

**BMO Employee Benefit Stable Principal Fund
Disclosure Statement**

March, 2015

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OVERVIEW

A unit of the BMO Employee Benefit Stable Principal Fund (the “Stable Principal Fund” or the “Fund”) represents an interest in a collective investment trust fund established by BMO Harris Bank N.A. (“BMO Harris”), a National Banking Association and a wholly owned subsidiary of BMO Financial Corp. The Fund is currently managed by BMO Asset Management Corp. A portion of the Fund is sub-advised by Prudential Investment Management, Inc. This disclosure statement contains information you should read and know before you invest in the Fund. You should keep this disclosure statement for future reference.

This disclosure statement is not investment, tax or legal advice. This description, as well as the nature of the investment, should be reviewed by you and your investment, tax or other advisors and your accountants and/or legal counsel. The Fund is governed by a trust agreement, a copy of which is available upon request.

The units of the Stable Principal Fund (the “Units”) are not deposits or obligations of, or endorsed or guaranteed by, BMO Financial Corp. or any of its banking subsidiaries. The Units and any investments of the Fund are not insured by the FDIC, the Federal Reserve System, or any other government agency. An investment in Units, like any other investment, may lose value. The Fund is a collective investment fund for tax-qualified employee benefit trusts and plans, is exempt from registration under the Securities Act of 1933, as amended, is not publicly traded, and has not been registered with or approved by the Securities and Exchange Commission or any securities regulatory authority of any state.

After directing the purchase of Units for your retirement plan account, you may elect to direct the transfer of all or part of your retirement plan account from the Stable Principal Fund to other investment options permitted by your retirement plan. Such a transfer can be made at such times as are permitted by your retirement plan.

There are no restrictions on withdrawals for benefit payments initiated by you, the participant, except those restrictions imposed by your retirement plan. An excessive amount of employer-initiated withdrawals from the Stable Principal Fund, however, could result in the Fund having insufficient cash to meet all withdrawal requests. Such excessive withdrawals could therefore harm the Fund’s performance and the holders of units of the Fund. Accordingly, the Fund’s Trustee has discretion to postpone processing of an employer-initiated withdrawal request for up to 12 months.

TRUSTEE

BMO Harris is the trustee and custodian of the Fund. Under a trust agreement, BMO Harris holds the Fund’s assets in safekeeping and keeps all necessary records and documents related to its duties.

INVESTMENT OBJECTIVE

The Stable Principal Fund's objective is to seek safety of principal while generating a level of current income generally exceeding that of a money market fund. The Fund seeks to maintain a stable \$1.00 unit value. **As with any investment fund, there is no assurance that the Stable Principal Fund will achieve its investment objective; the unit value could fluctuate or decline.**

INVESTMENT STRATEGY

The principal strategy that the Stable Principal Fund uses to pursue its objective is to invest in traditional and synthetic guaranteed investment contracts, government securities, corporate debt, asset-backed securities and registered first-tier money market mutual funds including the BMO Prime Money Market Fund, a mutual fund advised by BMO Asset Management Corp.

A traditional guaranteed investment contract ("GIC") is typically issued by an insurance company or a bank. A GIC is a nonmarketable contract under which the issuing insurance company or bank agrees to pay a set interest rate on the funds deposited while guaranteeing return of the deposit upon the contract end date. The contract is the asset of the Fund. GICs purchased by the Fund are limited to those issued by insurance companies rated A or better by A.M. Best and banks rated A or better by Moody's or Standard & Poor's.

A synthetic guaranteed investment contract is a variation on the traditional GIC. Synthetic GICs offer the potential for yield enhancement and increased portfolio diversification. The Fund purchases high quality marketable fixed-income securities and enters into contracts with insurance companies or banks (the "wrap providers") to enable the Fund to maintain its \$1.00 unit value if it needs to liquidate investments to fund participant redemptions. Both fixed income securities and the wrap contracts are assets of the Fund. The wrap providers' commitment in the event of liquidation is limited to the difference between the asset's book value and the market value. As long as the wrap providers are deemed able to satisfy their commitments, the Fund's underlying securities can be carried at book value.

The fixed income securities in which the Fund invests will generally have a maximum effective maturity of 10 years. The average effective maturity of the Fund will generally range between 2 and 3.5 years. Average effective maturity takes into account the possibility that a bond may have prepayments or may be called by the issuer before its stated maturity date.

The Fund provides a monthly Investment Profile report which includes information regarding the Fund's investments and performance. The Fund's investments are diversified by issuer. For traditional GICs, generally no one issuer will represent more than 10% of the Fund's assets at the time of purchase. For synthetic GICs, generally no wrap provider's commitment will cover more than 25% of the Fund's assets at the time of deposit.

Interest generated from the investments held in the Stable Principal Fund is calculated daily and is reinvested monthly to purchase additional Stable Principal Fund units for each account.

The investment objective and strategy of the Stable Principal Fund may be changed only with the approval of the Board of Directors of BMO Harris.

PRINCIPAL INVESTMENT RISKS

As with any investment fund, there is no assurance that the Fund will achieve its investment objective. The income the Stable Principal Fund generates will vary from day to day reflecting changes in interest rates, the creditworthiness of insurance companies, banks, and other issuers of the investments acquired by the Fund, and other economic, political, and regulatory developments, as well as the investment composition of the Fund.

The ability of the fund to retain a \$1.00 unit value is only as good as the guarantees of the wrap providers. BMO Harris does not guarantee the \$1.00 unit value of the fund. An investor could lose money if one or more of the wrap providers were unable to pay a contractual obligation to the fund. The \$1.00 unit value could be at risk and pose a loss to unitholders if the asset manager were not to comply with the investment guidelines and terms set forth in the wrap contracts.

Other risks include interest rate risk, which means that as interest rates fall, the Fund will invest in instruments with lower yields; liquidity risk, which means that the Fund may need to sell one or more securities at a less favorable price to meet unexpected, large withdrawal demands; and credit risk, which is the possibility that an issue or a security will fail to pay interest or principal when due.

The Fund is audited annually by an independent certified public accounting firm, KPMG LLP. You may request the Stable Principal Fund's most recent audited financial statements listing the assets held in the Stable Principal Fund (including the value of each asset, the issuer of any contracts held in the Fund, the term of contract and its rate of return) or the most recent Investment Profile Report by contacting the sponsor of your retirement plan. You may also obtain a copy of the most recent Investment Profile Report by accessing your plan account information at mybmoreirement.com or by contacting a BMO Retirement Services Specialist at 800-858-3829.

SUMMARY OF FUND EXPENSES

Unitholder Transaction Expenses

There are no transaction expenses when you direct the purchase or sale of units of the Stable Principal Fund for your account.

Investment Management Fee – Stable Principal Fund

The Fund pays BMO Asset Management Corp. an annual investment advisory fee of 0.40% for its management of the Fund's assets.

Investment Management Fees – Mutual Funds

The investment adviser to each unaffiliated mutual fund held in the Fund charges a management fee to that unaffiliated fund. The unaffiliated mutual fund management fees vary from fund to fund, are borne by shareholders on a pro rata basis, and are in addition to the Stable Principal Fund management fee discussed above. All investment management fees earned by BMO Asset Management Corp. from the BMO Funds, a mutual fund family advised by BMO Asset Management Corp. in connection with Stable Principal Fund investments are credited to the Stable Principal Fund as additional income.

Shareholder Service Fees

BMO Harris may perform shareholder services for unaffiliated funds and receive fees for those services. Any shareholder services fees or similar administrative fees received by BMO Harris or its affiliates from unaffiliated funds relating to the Stable Principal Fund investments will be credited to the Stable Principal Fund as additional income. All shareholder services fees or similar administrative fees paid to affiliates of BMO Harris by affiliated funds, like the BMO Prime Money Market Fund, will be retained by such affiliate as compensation for its services.

Investment Contract Fees – Wrap Providers

The wrap providers charge the Fund a fee to enable the Fund to maintain its \$1.00 unit value if it needs to liquidate investments to fund participant redemptions. For the 12-month period ending December 31, 2014, these fees amounted to 0.18% of the assets of the Stable Principal Fund.

Annual Fund Operating Expenses

The total annual fund operating expenses of the Fund *after* expense reimbursement (consisting of Stable Principal Fund investment advisory and auditing fees and the aggregate net expense ratios of mutual funds held in the Stable Principal Fund, but minus the investment advisory fees from the BMO Funds and shareholder services fees from unaffiliated funds, which are credited to the Stable Principal Fund as additional income), were 0.58% of the assets of the Stable Principal Fund.

The total annual fund operating expenses of the Fund *before* expense reimbursement (consisting of Stable Principal Fund investment advisory and auditing fees and the aggregate net expense ratios of mutual funds held in the Stable Principal Fund, but including the investment advisory fees from the BMO Funds and shareholder services fees from unaffiliated funds), were 0.59% of the assets of the Stable Principal Fund.

BMO Harris charges each employee benefit trust participating in the Fund an annual fee in accordance with its fee schedule in effect from time to time. BMO Harris may change the fee schedule from time to time with notice to participating plans.

OTHER INFORMATION

The Fund is operated by a person that has claimed an exclusion from the definition of the term “commodity pool operator” (“CPO”) under the Commodity Exchange Act (“CEA”) and, therefore, such person is not subject to registration or regulation as a CPO under the CEA. The Funds are not intended as vehicles for trading in the futures, commodity options, or swaps markets. The U.S. Commodity Futures Trading Commission has neither reviewed nor approved reliance on these exclusions, or the Fund, its investment strategies, or this disclosure statement.

INVESTMENT ADVISER

BMO Asset Management Corp., the investment adviser to the Stable Principal Fund, is a registered investment adviser that currently manages assets for individuals, corporations, employee benefit plans and not-for-profit organizations. Headquartered in Chicago, Illinois, BMO Asset Management Corp. is a wholly owned subsidiary of BMO Financial Group.

In addition to the services provided by BMO Asset Management Corp., BMO Harris may retain, or cause the Fund to retain, sub-advisers to manage portions of the Fund's assets on a discretionary basis. As of the date of this disclosure, BMO Harris has retained Prudential Investment Management, Inc. as a sub-adviser to the Stable Principal Fund. Prudential Investment Management, Inc. manages approximately 22 percent of the assets of the Stable Principal Fund as of the date of this disclosure.

Don McConnell, Senior Portfolio Manager - Don is a senior portfolio manager with the taxable fixed income team at BMO Asset Management Corp. Don is responsible for managing fixed income portfolios, with an emphasis on securitized products and the analysis and trading of the mortgage and asset backed bond sectors. He co-manages the BMO Stable Value Fund in addition to his responsibilities within the team for separately managed fixed income portfolios. Don began his investment experience in 1996 and joined BMO Asset Management in 2013. He previously served in investment management positions with Loop Capital Markets, National Investment Services, Mutual of Omaha Investment Management and National City Corporation Asset Management Group. He holds an MBA in Finance from Case Western Reserve University and a BS in Finance from University of Dayton.

Katie DellaMaria, CFA, Portfolio Manager- Katie is a portfolio manager with the taxable fixed income team at BMO Asset Management Corp. Katie co-manages the BMO Stable Value Fund in addition to her responsibilities within the team for separately managed fixed income portfolios. She joined BMO Asset Management in 2012 as a product specialist, and joined the portfolio management team in 2013. Prior to coming to BMOGAM, Katie spent four years on the institutional client service team at PIMCO and has held positions at Nuveen Investments and JP Morgan. Katie earned an MBA from Northwestern University and a BS in Mathematics from the University of Notre Dame. She holds the Chartered Financial Analyst® (CFA®) designation and is a member of the CFA® Society of Chicago.

BMO Retirement Services is a part of BMO Global Asset Management and a division of the BMO Harris Bank N.A., offering products and services through various affiliates of BMO Financial Group.

BMO Global Asset Management is the brand name for various affiliated entities of BMO Financial Group that provide investment management, retirement and trust and custody services. Certain of the products and services offered under the brand name BMO Global Asset Management are designed specifically for various categories of investors in a number of different countries and regions and may not be available to all investors. Products and services are only offered to such investors in those countries and regions in accordance with applicable laws and regulations. BMO Financial Group is a service mark of Bank of Montreal (BMO).

BMO Asset Management U.S. consists of BMO Asset Management Corp.

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