

**BMO MONTHLY DIVIDEND FUND LTD.**  
(the “Corporation”)

**MANAGEMENT INFORMATION CIRCULAR**  
(the “Circular”)

**Proxy Solicitation**

This Circular is being made available to all shareholders (individually a “Shareholder” and collectively the “Shareholders”) of the Corporation in connection with the Annual Meeting (the “Meeting”) of Shareholders of the Corporation to be held in the York Room on the 68<sup>th</sup> Floor of First Canadian Place, 100 King Street West, Toronto, Ontario on May 31, 2019 at 11:00am (Toronto time) for the reasons set out in the accompanying Notice-and-Access document. **Proxies for the Meeting are being solicited by the Corporation and BMO Investments Inc. (the “Manager”), which has been appointed the manager of the Corporation.** Solicitations will be made by officers and directors of the Corporation, and by employees, officers and directors of the Manager, by mail, facsimile, telephone or other personal contact. All costs in connection with the Meeting are being borne by the Corporation.

Pursuant to exemptive relief, the Manager has opted to use a notice-and-access procedure for sending proxy-related materials to Shareholders in order to reduce the volume of paper in the materials distributed for the Meeting.

**Revocation of Proxies**

Proxies may be revoked at any time prior to their use by a Shareholder indicating in writing the wish to revoke the proxy, or by completing and signing another proxy form. This written revocation, or substitute proxy form, must be signed by the Shareholder, or a properly authorized attorney or officer, and must reach our offices at 250 Yonge Street, 7<sup>th</sup> Floor, Toronto, Ontario M5B 2M8 by 3:00pm (Toronto time) on May 30, 2019 or on the last business day preceding any adjourned meeting, or be deposited with the chairperson of the Meeting prior to the commencement of the Meeting or any adjournment thereof.

**Voting of Proxies**

The enclosed proxy form enables a Shareholder to instruct the proxyholder to vote for, or to withhold from voting, upon the matters being voted upon at the Meeting. Proxies must be signed and returned in the enclosed envelope in order that they are received no later than 48 hours, excluding Saturdays, Sundays and holidays, prior to the commencement of the Meeting or any adjournment thereof. Alternatively, all pages of the executed proxy can be faxed to 1-888-496-1548, or this proxy can be voted online at [www.SecureOnlineVote.com](http://www.SecureOnlineVote.com). **Shares represented by proxies received will be voted as instructed on the proxies. If a signed proxy is received from a Shareholder but no instruction is provided, shares will be voted “FOR” each of the matters to be voted on.**

**Shares Entitled to Vote**

As at April 15, 2019, the authorized shares of the Corporation consisted of an unlimited number of common shares issuable in series, of which an unlimited number of the following series of common shares of the Corporation have been authorized for issue:

- (i) Advisor Series
- (ii) Classic Series
- (iii) Series D

- (iv) Series F
- (v) I Series\*
- (vi) O Series\*

\* These series currently have no shares outstanding and are not offered for distribution.

The Advisor Series, Classic Series, Series D, Series F, I Series, and O Series are hereinafter collectively referred to as the “**Shares**”. As at April 15, 2019, the outstanding Shares were as follows: 31,344,093.053 Advisor Series, 2,525,245.877 Classic Series, 11,116.026 Series D, and 6,101,020.368 Series F.

Each holder of Shares of the Corporation as at the close of business on April 15, 2019, the record date established for the Meeting (the “**Record Date**”), is entitled to one vote per whole Share owned. These voting rights may be exercised by being present at the Meeting or by completing, signing and returning the attached, or any other similar, form of proxy. If an investor to whom Shares have been transferred after the Record Date requests that the Corporation include the investor on the list of Shareholders eligible to vote at the Meeting, such investor will be entitled to vote provided the investor satisfies the Corporation of his, her or its eligibility to vote. The quorum for the Meeting shall consist of two or more Shareholders present in person or represented by proxy and entitled to vote thereat.

To the knowledge of the directors and officers of the Corporation, at the close of business on April 15, 2019, no person or company beneficially owned, directly or indirectly, or exercised control or direction over, more than 10% of the issued and outstanding shares of any series of Shares of the Corporation other than two individual investors, who own 8495.651 Series D common shares and 1594.372 Series D common shares, representing 76.43% and 14.34% of the outstanding Series D common shares, respectively.

## **Matters to be considered at the Meeting**

### **(1) Receipt of the 2018 Annual Financial Statements**

The Annual Report of the Corporation, including the annual financial statements of the Corporation for the year ended December 31, 2018, together with the auditor’s report thereon, which will be placed before the Meeting, has already been mailed to those Shareholders who previously requested to receive the annual financial statements and is also available on SEDAR at [www.sedar.com](http://www.sedar.com). There will be no presentation of the annual financial statements of the Corporation at the Meeting.

### **(2) Election of Directors**

The Board of Directors of the Corporation (the “**Board**”) consists of six members. Barry M. Cooper, the current Chairman of the Board, will be retiring at the conclusion of the Meeting. He will not seek re-election as a director. On behalf of the Board, we thank Mr. Cooper for his distinguished leadership and exceptional service to the Corporation over the years. Gilles G. Ouellette will replace Mr. Cooper as Chairman of the Corporation.

Unless instructed to withhold from voting, the persons named in the enclosed form of proxy intend to vote for the election of the nominees listed below to the Board. The Manager of the Corporation does not contemplate that any of the proposed nominees will be unable to serve as a director if elected, but if that should occur for any reason prior to the Meeting, the persons named in the enclosed proxy form reserve the right to vote in their discretion for another nominee as director, unless authority to vote the proxy in the election of directors is withheld. Each director elected will hold office until the next annual meeting or

until his or her successor is duly elected, unless his or her office is earlier vacated in accordance with the by-laws of the Corporation. The following information is furnished with respect to each person proposed to be nominated for election as a director of the Corporation as of the Record Date.

<b>Name</b>	<b>Office Held with the Corporation</b>	<b>Principal Occupation</b>	<b>Director Since</b>	<b>Number of Shares Beneficially Owned, Directly or Indirectly, or Over Which Control or Direction is Exercised</b>
Thomas Burian <sup>(1)</sup> Ontario, Canada	Director	Vice President and Chief Financial Officer, Wealth Management	2014	-
Gilles G. Ouellette Ontario, Canada	N/A	Group Head, BMO Asset Management Chairman, BMO Nesbitt Burns	N/A	-
Steve Ilott <sup>(2)</sup> Chicago, Illinois	Director	Chief Investment Officer, BMO Global Asset Management	2018	-
Douglas Kirk <sup>(3)</sup> Ontario, Canada	Director	Chairman and President, Durham Radio Inc.	2016	-
Thomas Pippy <sup>(3)</sup> Ontario, Canada	Director	Professor, Conestoga College	2016	-
Robert Josef Schauer Ontario, Canada	Chief Financial Officer and Director	Head, Gam Business Transformation, North America	2012	-

- (1) Chair of the Corporation's audit committee.  
(2) Steve Ilott was appointed as a director on September 18, 2018.  
(3) Member of the Corporation's audit committee.

### **(3) Appointment and Remuneration of Auditor**

Unless instructed to withhold from voting, the persons named in the enclosed proxy form intend to vote for the appointment of PricewaterhouseCoopers LLP as auditor of the Corporation, to hold office until the next annual meeting of shareholders of the Corporation, at a remuneration to be fixed by the directors.

#### *Approval Process*

Approval with respect to items (2) and (3) above will require the affirmative vote of the majority of the votes cast at the Meeting.

### **Director's and Officers' Compensation**

#### Remuneration of Directors

Directors of the Corporation (other than directors who also are officers of the Corporation or directors or officers of the Manager or its affiliates) are paid compensation by the Corporation in the amount of \$15,000 per year as a retainer and \$1,000 per board or committee meeting attended. All directors are

entitled to be reimbursed for travel expenses incurred if travelling more than 100 miles to attend a meeting. Director compensation is determined and approved by the Board in consultation with the human resources department of the Bank of Montreal, the parent company of the Manager.

The compensation paid to the independent directors of the Corporation for the financial years ended on December 31, 2017 and December 31, 2018 are detailed in the table below.

Director	Year	Annual Retainer	Meeting Fees	Attendance at Meetings	Total Compensation
Douglas Kirk	2018	\$15,000	\$4,000	4/4	\$19,000
	2017	\$15,000	\$4,000	4/4	\$19,000
Thomas Pippy	2018	\$15,000	\$4,000	4/4	\$19,000
	2017	\$15,000	\$4,000	4/4	\$19,000

#### Remuneration of Executive Officers

Ms. Joan Z. Mohammed acts in the capacity of Chief Executive Officer of the Corporation and Mr. Robert J. Schauer is the Chief Financial Officer of the Corporation. No remuneration was paid by the Corporation to any of the Corporation's executive officers during the Corporation's last fiscal year.

#### General

No other remuneration has been paid by the Corporation to any of its directors or officers or to insiders of the Manager during the Corporation's last fiscal year.

#### **Management of the Corporation**

##### Management Agreement and Fees

Pursuant to an amended and restated master management agreement dated May 4, 2018, as amended (the "**Management Agreement**"), BMO Investments Inc. (the "**Manager**"), 100 King Street West, 43rd Floor, Toronto, Ontario M5X 1A1, acts as the manager of the Corporation and provides or arranges for the provision of certain accounting, administrative, portfolio management and other services and facilities required for the day-to-day operation of the Corporation. The Manager also acts as registrar and transfer agent for the Corporation pursuant to the terms of the Management Agreement.

For its services, the Manager is entitled to receive a management fee. The management fees (A) and administration costs (B) paid by the Corporation to the Manager during the year ended December 31, 2018, and during the period from January 1, 2019 to March 31, 2019, were as follows:

(A) Management Fees Paid During the Year Ended December 31, 2018		Management Fees Paid During the Period January 1 to March 31, 2019	
Classic Series	Series F	Classic Series	Series F
\$314,183.79	\$464,506.32	\$64,157.60	\$103,203.98
Advisor Series	Series D	Advisor Series	Series D
\$5,165,454.57	\$614.65	\$1,034,618.63	\$223.13

(B) Administration Costs Paid During the Year Ended December 31, 2018		Administration Costs Paid During the Period January 1 to March 31, 2019	
Classic Series	Series F	Classic Series	Series F
\$25,909.47	\$64,060.18	\$7,489.27	\$19,603.97
Advisor Series	Series D	Advisor Series	Series D
\$268,191.74	\$31.82	\$76,196.35	\$11.63

*Insiders of the Manager*

The names and municipalities of residence of the individuals who have been a director or officer of the Manager at any time since January 1, 2018 are as follows:

<b>Name and Municipality of Residence</b>	<b>Position with the Manager</b>
Nelson Avila Toronto, Ontario	Chief Financial Officer
Thomas Burian Mississauga, Ontario	Director
William Chinkiwsky Toronto, Ontario	Chief Compliance Officer, Investment Fund Manager Line of Business
Barry M. Cooper Toronto, Ontario	Chairman and Director
Alexandra Dousmanis-Curtis Toronto, Ontario	Ultimate Designated Person, Mutual Fund Dealer Line of Business, Head, Sales & Distribution and Director
Juron Grant-Kinnear Maple, Ontario	Assistant Corporate Secretary
Kevin Gopaul <sup>(1)</sup> Oakville, Ontario	Head of Exchange Traded Funds
Steve Ilott <sup>(2)</sup> Chicago, Illinois	Chief Investment Officer, Investment Fund Manager Line of Business
Benjamin Iraya <sup>(3)</sup> Oakville, Ontario	Corporate Secretary
Ross F. Kappel Toronto, Ontario	Director
Melissa Kelman Toronto, Ontario	Head Product Implementation
Viki Lazaris Thornhill, Ontario	Director
Joan Z. Mohammed Miami Beach, Florida	Head and Ultimate Designated Person, Investment Fund Manager Line of Business and Director
Penelope Muradya <sup>(4)</sup> Milton, Ontario	Former Corporate Secretary

<b>Name and Municipality of Residence</b>	<b>Position with the Manager</b>
Grant Patterson <sup>(5)</sup> Toronto, Ontario	Interim, Chief Compliance Officer, Mutual Fund Dealer Line of Business
Robert J. Schauer Toronto, Ontario	Head, Investment Funds Operations
Stephanie Vass <sup>(6)</sup> Grimsby, Ontario	Former Chief Compliance Officer, Mutual Fund Dealer Line of Business
Lena Zecchino Toronto, Ontario	Chief Anti-Money Laundering Officer

- (1) Kevin Gopaul resigned as a director on September 18, 2018.
- (2) Steve Ilott was appointed as a director on September 18, 2018
- (3) Benjamin Iraya was appointed Corporate Secretary on May 4, 2018
- (4) Penelope Muradya resigned as Corporate Secretary on May 4, 2018.
- (5) Grant Patterson was appointed Chief Compliance Officer, Mutual Fund Dealer Line of Business on February 8, 2019.
- (6) Stephanie Vass resigned as Chief Compliance Officer, Mutual Fund Dealer Line of Business on February 8, 2019

### **Additional Information**

Additional Information about the Corporation is available on the System for Electronic Document Analysis and Retrieval (“**SEDAR**”) at [www.sedar.com](http://www.sedar.com). Shareholders may obtain from the Manager, upon request and at no cost, copies of the Corporation’s financial statements and management reports of fund performance by calling toll-free 1-800-668-7327 or by email at [clientservices.mutualfunds@bmo.com](mailto:clientservices.mutualfunds@bmo.com) or on SEDAR. Financial information is provided in the comparative financial statements and management reports of fund performance of the Corporation for its most recently completed financial year.

### **Other Business**

***The investment portfolio and performance of the Corporation will not be discussed at the Meeting.***

Management does not know of any business to come before the Meeting other than that referred to in the Notice-and-Access document. However, if any additional matters should properly come before the Meeting or any adjournment thereof, the persons named in the enclosed form of proxy will vote thereon in accordance with their judgement.

### **Certificate**

Except as otherwise indicated, the information in this Circular is provided as of April 22, 2019. The contents and the sending of this Circular have been approved by the Board.

On Behalf of the Board of Directors of the Corporation,

*(signed) “Benjamin Iraya”*

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Benjamin Iraya  
Corporate Secretary  
April 22, 2019