Jun 2, 2025	5.0
Merrill Lynch, NHA MBS, Pool #97518515, 0.580% Dec 1, 2025	4.6
Bank of Nova Scotia, The, NHA MBS, Pool #97514581, 1.900% Jul 1, 2024	4.4
Merrill Lynch, NHA MBS, Pool #97517788, 0.800% Sep 1, 2025	4.4
Laurentian Bank, NHA MBS, Pool #97515390, 1.650% Oct 1, 2024	4.0
Province of Quebec, Unsecured, 2.750% Sep 1, 2025	3.9
Toronto-Dominion Bank, The, Fixed to Floating, Medium Term Notes, Subordinated, Callable, 3.224% Jul 25, 2029	2.6
Scotia Capital Inc., NHA MBS, Pool #97519598, 0.840% Jun 1, 2026	2.5
Government of Canada, Unsecured, 2.750% Sep 1, 2027	2.4
Bank of Nova Scotia, The, Fixed to Floating, Unsecured, Debentures, Subordinated, Callable, 3.890% Jan 18, 2029	2.3
Canadian Imperial Bank of Commerce, Senior, Unsecured, Notes, 3.290% Jan 15, 2024	2.2
Scotia Capital Inc., NHA MBS, Pool #97519187, 0.840% Apr 1, 2026	2.0
Province of Ontario, Unsecured, Notes, 2.900% Jun 2, 2028	1.9
Bank of Nova Scotia, The, NHA MBS, Pool #97514157, 2.050% Feb 1, 2024	1.5
Royal Bank of Canada, NHA MBS, Pool #97517581, 0.600% Aug 1, 2025	1.4
Bank of Nova Scotia, The, NHA MBS, Pool #97516339, 1.250% Mar 1, 2025	1.4
Bell Canada, Medium Term Notes, Senior, Unsecured, Debentures, Callable, 2.750% Jan 29, 2025	1.3
Merrill Lynch, NHA MBS, Pool #97516361, 1.120% Mar 1, 2025	1.3
Royal Bank of Canada, Senior, Unsecured, Notes, 2.352% Jul 2, 2024	1.2
RBC Dominion Securities, NHA MBS, Pool #97519120, 0.940% Apr 1, 2026	1.2
Bank of Nova Scotia, The, NHA MBS, Pool #97518499, 0.600% Dec 1, 2025	1.1

Top 25 Holdings Issuer	% of Net Asset Value
Bank of Montreal, Senior, Unsecured, Notes, 2.280% Jul 29, 2024	1.1
Province of Alberta, Unsecured, 2.200% Jun 1, 2026	1.1
Toronto-Dominion Bank, The, Senior, Unsecured, Notes, 2.496% Dec 2, 2024	1.1
<b>Top Holdings as a Percentage of Total Net Asset Value</b>	<b>63.3</b>
<b>Total Net Asset Value</b>	<b>\$197,126,590</b>

\*Holdings of less than 0.05% and greater than -0.05% are rounded to 0.0%.

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



**BMO Investments Inc.**

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

[www.bmo.com/mutualfunds](http://www.bmo.com/mutualfunds) and [www.bmo.com/gam/ca](http://www.bmo.com/gam/ca)

If you have any questions, please give us a call as follows:

- If you purchased BMO Mutual Funds through a BMO Bank of Montreal branch or BMO Online Banking, please call 1-800-665-7700.
- If you purchased BMO Mutual Funds through a full-service or discount broker, please call 1-800-668-7327 or email [clientservices.mutualfunds@bmo.com](mailto:clientservices.mutualfunds@bmo.com).

**Caution regarding forward-looking statements**

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.

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

®/™ Registered trademarks/trademark of Bank of Montreal, used under licence.



Mutual Funds