BMO Mutual Funds

BMO Security ETF Portfolio Class

Investment Policy Statement

Prepared for:

Client Name

Street

City

Province *Postal Code*

Prepared by:

Advisor Name

Advisor Firm

Your Investment Policy Statement is a particularly important step in the investment process for BMO ETF Portfolios (BMO ETF Portfolio Class - series A, T6, F and Advisor Series). It is the permanent record of your investment strategy and, as such, provides a long-term plan for how you and your advisor intend to build and manage your wealth. Over time, you will undoubtedly experience changes in your financial circumstances or in your attitudes towards risk† and these changes can easily be reflected in an updated Investment Policy Statement. But the important thing is that you are starting with this investment strategy. Reviewing this document regularly with your financial advisor will ensure that your investment strategy stays focused on achieving your financial objectives. If your financial objectives change, or if your strategy no longer appears capable of achieving your objectives, you can easily incorporate these changes into a revised Investment Policy Statement.

There are a host of investment strategies that can be used to build and manage wealth. Strategies that emphasize generating income typically tend to involve less risk, but provide lower returns. On the other hand, strategies that emphasize capital growth provide higher returns, but do so with higher levels of risk. For most of us, a successful long-term investment strategy involves a blend of growth and income objectives. No particular strategy is better than any other. The appropriate investment strategy for you will be the one that provides you with the investment returns that match the level of risk you're comfortable with.

Your Investment Policy Statement includes the following components:

- **Your ETF Portfolio.**
  We offer four ETF Portfolios each designed to provide the optimal investment returns for four different levels of risk.
- **Detailed information about your ETF Portfolio.**
  Here you'll find some valuable summary information about your ETF Portfolio. You'll be able to see what asset classes are represented in your Portfolio, what BMO Exchange Traded Funds (BMO ETFs) are used to achieve this asset class exposure and their weighting within the Portfolio.

†Risk is defined as the uncertainty of a return and the potential for capital loss in your investment.

Your ETF Portfolio

BMO Security ETF Portfolio Class (BMO Security ETF Portfolio Class - series A, T6, F and Advisor Series) is the portfolio most appropriate for achieving your investment objectives. This portfolio is designed for individuals whose primary objective is capital preservation with some element of long-term capital appreciation to stay ahead of inflation.

Detailed information about your ETF Portfolio

ETF	%	Asset Class	Index/Sector*
Equity			
BMO S&P/TSX Capped Composite Index ETF	15.0	Canadian Equity	S&P/TSX Capped Composite Index
BMO Equal Weight Utilities ETF	5.0	Canadian Equity	Dow Jones Canada Select Equal Weight Utilities Index
BMO Equal Weight REITs Index ETF	5.0	Canadian Equity	Dow Jones Canada Select Equal Weight REIT Index
Total Equity	**25.0**		
Fixed Income			
BMO Aggregate Bond Index ETF	50.0	Canadian Bond	DEX UniverseXM Bond Index
BMO Short Federal Bond Index ETF	10.0	Canadian Short Term Bond	DEX Short Term Federal Bond Index
BMO Short Corporate Bond Index ETF	10.0	Canadian Short Term Corporate Bond	DEX Short Term Corporate Bond Index
BMO High Yield U.S. Corporate Bond Hedged to CAD Index ETF	5.0	U.S. High Yield Bond	Barclays Capital U.S. High Yield Very Liquid Index CAD Hedged
Total Fixed Income	**75.0**		

* BMO ETFs are designed to replicate the performance of a representative index, net of fees.
Portfolio composition may change from time to time.

BMO Security ETF Portfolio Class offers you a number of important features and benefits that include:

- 75% fixed income exposure for income and stability, and 25% equity exposure for capital appreciation.
- A portfolio diversified by asset class, geography and market capitalization
- Automatic portfolio rebalancing, if required, to ensure that your investments stay on track to achieve your investment objectives
- A range of purchase options for convenience and flexibility

The Strength of BMO Asset Management

All of the exchange traded funds within each BMO ETF Portfolio are BMO ETFs managed and administered by BMO Asset Management Inc. (BMO AM). With more than 100 years of combined experience in managing institutional indexing and retail ETF strategies, BMO AM's team of ETF experts scours the global marketplace for opportunities to strategically design and build a range of ETFs — from core broad index to precise sector and regional offerings — to meet a variety of investment needs.

BMO AM is a prominent Canadian institutional and mutual fund portfolio manager providing a variety of investment solutions across classes and investment approaches. As of December 31, 2012, BMO AM and its affiliates had over C$44.1 billion in assets under management for a diverse client base including pension funds, endowments, trusts, insurance company reserves, corporate surpluses, as well as for high-net worth clients and retail mutual funds.

Acceptance of Investment Policy Statement

I have read this Investment Policy Statement and agree with the investor profile assessment included herein and also agree that the recommended BMO ETF Portfolio is the most appropriate one for me given the responses included within the attached questionnaire. I also understand that as my investor profile changes over time it is necessary to periodically review my BMO ETF Portfolio in order to ensure that it is the most appropriate investment for my investor profile.

Client Name ______________________ *Date* ______________________

Advisor Name ______________________ *Date* ______________________

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