

MANAGEMENT INFORMATION CIRCULAR
IN RESPECT OF THE
ANNUAL AND SPECIAL MEETING OF INVESTORS OF
BMO MONTHLY DIVIDEND FUND LTD.
AND
SPECIAL MEETING OF INVESTORS OF
BMO FLOATING RATE INCOME FUND
(collectively with BMO Monthly Dividend Fund Ltd.,
the “Terminating Funds” and individually a “Terminating Fund”)

to be held via live video webcast and teleconference on
June 18, 2021 commencing at 10:00 a.m. (Toronto time)

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MANAGEMENT INFORMATION CIRCULAR

SOLICITATION OF PROXIES

The information contained in this management information circular (“**Information Circular**”) is provided by the board of directors of BMO Investments Inc. (the “**Manager**”), in its capacity as trustee and manager of BMO Floating Rate Income Fund and as manager of BMO Monthly Dividend Fund Ltd., in connection with the solicitation of proxies on behalf of management of the Terminating Funds to be used at the annual and special meeting of the investors of BMO Monthly Dividend Fund Ltd. and the special meeting of the investors of BMO Floating Rate Income Fund.

These meetings are to be held concurrently on Friday, June 18, 2021 solely as a virtual (online) meeting by way of live video webcast and teleconference commencing at 10:00 a.m. (Toronto time) (collectively, the “**Meeting**”) (after first registering through the link meet.secureonlinevote.com beginning 30 minutes before the Meeting commences), with securityholders of each Terminating Fund voting together as a fund. Quorum for the Meeting of each Terminating Fund is two securityholders present virtually or represented by proxy and entitled to vote at the Meeting.

If the Meeting in respect of BMO Monthly Dividend Fund Ltd. is adjourned, this notice shall constitute notice of the adjourned meeting, which will be held virtually using the same link as above on June 21, 2021 commencing at 10:00 a.m. (Toronto time). Quorum for an adjourned meeting of BMO Monthly Dividend Fund Ltd. will be two securityholders present virtually or represented by proxy and entitled to vote at the adjourned meeting.

If quorum is not obtained for the Meeting in respect of BMO Floating Rate Income Fund, such Meeting shall be adjourned, with the consent of a majority of securityholders of the Fund present virtually or represented by proxy at the Meeting, to June 21, 2021 at 10:00 a.m. (Toronto time) using the same link as above. Quorum for an adjourned meeting of BMO Floating Rate Income Fund will be the number of securityholders present virtually or represented by proxy and entitled to vote at the adjourned meeting.

The Manager anticipates that the solicitation of proxies will principally be done by mail. **The solicitation of proxies is made by or on behalf of the Manager, as manager of the Terminating Funds.** The cost of the solicitation will be borne by the Manager.

In light of the dangers associated with the coronavirus pandemic (COVID-19), the Manager wishes to mitigate risk to the health and safety of securityholders, employees and other stakeholders. For that reason, the Manager is holding the Meeting solely as a virtual (online) meeting which will be conducted by way of live video webcast and teleconference. Securityholders will not be able to attend the Meeting in person, but virtual participation is encouraged. All securityholders of the Terminating Funds and duly appointed proxyholders, regardless of geographic location, will have an equal opportunity to participate at the Meeting and engage with the Manager as well as other investors in real time. **Even if you currently plan to virtually participate in the Meeting, you should consider voting your securities of the Terminating Funds in advance so that your vote will be counted in the event you experience any technical difficulties.**

Participants will need an Internet-connected device such as a desktop computer, laptop, tablet or smartphone in order to access the virtual Meeting platform and participate in the Meeting. The virtual Meeting platform will be fully supported across popular web browsers and devices running the most current version of applicable software plugins. Securityholders and duly appointed proxyholders participating in the Meeting must remain connected to the Internet at all times during the Meeting in order to vote when voting commences. It is a securityholder’s or a duly appointed proxyholder’s responsibility to ensure Internet connectivity for the duration of the Meeting. Alternatively, securityholders and duly appointed proxyholders can also participate in the Meeting by telephone as described below.

In order to participate and vote at the Meeting, securityholders and duly appointed proxyholders must first register through the link meet.secureonlinevote.com beginning 30 minutes before the Meeting commences. Prior to entering the Meeting, registered securityholders and duly appointed proxyholders will be taken to a pre-registration page where they will need to enter (i) the name as it appears on the proxy form received by the securityholder, (ii) a valid e-mail address, and (iii) the 12-digit control number located on the proxy form. Each registration request will be reviewed and securityholders and duly appointed proxyholders will receive a registration confirmation e-mail to the address provided containing their personalized link and/or local and toll-free telephone numbers along with a Meeting ID and password to attend the Meeting. Join the Meeting by clicking on the special link or dialing into one of the telephone numbers listed and entering both the Meeting ID and password provided in the registration confirmation e-mail received.

Registered securityholders and duly appointed proxyholders should note that voting at the Meeting will revoke any previously submitted proxy.

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

PURPOSES OF THE MEETING

The Meeting of the Terminating Funds is being called to consider the following annual and special business, as applicable:

1. for **BMO Floating Rate Income Fund** only,
 - (a) the merger of BMO Floating Rate Income Fund into BMO U.S. High Yield Bond Fund, and the matters related thereto described in the resolution attached to this Information Circular; and
 - (b) the termination of BMO Floating Rate Income Fund if the merger of BMO Floating Rate Income Fund into BMO U.S. High Yield Bond Fund is not approved;
2. for **BMO Monthly Dividend Fund Ltd.** only,
 - (a) receipt of the annual financial statements of BMO Monthly Dividend Fund Ltd. for the twelve month period ending December 31, 2020 together with the auditor's report thereon;
 - (b) election of the directors of BMO Monthly Dividend Fund Ltd.;
 - (c) appointment of PricewaterhouseCoopers LLP as auditor of BMO Monthly Dividend Fund Ltd. for the ensuing year and authorizing the board of directors to fix the auditor's remuneration; and
 - (d) the merger of BMO Monthly Dividend Fund Ltd. into BMO Dividend Fund, and the subsequent dissolution of BMO Monthly Dividend Fund Ltd., along with the matters related thereto, including the amendment of the articles of BMO Monthly Dividend Fund Ltd. to effect the merger, all as described in the resolution attached to this Information Circular; and
3. for each of the Terminating Funds, to transact such other business as may properly come before the Meeting.

The text of each resolution is set out in Schedule “A” to this Information Circular.

BMO U.S. High Yield Bond Fund and BMO Dividend Fund are each referred to as a “**Continuing Fund**” and collectively, as the “**Continuing Funds**”. Collectively, the Terminating Funds and the Continuing Funds are referred to as the “**Funds**”.

MATTERS TO BE CONSIDERED AT THE MEETING

1. Receipt of the 2020 Annual Financial Statements

The annual report of BMO Monthly Dividend Fund Ltd., including the annual financial statements of the corporation for the year ended December 31, 2020, together with the auditor’s report thereon, which will be placed before the Meeting, has already been mailed to those securityholders who previously requested to receive the annual financial statements and is also available on SEDAR at www.sedar.com. There will be no presentation of the annual financial statements of BMO Monthly Dividend Fund Ltd. at the Meeting.

2. Election of Directors

The board of directors of BMO Monthly Dividend Fund Ltd. (the “**Board**”) consists of six members.

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 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 BMO Monthly Dividend Fund Ltd. The following information is furnished with respect to each person proposed to be nominated for election as a director of BMO Monthly Dividend Fund Ltd. as of May 7, 2021.

Name and Residence	Position with BMO Monthly Dividend Fund Ltd.	Principal Occupation	Director Since	Number of Shares Beneficially Owned, Directly or Indirectly, or Over Which Control or Direction is Exercised
Thomas C.S. Burian ⁽¹⁾ Ontario, Canada	Director	Vice President and Chief Financial Officer, Wealth Management, BMO Financial Group	2014	-

Name and Residence	Position with BMO Monthly Dividend Fund Ltd.	Principal Occupation	Director Since	Number of Shares Beneficially Owned, Directly or Indirectly, or Over Which Control or Direction is Exercised
Steve R. Ilott Ontario, Canada	Head and Director	Head of Investment Solutions and Chief Investment Officer for North America, BMO Global Asset Management	2018	-
Douglas E. Kirk ⁽²⁾ Ontario, Canada	Director	Chairman and President, Durham Radio Inc.	2016	-
Gilles G. Ouellette Ontario, Canada	Chairman and Director	Chairman, BMO Global Asset Management	2019	-
Thomas A. Pippy ⁽²⁾ Ontario, Canada	Director	President, Avonlea Capital Corporation	2016	-
Robert J. Schauer Ontario, Canada	Chief Financial Officer and Director	Head of GAM Business Transformation for North America, BMO Global Asset Management	2012	-

- (1) Chair of BMO Monthly Dividend Fund Ltd.'s audit committee.
(2) Member of BMO Monthly Dividend Fund Ltd.'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 BMO Monthly Dividend Fund Ltd. to hold office until the next annual meeting of securityholders of BMO Monthly Dividend Fund Ltd. at a remuneration to be fixed by the directors.

4. The Mergers

The Manager has identified certain changes to its mutual fund line-up that, among other things, are intended to reduce similar fund offerings. It proposes to merge each Terminating Fund with its applicable Continuing Fund as follows (collectively, the “**Mergers**” and individually, a “**Merger**”):

- (a) BMO Floating Rate Income Fund will merge into BMO U.S. High Yield Bond Fund such that securityholders of BMO Floating Rate Income Fund will become securityholders of BMO U.S. High Yield Bond Fund; and
- (b) BMO Monthly Dividend Fund Ltd. will merge into BMO Dividend Fund such that securityholders of BMO Monthly Dividend Fund Ltd. will become securityholders of BMO Dividend Fund.

Differences between Mutual Funds Structured as Trusts and Corporations

As a result of the Merger of BMO Monthly Dividend Fund Ltd. into BMO Dividend Fund, the nature of a securityholder's investment will change from holding shares of a fund that is structured as a corporation, being BMO Monthly Dividend Fund Ltd., to holding units of a fund that is structured as a trust, being BMO Dividend Fund. While mutual funds structured as trusts and as corporations both allow investors to pool money with other investors, there are some key differences:

- A trust, such as BMO Dividend Fund, may pay taxable distributions of particular types of income and can generally eliminate its liability for tax by distributing all its income to securityholders, which would then be taxed in their hands at their marginal tax rates. A mutual fund corporation, such as BMO Monthly Dividend Fund Ltd., cannot distribute these types of income but can eliminate its tax liability on Canadian dividends and capital gains by paying sufficient ordinary dividends and capital gains dividends to securityholders. This has two principal consequences to securityholders: (a) taxable distributions paid to securityholders in a corporate fund will consist of ordinary dividends or capital gains dividends, but not other sources of income such as interest or foreign-source income; and (b) if the mutual fund corporation's income from sources other than Canadian dividends and capital gains exceeds its deductible expenses and non-capital losses, it will be subject to income tax.
- Securityholders of BMO Monthly Dividend Fund Ltd. may be granted different voting rights than securityholders in BMO Dividend Fund. Securityholders of BMO Monthly Dividend Fund Ltd. are granted voting rights by the articles of BMO Monthly Dividend Fund Ltd., and by the governing corporate statute, which is the *Business Corporations Act* (Ontario) (the "OBCA"), whereas securityholders in BMO Dividend Fund are granted voting rights under the declaration of trust that governs it. The rights granted to securityholders under the OBCA include the right to vote in respect of certain fundamental changes proposed to be made to BMO Monthly Dividend Fund Ltd. (including a proposed change to certain attributes of its securities and a sale of all or substantially all of its assets out of the ordinary course of business) and the right to dissent from certain fundamental changes to BMO Monthly Dividend Fund Ltd. and to be paid the fair value for their securities. Generally, fundamental changes to BMO Monthly Dividend Fund Ltd. may be made only if approved by a resolution of its securityholders that is passed by at least two thirds of the votes cast at a meeting of securityholders or by an instrument in writing signed by all the securityholders. The rights granted to BMO Dividend Fund under the declaration of trust include the right to vote in respect of any matter which pursuant to securities legislation must be submitted to securityholders for approval, as well as the appointment of a successor trustee pursuant to the declaration of trust.
- As required by the OBCA, BMO Monthly Dividend Fund Ltd. has a board of directors that is elected annually by its securityholders. The directors and officers of BMO Monthly Dividend Fund Ltd., along with the Manager, manage the affairs of BMO Monthly Dividend Fund Ltd. and, in exercising their powers and discharging their duties, are required to act honestly and in good faith with a view to the best interests of BMO Monthly Dividend Fund Ltd., and to exercise the care, diligence and skill that a reasonably prudent person would exercise in the circumstances. In contrast, BMO Dividend Fund does not have a board of directors. Rather, under the declaration of trust governing BMO Dividend Fund, the trustee is obliged to exercise its powers and discharge its duties honestly, in good faith and in the best interests of BMO Dividend Fund and in connection therewith to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in the circumstances.

5. Termination of BMO Floating Rate Income Fund

If the proposed Merger of BMO Floating Rate Income Fund into BMO U.S. High Yield Bond Fund is not approved, the Manager proposes to terminate BMO Floating Rate Income Fund effective on or about June 25, 2021.

BENEFITS OF THE PROPOSED MERGERS

The Manager believes these Mergers will be beneficial to the securityholders of the Funds for the following reasons:

- (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;
 - (i) with respect to the Merger of BMO Floating Rate Income Fund into BMO U.S. High Yield Bond Fund, the Continuing Fund offers a wider approach to investing in non-investment grade fixed income than the Terminating Fund, and thus Terminating Fund investors may benefit from the synergies of the portfolio manager's global fixed income capabilities;
 - (ii) with respect to the Merger of BMO Monthly Dividend Fund Ltd. into BMO Dividend Fund, the Continuing Fund offers exposure to a Canadian dividend mandate that has a wider approach to investing in dividend paying securities than the Terminating Fund, and thus Terminating Fund investors may benefit from a wider set of investment options;
- (b) there is minimal demand for each Terminating Fund, as evidenced by declining assets under management ("AUM") in each Terminating Fund over an extended period of time, which may lead to portfolio diversification challenges in the Terminating Funds if AUM continues to decline;
- (c) each Terminating Fund has variable operating expenses, which means its expenses are spread over a smaller asset base as the AUM of each Terminating Fund continues to decline, while each Continuing Fund uses a fixed administration fee model, which means a consistent expense is charged to the fund, even if the AUM of a Continuing Fund were to decline;
- (d) the Mergers will result in a more streamlined and simplified product line-up that is easier for investors to understand;
- (e) each Continuing Fund has delivered stronger long term performance than its applicable Terminating Fund;
- (f) each Continuing Fund, as a result of its greater size, may benefit from its larger profile in the marketplace to attract additional investors and thus remain a viable long term investment; and
- (g) management fees in the Continuing Funds are the same as, or lower than, management fees in the Terminating Funds.

Each of the proposed Mergers is subject to securityholder and regulatory approval.

The Merger of BMO Floating Rate Income Fund into BMO U.S. High Yield Bond Fund will be effected on a taxable basis for securityholders. The Merger of BMO Monthly Dividend Fund Ltd. into BMO Dividend Fund will be effected on a tax-deferred basis for securityholders.

The historical rates of return for the Terminating Funds and the Continuing Funds are available in the management report of fund performance for the applicable Fund. The tax consequences of the Mergers are summarized below. You should read both the section on “Canadian Federal Income Tax Considerations” and the section that provides a detailed description of the Merger that affects your Terminating Fund.

No sales charges, redemption fees or other fees or commissions will be payable by securityholders of the Terminating Funds in connection with the Mergers. All costs and expenses associated with the Mergers will be borne by the Manager. The existing standard deferred charge or low load deferred charge schedule applicable to securities of a Terminating Fund will be carried over to the securities of the relevant Continuing Fund.

The Manager recommends that securityholders of the Terminating Funds vote FOR the Mergers.

The Independent Review Committee (“IRC”) of each of the Funds has reviewed the potential conflict of interest matters related to each of the proposed Mergers and has provided the Manager with a positive recommendation having determined that the proposed Mergers, if implemented, achieve a fair and reasonable result for each of the Funds.

PROCEDURE FOR THE MERGERS

Merger of BMO Floating Rate Income Fund into BMO U.S. High Yield Bond Fund

The Merger of BMO Floating Rate Income Fund into BMO U.S. High Yield Bond Fund will be structured as follows:

- (a) Prior to effecting the Merger, BMO Floating Rate Income Fund will sell securities in its portfolio that do not meet the investment objectives and investment strategies of BMO U.S. High Yield Bond Fund. The Manager expects that all or substantially all of the securities in the portfolio will be sold for this reason. As a result, BMO Floating Rate Income Fund may temporarily hold cash or money market instruments and may not be fully invested in accordance with its investment objectives for a brief period of time prior to the Merger being effected.
- (b) BMO Floating Rate Income Fund will distribute a sufficient amount of its net income and net realized capital gains, if any, to securityholders to ensure that it will not be subject to tax for its current tax year. Any such distribution will be automatically reinvested in additional units of BMO Floating Rate Income Fund.
- (c) The value of BMO Floating Rate Income Fund’s portfolio and other assets will be determined at the close of business on the effective date of the Merger in accordance with the constating documents of BMO Floating Rate Income Fund.
- (d) BMO Floating Rate Income Fund will sell its investment portfolio and other assets to BMO U.S. High Yield Bond Fund in exchange for units of BMO U.S. High Yield Bond Fund.
- (e) BMO U.S. High Yield Bond Fund will not assume liabilities of BMO Floating Rate Income Fund and BMO Floating Rate Income Fund will retain sufficient assets to satisfy its estimated liabilities, if any, as of the effective date of the Merger.

- (f) The units of BMO U.S. High Yield Bond Fund received by BMO Floating Rate Income Fund will have an aggregate net asset value equal to the value of the portfolio assets and other assets that BMO U.S. High Yield Bond Fund is acquiring from BMO Floating Rate Income Fund, and the units of BMO U.S. High Yield Bond Fund will be issued at the applicable series net asset value per unit as of the close of business on the effective date of the Merger.
- (g) Immediately thereafter, the units of BMO U.S. High Yield Bond Fund received by BMO Floating Rate Income Fund will be distributed to securityholders of BMO Floating Rate Income Fund in exchange for their units in BMO Floating Rate Income Fund on a dollar-for-dollar and series-by-series basis, as applicable.
- (h) As soon as reasonably possible following the Merger, BMO Floating Rate Income Fund will be wound up.

Merger of BMO Monthly Dividend Fund Ltd. into BMO Dividend Fund

The Merger of BMO Monthly Dividend Fund Ltd. into BMO Dividend Fund will be structured as follows:

- (a) Prior to effecting the Merger, BMO Monthly Dividend Fund Ltd. will file articles of amendment to provide it with the ability to (i) redeem shares at its option in order to effect the merger, liquidation, winding up and dissolution of BMO Monthly Dividend Fund Ltd.; and (ii) pay the proceeds of such redemption in kind, to allow the Merger of BMO Monthly Dividend Fund Ltd. into BMO Dividend Fund to qualify as a “qualifying exchange” under the *Income Tax Act* (Canada) (the “**Tax Act**”).
- (b) BMO Monthly Dividend Fund Ltd. will jointly elect with BMO Dividend Fund that the Merger be treated as a “qualifying exchange”, as defined in subsection 132.2(1) of the Tax Act.
- (c) Prior to effecting the Merger, BMO Monthly Dividend Fund Ltd. will sell securities in its portfolio that do not meet the investment objectives and investment strategies of BMO Dividend Fund. The Manager expects that a significant portion of the portfolio will be sold for this reason. As a result, BMO Monthly Dividend Fund Ltd. may temporarily hold cash or money market instruments and may not be fully invested in accordance with its investment objectives for a brief period of time prior to the Merger being effected.
- (d) BMO Monthly Dividend Fund Ltd. may pay ordinary dividends or capital gains dividends to its securityholders. Any such dividends will be automatically reinvested in additional securities of BMO Monthly Dividend Fund Ltd.
- (e) The value of BMO Monthly Dividend Fund Ltd.’s portfolio and other assets will be determined at the close of business on the effective date of the Merger in accordance with the constating documents of BMO Monthly Dividend Fund Ltd.
- (f) BMO Monthly Dividend Fund Ltd. will sell its investment portfolio and other assets to BMO Dividend Fund in exchange for units of BMO Dividend Fund.
- (g) BMO Dividend Fund will not assume liabilities of BMO Monthly Dividend Fund Ltd. and BMO Monthly Dividend Fund Ltd. will retain sufficient assets to satisfy its estimated liabilities, if any, as of the effective date of the Merger.

- (h) The units of BMO Dividend Fund received by BMO Monthly Dividend Fund Ltd. will have an aggregate net asset value equal to the value of the portfolio assets and other assets that BMO Dividend Fund is acquiring from BMO Monthly Dividend Fund Ltd., and the units of BMO Dividend Fund will be issued at the applicable series net asset value per unit as of the close of business on the effective date of the Merger.
- (i) Immediately thereafter, securities of the Terminating Fund will be redeemed and as payment, the units of BMO Dividend Fund received by BMO Monthly Dividend Fund Ltd. will be distributed to securityholders of BMO Monthly Dividend Fund Ltd. in exchange for their shares in BMO Monthly Dividend Fund Ltd. on a dollar-for-dollar and series-by-series basis, as applicable.
- (j) As soon as reasonably possible following the Merger, BMO Monthly Dividend Fund Ltd. will be wound up and dissolved.

SUSPENDING REDEMPTIONS AND PURCHASES OF SECURITIES OF THE TERMINATING FUNDS

The right of securityholders of a Terminating Fund to redeem or switch their securities of the Terminating Fund will end as of the close of business on June 24, 2021. Subject to obtaining regulatory approval and securityholder approval of each Terminating Fund, the Manager proposes to merge each of the Terminating Funds into their corresponding Continuing Funds on or about June 25, 2021 (the “**Effective Date**”). The Manager will have the discretion to postpone implementation of each Merger until a later date (which shall be no later than September 30, 2021) or not to proceed with a Merger if it is considered in the best interests of a Terminating Fund or its investors.

After the Effective Date of each Merger, securityholders of each Terminating Fund will be able to redeem or switch out of the securities of the applicable Continuing Fund that they acquire upon the Merger. Securities of a Continuing Fund acquired by securityholders upon the Merger are subject to the same redemption charges, if any, to which their securities of a Terminating Fund were subject prior to the Merger.

Purchases of, and switches into, securities of each Terminating Fund will be suspended at the close of business on the third business day prior to the Effective Date of the applicable Merger, except for purchases made pursuant to pre-established continuous savings plans, which will be suspended as of the close of business on the fifth business day immediately preceding the Effective Date of the applicable Merger. Following the Mergers, all optional plans, including continuous savings plans and systematic withdrawal plans, that have been established for a Terminating Fund will be re-established for the applicable Continuing Fund, unless securityholders of the Terminating Funds advise otherwise. You may change an optional plan at any time.

CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

This is a general summary of the principal Canadian federal income tax considerations, as of the date hereof, of the Mergers for the Terminating Funds and for investors in the Terminating Funds who are individuals, other than trusts. This summary assumes that, for the purposes of the Tax Act, individual investors are resident in Canada and hold securities of the Terminating Funds as capital property.

This summary is of a general nature only and is not exhaustive of all possible income tax considerations. You should consult your own tax advisor about your individual circumstances.

If you redeem securities of a Terminating Fund before the Effective Date of the applicable Merger, you will realize a capital gain (or capital loss) to the extent that the proceeds of redemption exceed (or are exceeded by) the aggregate of your adjusted cost base of the securities and any costs of redemption. Unless

you hold your securities in a registered retirement savings plan (“RRSP”), registered retirement income fund (“RRIF”), deferred profit sharing plan, registered education savings plan (“RESP”), registered disability savings plan (“RDSP”) or tax-free savings account (“TFSA”) (each a “Registered Plan” and collectively, the “Registered Plans”), one-half of any such capital gain must be included in computing your income for the year and one-half of any such capital loss must be deducted against one-half of any capital gains realized in the year, subject to, and in accordance with, the detailed provisions of the Tax Act.

Merger of BMO Floating Rate Income Fund into BMO U.S. High Yield Bond Fund

The Merger of BMO Floating Rate Income Fund into BMO U.S. High Yield Bond Fund will be effected on a taxable basis.

Prior to effecting the Merger, BMO Floating Rate Income Fund will sell those securities in its portfolio that do not meet the investment objectives and investment strategies of BMO U.S. High Yield Bond Fund. The Manager expects that all or substantially all of the securities in the portfolio will be sold for this reason. As at the date of this Information Circular, the Manager expects that BMO Floating Rate Income Fund will have sufficient losses to absorb any gains generated by the sale of portfolio assets. On the Effective Date of the Merger, BMO Floating Rate Income Fund will sell the remaining securities in its portfolio, cash and other assets to BMO U.S. High Yield Bond Fund in exchange for units of BMO U.S. High Yield Bond Fund. BMO Floating Rate Income Fund may realize income, loss, capital gains or capital losses on such transactions.

Prior to effecting the Merger, BMO Floating Rate Income Fund will distribute a sufficient amount of its net income and net realized capital gains to its securityholders to ensure that it will not be subject to tax for its current taxation year. Any such distribution will be automatically reinvested in additional units of BMO Floating Rate Income Fund. You will be required to include in your income your share of the taxable portion of such distribution. The amount of net income and net realized capital gains to be distributed by BMO Floating Rate Income Fund will take into account any income, loss, capital gains or capital losses realized as described above, as well as any previously realized income, loss, capital gains or capital losses.

You will realize a capital gain or capital loss when you dispose of your units of BMO Floating Rate Income Fund on the Effective Date of the Merger. The capital gain (or capital loss) will be the amount by which the fair market value of the units of BMO U.S. High Yield Bond Fund received by you on the Effective Date of the Merger exceeds (or is exceeded by) the aggregate of the adjusted cost base of your units of BMO Floating Rate Income Fund and any reasonable costs of disposition.

In general, you must include one-half of any capital gain (“**taxable capital gain**”) in computing your income for the year and must deduct one-half of any capital loss (“**allowable capital loss**”) to offset taxable capital gains realized in the year. Allowable capital losses in excess of taxable capital gains in the year may be carried back three years or forward indefinitely for deduction against taxable capital gains realized in those years, subject to, and in accordance with, the detailed provisions of the Tax Act..

The cost of the units of BMO U.S. High Yield Bond Fund received by you on the Effective Date of the Merger will be equal to the fair market value thereof. In determining the adjusted cost base of your units of BMO U.S. High Yield Bond Fund, the cost of the new units of BMO U.S. High Yield Bond Fund will be averaged with the adjusted cost base of any other identical units of BMO U.S. High Yield Bond Fund already held by you as capital property.

Unless your units of BMO Floating Rate Income Fund are held in a Registered Plan, you will receive a statement for tax purposes identifying your share of BMO Floating Rate Income Fund’s income, if any, for its 2021 taxation year. Any income reported thereon must be included in your income for 2021.

Merger of BMO Monthly Dividend Fund Ltd. into BMO Dividend Fund

BMO Monthly Dividend Fund Ltd. and BMO Dividend Fund will jointly elect that the Merger be a “qualifying exchange” as defined in subsection 132.2(1) of the Tax Act.

Prior to effecting the Merger, BMO Monthly Dividend Fund Ltd. will sell securities in its portfolio that do not meet the investment objectives and investment strategies of BMO Dividend Fund. The Manager expects that a significant portion of the portfolio will be sold for this reason. The Manager expects that BMO Monthly Dividend Fund Ltd. will realize income, loss, capital gains or capital losses on such transactions. Based on current market values, the Manager expects that any income or capital gains realized by BMO Monthly Dividend Fund Ltd. on the liquidation of securities will be offset by available losses. The actual amount of income, loss, capital gains or capital losses realized by BMO Monthly Dividend Fund Ltd. may be different from the Manager’s current expectation due to changes in the value of securities held by BMO Monthly Dividend Fund Ltd. between the date of this Information Circular and the Effective Date of the Merger. On the Effective Date of the Merger, BMO Monthly Dividend Fund Ltd. will realize any remaining accrued capital losses and, to the extent it elects, any remaining accrued capital gains, as a result of the sale of its assets to BMO Dividend Fund. BMO Monthly Dividend Fund Ltd. intends to elect to realize capital gains only to the extent that capital losses and loss carryforwards are available to offset such capital gains.

Prior to effecting the Merger, BMO Monthly Dividend Fund Ltd. may pay ordinary dividends and/or capital gains dividends. Any such dividends will be automatically reinvested in additional shares of BMO Monthly Dividend Fund Ltd. One-half of a capital gains dividend received by you is a “taxable capital gain” and included in your income. An ordinary dividend received by you will be eligible for the dividend tax credit subject to, and in accordance with, the detailed provisions of the Tax Act..

The disposition of securities of BMO Monthly Dividend Fund Ltd. in exchange for units of BMO Dividend Fund will not result in a capital gain or loss to BMO Monthly Dividend Fund Ltd. or to securityholders of BMO Monthly Dividend Fund Ltd. The aggregate cost for tax purposes of the units of BMO Dividend Fund received by a securityholder of BMO Monthly Dividend Fund Ltd. will be equal to the securityholder’s aggregate adjusted cost base of the securities of BMO Monthly Dividend Fund Ltd. immediately prior to the exchange. In determining the adjusted cost base of the securityholder’s units of BMO Dividend Fund, the cost of the new units of BMO Dividend Fund will be averaged with the adjusted cost base of any other identical units of BMO Dividend Fund already held by the securityholder as capital property.

Unless your securities of BMO Monthly Dividend Fund Ltd. are held in a Registered Plan, you will receive a statement for tax purposes reporting any ordinary dividends and capital gains dividends paid to you by BMO Monthly Dividend Fund Ltd., which must be included in your income for 2021.

General

Each of the Continuing Funds is a mutual fund trust within the meaning of the Tax Act. Please refer to the simplified prospectus relating to the Continuing Funds, which is available from the Manager at no charge upon request, for a description of the income tax consequences of acquiring, holding and disposing of securities of each Continuing Fund.

ELIGIBILITY FOR REGISTERED PLANS

Securities of each Continuing Fund are qualified investments under the Tax Act for Registered Plans.

Securities of a Continuing Fund will not be a “prohibited investment” for a trust governed by a TFSA, RRSP, RRIF, RESP or RDSP unless the holder of the TFSA or RDSP, the annuitant of the RRSP or RRIF, or the subscriber of the RESP, as applicable, (i) does not deal at arm’s length with the Continuing Fund for purposes of the Tax Act, or (ii) has a “significant interest” as defined in the Tax Act in the Continuing Fund. Generally, a holder, an annuitant or a subscriber, as the case may be, will not have a significant interest in a Continuing Fund unless the holder, the annuitant or the subscriber, as the case may be, owns interests as a beneficiary of the Continuing Fund that have a fair market value of 10% or more of the fair market value of the interests of all beneficiaries of the Continuing Fund, either alone or together with persons and partnerships with which the holder, the annuitant or the subscriber, as the case may be, does not deal at arm’s length. In addition, securities of a Continuing Fund will not be a “prohibited investment” if the securities are “excluded property” as defined in the Tax Act for a trust governed by a TFSA, RRSP, RRIF, RESP or RDSP. Holders, annuitants or subscribers should consult their own tax advisors with respect to whether securities of a Continuing Fund would be prohibited investments, including with respect to whether the securities would be excluded property.

REQUIRED SECURITYHOLDER APPROVAL

The Merger of BMO Floating Rate Income Fund into BMO U.S. High Yield Bond Fund will not be effective unless approved by a majority of the votes (*i.e.*, more than 50%) of the outstanding securities of BMO Floating Rate Income Fund cast at the Meeting.

The Merger of BMO Monthly Dividend Fund Ltd. into BMO Dividend Fund will not be effective unless approved by at least two thirds of the votes (*i.e.*, more than 66.67%) of the outstanding securities of BMO Monthly Dividend Fund Ltd. cast at the Meeting.

No Merger is contingent on the other Merger, and one may proceed even if the other is not approved.

If the required approvals for a Merger are not obtained, the Merger will not proceed. If the Merger of BMO Floating Rate Income Fund into BMO U.S. High Yield Bond Fund is not approved, the Manager seeks approval of securityholders of BMO Floating Rate Income Fund to terminate the Fund.

The termination of BMO Floating Rate Income Fund will not be effective unless approved by a majority of the votes (*i.e.*, more than 50%) of the outstanding securities of BMO Floating Rate Income Fund cast at the Meeting.

The Manager does not currently intend to terminate BMO Monthly Dividend Fund Ltd. if the required securityholder approval is not obtained, but may decide to do so in the future. If the Manager decides to terminate BMO Monthly Dividend Fund Ltd. in the future, it will do so in accordance with the constating documents that govern BMO Monthly Dividend Fund Ltd. and applicable legislation.

Securityholders of the Terminating Funds are entitled to one vote for each whole security held and no votes for fractions of a security.

Holders of securities of record at the close of business on May 7, 2021 will be entitled to vote at the Meeting, except to the extent that such securities are redeemed prior to the Meeting or that a transferee of securities after that date complies with the required procedures in order to qualify to vote the transferred securities. If your securities were transferred to you from another holder after May 7, 2021 (this would occur only in unusual circumstances, such as death of a holder), you should contact the Manager to determine the documentation necessary to transfer the securities on the Manager’s records. You will only be able to vote the transferred securities after the transfer has been recorded on the Manager’s records.

In order for the Meeting for each Terminating Fund to be duly constituted, two or more securityholders of the Terminating Fund must be present virtually or represented by proxy at the Meeting.

ADDITIONAL INFORMATION

Additional information regarding the Funds is contained in the simplified prospectus, annual information form, fund facts, interim and annual management reports of fund performance and annual audited and interim unaudited financial statements for the Funds. The fund facts relating to the relevant series of each Continuing Fund were sent with the notice-and-access document on May 17, 2021 to securityholders of the corresponding Terminating Funds. You should review these documents carefully.

Investors in each Terminating Fund may obtain, at no cost, a copy of the simplified prospectus, annual information form and fund facts for the applicable Continuing Fund and its most recent interim and annual financial statements and management reports of fund performance by accessing the SEDAR website at www.sedar.com. Alternatively,

- if securities of the Terminating Fund were purchased at a BMO Bank of Montreal branch or through the BMO Investment Centre: by accessing the BMO Mutual Funds website at www.bmo.com/mutualfunds or by calling the toll-free telephone number at 1-800-665-7700, or
- if securities of the Terminating Fund were purchased through another dealer: by accessing the BMO Mutual Funds website at www.bmo.com/gam/ca or by calling the toll-free telephone number at 1-800-668-7327.

MERGER OF BMO FLOATING RATE INCOME FUND INTO BMO U.S. HIGH YIELD BOND FUND (applicable to securityholders of BMO Floating Rate Income Fund only)

General

The Manager is seeking approval from securityholders of BMO Floating Rate Income Fund for the merger of this Terminating Fund into BMO U.S. High Yield Bond Fund, the Continuing Fund. If approved, the Merger will become effective on or about June 25, 2021. The Manager will have the discretion to postpone implementation of the Merger until a later date (which shall be no later than September 30, 2021) or not to proceed with the Merger if it is considered in the best interests of the Terminating Fund or its investors. Following the Merger, the Terminating Fund will be wound up. The proposed Merger of these Funds is also subject to regulatory approval.

As discussed in greater detail below, the investment objectives and strategies of the Terminating Fund are different from the investment objectives and strategies of the Continuing Fund, the fee structure of the Terminating Fund (variable operating expenses) is different from the fee structure of the Continuing Fund (fixed administration fee), and the distribution policy of the Terminating Fund is different from that of the Continuing Fund.

In exchange for their current securities, Advisor Series, Series A and Series F securityholders will receive securities of the Continuing Fund that have a management fee that is lower than the management fee charged in respect of the series of securities of the Terminating Fund that they currently hold. Series D securityholders will receive securities of the Continuing Fund that have a management fee that is the same as the management fee charged in respect of the series of securities of the Terminating Fund that they currently hold.

This Merger will be effected on a **taxable** basis. The Manager believes that most investors who hold their securities of BMO Floating Rate Income Fund outside a Registered Plan are in a loss position. Triggering a capital loss can be beneficial to such investors because they can use the losses to offset any capital gains realized in the same year or any of the previous three years, and thus immediately reduce their tax liability. Under a tax-deferred merger, the realization of an investor's capital losses would be deferred. The Manager is of the view that this deferral is detrimental to those investors because the loss would not be immediately available to the investor to offset current or prior capital gains.

By approving this Merger, securityholders of the Terminating Fund accept the investment objectives of the Continuing Fund, the fee structure of the Continuing Fund, the distribution policy of the Continuing Fund, and the tax consequences of the Merger. See "Canadian Federal Income Tax Considerations" on page 9 for details regarding the tax consequences of the Merger for Canadian resident individuals, see "Investment Objectives and Strategies" below for a comparison of the investment objectives of the Funds, see "Comparison of Fund Size, Management Fee, and Expenses" below for a discussion of the fees and expenses of the Funds, and see "Comparison of Distribution Policy" below for a discussion of the distribution policies of the Funds.

Benefits of this Merger

As discussed above under "Benefits of the Proposed Changes" on page 6, there are a number of benefits to securityholders of both the Terminating Fund and the Continuing Fund, including that the Continuing Fund has a broader investment objective than its corresponding Terminating Fund thereby providing greater flexibility to the portfolio manager, which may benefit investors across market cycles and credit cycles. Specifically, the Continuing Fund offers a wider approach to investing in non-investment grade fixed income than the Terminating Fund, and thus Terminating Fund investors may benefit from the synergies of the portfolio manager's global fixed income capabilities. There is minimal demand for the Terminating Fund, as evidenced by declining AUM in the Terminating Fund over an extended period of time, which may lead to portfolio diversification challenges in the Terminating Fund if AUM continues to decline. Additionally, the Terminating Fund has variable operating expenses, which means its expenses are spread over a smaller asset base as the AUM of the Terminating Fund continues to decline, while the Continuing Fund uses a fixed administration fee model, which means a consistent expense charged to the Fund, even if the AUM of the Continuing Fund were to decline. The Continuing Fund may also benefit from its larger profile in the marketplace to attract additional investors and thus remain a viable long term investment. The Continuing Fund has also delivered stronger long term performance than the Terminating Fund. Further, Advisor Series, Series A and Series F securityholders will receive securities of the Continuing Fund that have a management fee that is lower than the management fee charged in respect of the securities of the Terminating Fund that they currently hold. Series D securityholders will receive securities of the Continuing Fund that have a management fee that is the same as the management fee charged in respect of the securities of the Terminating Fund that they currently hold.

Recommendation

The Manager recommends that securityholders of the Terminating Fund vote FOR the Merger.

The IRC of each of the Funds has reviewed the potential conflict of interest matters related to the proposed Merger and has provided the Manager with a positive recommendation having determined that the proposed Merger, if implemented, achieves a fair and reasonable result for each of the Funds.

Investment Objectives and Strategies

The investment objectives and primary investment strategies of the Funds are as follows:

Fund	Investment Objectives	Investment Strategies
BMO Floating Rate Income Fund	The investment objective of BMO Floating Rate Income Fund is to generate a high level of current income by investing primarily in floating rate loans and other floating rate debt securities issued by domestic and foreign companies.	<p>The portfolio manager of BMO Floating Rate Income Fund invests primarily in debt securities that have a floating or variable rate, including floating rate notes, high yield bonds and debentures issued by Canadian governments and corporations, U.S. dollar Canadian corporate bonds and U.S. corporate bonds and convertible debentures. The portfolio manager may use financial instruments such as interest rate swaps, forwards and other financial derivatives to transform the income from these investments into income equivalent to or greater than that generated by short-term floating rate instruments with a duration of less than 365 days. The portfolio manager invests primarily in securities rated “BB” or higher by Standard & Poor’s Rating Service or carrying an equivalent rating from other recognized rating agencies. The portfolio manager attempts to add value by purchasing bonds that are mispriced relative to their credit fundamentals and which may be upgraded, and where the sustainability of the interest payments or income flows is greater than reflected by the instrument’s credit rating. The portfolio manager may invest up to 100% of the fund’s assets in U.S. fixed income securities. The Fund may use derivatives to implement the investment strategy, and may enter into securities lending, repurchase and reverse repurchase transactions to earn additional income.</p> <p>The Fund has obtained approval from securities authorities:</p> <ul style="list-style-type: none"> • to enter into interest rate swaps and credit default swaps with a remaining term to maturity greater than 3 years • to the extent that cash cover is required in respect of specified derivatives, to cover specified derivative positions with: <ul style="list-style-type: none"> – any bonds, debentures, notes or other evidences of indebtedness that are liquid having a remaining term to maturity of 365 days or less and an “approved credit rating” as defined in NI 81-102; or – certain floating rate evidences of indebtedness which are a “conventional floating rate debt instrument” as defined in NI 81-102 with principal amounts having a market value of approximately par at the time of each change in the rate to be paid if certain conditions as to the

Fund	Investment Objectives	Investment Strategies
		<p>issuing body, reset periods and credit ratings are met</p> <ul style="list-style-type: none"> to use as cover, in addition to the usual cover when the fund has a long position in a debt-like security that has a component that is a long position in a forward contract, or in a standardized future or forward contract, or when the fund has an interest rate swap position and during the periods when the fund is entitled to receive payments under the swap, a right or obligation to sell an equivalent quantity of the underlying interest of the standardized future, forward or swap.
BMO U.S. High Yield Bond Fund	The investment objective of BMO U.S. High Yield Bond Fund is to provide a high level of total return through a combination of income and capital appreciation by investing primarily in fixed income securities issued by United States corporations.	The portfolio manager of BMO U.S. High Yield Bond Fund invests primarily in a diversified pool of fixed income securities, such as bonds and debentures issued by corporations or obtains exposure to such securities. The portfolio manager invests primarily in high yield securities rated below BBB at the time of investment by Standard and Poor's Rating Service or the equivalent rating as defined by other recognized rating agencies. The portfolio manager invests in fixed income securities issued by the United States or Canadian government or obtains exposure to such securities. The portfolio manager seeks the best potential investments for the portfolio by analyzing the credit ratings of various issuers and using fundamental analysis. The Fund may hold a portion of its assets in cash or short-term money market instruments and/or high quality fixed income securities while seeking investment opportunities or to reflect economic and market conditions. The portfolio manager may invest up to 100% of the fund's assets in foreign securities, and may invest up to 30% of the fund's assets in securities outside the United States. The Fund may use derivatives to implement the investment strategy, and may enter into securities lending, repurchase and reverse repurchase transactions to earn additional income.

As a result of the fact that the Terminating Fund's objective is to provide a high level of current income, while the Continuing Fund's objective is focused on a high level of total return comprised of both income and capital appreciation, and because the Terminating Fund invests primarily in floating rate debt securities issued by domestic and foreign companies, while the Continuing Fund invests primarily in fixed income securities issued by United States corporations, it is the Manager's opinion that a reasonable person would consider the investment objectives of these Funds to be less than substantially similar.

The portfolio manager of both the Terminating Fund and the Continuing Fund is BMO Asset Management Inc., and BMO Asset Management Inc. will continue to be the portfolio manager of the Continuing Fund after the Merger. However, the current sub-advisor of the Terminating Fund is BMO Asset Management Corp. and the sub-advisor of the Continuing Fund is Taplin, Canida & Habacht, LLC.

Taplin, Canida & Habacht, LLC will continue to be the sub-advisor of the Continuing Fund after the Merger.

Comparison of Fund Size, Management Fee and Expenses

As at the close of business on April 30, 2021, the net assets of the Terminating Fund were \$14,588,543.83 and the net assets of the Continuing Fund were \$917,664,358.78.

Holders of the securities of each applicable series of the Terminating Fund will receive securities of the equivalent series of the Continuing Fund, determined on a dollar-for-dollar basis, as set out in the table below. The annual management fee, fixed administration fee and management expense ratio (“MER”) of each applicable series of the Terminating Fund and the Continuing Fund is set out in the table below.

Series	Management Fee per Annum		Fixed Administration Fee per Annum ⁽¹⁾		MER ⁽²⁾ as at September 30, 2020 (Continuing Fund) and December 31, 2020 (Terminating Fund)	
	Terminating Fund	Continuing Fund	Terminating Fund	Continuing Fund	Terminating Fund	Continuing Fund
Advisor Series	1.35%	1.20% ⁽³⁾	-	0.25%	1.81%	2.05% ⁽⁴⁾
Series A	1.35%	1.20% ⁽³⁾	-	0.25%	1.81%	2.04% ⁽⁴⁾
Series F	0.55%	0.45%	-	0.25%	0.90%	0.77%
Series D	0.75%	0.75%	-	0.25%	1.13%	1.09%
Series I	Negotiated and paid by each Series I investor	Negotiated and paid by each Series I investor	Negotiated and paid by each Series I investor	Negotiated and paid by each Series I investor	Negotiated and paid by each Series I investor	Negotiated and paid by each Series I investor

(1) The Terminating Fund has a floating expense structure and is not charged an administration fee. The Continuing Fund also pays certain operating expenses directly, including Fund Expenses (as defined below).

(2) After waivers and absorptions or expenses.

(3) Effective June 24, 2021.

(4) The management fee for this series will be reduced effective June 24, 2021 as noted in footnote 3 above. The MER displayed in this column does not reflect the management fee reduction.

BMO Floating Rate Income Fund pays all of its operating expenses directly. These operating expenses include audit and legal fees and expenses; custodian and transfer agency fees; costs attributable to the issue, redemption and change of securities, including the cost of the securityholder record keeping system; expenses incurred in respect of preparing and distributing prospectuses, financial reports and other types of reports, statements and communications to securityholders; fund accounting and valuation costs; and filing fees, including those incurred by the manager (collectively, “**Administration Expenses**”), expenses incurred in respect of preparing and distributing fund facts; interest or other borrowing expenses; all reasonable costs and expenses incurred in relation to compliance with NI 81-107, including compensation and expenses payable to IRC members and any independent counsel or other advisors employed by the IRC, the costs of the orientation and continuing education of IRC members and the costs and expenses associated with IRC meetings; taxes of all kinds 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 (collectively, “**Fund Expenses**”). These operating expenses are allocated

proportionately among all series of securities of BMO Floating Rate Income Fund and may vary from year to year. Operating expenses that are specific to a series are allocated to that series.

For BMO U.S. High Yield Bond Fund, the Manager pays certain operating expenses of the Fund, including Administration Expenses, and in return charges BMO U.S. High Yield Bond Fund a fixed administration fee of 0.25%. BMO U.S. High Yield Bond Fund also pays certain operating expenses directly, including Fund Expenses.

As a result of the Merger, Advisor Series, Series A and Series F securityholders of the Terminating Fund will receive securities of the Continuing Fund with a management fee that is lower than the management fee charged in respect of their securities of the Terminating Fund. Series D securityholders of the Terminating Fund will receive securities of the Continuing Fund with a management fee that is the same as the management fee charged in respect of their securities of the Terminating Fund.

However, the Terminating Fund pays all of its operating expenses, while the Continuing Fund is charged a fixed administration fee by the Manager and only pays certain operating expenses directly. As a result of the fixed administration fee charged to the Continuing Fund, versus the variable expenses charged to the Terminating Fund, it is the Manager's opinion that a reasonable person would consider the fee structures of the Terminating Fund and the Continuing Fund not to be substantially similar.

Comparison of Distribution Policy

The distribution policy of the Terminating Fund is to distribute any net income monthly and any net capital gains in December. The distribution policy of the Continuing Fund is to distribute a fixed amount of net income per month and to distribute net capital gains in December. The amount of the monthly distribution for each series of the Continuing Fund is set at the beginning of each calendar year based on the market outlook. The amount of the monthly distribution may be adjusted without notice throughout the year as market conditions change.

As a result of the fact that the Terminating Fund pays a variable monthly distribution and the Continuing Fund pays a fixed monthly distribution, it is the Manager's opinion that a reasonable person would consider the distribution policies of the Terminating Fund and the Continuing Fund not to be substantially similar.

Comparison of Annual Returns

The table below shows the total annual returns for each series of the Terminating Fund and the equivalent series of the Continuing Fund for the period shown ending December 31.

Fund (Continuing Fund is shaded)	Series	2020	2019	2018	2017	2016
BMO Floating Rate Income Fund	Advisor Series	-0.12	5.99	-1.14	0.37	4.03
	Series A	-0.14	5.98	-1.13	0.40	4.05
	Series F	0.77	6.93	-0.40	1.25	4.89
	Series D	0.54	6.59	-0.68	0.84	4.56
BMO U.S. High Yield Bond Fund	Advisor Series	2.79	10.53	-5.27	3.97	9.10
	Series A	2.80	10.55	-5.24	4.01	9.09

Fund (Continuing Fund is shaded)	Series	2020	2019	2018	2017	2016
	Series F	4.12	11.96	-4.04	5.33	10.52
	Series D	3.79	11.59	-4.35	4.96	10.19

**TERMINATION OF BMO FLOATING RATE INCOME FUND
(applicable to securityholders of BMO Floating Rate Income Fund only)**

General

The Manager is seeking approval from securityholders of BMO Floating Rate Income Fund to terminate the Fund effective on or about June 25, 2021 (the “**Termination Date**”) if the Merger of BMO Floating Rate Income Fund into BMO U.S. High Yield Bond Fund is not approved.

AUM of BMO Floating Rate Income Fund has fallen to critical levels such that the Manager does not think it feasible to continue to operate the Fund. As at the close of business on April 30, 2021, the net assets of BMO Floating Rate Income Fund were \$14,588,543.83.

Reasons for the Termination

As the AUM of BMO Floating Rate Income Fund continues to decline, expenses allocated to securityholders of BMO Floating Rate Income Fund will continue to increase. The smaller portfolio size of BMO Floating Rate Income Fund has also made it difficult for the portfolio manager to properly manage the Fund and invest assets according to its investment objectives.

Therefore, the Manager believes that failing the Merger of BMO Floating Rate Income Fund into BMO U.S. High Yield Bond Fund, it is in the best interests of securityholders of BMO Floating Rate Income Fund to terminate the Fund.

Termination Procedure

If the termination of BMO Floating Rate Income Fund is approved, the assets of the Fund will be liquidated and BMO Floating Rate Income Fund will distribute a sufficient amount of its net income and net realized capital gains, if any, to securityholders to ensure that it will not be subject to tax for its current tax year. After paying or providing for all liabilities and obligations of the Fund, the remaining proceeds will be distributed pro rata among securityholders of record of the Fund on the Termination Date. Securityholders will receive a cash payment for their securities equal to their proportionate share of all property and assets of BMO Floating Rate Income Fund attributable to the applicable series of the Fund, which is expected to be the series net asset value per unit on the Termination Date multiplied by the number of units held, net of any applicable taxes.

**MERGER OF BMO MONTHLY DIVIDEND FUND LTD. INTO
BMO DIVIDEND FUND
(applicable to securityholders of BMO Monthly Dividend Fund Ltd. only)**

General

The Manager is seeking approval from securityholders of BMO Monthly Dividend Fund Ltd. for the merger of this Terminating Fund into BMO Dividend Fund, the Continuing Fund. If approved, the Merger will become effective on or about June 25, 2021. The Manager will have the discretion to postpone

implementation of the Merger until a later date (which shall be no later than September 30, 2021) or not to proceed with the Merger if it is considered in the best interests of the Terminating Fund or its investors. Following the Merger, the Terminating Fund will be wound up and dissolved. The proposed Merger of these Funds is also subject to regulatory approval.

As discussed in greater detail below, the investment objectives and strategies of the Terminating Fund are different from the investment objectives and strategies of the Continuing Fund, the fee structure of the Terminating Fund (variable operating expenses) is different from the fee structure of the Continuing Fund (fixed administration fee), and the distribution policy of the Terminating Fund is different from that of the Continuing Fund.

In exchange for their current securities of the Terminating Fund, Advisor Series and Series F securityholders will receive securities of the Continuing Fund that have a management fee that is the lower than the management fee charged in respect of the series of securities of the Terminating Fund that they currently hold. Classic Series and Series D securityholders will receive securities of the Continuing Fund that have a management fee that is the same as the management fee charged in respect of the series of securities of the Terminating Fund that they currently hold.

By approving this Merger, securityholders of the Terminating Fund accept the investment objectives of the Continuing Fund, the fee structure of the Continuing Fund, the distribution policy of the Continuing Fund, and the tax consequences of the Merger. See “Canadian Federal Income Tax Considerations” on page 9 for details regarding the tax consequences of the Merger for Canadian resident individuals, see “Investment Objectives and Strategies” below for a comparison of the investment objectives of the Funds, see “Comparison of Fund Size, Management Fee, and Expenses” below for a discussion of the fees and expenses of the Funds, and see “Comparison of Distribution Policy” below for a discussion of the distribution policies of the Funds.

Benefits of this Merger

As discussed above under “Benefits of the Proposed Changes” on page 6, there are a number of benefits to securityholders of both the Terminating Fund and the Continuing Fund, including that the Continuing Fund has a broader investment objective than its corresponding Terminating Fund thereby providing greater flexibility to the portfolio manager, which may benefit investors across market cycles and credit cycles. Specifically, the Continuing Fund offers exposure to a Canadian dividend mandate that has a wider approach to investing in dividend paying securities than the Terminating Fund, and thus Terminating Fund investors may benefit from a wider set of investment options. There is minimal demand for the Terminating Fund, as evidenced by declining AUM in the Terminating Fund over an extended period of time, which may lead to portfolio diversification challenges in the Terminating Fund if AUM continues to decline. Additionally, the Terminating Fund has variable operating expenses, which means its expenses are spread over a smaller asset base as the AUM of the Terminating Fund continues to decline, while the Continuing Fund uses a fixed administration fee model, which means a consistent expense charged to the Fund, even if the AUM of the Continuing Fund were to decline. The Continuing Fund may also benefit from its larger profile in the marketplace to attract additional investors and thus remain a viable long term investment. The Continuing Fund has also delivered stronger long term performance than the Terminating Fund. Further, Advisor Series and Series F securityholders will receive securities of the Continuing Fund that have a management fee that is lower than the management fee charged in respect of the securities of the Terminating Fund that they currently hold. Classic Series and Series D securityholders will receive securities of the Continuing Fund that have a management fee that is the same as the management fee charged in respect of the securities of the Terminating Fund that they currently hold.

Recommendation

The Manager recommends that securityholders of the Terminating Fund vote FOR the Merger.

The IRC of each of the Funds has reviewed the potential conflict of interest matters related to the proposed Merger and has provided the Manager with a positive recommendation having determined that the proposed Merger, if implemented, achieves a fair and reasonable result for each of the Funds.

Investment Objectives and Strategies

The investment objectives and primary investment strategies of the Funds are as follows:

Fund	Investment Objectives	Investment Strategies
BMO Monthly Dividend Fund Ltd.	The investment objective of BMO Monthly Dividend Fund Ltd. is to generate a high level of tax-efficient income with moderate volatility by investing primarily in a portfolio of high quality preferred shares of Canadian corporations.	The portfolio manager of BMO Monthly Dividend Fund Ltd. invests primarily in exchangeable fixed/floating rate, floating rate, perpetual or retractable preferred shares of large capitalization Canadian corporations. The portfolio manager attempts to add value by purchasing preferred shares where the valuations of the instrument do not reflect the underlying credit quality. The portfolio manager invests in common equities and real estate investment trusts, generally with large market capitalizations and above average dividend yields. The portfolio manager may also purchase fixed income securities and may invest up to 20% of the fund's assets in foreign securities. The Fund may enter into securities lending, repurchase and reverse repurchase transactions to earn additional income.
BMO Dividend Fund	The investment objective of BMO Dividend Fund is to provide a high after-tax return, which includes dividend income and capital gains from growth in the value of your investment. As part of its investment objective, the fund invests primarily in dividend-yielding common and preferred shares of established Canadian companies.	The portfolio manager of BMO Dividend Fund invests primarily in dividend yielding common and preferred shares of established Canadian companies. The portfolio manager may also invest in fixed income securities. The portfolio manager examines the financial statistics of each company it's considering to determine if the equity securities are attractively priced. The portfolio manager reviews company operations and research and development to assess each company's potential for growth. The portfolio manager continuously monitors the companies in which the Fund invests

Fund	Investment Objectives	Investment Strategies
		for changes that may affect their profitability. The portfolio manager may invest up to 30% of the fund's assets in securities of underlying funds, with such underlying funds expected to be predominantly or exclusively underlying funds that are managed by us or one of our affiliates or associates. The portfolio manager may invest up to 30% of the Fund's assets in foreign securities. The Fund may use derivatives to implement the investment strategy, and may enter into securities lending, repurchase and reverse repurchase transactions to earn additional income.

Although both the Terminating Fund and the Continuing Fund seek to achieve a high level of tax efficient return by investing in preferred shares of Canadian companies, as a result of the fact that the Terminating Fund's objective is to produce income, while the Continuing Fund's objective contemplates a return comprised of both income and capital gains and the Continuing Fund also invests in dividend-yielding common shares of established Canadian companies in addition to preferred shares of such companies, it is the Manager's opinion that a reasonable person would consider the investment objectives of these Funds to be less than substantially similar.

The portfolio manager of the Terminating Fund is Guardian Capital LP and the portfolio manager of the Continuing Fund is BMO Asset Management Inc. BMO Asset Management Inc. will continue to be the portfolio manager of the Continuing Fund after the Merger.

Comparison of Fund Size, Management Fee and Expenses

As at the close of business on April 30, 2021, the net assets of the Terminating Fund were \$203,658,041.63 and the net assets of the Continuing Fund were \$6,648,162,892.78.

Holdings of securities of each applicable series of the Terminating Fund will receive securities of the equivalent series of the Continuing Fund, determined on a dollar-for-dollar basis, as set out in the table below. The annual management fee, fixed administration fee and MER of each applicable series of the Terminating Fund and the Continuing Fund is set out in the table below.

	Management Fee per Annum		Fixed Administration Fee per Annum ⁽¹⁾		MER ⁽²⁾ as at September 30, 2020 (Continuing Fund) and December 31, 2020 (Terminating Fund)	
Series	Terminating Fund	Continuing Fund	Terminating Fund	Continuing Fund	Terminating Fund	Continuing Fund
Advisor Series	1.60%	1.50%	-	0.13%	1.87%	1.80%

Series	Management Fee per Annum		Fixed Administration Fee per Annum ⁽¹⁾		MER ⁽²⁾ as at September 30, 2020 (Continuing Fund) and December 31, 2020 (Terminating Fund)	
	Terminating Fund	Continuing Fund	Terminating Fund	Continuing Fund	Terminating Fund	Continuing Fund
Classic Series	1.00%	1.00% ⁽³⁾	-	0.13%	1.20%	N/A ⁽³⁾
Series F	0.60%	0.50%	-	0.13%	0.76%	0.70%
Series D	0.85%	0.85% ⁽⁴⁾	-	0.13%	1.08%	1.14% ⁽⁵⁾

(1) The Terminating Fund has a floating expense structure and is not charged an administration fee. The Continuing Fund also pays certain operating expenses directly, including Fund Expenses (as defined below).

(2) After waivers and absorptions or expenses.

(3) New series available on June 24, 2021.

(4) Effective June 24, 2021.

(5) The management fee for this series will be reduced effective June 24, 2021 as noted in footnote 4 above. The MER displayed in this column does not reflect the management fee reduction.

BMO Monthly Dividend Fund Ltd. pays all of its operating expenses directly. These operating expenses include audit and legal fees and expenses; custodian and transfer agency fees; costs attributable to the issue, redemption and change of securities, including the cost of the securityholder record keeping system; expenses incurred in respect of preparing and distributing prospectuses, financial reports and other types of reports, statements and communications to securityholders; fund accounting and valuation costs; and filing fees, including those incurred by the manager (collectively, “**Administration Expenses**”), expenses incurred in respect of preparing and distributing fund facts; interest or other borrowing expenses; all reasonable costs and expenses incurred in relation to compliance with NI 81-107, including compensation and expenses payable to IRC members and any independent counsel or other advisors employed by the IRC, the costs of the orientation and continuing education of IRC members and the costs and expenses associated with IRC meetings; taxes of all kinds 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 (collectively, “**Fund Expenses**”). These operating expenses are allocated proportionately among all series of securities of BMO Monthly Dividend Fund Ltd. and may vary from year to year. Operating expenses that are specific to a series are allocated to that series.

For BMO Dividend Fund, the Manager pays certain operating expenses of the Fund, including Administration Expenses, and in return charges BMO Dividend Fund a fixed administration fee of 0.13%. BMO Dividend Fund also pays certain operating expenses directly, including Fund Expenses.

As a result of the Merger, Advisor Series and Series F securityholders of the Terminating Fund will receive a series of securities of the Continuing Fund with a management fee that is lower than the management fee charged in respect of their series of securities of the Terminating Fund. Classic Series and Series D securityholders of the Terminating Fund will receive securities of a series of the Continuing Fund with a management fee that is the same as the management fee charged in respect of their series of securities of the Terminating Fund.

However, the Terminating Fund pays all of its operating expenses, while the Continuing Fund is charged a fixed administration fee by the Manager and only pays certain operating expenses directly. As a result of the fixed administration fee charged to the Continuing Fund, versus the variable expenses charged to the Terminating Fund, it is the Manager’s opinion that a reasonable person would consider the fee structures of the Terminating Fund and the Continuing Fund not to be substantially similar.

Comparison of Distribution Policy

The distribution policy of the Terminating Fund is to distribute a fixed amount per security per month as ordinary dividends or return of capital. The amount of the monthly distribution is set at the beginning of each calendar year based on the market outlook. The Terminating Fund distributes any capital gains dividends within 60 days after December 31. The distribution policy of the Continuing Fund (for the corresponding series of the Terminating Fund) is to distribute a fixed amount of net income per security each quarter and to distribute net capital gains in December. Any net income earned by the Continuing Fund in excess of the quarterly distribution is also distributed in December.

As a result of the fact that the Terminating Fund pays a fixed monthly distribution and the corresponding series of the Continuing Fund pay a fixed quarterly distribution, it is the Manager's opinion that a reasonable person would consider the distribution policies of the Terminating Fund and the Continuing Fund not to be substantially similar.

If investors wish to continue to receive fixed monthly distributions (instead of on a quarterly basis) after the Effective Date of the Merger, they can switch the Advisor Series, Classic Series, Series F or Series D securities of the Continuing Fund that they will acquire on the Effective Date of the Merger into Series T5 or Series F6 securities of the Continuing Fund. Alternatively, prior to the close of business on June 24, 2021, investors can redeem or switch their Advisor Series, Classic Series, Series F or Series D securities of the Terminating Fund into Series T5 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 Fund and other BMO Mutual Funds.

Comparison of Annual Returns

The table below shows the total annual returns for each series of the Terminating Fund and the equivalent series of the Continuing Fund for the period shown ending December 31.

Fund (Continuing Fund is shaded)	Series	2020	2019	2018	2017	2016
BMO Monthly Dividend Fund Ltd.	Advisor Series	-0.02	6.35	-10.07	11.71	10.05
	Classic Series	0.65	7.05	-9.47	12.47	10.80
	Series F	1.09	7.53	-9.07	12.95	11.23
	Series D*	0.78	7.23	-9.31	N/A	N/A
BMO Dividend Fund	Advisor Series	0.50	23.38	-6.77	10.98	11.45
	Classic Series**	N/A	N/A	N/A	N/A	N/A
	Series F	1.61	24.74	-5.74	12.17	12.77
	Series D	1.16	24.20	-6.15	11.67	12.48

* Series was created on November 21, 2017.

** This is a new series with no performance history.

MANAGEMENT OF THE FUNDS

Management of the Terminating Funds' day-to-day affairs is the responsibility of the Manager pursuant to an amended and restated master management and distribution agreement dated as of May 4, 2018, as amended. Management of the Continuing Funds' day-to-day affairs is the responsibility of the Manager pursuant to an amended and restated master management agreement dated as of May 4, 2018, as amended. BMO Asset Management Inc., an affiliate of the Manager, is the portfolio manager of the Funds (other than BMO Monthly Dividend Fund Ltd.) and provides investment advisory and portfolio management services to the Funds pursuant to an amended and restated investment advisory and portfolio management agreement dated as of August 26, 2020 with the Manager. Guardian Capital LP is the portfolio manager of BMO Monthly Dividend Fund Ltd. and provides investment advisory and portfolio management services to BMO Monthly Dividend Fund Ltd. pursuant to an advisory agreement dated as of July 19, 2001, as amended, with the Manager.

In addition, BMO Asset Management Corp., an affiliate of the Manager, acts as sub-advisor to BMO Floating Rate Income Fund pursuant to an investment sub-advisory agreement dated as of August 8, 2013, as amended, with BMO Asset Management Inc. Taplin, Canida & Habacht, LLC, an affiliate of the Manager, acts as sub-advisor to BMO U.S. High Yield Bond Fund pursuant to an investment sub-advisory agreement dated as of August 9, 2013, as amended, with BMO Asset Management Inc.

The Funds pay fees to the Manager for the services provided to the Funds and the Manager pays a portion of these fees to the portfolio manager and sub-advisor (if applicable).

During the financial year ended December 31, 2020 and the period January 1, 2021 until April 30, 2021, the aggregate management fees (inclusive of harmonized sales tax / goods and services tax) paid to the Manager, as applicable, by the Terminating Funds were as follows:

	Management Fees Paid During the Year Ended December 31, 2020	Management Fees Paid During the Period January 1, 2021 to April 30, 2021
BMO Floating Rate Income Fund	\$240,742.94	\$64,352.88
BMO Monthly Dividend Fund Ltd.	\$3,026,400.45	\$996,141.47

During the financial year ended September 30, 2020 and the period October 1, 2020 until April 30, 2021, the aggregate management fees (inclusive of harmonized sales tax / goods and services tax) paid to the Manager, as applicable, by the Continuing Funds were as follows:

	Management Fees Paid During the Year Ended September 30, 2020	Management Fees Paid During the Period October 1, 2020 to April 30, 2021
BMO U.S. High Yield Bond Fund	\$2,305,254.83	\$1,323,243.37
BMO Dividend Fund	\$84,692,838.98	\$52,733,785.04

The names and municipalities of residence of the directors and executive officers of the Manager, who are considered insiders of the Funds, are: Nelson C. Avila, Toronto, Ontario; Thomas C.S. Burian, Mississauga, Ontario; Kevin R. Gopaul, Oakville, Ontario; Steve R. Ilott, Toronto, Ontario; Benjamin K.

Iraya, Oakville, Ontario; Ross F. Kappel, Toronto, Ontario; Viki A. Lazaris, Thornhill, Ontario; L. Miguel Mendes, Toronto, Ontario; Steve C. Murphy, Toronto, Ontario; Gilles G. Ouellette, Toronto, Ontario; Grant A.G. Patterson, Toronto, Ontario; Robert J. Schauer, Toronto, Ontario; and Lena M. Zecchino, Toronto, Ontario.

Other than the purchase, sale and ownership of securities of the Funds and the compensation described above, none of these individuals received any form of compensation from the Funds, and none of them was indebted to or had any transaction or arrangement with the Funds during the last completed financial year of the Funds. Bank of Montreal, a chartered bank, with its head office in Toronto, Ontario, indirectly owns 100% of the issued and outstanding securities of the Manager.

APPOINTMENT AND REVOCATION OF PROXIES

The persons named in the form of proxy are executive officers of the Manager. The proxy form enables a securityholder to instruct the proxyholder to vote for, to withhold from voting, or vote against, as applicable, upon the matters being voted upon at the Meeting. Proxies must be signed and returned in the postage-paid envelope provided to Proxy Processing Department, 402-1380 Rodick Road, Markham, Ontario L3R 9Z9 and must be received no later than 48 hours, excluding Saturdays, Sundays and holidays, prior to the commencement of the Meeting or any adjournment thereof, or deposited with the chair of the Meeting 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.

Proxies may be revoked at any time prior to their use by a securityholder 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 securityholder, or a properly authorized attorney or officer, and must reach our offices at 250 Yonge Street, 7th Floor, Toronto, Ontario M5B 2M8 by 3:00 p.m. (Toronto time) on June 17, 2021 or on the last business day preceding any adjourned meeting, or be deposited with the chair of the Meeting prior to the commencement of the Meeting or any adjournment thereof. Immediately before joining the Meeting, all securityholders will be prompted to deposit any written revocations or substitute proxy forms in the Meeting waiting room.

EXERCISE OF DISCRETION BY PROXIES

The management representatives designated in the form of proxy will vote the securities for which they are appointed proxy in accordance with your instructions as indicated on the form of proxy.

In the absence of such direction, such securities will be voted by the management representatives IN FAVOUR of the resolutions set out in Schedule “A” to this Information Circular.

The form of proxy confers discretionary authority on the designated management representatives relating to amendments to or variations of matters identified in the notice-and-access document sent to you and relating to other matters that may properly come before the Meeting. At the date of this Information Circular, the Manager does not know of any such amendments, variations or other matters.

VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

Each Fund other than BMO Monthly Dividend Fund Ltd. is structured as a trust and is divided into units, which may be divided into an unlimited number of classes or series and an unlimited number of securities of each class or series of such Fund may be issued. BMO Monthly Dividend Fund Ltd. is structured as a corporation and is divided into an unlimited number of common shares issuable in series, of which an unlimited number of Advisor Series, Classic Series, Series D, Series F, I Series and Series O have

been authorized for issue. There are currently no I Series or Series O shares of BMO Monthly Dividend Fund Ltd. outstanding.

As at the close of business on April 30, 2021, the Terminating Funds had the following number of issued and outstanding securities of each series noted below:

Fund and Series	Number of Securities Issued and Outstanding
BMO Floating Rate Income Fund	
Advisor Series	711,338.49
Series A	956,806.63
Series F.....	312,640.11
Series D	35,973.41
Series I.....	26.86
BMO Monthly Dividend Fund Ltd.	
Advisor Series	19,976,659.93
Classic Series.....	1,434,739.93
Series F.....	3,023,159.96
Series D.....	544,589.57

Securityholders of the Terminating Funds are entitled to one vote for each whole security held and no votes for fractions of a security.

The board of directors of the Manager have fixed May 7, 2021 to be the date for determining which investors of the Terminating Funds are entitled to receive notice of the Meeting and to vote at it.

The quorum requirement for each of the Terminating Funds is set out above under the heading “Required Securityholder Approval”.

To the knowledge of the directors and executive officers of the Manager, as at the close of business on April 30, 2021, no person or company beneficially owns, directly or indirectly, or exercises control or direction over, more than 10% of the voting rights attached to the securities of any series of a Terminating Fund entitled to be voted at the Meeting except as follows:

Investor Name	Terminating Fund	Series	Type of Ownership	Number of Securities	% of Series of Outstanding Securities
Investor A*	BMO Floating Rate Income Fund	D	Of record and beneficial	4,887.22	13.60%
Investor B*	BMO Floating Rate Income Fund	D	Of record and beneficial	3,852.62	10.70%
Investor C*	BMO Floating Rate Income Fund	D	Of record and beneficial	3,681.29	10.20%
Manager	BMO Floating Rate Income Fund	I	Of record and beneficial	26.86	100.00%

*To protect the privacy of investors who are individuals and are not directors or executive officers of the Manager, we have omitted the names of certain beneficial owners. This information is available on request by contacting us at 1-800-665-7700.

Securities of the Terminating Funds that are held by an affiliate of the Manager or by other mutual funds managed by the Manager or its affiliates will not be voted at the Meeting. The Manager will vote any securities of the Terminating Funds held by it in favour of the resolutions.

As at the close of business on April 30, 2021, the directors and executive officers of the Manager owned less than 10% of the securities of the Terminating Funds.

GENERAL

The contents of this Information Circular and its distribution have been approved by the board of directors of the Manager, as manager of the Terminating Funds and trustee of BMO Floating Rate Income Fund, and by the board of directors of BMO Monthly Dividend Fund Ltd.

Each of the Terminating Funds has provided the information contained in this Information Circular that relates specifically to it and assumes no responsibility for the accuracy or completeness of the information provided by the other Terminating Fund nor for any omission on the part of the other Terminating Fund to disclose facts or events that may affect the accuracy of any information provided by such Terminating Fund.

DATED at Toronto, Ontario this 17th day of May, 2021.

**By Order of the Board of Directors of BMO
Investments Inc., as trustee of BMO Floating Rate
Income Fund and as manager of the Terminating
Funds**

(signed) "Benjamin Iraya"

Benjamin Iraya
Corporate Secretary

**By Order of the Board of Directors of BMO Monthly
Dividend Fund Ltd.**

(signed) "Benjamin Iraya"

Benjamin Iraya
Corporate Secretary

**SCHEDULE “A”
RESOLUTIONS**

Resolution to merge BMO Floating Rate Income Fund into BMO U.S. High Yield Bond Fund

(for securityholders of BMO Floating Rate Income Fund only)

WHEREAS it is in the best interests of the Terminating Fund and its securityholders to merge the Terminating Fund into the Continuing Fund, as described in the management information circular dated May 17, 2021 and to wind-up the Terminating Fund as hereinafter provided;

BE IT RESOLVED THAT:

1. the merger of the Terminating Fund into the Continuing Fund, as described in the management information circular dated May 17, 2021, including the investment of the Terminating Fund’s portfolio assets in cash or in securities that meet the investment objectives of the Continuing Fund immediately prior to the merger, be and the same is hereby authorized and approved;
2. BMO Investments Inc., as trustee and manager (the “**Manager**”) of the Terminating Fund be and is hereby authorized to:
 - (a) sell the net assets of the Terminating Fund to the Continuing Fund in exchange for securities of the applicable series of the Continuing Fund;
 - (b) distribute the securities of the Continuing Fund received by the Terminating Fund to securityholders of the Terminating Fund in exchange for all of these securityholders’ existing securities of the Terminating Fund on a dollar-for-dollar and series-by-series basis;
 - (c) wind-up the Terminating Fund as soon as reasonably possible following the merger; and
 - (d) amend the declaration of trust of the Terminating Fund to the extent necessary to give effect to the foregoing;
3. all amendments to any agreements to which the Terminating Fund is a party that are required to give effect to the matters approved in this resolution be and are hereby authorized and approved;
4. any one officer or director of the Manager be and is hereby authorized and directed, on behalf of the Terminating Fund, to execute and deliver all such documents and do all such other acts and things as may be necessary or desirable for the implementation of this resolution;
5. the Manager shall have the discretion to postpone implementing the merger until a later date (which shall be no later than September 30, 2021) if it considers such postponement to be advantageous to either the Terminating Fund, the Continuing Fund or both, for tax or other reasons; and
6. the Manager be and is hereby authorized to revoke this resolution for any reason whatsoever in its sole and absolute discretion, without further approval of the investors of the Terminating Fund at any time prior to the implementation of the changes described above if it is considered to be in the best interests of the Terminating Fund and its securityholders not to proceed.

Resolution to terminate BMO Floating Rate Income Fund

(for securityholders of BMO Floating Rate Income Fund only)

WHEREAS it is in the best interests of BMO Floating Rate Income Fund and its securityholders to terminate the Fund if the Merger of BMO Floating Rate Income Fund into BMO U.S. High Yield Bond Fund is not approved, as described in the management information circular dated May 17, 2021 and to wind-up the Terminating Fund as hereinafter provided;

BE IT RESOLVED THAT:

1. the termination of BMO Floating Rate Income Fund, as described in the management information circular dated May 17, 2021, including the liquidation of the Fund's portfolio and distribution of proceeds to securityholders, be and the same is hereby authorized and approved;
2. BMO Investments Inc., as trustee and manager (the "**Manager**") of the Terminating Fund be and is hereby authorized to:
 - (a) liquidate the portfolio of BMO Floating Rate Income Fund in accordance with the Fund's declaration of trust;
 - (b) distribute the proceeds to securityholders of record as of the Termination Date; and
 - (c) amend the declaration of trust of BMO Floating Rate Income Fund to the extent necessary to give effect to the foregoing;
3. all amendments to any agreements to which BMO Floating Rate Income Fund is a party that are required to give effect to the matters approved in this resolution be and are hereby authorized and approved;
4. any one officer or director of the Manager be and is hereby authorized and directed, on behalf of BMO Floating Rate Income Fund, to execute and deliver all such documents and do all such other acts and things as may be necessary or desirable for the implementation of this resolution; and
5. the Manager be and is hereby authorized to revoke this resolution for any reason whatsoever in its sole and absolute discretion, without further approval of the investors of BMO Floating Rate Income Fund at any time prior to the implementation of the changes described above if it is considered to be in the best interests of BMO Floating Rate Income Fund and its securityholders not to proceed.

Resolution to merge BMO Monthly Dividend Fund Ltd. into BMO Dividend Fund and dissolve BMO Monthly Dividend Fund Ltd.

(for securityholders of BMO Monthly Dividend Fund Ltd. only)

WHEREAS it is in the best interests of the Terminating Fund and its securityholders to merge the Terminating Fund into the Continuing Fund, as described in the management information circular dated May 17, 2021 and to dissolve the Terminating Fund pursuant to section 237 of the OBCA as hereinafter provided;

BE IT RESOLVED THAT:

1. the merger of the Terminating Fund into the Continuing Fund, as described in the management information circular dated May 17, 2021, including the investment of the Terminating Fund's portfolio assets in cash or in securities that meet the investment objectives of the Continuing Fund immediately prior to the merger, be and the same is hereby authorized and approved;
2. the Terminating Fund be and is hereby authorized to:
 - (a) file articles of amendment to provide it with the ability to (i) redeem shares at its option in order to effect its merger, liquidation, winding up and dissolution; and (ii) pay the proceeds of such redemption in kind, in order for the merger to qualify as a "qualifying exchange" under the Tax Act;
 - (b) sell its net assets to the Continuing Fund in exchange for securities of the applicable series of the Continuing Fund;
 - (c) redeem its securities and as payment, distribute the securities of the Continuing Fund received by the Terminating Fund to its securityholders in exchange for all of the existing securities of the Terminating Fund held by such securityholders, on a dollar-for-dollar and series-by-series basis;
 - (d) wind-up as soon as reasonably possible following the merger; and
 - (e) file articles of dissolution pursuant to subsection 238(1) of the OBCA;
3. all amendments to any agreements to which the Terminating Fund is a party that are required to give effect to the matters approved in this resolution be and are hereby authorized and approved;
4. any one officer or director of the Terminating Fund or BMO Investments Inc. (the "**Manager**"), as manager of the Terminating Fund, be and is hereby authorized and directed, on behalf of the Terminating Fund, to execute and deliver all such documents and do all such other acts and things as may be necessary or desirable for the implementation of this resolution;
5. the Manager shall have the discretion to postpone implementing the merger until a later date (which shall be no later than September 30, 2021) if it considers such postponement to be advantageous to either the Terminating Fund, the Continuing Fund or both, for tax or other reasons; and
6. the Manager be and is hereby authorized to revoke this resolution for any reason whatsoever in its sole and absolute discretion, without further approval of the investors of the Terminating Fund at

any time prior to the implementation of the changes described above if it is considered to be in the best interests of the Terminating Fund and its securityholders not to proceed.