

**This Notice is important and requires your immediate attention. If you have any doubt about the contents of this Notice, you should seek independent professional financial advice.**

**BMO Global Asset Management (Asia) Limited (the “Manager”) accepts full responsibility for the accuracy of the information contained in this Notice at the date of publication and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement misleading.**

**Capitalized terms used herein not otherwise defined have the meaning ascribed to those terms in the Prospectus of the BMO Funds (the “Trust”) dated July 2018, as may be amended and supplemented from time to time (the “Prospectus”).**

Dear Investors

### **BMO Balanced Fund (the “Sub-Fund”), a sub-fund of the Trust**

We are writing to inform you of the following changes relating to the Sub-Fund, which will come into effect on 20 February 2019 (the “**Effective Date**”), unless otherwise specified.

#### **1. Change of deadline for payment of subscription monies**

Currently, payment of subscription monies should be received by the Registrar no more than 3 Business Days following the relevant Dealing Day on which an application was received by the Dealing Deadline under normal circumstances, unless otherwise agreed by the Manager.

From the Effective Date, in order for the Manager to better align subscriptions with the trade settlement cycle of the Sub-Fund’s underlying investments, payment of subscription monies should be received by the Registrar no more than 2 Business Days following the relevant Dealing Day on which an application was received by the Dealing Deadline under normal circumstances, unless otherwise agreed by the Manager.

Please note that distributors may have different dealing procedures, including an earlier deadline for receipt of cleared funds. Unitholders who wish to submit applications through a distributor should therefore consult their distributors for details of the relevant dealing procedures.

#### **2. Change of definition of “Dealing Day”**

Currently, the Dealing Day of the Sub-Fund is each “Business Day”, which is “a day (other than a Saturday or Sunday) on which banks in Hong Kong are open for normal banking business or such other day or days as the Manager and the Trustee may determine from time to time, provided that where, as a result of a typhoon signal number 8, black rainstorm warning or other similar event, the period during which banks in Hong

Kong are open for normal banking business on any day is reduced, such day shall not be a Business Day unless the Manager and the Trustee determine otherwise”.

From the Effective Date, the Dealing Day of the Sub-Fund will be amended to also refer to the business days in the United States, United Kingdom, and Canadian markets, such that the Dealing Day of the Sub-Fund will be:

*“each day (other than a Saturday or Sunday) on which banks in Hong Kong, the United States, the United Kingdom, and Canada are open for normal banking business or such other day or days as the Manager and the Trustee may determine from time to time, provided that where, as a result of a typhoon signal number 8, black rainstorm warning or other similar event, the period during which banks in Hong Kong are open for normal banking business on any day is reduced, such day shall not be a Dealing Day unless the Manager and the Trustee determine otherwise.”*

The proposed change is intended to better align the Dealing Day of the Sub-Fund with the business days of the underlying markets in which the Sub-Fund substantially invests.

For the avoidance of doubt, the definition of “Valuation Day” will remain unchanged, which means, in relation to any class of Units, the Business Day as at which the Net Asset Value and the Net Asset Value per Unit is to be calculated and/or such other Business Day or Business Days as the Manager may from time to time determine.

### **3. Change of Dealing Deadline**

Currently, the Dealing Deadline for the Sub-Fund is 5:00 pm (Hong Kong time) on the relevant Dealing Day. Applications for subscription, redemption and switching to and from the Sub-Fund must be received by the Registrar by such Dealing Deadline. Requests submitted after this Dealing Deadline in respect of any Dealing Day will be dealt with on the next Dealing Day.

From the Effective Date, in order for the Manager to better manage the underlying asset allocation of the Sub-Fund following a subscription, redemption and/or switching request, the Dealing Deadline for the Sub-Fund subsequent to the Initial Offer Period will be revised to 1:00 pm (Hong Kong time) on the relevant Dealing Day.

Please note that distributors may have different dealing procedures, including an earlier Dealing Deadline. Unitholders who wish to submit applications through a distributor should therefore consult their distributors for details of the relevant dealing procedures.

### **4. Fund Manager Code of Conduct**

As background, the Manager is licensed by the Hong Kong Securities and Futures Commission (the “SFC”) for type 9 (asset management) regulated activity and accordingly is subject to regulation by the SFC, including the SFC’s Fund Manager Code of Conduct (the “**Fund Manager Code**”). The SFC has revised the Fund Manager Code to include certain disclosure obligations on companies licensed by the SFC for type 9 regulated activity in relation to funds they manage.

The Manager will update the Prospectus solely for enhancement of disclosures in light of the revised Fund Manager Code which came into effect on 17 November 2018. In particular:

- the profile of the Manager will be enhanced;
- the conflicts of interest disclosure will be enhanced to include cross trades that may be performed by the Manager;
- disclosures on the expected maximum level of leverage of the Sub-Fund will be inserted; and
- risk disclosures will be enhanced to include custody risks.

## **5. Update to the period of the cap applicable to the ongoing charges figure**

As disclosed in the Product Key Facts Statement of the Sub-Fund (the “**KFS**”), for the first 12-month period from the launch of the Sub-Fund, the ongoing charges figure is capped at a maximum of 1.55% of the average Net Asset Value of the Sub-Fund. The Manager will extend the period of the aforesaid cap on the ongoing charges figure to 31 December 2019. In other words, the ongoing charges figure will continue to be capped at a maximum of 1.55% of the average Net Asset Value of the Sub-Fund from the launch of the Sub-Fund to 31 December 2019.

Except the changes as mentioned above, there will be no change in the operation and/or manner in which the Sub-Fund is being managed and there will be no implications on the features and risks applicable to the Sub-Fund. The foregoing changes will not materially prejudice the rights or interests of the existing Unitholders of the Sub-Fund.

The costs of implementing the foregoing changes will be borne by the Manager. There will be no change in the fee structure of the Sub-Fund following the implementation of the foregoing changes.

### **Documents and enquires**

The Prospectus, as well as the KFS, will be revised, where applicable, to reflect the above changes in due course. Investors may access the Prospectus and the KFS at the Manager’s website [www.bmo.hk](http://www.bmo.hk)<sup>1</sup>. Should you require hard copies of the Prospectus and the KFS or have any enquiries, please contact the Manager at 36/F & Suite 3808 One Exchange Square, 8 Connaught Place, Central, Hong Kong, or call the Manager at (852) 3716 0990.

### **BMO Global Asset Management (Asia) Limited**

18 January 2019

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<sup>1</sup>This website has not been reviewed by the SFC.