

This document contains key information you should know about Series I (Series I) units of BMO Mortgage and Short-Term Income Fund. You can find more detailed information in the simplified prospectus offering this series of units of the fund. Ask your adviser for a copy, contact the manager, BMO Investments Inc., at 1-800-665-7700 or mutualfunds@bmo.com or visit www.bmo.com/mutualfunds.

Quick facts

Date fund created:	(Series I) March 5, 2008	Portfolio manager(s):	BMO Asset Management Inc.
Total value on March 5, 2012:	\$1.1 Billion	Distributions:	Income monthly, any capital gains in December.
Management expense ratio (MER):	Fees and expenses are negotiated and paid by each Series I investor	Minimum investment:	Determined on a contractual basis

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 purchase cost of the fund's assets in foreign securities.

The charts below provide you with a snapshot of the fund's investments on March 5, 2012. The fund's investments will change.

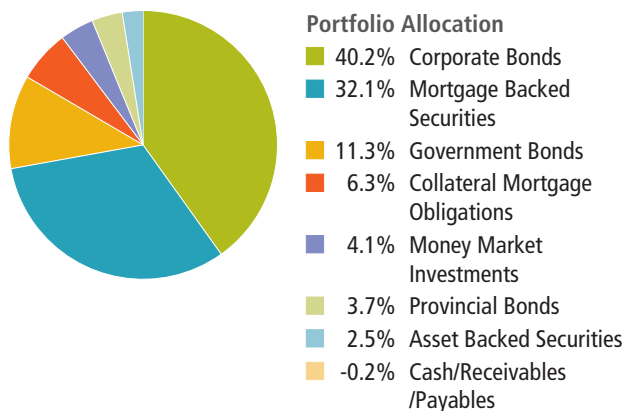
Top 10 investments (March 5, 2012)

1. Toronto-Dominion Bank, The, NHA MBS, Pool #97551519, 2.200% Sep 1, 2014
2. Milit-Air Inc., Series 1, Senior, Secured, Sinking Funds, Asset Backed Securities, 5.750% Jun 30, 2019
3. Score Trust, Series 2004-1, Senior, Secured, Notes, Asset Backed, Credit Card Receivables 4.949% Feb 20, 2014
4. Equitable Trust, NHA MBS, Pool #96503214, 4.200% Mar 1, 2017
5. N-45 First CMBS Issuer Corporation, Series 2003-2, Class A2, Commercial Mortgage-Backed Bonds, 5.667% Nov 15, 2020
6. Home Trust Co., NHA MBS, Pool #97560254, 2.600% Nov 1, 2015
7. Schooner Trust, Series 2006-5, Class A1, Commercial Mortgage Pass-Through Certificates, 4.556% Feb 12, 2021
8. Toronto-Dominion Bank, The, NHA MBS, Pool #97572770, 1.500% Sep 1, 2016
9. Scotiabank Subordinated Notes Trust, Series A, Fixed to Floating, Unsecured, Subordinated, Callable, 5.250% Nov 1, 2017
10. Toronto-Dominion Bank, The, NHA MBS Pool #99010340, 2.600% Mar 1, 2022

Total investments 119

The top 10 investments make up 21.1% of the fund.

Investment mix (March 5, 2012)



How has the fund performed?

This section tells you how this series of the fund has performed since inception. Returns are after expenses have been deducted. These expenses reduce the series' returns.

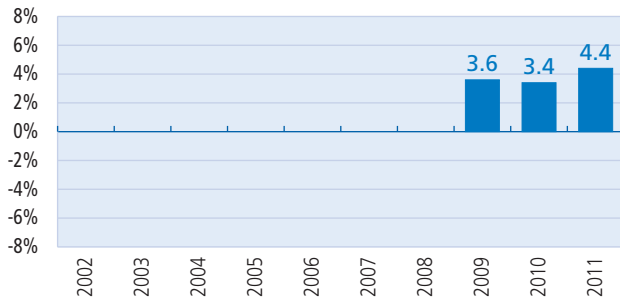
It's important to note that this doesn't tell you how the series will perform in the future. Also, your actual after-tax return will depend on your personal tax situation.

Average return

As at February 29, 2012, a person who invested \$1,000 in this series of the fund since its inception now has \$1,169. This works out to an annual compound return of 4.0%.

Year-by-year returns

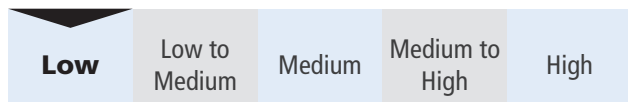
This chart shows how the series has performed in each of the past 3 completed calendar years. The series dropped in value in 0 of the 3 years.



How risky is it?

When you invest in a fund, the value of your investment can go down as well as up. BMO Investments Inc. has rated this fund's risk as Low.

For a description of the specific risks of this fund, see the simplified prospectus offering this series of units of the fund.



Are there any guarantees?

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

Who is this fund for?

Consider this fund if:

- you want regular income
- 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).

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

A word about tax

Depending on the tax rules and tax rates that apply to you and the fund, you may have to pay tax on your portion of the fund's earnings and gains, whether paid out to you in cash or reinvested in the fund. Also, you may have to pay tax on any gain you realize when you redeem or sell your investment in the fund. However, if you hold your investment in a registered account such as a Registered Retirement Savings Plan or a Tax-Free Savings Account, generally you will not have to pay tax on earnings or gains that are held in the registered account.

How much does it cost?

The following section describes the fees and expenses you could pay to buy, own and sell Series I units of the fund.

The fund has other series of units. The fees and expenses are different for each series. You should ask about other series of units that may be suitable for you.

1. Sales charges

You pay no sales or redemption charges if you buy, redeem or switch Series I units of the fund through BMO Investments Inc.

2. Fund expenses

Separate fees and expenses are negotiated and paid by each Series I investor.

3. Other fees

Series I units are for institutional investors, for use within managed asset programs or structured products, who negotiate and pay separate fees to BMO Investments Inc.

The maximum annual management fee and expenses payable by a Series I investor will not be greater than 1.25%, the management fee payable in respect of units of the fund.

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

Up 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.

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 fund units or shares within two business days after you receive a simplified prospectus, 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, annual information form 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 adviser for a copy of the simplified prospectus offering this series of units of the fund and other disclosure documents. These documents and the Fund Facts make up the fund's legal documents.

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