

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 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 dated November 2019, as may be amended and supplemented from time to time (the “Prospectus”).

Dear Investors

BMO Funds (the “Trust”)

- **BMO Balanced Fund (the “Sub-Fund”)**

Termination of the Trust and Sub-Fund

We are writing to inform you of our intention to terminate the Trust and the Sub-Fund on 10 March 2021 (the “**Termination Date**”).

Grounds for termination

The decision to terminate the Trust and the Sub-Fund was made in view of the small fund size of the Sub-Fund. As at 29 January 2021, the Net Asset Value of the Sub-Fund was USD1.81 million (equivalent to HKD14.06 million). We believe that the fund size of the Sub-Fund is too small to be managed in an economically efficient manner and is unlikely to attract new investors in the future. This being the case, we believe that terminating the Sub-Fund is the appropriate course of action taking account of the interests of the Unitholders, and is in the best interests of the Unitholders.

The termination of the Trust and the Sub-Fund will be made pursuant to Clause 36.5(A) of the Trust Deed, which provides that the Manager may, in its absolute discretion, cause the Trust to be terminated if after one year from the date of the Trust Deed, the aggregate Net Asset Value of all the Units in each sub-fund outstanding thereunder is less than HKD100 million. As the Sub-Fund is the only sub-fund of the Trust, the Sub-Fund will automatically terminate upon termination of the Trust. The termination of the Trust and the Sub-Fund under Clause 36.5(A) of the Trust Deed will not be subject to Unitholders’ approval.

Ongoing charges

The ongoing charges figures for the Classes of the Sub-Fund are set out below.

Class	Ongoing charges figure
Class A USD Acc	1.07%
Class A USD MDis	1.07%
Class A HKD MDis	1.07%

The ongoing charges figure is an annualised figure based on the sum of the ongoing expenses chargeable to the Sub-Fund for the 12-month period ended 29 January 2021 expressed as a

percentage of the Sub-Fund's average Net Asset Value over the same period. As disclosed in the Product Key Facts Statement of the Sub-Fund, for the period from 1 January 2020 to 31 December 2020, the ongoing charges figures will be capped at a maximum of 1.30% of the average Net Asset Value of the Sub-Fund. The Manager will also cap the ongoing charges figures for the period from 1 January 2021 until the Termination Date at 1.30% per annum of the average Net Asset Value of the Sub-Fund for the period from 1 January 2021 until the Termination Date. Any ongoing expenses exceeding the capped ongoing charges figures until the Termination Date will be borne by the Manager and will not be charged to the Sub-Fund.

Costs and expenses relating to the termination

The Manager will bear all the fees and expenses incurred in connection with the termination of the Trust and the Sub-Fund including legal, advisory and administration costs, and the costs relating to the preparation and issuance of this Notice.

The transaction costs (including brokerage fees and stamp duties) associated with the disposal of the Sub-Fund's assets will not be subject to the capped ongoing charges figures as mentioned above and will be borne by the Sub-Fund. From the date of this Notice up to and including the Termination Date, the Net Asset Value of the Sub-Fund will have reflected the estimated transaction costs. The estimated transaction costs of the Sub-Fund as of 29 January 2021 was 0.032% of the Net Asset Value of the Sub-Fund.

In practice, these costs will be highly dependent on market conditions and the portfolio at the time of the liquidation, and may be higher or lower. The Manager will continue to charge management fees up to and including the Termination Date.

The Sub-Fund does not have any unamortized establishment costs as at the date of this Notice.

Termination Audit Report

Under Chapter 11.6 of the Securities and Futures Commission's (the "**SFC**") Code on Unit Trusts and Mutual Funds (the "**UT Code**"), the Manager is required to publish and distribute annual reports containing the information provided under Appendix E to the UT Code to Unitholders within 4 months of the end of the Sub-Fund's financial year (which ends on 31 December in each year). Once financial reports are issued, Unitholders will be notified of where such reports, in printed and electronic forms, can be obtained.

As the Termination Date falls within 4 months of the immediate past financial year ended on 31 December 2020, in order to minimize the operational costs, the Manager will rely on explanatory note (2) to Chapter 11.6 of the UT Code, which permits the extension of the reporting period for the annual report in the case of fund termination and combine the annual report for the preceding financial year with the termination audit of the Sub-Fund covering the period from 1 January 2020 to the Termination Date (i.e. 10 March 2021) (the "**Termination Audit Period**").

The Manager will publish the annual reports as follows:

- (a) the contents of the annual report for the Termination Audit Period (the "**Termination Audit Report**") shall comply with the requirements under 4.5(f) and Appendix E to the UT Code and all other applicable provisions of the UT Code and other applicable laws and regulations; and
- (b) the Manager shall notify Unitholders of the Sub-Fund by way of notice on or before the original due date for issuance of the annual report for the year ended 31 December 2020 (i.e. on or before 30 April 2021) of, among other things, when the Termination Audit Report will be

published. The Termination Audit Report will be sent to the remaining Unitholders as at the Termination Date as soon as practicable and in any event no later than four months after the Termination Date. The hard copies will also be made available free of charge from the office of the Manager.

The Manager confirms, save as otherwise set out above, the Manager will continue to comply with all other applicable provisions of the UT Code, the applicable provisions of the Trust Deed and all other applicable laws and regulations in respect of the Trust and the Sub-Fund. In addition, the Manager confirms that Unitholders will not be prejudiced from the above arrangement under Chapter 11.6 of the UT Code.

Implication of termination

Please note that from the date of this Notice, the Trust and the Sub-Fund are no longer allowed to be marketed to the public in Hong Kong and shall not accept subscription from new investors.

The Manager may begin the orderly liquidation of the Sub-Fund's assets from the date of this Notice and the Sub-Fund will mainly hold cash, with a view to minimising further costs, fees and expenses in managing the investments and the Sub-Fund after the Last Dealing Day (as defined below). Therefore, from the date of this Notice, the Sub-Fund may not be able to meet its investment policy of investing primarily in a globally diversified portfolio of Underlying ETFs.

We will apply to the SFC for the withdrawal of authorization of the Trust and the Sub-Fund in due course following the completion of the termination of the Trust and the Sub-Fund.

Options available to Unitholders

You may redeem your Units in the Sub-Fund free of charge in accordance with the provisions of the Prospectus on any Dealing Day before the Dealing Deadline (i.e. 1:00 p.m. (Hong Kong time)) on 9 March 2021 (the "**Last Dealing Day**"). Redemption proceeds would be paid using the methods and within the time frame described in the Prospectus.

For further details in relation to the procedures for redemption of Units, please refer to the section headed "**REDEMPTION OF UNITS**" in the Prospectus.

No redemption requests will be accepted after the Last Dealing Day. Certain distributors may impose an earlier cut-off time before the Dealing Deadline for receiving instructions for redemption of Units. Investors should confirm the arrangements with the distributors concerned. For the avoidance of doubt, any fees charged by the distributors may still apply.

Should you remain as a Unitholder of the Sub-Fund as at the Termination Date, your Units will be compulsorily redeemed on the Termination Date and the net cash proceeds available for the purpose of distribution derived from the liquidation of the Sub-Fund's assets will be distributed to you on a pro-rata basis to the number of Units held by you in the Sub-Fund as soon as possible and in any event within one calendar month after the Termination Date.

Tax implications

Unitholders should note that under current law and practice in Hong Kong, profits of the Trust and the Sub-Fund, in respect of their authorized activities, are exempt from Hong Kong profits tax.

Unitholders should not be subject to any Hong Kong profits tax on distributions by the Trust or Sub-Fund in accordance with the practice of the Inland Revenue Department of Hong Kong (as at the date

of this Notice). Hong Kong profits tax (which is currently charged at the rate of 16.5% for corporations, and 15% for individuals or unincorporated business) will arise on any gains or profits made on the sale, redemption or other disposal of the Units where such transactions form part of a trade, profession or business carried on by a Unitholder in Hong Kong and such Units are not capital assets to the Unitholders. Unitholders should take advice from their own professional advisers as to their particular tax position.

Unitholders should consult their own professional advisers on the potential taxation consequences of their transferring, selling, redemption or otherwise disposing of the Units in the Sub-Fund.

Availability of documents

Investors may access the Prospectus and Product Key Facts Statement of the Sub-Fund, and the latest audited annual financial report and unaudited interim financial report (if any) of the Trust and the Sub-Fund at the Manager's website www.bmo.hk¹. These documents may also be obtained free of charge from the office of the Manager.

Copies of the Trust Deed together with all supplemental deeds can be inspected free of charge at the Manager's office.

Should you 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.

Yours sincerely,

**BMO Global Asset Management (Asia) Limited
as Manager of BMO Funds**

9 February 2021

¹ This website has not been reviewed or authorized by the SFC.