



March 4, 2019

Dear Investor:

Please find attached a package of materials for your review relating to proposed fund mergers that we believe will be beneficial to you as a securityholder of BMO Laddered Corporate Bond Fund, BMO Fixed Income Yield Plus ETF Portfolio and/or BMO Balanced Yield Plus ETF Portfolio (each a "Terminating Fund" and collectively, the "Terminating Funds").

The package includes materials for special meetings of investors of the Terminating Funds.

**What are these documents?**

The documents contained in this package include:

*(1) Notice of Special Meetings of Investors*

The notice outlines the reasons for holding the special meetings of investors of the Terminating Funds, which will be held concurrently on Thursday, April 4, 2019 commencing at 2:00 p.m. (Toronto time) at the FCP Gallery, 1 First Canadian Place, 100 King Street West, Toronto, Ontario M5X 1A9.

The special meetings are being held to consider, and vote on, our proposal to merge the Terminating Funds into the corresponding mutual fund (each a "Continuing Fund", collectively, the "Continuing Funds", and together with the Terminating Funds, the "Funds") as set out in the chart below.

Terminating Fund	Continuing Fund
BMO Laddered Corporate Bond Fund	BMO Core Bond Fund
BMO Fixed Income Yield Plus ETF Portfolio	BMO Fixed Income ETF Portfolio
BMO Balanced Yield Plus ETF Portfolio	BMO Balanced ETF Portfolio

The notice describes the various ways in which securityholders can obtain a copy of the management information circular that explains your voting rights and contains full details of the proposed mergers. The notice and the management information circular are also available on SEDAR at [www.sedar.com](http://www.sedar.com).

*(2) Proxy*

The proxy form can be used for voting at the special meetings of investors of the Terminating Funds. Investors are only able to vote on the proposals relating to the series of securities of the Terminating Funds in which they are a securityholder.

We encourage you to exercise this voting right, which you can do in one of several ways: (1) in person by attending and voting at the special meetings of investors of your Terminating Fund(s); (2) by completing the proxy, voting for or against the proposal affecting your Terminating Fund(s), signing and dating it and returning it by fax to 1-888-496-1548 or by mail in the enclosed postage-paid envelope; (3) by voting the proxy online at [www.SecureOnlineVote.com](http://www.SecureOnlineVote.com); or (4) by completing the proxy as indicated in (2) and designating on the proxy another individual who can attend and vote for you at the special meetings of investors of your Terminating Fund(s).

## What is involved in our proposal?

The proposed merger of each Terminating Fund into its corresponding Continuing Fund as set out in the chart above will allow investors in a Terminating Fund to become a securityholder of the applicable Continuing Fund on a series-for-series and dollar-for-dollar basis. Subject to obtaining regulatory approval and securityholder approval of each Terminating Fund, we anticipate that the mergers will become effective on or about April 5, 2019 (the “Effective Date”).

As manager of the Funds, we believe the proposed mergers will be beneficial to securityholders of the Terminating Funds for the following reasons, among others:

- (a) the Continuing Funds have broader investment objectives than their corresponding Terminating Funds thereby providing greater flexibility to the portfolio manager, which may benefit investors across market cycles and credit cycles;
- (b) in most cases, management fees and/or fixed administration fees will be lower for the Continuing Funds and, thus, the management expense ratios of the Continuing Funds are expected to be lower than for their corresponding Terminating Funds; and
- (c) the Continuing Funds have delivered stronger long term performance than their corresponding Terminating Funds.

The distribution policies with respect to Advisor Series, Series A, Series F, Series D and Series I securities of BMO Fixed Income Yield Plus ETF Portfolio, the Terminating Fund, are different from the distribution policies of the same series of BMO Fixed Income ETF Portfolio, the Continuing Fund. If you wish to continue to receive monthly cash distributions after the Effective Date of the merger, you can switch the Advisor Series, Series A, Series F, Series D or Series I securities of the Continuing Fund that you will acquire on the Effective Date of the merger into Series T6 or Series F2 securities of the Continuing Fund. Alternatively, prior to the close of business on April 4, 2019, you can redeem or switch your Advisor Series, Series A, Series F, Series D or Series I securities of the Terminating Fund into Series T6 or Series F2 securities of the Continuing Fund or into another BMO Mutual Fund. See the current simplified prospectus of the BMO Mutual Funds for the management fees, administration fees and trailing commissions, if any, that apply to each series of securities of the Continuing Funds and other BMO Mutual Funds.

The distribution policies with respect to Advisor Series, Series A, Series F, Series D and Series I securities of BMO Balanced Yield Plus ETF Portfolio, the Terminating Fund, are different from the distribution policies of the same series of BMO Balanced ETF Portfolio, the Continuing Fund. If you wish to continue to receive monthly cash distributions after the Effective Date of the merger, you can switch the Advisor Series, Series A, Series F, Series D or Series I securities of the Continuing Fund that you will acquire on the Effective Date of the merger into Series T6, Series F2, Series F4 or Series F6 securities of the Continuing Fund. Alternatively, prior to the close of business on April 4, 2019, you can redeem or switch your Advisor Series, Series A, Series F, Series D or Series I securities of the Terminating Fund into Series T6, Series F2, Series F4 or Series F6 securities of the Continuing Fund or into another BMO Mutual Fund. See the current simplified prospectus of the BMO Mutual Funds for the management fees, administration fees and trailing commissions, if any, that apply to each series of securities of the Continuing Funds and other BMO Mutual Funds.

No sales charges, redemption fees or other fees or commissions will be payable by securityholders of the Terminating Funds in connection with the mergers. If you do not wish to hold the applicable Continuing Fund(s) after the Effective Date of the mergers, you may, prior to the close of business on April 4, 2019, either redeem your securities of the Terminating Fund(s) or switch them into another BMO Mutual Fund. In the case of the redemption of securities of the Terminating Funds purchased under the standard deferred charge option or the low load deferred charge option, any applicable redemption fees will not be payable by the investor.

We would appreciate your support for the proposed mergers of the Terminating Funds. We encourage you to either attend the special meetings of investors in person or to complete and return your proxy by fax or in the enclosed postage-paid envelope or by voting the proxy online at [www.SecureOnlineVote.com](http://www.SecureOnlineVote.com). If you have any questions relating to the proposed mergers, please contact your financial advisor, local BMO Bank of Montreal branch or the BMO Investment Centre at 1-800-668-7327.

Yours sincerely,



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BMO Investments Inc.