BMO Mutual Funds

FUND FACTS

BMO Mortgage and Short-Term Income Fund Advisor Series

May 30, 2023

Manager: BMO Investments Inc.

This document contains key information you should know about BMO Mortgage and Short-Term Income Fund. You can find more details in the fund's simplified prospectus. Ask your representative for a copy, contact BMO Investments Inc. at 1-800-668-7327 or clientservices.mutualfunds@bmo.com or visit www.bmo.com/gam/ca/advisor/legal-and-regulatory.

Before you invest in any fund, you should consider how it would work with your other investments and your tolerance for risk.

Quick facts

Fund code(s):	FE: BMO99141 DSC: BMO97141 LL: BMO98141	**Fund manager:**	BMO Investments Inc.
Date series started:	November 3, 2008	**Portfolio manager(s):**	BMO Asset Management Inc.
Total value of fund on March 31, 2023:	$182.9 Million	**Distributions:**	Monthly (any net income) and in December (any net capital gains)
Management expense ratio (MER):	1.00%	**Minimum investment:**	$500 initial, $50 additional

What does the fund invest in?

This fund's objective is to provide a level of income consistent with investments in short-term fixed income securities. The fund invests primarily in short-term, high quality, fixed income securities issued by or guaranteed by Canadian federal, provincial or municipal governments or issued by corporations. It may also invest in mortgages insured or guaranteed by Canadian federal or provincial governments and conventional first mortgages on Canadian real estate, either directly or indirectly through pooled mortgage investments, such as mortgage backed securities. The fund may invest up to 30% of the fund's assets in foreign securities.

The charts below give you a snapshot of the fund's investments on March 31, 2023. The fund's investments will change.

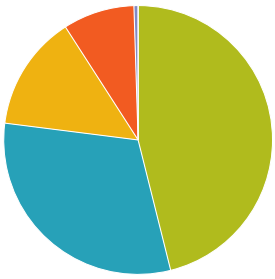
Top 10 investments (March 31, 2023)

1.	Government of Canada, Unsecured, 2.750% Sep 1, 2027	8.5%
2.	Province of Ontario, Unsecured, 2.600% Jun 2, 2025	5.2%
3.	Merrill Lynch, NHA MBS, Pool #97518515, 0.580% Dec 1, 2025	4.8%
4.	Merrill Lynch, NHA MBS, Pool #97517788, 0.800% Sep 1, 2025	4.6%
5.	Bank of Nova Scotia, The, NHA MBS, Pool #97514581, 1.900% Jul 1, 2024	4.6%
6.	Province of Quebec, Unsecured, 2.750% Sep 1, 2025	4.2%
7.	Laurentian Bank, NHA MBS, Pool #97515390, 1.650% Oct 1, 2024	3.7%
8.	Toronto-Dominion Bank, The, Fixed to Floating, Medium Term Notes, Subordinated, Callable, 3.224% Jul 25, 2029	2.9%
9.	Scotia Capital Inc., NHA MBS, Pool #97519598, 0.840% Jun 1, 2026	2.6%
10.	Scotia Capital Inc., NHA MBS, Pool #97519187, 0.840% Apr 1, 2026	2.2%

Total percentage of top 10 investments 43.3%

Total number of investments: 161

Investment mix (March 31, 2023)



Portfolio Allocation

- 46.1% Corporate Bonds & Debentures
- 30.9% Mortgage-Backed Securities
- 13.9% Provincial Bonds
- 8.6% Federal Bonds
- 0.5% Cash/Receivables /Payables
- 0.0% Asset-Backed Securities

How risky is it?

The value of the fund can go down as well as up. You could lose money.

One way to gauge risk is to look at how much a fund's returns change over time. This is called "volatility".

In general, funds with higher volatility will have returns that change more over time. They typically have a greater chance of losing money and may have a greater chance of higher returns. Funds with lower volatility tend to have returns that change less over time. They typically have lower returns and may have a lower chance of losing money.

Risk rating

BMO Investments Inc. has rated the volatility of this fund as **low**.

This rating is based on how much the fund's returns have changed from year to year. It doesn't tell you how volatile the fund will be in the future. The rating can change over time. A fund with a low risk rating can still lose money.

Low	Low to Medium	Medium	Medium to High	High

For more information about the risk rating and specific risks that can affect the fund's returns, see the "What are the risks of investing in a mutual fund?" section of the fund's simplified prospectus.

No guarantees

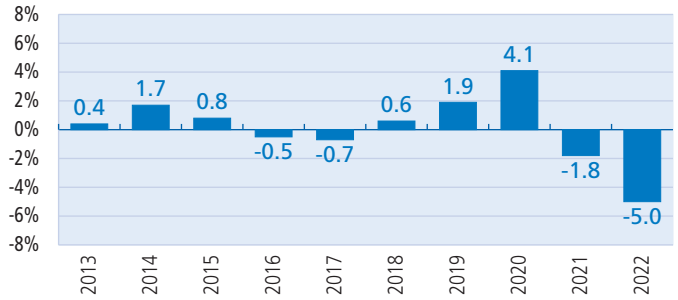
Like most mutual funds, this fund doesn't have any guarantees.
You may not get back the amount of money you invest.

How has the fund performed?

This section tells you how Advisor Series units of the fund have performed over the past 10 calendar years. Returns are after expenses have been deducted. These expenses reduce the series' returns.

Year-by-year returns

This chart shows how Advisor Series of the fund has performed in each of the past 10 years. The series dropped in value in 4 of the 10 years. The range of returns and change from year to year can help you assess how risky the fund has been in the past. It does not tell you how the fund will perform in the future.



Best and worst 3-month returns

This table shows the best and worst returns for Advisor Series units of the fund in a 3-month period over the past 10 calendar years. The best and worst 3-month returns could be higher or lower in the future. Consider how much of a loss you could afford to take in a short period of time.

	Return	3 months ending	If you invested $1,000 at the beginning of the period
Best return	2.3%	June 30, 2020	Your investment would rise to $1,023
Worst return	-3.2%	March 31, 2022	Your investment would drop to $968

Average return

The annual compound return of Advisor Series of the fund was 0.2% over the past 10 years as of March 31, 2023. If you had invested $1,000 in this series 10 years ago, your investment would now be worth $1,020.

Who is this fund for?

Consider this fund if:

- you want income from short-term fixed income securities
- you are looking for a conservative fund for your portfolio
- you are comfortable with low investment risk (i.e., you are willing to accept some fluctuations in the market value of your investment over the short-term).

A word about tax

In general, you'll have to pay income tax on any money you make on a fund. How much you pay depends on the tax laws where you live and whether or not you hold the fund in a registered plan such as a Registered Retirement Savings Plan or a Tax-Free Savings Account.

Keep in mind that if you hold your fund in a non-registered account, fund distributions are included in your taxable income, whether you get them in cash or have them reinvested.

How much does it cost?

The following tables show the fees and expenses you could pay to buy, own and sell Advisor Series units of the fund. The fees and expenses, including any commissions, can vary among series of a fund and among funds. Higher commissions can influence representatives to recommend one investment over another. Ask about other funds and investments that may be suitable for you at a lower cost.

1. Sales charges

You have to choose a sales charge option when you buy this series of the fund. Ask about the pros and cons of each option.

Sales charge option	What you pay		How it works
	in per cent (%)	in dollars ($)	
Sales Charge	• 0-5% of the amount you invest.	• $0 to $50 for every $1,000 you buy.	• The sales charge is negotiable between you and your representative's firm. • The sales charge is deducted from the amount you buy. It goes to your representative's firm as a commission at the time you purchase.

Standard Deferred Sales Charge (DSC)	If you redeem your units, the following schedule of fees will apply depending on the date of purchase: First Year: 6.0% Second Year: 5.5% Third Year: 5.0% Fourth Year: 4.5% Fifth Year: 4.0% Sixth Year: 3.0% Seventh Year: 2.0% Thereafter: Nil	$0 to $60 for every $1,000 you sell depending on the date of purchase.	• The redemption fee is a percentage of the original cost of the investment you are redeeming. • The redemption fee is not negotiable. It is deducted from the amount you sell. • When you sell the fund, any redemption fee you pay goes to BMO Investments Inc. • You can switch to units or shares of other BMO Funds under the DSC option without paying a redemption fee. • If you redeem units that were switched from another fund, the redemption fee rate is based on the date that the original securities were purchased. • In each calendar year, up to 10% of the units you hold under this option can either (i) be redeemed for cash without a redemption fee, or (ii) if not already redeemed, redesignated as Sales Charge option units. This amount is the "Free Redemption Amount" and is not cumulative, meaning that you cannot carry any unused amount forward to the next calendar year. • If you choose to redesignate units bought under the DSC option as part of the Free Redemption Amount, your units will be subject to the fund expenses and other fees applicable to units purchased under the Sales Charge option after the redesignation.
Low Load Deferred Sales Charge (Low Load)	If you redeem your units, the following schedule of fees will apply depending on the date of purchase: First Year: 3.0% Second Year: 2.0% Third Year: 1.0% Thereafter: Nil	$0 to $30 for every $1,000 you sell depending on the date of purchase.	• The redemption fee is a percentage of the original cost of the investment you are redeeming. • The redemption fee is not negotiable. It is deducted from the amount you sell. • When you buy the fund, BMO Investments Inc. pays your representative's firm a commission of 2% of the amount you invest. • When you sell the fund, any redemption fee you pay goes to BMO Investments Inc. • You can switch to units or shares of other BMO Funds under the Low Load Deferred Sales Charge option without paying a redemption fee.

2. Fund expenses

You don't pay these expenses directly. They affect you because they reduce the returns of this series of the fund.

As of March 31, 2023, the Advisor Series expenses of the fund were 1.00% of its value. This equals $10 for every $1,000 invested.

	Annual rate (as a % of the series' value)
Management expense ratio (MER) This is the total of the management fee (which includes trailing commission), a fixed administration fee and operating expenses for Advisor Series units of the fund. BMO Investments Inc. waived some of this series' expenses. If they had not done so, the MER would have been higher.	1.00%
Trading expense ratio (TER) These are the fund's trading costs.	0.00%
Fund expenses	**1.00%**

More about the trailing commission
The trailing commission is an ongoing commission. It is paid for as long as you own the fund. It is for the services and/or advice that your representative and/or their firm provide to you. BMO Investments Inc. pays the trailing commission to your representative's firm. It is paid from the fund's management fee and is based on the value of your investment. The rate depends on the sales charge option you choose.

Sales Charge Trailing Commission - 0.50% of the value of your investment each year. This equals $5.00 each year for every $1,000 invested.

DSC Trailing Commission - 0.25% of the value of your investment each year. This equals $2.50 each year for every $1,000 invested. If you purchased your securities under the DSC sales charge option and the redemption fee schedule applicable to those securities is complete, the trailing commission will increase to the rate applicable to securities purchased under the Sales Charge option.

Low Load Trailing Commission - 0.25% of the value of your investment each year. This equals $2.50 each year for every $1,000 invested.

3. Other fees

You may have to pay other fees when you buy, hold, sell or switch units of the fund.

Fee	What you pay
Short-term trading fee	0% to 2% of the amount that you redeem or switch if you buy or switch and then redeem or switch units of the fund within 30 days of purchasing or switching them. This penalty will be paid directly to the fund.
Switch fee	You and your representative can negotiate this fee. Currently the fee is up to 2% of the amount you switch.

What if I change my mind?

Under securities law in some provinces and territories, you have the right to:

- withdraw from an agreement to buy mutual funds within two business days after you receive a simplified prospectus or Fund Facts document, or
- cancel your purchase within 48 hours after you receive confirmation of the purchase.

In some provinces and territories, you also have the right to cancel a purchase, or in some jurisdictions, claim damages, if the simplified prospectus, Fund Facts document or financial statements contain a misrepresentation. You must act within the time limit set by the securities law in your province or territory.

For more information, see the securities law of your province or territory or ask a lawyer.

For more information

Contact BMO Investments Inc. or your representative for a copy of the fund's simplified prospectus and other disclosure documents. These documents and the Fund Facts make up the fund's legal documents.

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To learn more about investing in mutual funds, see the brochure **Understanding mutual funds**, which is available on the website of the Canadian Securities Administrators at www.securities-administrators.ca.