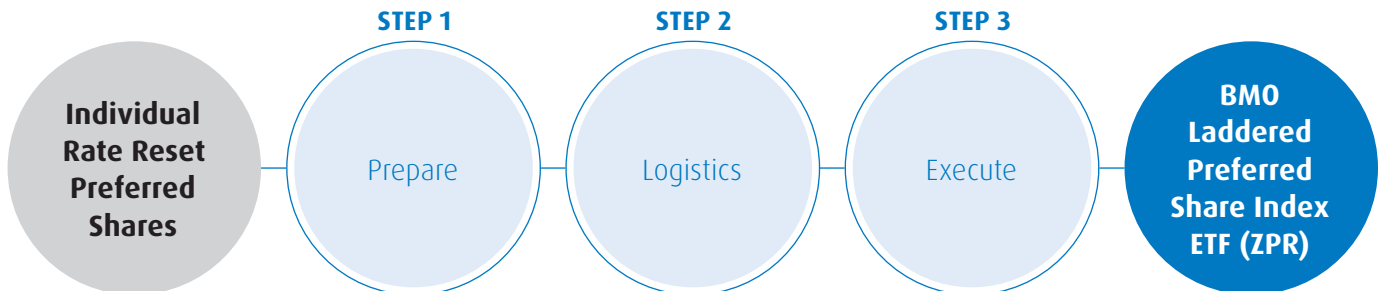


Conversions - Exchanging Individual Bonds & Rate Reset Preferred Shares for BMO ETFs

What is the advantage?

- BMO Exchange Traded Funds (ETFs) has introduced a process in which an investor can convert their individual Canadian bonds or rate reset preferred shares for shares in a corresponding ETF. For example, Canadian short corporate bonds can easily be converted directly into shares of BMO Short Corporate Bond Index ETF (ZCS). This process enables an investor to utilize the benefits of ETFs, while providing standardization, transparency, and diversification, across client accounts.
- Relative to individual bonds and rate reset preferreds, ETFs provide significant benefits to investors. ETFs provide the ability to achieve instant diversification through a single trade. As well, ETFs provide significant liquidity benefits for investors that are looking to manage a specific allocation or model across several client accounts. ETFs, at worst, will trade at bid-offer spreads that are equal to the underlying fixed income bonds or rate reset preferreds, but generally trade at significantly tighter spreads, due to the secondary liquidity that is available on the exchange. ETFs provide investors with a cost-efficient, diversified, and scalable solution for fixed income and preferreds. In addition as the calendar year comes to an end, investors may be looking to crystallize losses on individual bonds or rate reset preferreds for tax-loss harvesting.

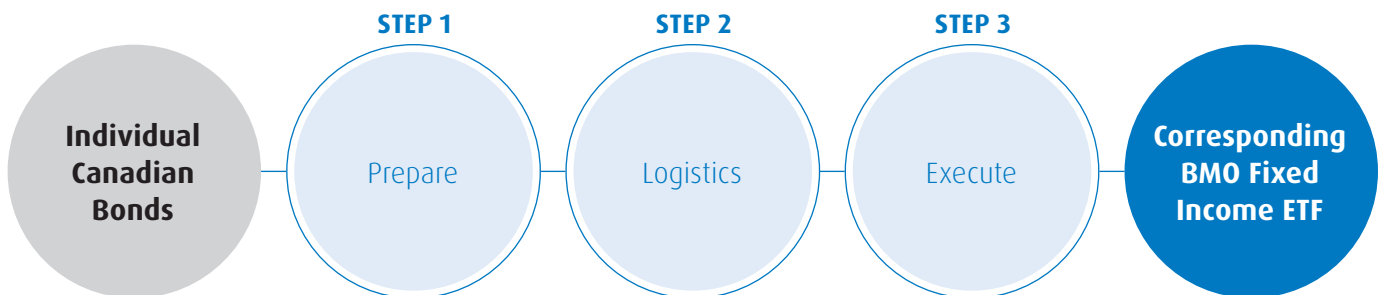
Examples of the process



Provide a list of rate reset preferred shares in excel format to alfred.lee@bmo.com and raymond.chan@bmo.com. Please include the ticker, another identifier (SEDOL, CUSIP) and the number of shares. Minimum list size for conversion is a combined \$1 million.

BMO ETFs will determine which ones can be purchased and the amount. BMO ETFs will contact you to confirm. Logistics will be worked out between the ETF market maker and your retail trading desk. Confirm logistics with your trading desk.

BMO ETFs will buy the preferred shares at the closing price and deliver units of ZPR at net asset value (NAV) plus transaction costs (approximately \$0.005 to \$0.01 to the market maker). All regular commissions apply.



Provide a list of individual Canadian bonds in excel format to alfred.lee@bmo.com and matthew.montemurro@bmo.com. Please include name of issue, CUSIP and the number of shares. Minimum list size for conversion is a combined \$1 million.

BMO ETFs will determine which ones can be purchased and the amount. BMO ETFs will contact you to confirm. Logistics will be worked out between the ETF market maker and your retail trading desk. Confirm logistics with your trading desk.

BMO ETFs will buy the bonds at the closing price and deliver units of the corresponding BMO Fixed Income ETF at net asset value (NAV) plus transaction costs (approximately \$0.005 to \$0.01 to the market maker). All regular commissions apply.



For questions, please contact:

Client Services: 1-800-361-1392

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Commissions, management fees and expenses all may be associated with investments in exchange traded funds. Please read the prospectus before investing. The funds are not guaranteed, their value changes frequently and past performance may not be repeated.

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

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