

BMO Mutual Funds 2022

Annual Financial Statements

September 30, 2022

BMO U.S. High Yield Bond Fund

Independent Auditor's Report

To the Unitholders and Trustee of
BMO Canadian Equity Fund
BMO Canadian Small Cap Equity Fund
BMO Resource Fund
BMO Mortgage and Short-Term Income Fund
BMO Money Market Fund
BMO Bond Fund
BMO Canadian Equity ETF Fund
BMO Asset Allocation Fund
BMO Dividend Fund
BMO Precious Metals Fund
BMO Monthly Income Fund
BMO Diversified Income Portfolio
BMO Global Infrastructure Fund
BMO Emerging Markets Bond Fund
BMO Core Plus Bond Fund
BMO Core Bond Fund
BMO Target Education Income Portfolio
BMO Target Education 2025 Portfolio
BMO Target Education 2030 Portfolio
BMO Target Education 2035 Portfolio
BMO Tactical Global Bond ETF Fund
BMO Tactical Global Equity ETF Fund
BMO Sustainable Global Balanced Fund
(formerly BMO Global Balanced Fund)
BMO U.S. Dividend Fund
BMO Retirement Income Portfolio
BMO Retirement Conservative Portfolio
BMO Retirement Balanced Portfolio
BMO SIA Focused Canadian Equity Fund
BMO SIA Focused North American Equity Fund
BMO Ascent™ Income Portfolio
BMO Ascent™ Conservative Portfolio
BMO Ascent™ Balanced Portfolio
BMO Ascent™ Growth Portfolio
BMO Ascent™ Equity Growth Portfolio
BMO LifeStage Plus 2025 Fund
BMO LifeStage Plus 2030 Fund
BMO LifeStage Plus 2026 Fund
BMO SelectTrust® Fixed Income Portfolio
BMO FundSelect® Income Portfolio
BMO FundSelect® Balanced Portfolio
BMO FundSelect® Growth Portfolio
BMO FundSelect® Equity Growth Portfolio
BMO Fixed Income ETF Portfolio
BMO Income ETF Portfolio
BMO Conservative ETF Portfolio
BMO Balanced ETF Portfolio
BMO Growth ETF Portfolio
BMO Equity Growth ETF Portfolio
BMO World Bond Fund
BMO Emerging Markets Fund
BMO European Fund
BMO North American Dividend Fund

BMO U.S. Equity ETF Fund
BMO U.S. Equity Fund
BMO Global Dividend Fund
BMO International Equity ETF Fund
BMO Global Monthly Income Fund
BMO Preferred Share Fund
BMO Tactical Dividend ETF Fund
BMO Global Strategic Bond Fund
BMO U.S. High Yield Bond Fund
BMO Tactical Balanced ETF Fund
BMO Growth Opportunities Fund
BMO Global Equity Fund
BMO U.S. Equity Plus Fund
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BMO Risk Reduction Equity Fund
BMO Risk Reduction Fixed Income Fund
BMO Covered Call Canadian Banks ETF Fund
BMO Covered Call Europe High Dividend ETF Fund
BMO Sustainable Opportunities Global Equity Fund
BMO Tactical Global Asset Allocation ETF Fund
BMO Tactical Global Growth ETF Fund
BMO Covered Call U.S. High Dividend ETF Fund
BMO Women in Leadership Fund
BMO International Equity Fund
BMO Japan Fund
BMO Covered Call Canada High Dividend ETF Fund
BMO Concentrated Global Equity Fund
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BMO Sustainable Global Multi-Sector Bond Fund
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BMO Concentrated U.S. Equity Fund
BMO Low Volatility Canadian Equity ETF Fund
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BMO USD Conservative ETF Portfolio
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BMO Clean Energy ETF Fund
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BMO SDG Engagement Global Equity Fund
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BMO Brookfield Global Real Estate Tech Fund
BMO Brookfield Global Renewables Infrastructure Fund
BMO U.S. Corporate Bond Fund
BMO Canadian Banks ETF Fund
BMO Global Enhanced Income Fund
BMO Global Quality ETF Fund

To the Shareholders of BMO Corporate Class Inc. for the following funds
BMO Global Dividend Class
BMO Canadian Equity Class
BMO Global Equity Class
BMO Global Energy Class
BMO Dividend Class
BMO Greater China Class
BMO International Value Class
BMO Global Low Volatility ETF Class
BMO SelectClass® Income Portfolio
BMO SelectClass® Balanced Portfolio
BMO SelectClass® Growth Portfolio
BMO SelectClass® Equity Growth Portfolio
BMO Income ETF Portfolio Class
BMO Balanced ETF Portfolio Class
BMO Growth ETF Portfolio Class
BMO Equity Growth ETF Portfolio Class
BMO U.S. Equity Class
BMO Asian Growth and Income Class
(individually, a Fund)

Independent Auditor's Report

Our opinion

In our opinion, the accompanying September 30, 2022 financial statements of each Fund present fairly, in all material respects, the financial position of each Fund, its financial performance and its cash flows as at and for the periods indicated in note 1 in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

What we have audited

The financial statements of each Fund comprise:

- the statements of financial position as at the period-end dates indicated in note 1;
- the statements of comprehensive income for the periods indicated in note 1;
- the statements of changes in net assets attributable to holders of redeemable units or shares, as applicable, for the periods indicated in note 1;
- the statements of cash flows for the periods indicated in note 1; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of each Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Other information

Management is responsible for the other information of each Fund. The other information comprises the 2022 Annual Management Report of Fund Performance of each Fund.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of each Fund, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements of each Fund or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements of each Fund in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the ability of each Fund to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate any Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the financial reporting process of each Fund.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole for each Fund are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements of each Fund.

Independent Auditor's Report

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of each Fund, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of each Fund.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of each Fund to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements of each Fund or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause any Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of each Fund, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Joseph Pinizzotto.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants
Toronto, Ontario
December 22, 2022

BMO U.S. High Yield Bond Fund

STATEMENT OF FINANCIAL POSITION

(All amounts in thousands of Canadian dollars, except per unit data)

As at	September 30 2022	September 30 2021
ASSETS		
CURRENT ASSETS		
Cash	17,692	27,877
Investments		
Non-derivative financial assets	692,836	875,647
Derivative assets	666	—
Receivable for investments sold	3,207	246
Subscriptions receivable	43	526
Interest receivable	10,194	11,509
Total assets	724,638	915,805
LIABILITIES		
CURRENT LIABILITIES		
Payable for investments purchased	3,360	6,887
Redemptions payable	347	1,320
Derivative liabilities	35,610	1,223
Accrued expenses	32	40
Total liabilities	39,349	9,470
Net assets attributable to holders of redeemable units	685,289	906,335
Net assets attributable to holders of redeemable units		
Series A Units	8,181	12,265
Advisor Series Units	21,586	32,149
Series F Units	8,964	11,527
Series D Units	17	2,948
Series I Units	28,806	43,736
Series O Units	617,735	803,710
Net assets attributable to holders of redeemable units per unit		
Series A Units	\$ 6.75	\$ 8.34
Advisor Series Units	\$ 7.61	\$ 9.41
Series F Units	\$ 8.77	\$ 10.75
Series D Units	\$ 6.95	\$ 8.54
Series I Units	\$ 6.91	\$ 8.46
Series O Units	\$ 7.25	\$ 8.89

STATEMENT OF COMPREHENSIVE INCOME

(All amounts in thousands of Canadian dollars, except per unit data)

For the periods ended	September 30 2022	September 30 2021
INCOME		
Interest income	42,389	53,020
Distributions received from investment trusts	307	—
Other changes in fair value of investments and derivatives		
Net realized (loss) gain	(69,878)	17,358
Change in unrealized (depreciation) appreciation	(91,873)	25,253
Net (loss) gain in fair value of investments and derivatives	(119,055)	95,631
Securities lending revenue (note 8)	50	25
Foreign exchange gain (loss)	8,794	(1,334)
Total other income (loss)	8,844	(1,309)
Total (loss) income	(110,211)	94,322
EXPENSES		
Management fees (note 6)	1,931	2,263
Fixed administration fees (note 6)	2,122	2,366
Independent review committee fees (note 6)	1	2
Withholding taxes	8	—
Interest expense	1	—
Fund facts fees	0	1
Unitholder reporting costs	3	1
Commissions and other portfolio transaction costs (note 6)	9	2
Operating expenses absorbed by the Manager (note 6)	(1)	(35)
Total expenses	4,074	4,600
(Decrease) increase in net assets attributable to holders of redeemable units	(114,285)	89,722
(Decrease) increase in net assets attributable to holders of redeemable units		
Series A Units	(1,505)	413
Advisor Series Units	(4,012)	2,837
Series F Units	(1,530)	1,068
Series D Units	(171)	278
Series I Units	(5,513)	5,969
Series O Units	(101,554)	79,157
(Decrease) increase in net assets attributable to holders of redeemable units per unit (note 8)		
Series A Units	(1.15)	0.55
Advisor Series Units	(1.31)	0.83
Series F Units	(1.48)	1.02
Series D Units	(0.99)	0.81
Series I Units	(1.02)	0.85
Series O Units	(1.16)	0.87

The accompanying notes are an integral part of these financial statements.

BMO U.S. High Yield Bond Fund

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS

(All amounts in thousands of Canadian dollars)

For the periods ended	September 30 2022	September 30 2021
Series A Units		
Net assets attributable to holders of redeemable units at beginning of period	12,265	4,267
(Decrease) increase in net assets attributable to holders of redeemable units	(1,505)	413
Distributions to holders of redeemable units from:		
Net investment income	(426)	(218)
Return of capital	(121)	(105)
Total distributions to holders of redeemable units	(547)	(323)
Redeemable unit transactions		
Proceeds from redeemable units issued	934	413
Proceeds from units issued on merger	—	8,624
Reinvestments of distributions to holders of redeemable units	535	309
Redemption of redeemable units	(3,501)	(1,438)
Net (decrease) increase from redeemable unit transactions	(2,032)	7,908
Net (decrease) increase in net assets attributable to holders of redeemable units	(4,084)	7,998
Net assets attributable to holders of redeemable units at end of period	8,181	12,265

Advisor Series Units

Net assets attributable to holders of redeemable units at beginning of period	32,149	33,856
(Decrease) increase in net assets attributable to holders of redeemable units	(4,012)	2,837
Distributions to holders of redeemable units from:		
Net investment income	(1,133)	(1,234)
Return of capital	(339)	(402)
Total distributions to holders of redeemable units	(1,472)	(1,636)
Redeemable unit transactions		
Proceeds from redeemable units issued	263	311
Proceeds from units issued on merger	—	3,927
Reinvestments of distributions to holders of redeemable units	1,110	1,199
Redemption of redeemable units	(6,452)	(8,345)
Net decrease from redeemable unit transactions	(5,079)	(2,908)
Net decrease in net assets attributable to holders of redeemable units	(10,563)	(1,707)
Net assets attributable to holders of redeemable units at end of period	21,586	32,149

For the periods ended	September 30 2022	September 30 2021
Series F Units		
Net assets attributable to holders of redeemable units at beginning of period	11,527	10,814
(Decrease) increase in net assets attributable to holders of redeemable units	(1,530)	1,068
Distributions to holders of redeemable units from:		
Net investment income	(532)	(563)
Return of capital	(16)	(0)
Total distributions to holders of redeemable units	(548)	(563)
Redeemable unit transactions		
Proceeds from redeemable units issued	4,274	669
Proceeds from units issued on merger	—	1,689
Reinvestments of distributions to holders of redeemable units	388	327
Redemption of redeemable units	(5,147)	(2,477)
Net (decrease) increase from redeemable unit transactions	(485)	208
Net (decrease) increase in net assets attributable to holders of redeemable units	(2,563)	713
Net assets attributable to holders of redeemable units at end of period	8,964	11,527

Series D Units

Net assets attributable to holders of redeemable units at beginning of period	2,948	3,028
(Decrease) increase in net assets attributable to holders of redeemable units	(171)	278
Distributions to holders of redeemable units from:		
Net investment income	(68)	(128)
Return of capital	(6)	(23)
Total distributions to holders of redeemable units	(74)	(151)
Redeemable unit transactions		
Proceeds from redeemable units issued	76	448
Proceeds from units issued on merger	—	323
Reinvestments of distributions to holders of redeemable units	59	116
Redemption of redeemable units	(2,821)	(1,094)
Net decrease from redeemable unit transactions	(2,686)	(207)
Net decrease in net assets attributable to holders of redeemable units	(2,931)	(80)
Net assets attributable to holders of redeemable units at end of period	17	2,948

The accompanying notes are an integral part of these financial statements.

BMO U.S. High Yield Bond Fund

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS (cont'd) (All amounts in thousands of Canadian dollars)

For the periods ended	September 30 2022	September 30 2021	For the periods ended	September 30 2022	September 30 2021
Series I Units			Total Fund		
Net assets attributable to holders of redeemable units at beginning of period	43,736	51,433	Net assets attributable to holders of redeemable units at beginning of period	906,335	865,762
(Decrease) increase in net assets attributable to holders of redeemable units	(5,513)	5,969	(Decrease) increase in net assets attributable to holders of redeemable units	(114,285)	89,722
Distributions to holders of redeemable units from:			Distributions to holders of redeemable units from:		
Net investment income	(2,583)	(3,403)	Net investment income	(44,945)	(48,060)
Return of capital	(1)	(2)	Return of capital	(2,202)	(1,389)
Total distributions to holders of redeemable units	(2,584)	(3,405)	Total distributions to holders of redeemable units	(47,147)	(49,449)
Redeemable unit transactions			Redeemable unit transactions		
Proceeds from redeemable units issued	2,702	8,510	Proceeds from redeemable units issued	73,565	109,128
Proceeds from units issued on merger	—	0	Proceeds from units issued on merger	—	14,563
Reinvestments of distributions to holders of redeemable units	2,584	3,405	Reinvestments of distributions to holders of redeemable units	44,546	46,655
Redemption of redeemable units	(12,119)	(22,176)	Redemption of redeemable units	(177,725)	(170,046)
Net decrease from redeemable unit transactions	(6,833)	(10,261)	Net (decrease) increase from redeemable unit transactions	(59,614)	300
Net decrease in net assets attributable to holders of redeemable units	(14,930)	(7,697)	Net (decrease) increase in net assets attributable to holders of redeemable units	(221,046)	40,573
Net assets attributable to holders of redeemable units at end of period	28,806	43,736	Net assets attributable to holders of redeemable units at end of period	685,289	906,335
Series O Units					
Net assets attributable to holders of redeemable units at beginning of period	803,710	762,364			
(Decrease) increase in net assets attributable to holders of redeemable units	(101,554)	79,157			
Distributions to holders of redeemable units from:					
Net investment income	(40,203)	(42,514)			
Return of capital	(1,719)	(857)			
Total distributions to holders of redeemable units	(41,922)	(43,371)			
Redeemable unit transactions					
Proceeds from redeemable units issued	65,316	98,777			
Reinvestments of distributions to holders of redeemable units	39,870	41,299			
Redemption of redeemable units	(147,685)	(134,516)			
Net (decrease) increase from redeemable unit transactions	(42,499)	5,560			
Net (decrease) increase in net assets attributable to holders of redeemable units	(185,975)	41,346			
Net assets attributable to holders of redeemable units at end of period	617,735	803,710			

The accompanying notes are an integral part of these financial statements.

BMO U.S. High Yield Bond Fund

STATEMENT OF CASH FLOWS

(All amounts in thousands of Canadian dollars)

For the periods ended	September 30 2022	September 30 2021
Cash flows from operating activities		
(Decrease) increase in net assets attributable to holders of redeemable units	(114,285)	89,722
Adjustments for:		
Foreign exchange (gain) loss on cash	(280)	135
Net realized loss (gain) on sale of investments and derivatives	69,878	(17,358)
Change in unrealized depreciation (appreciation) of investments and derivatives	91,873	(25,253)
Decrease in interest receivable	1,315	1,860
(Decrease) increase in accrued expenses	(8)	4
Amortization of premium and discounts	515	(831)
Purchases of investments	(690,352)	(439,636)
Proceeds from sale and maturity of investments	780,068	429,605
Cash (outflows) inflows on derivatives	(41,938)	39,303
Net cash from operating activities	96,786	77,551
Cash flows from financing activities		
Distributions paid to holders of redeemable units, net of reinvested distributions	(2,601)	(2,794)
Proceeds from issuances of redeemable units ⁺	70,735	108,763
Proceeds from units issued on merger	—	3,671
Amounts paid on redemption of redeemable units ⁺	(175,385)	(169,122)
Net cash used in financing activities	(107,251)	(59,482)
Foreign exchange gain (loss) on cash	280	(135)
Net (decrease) increase in cash	(10,465)	18,069
Cash at beginning of period	27,877	9,943
Cash at end of period	17,692	27,877

Supplementary Information

Interest received, net of withholding taxes*	44,218	54,049
Distributions received from investment trusts, net of withholding taxes*	300	—
Interest expense paid*	1	—

⁺ Excludes switches between series, as applicable.

* These items are from operating activities.

The accompanying notes are an integral part of these financial statements.

BMO U.S. High Yield Bond Fund

SCHEDULE OF INVESTMENT PORTFOLIO

As at September 30, 2022 (All amounts in thousands of Canadian dollars, unless otherwise noted)

	Par Value (in thousands)	Cost (\$)	Fair Value (\$)
BONDS & DEBENTURES			
Canada — 2.6%			
Bombardier Inc., Series 144A, Senior, Unsecured, Notes, Callable, 7.875% Apr 15, 2027	USD 860.....	1,085.....	1,093
GFL Environmental Inc., Series 144A, Senior, Secured, Notes, Callable, 3.500% Sep 1, 2028	USD 1,408.....	1,758.....	1,634
HudBay Minerals Inc., Series 144A, Senior, Unsecured, Notes, Callable, 4.500% Apr 1, 2026	USD 1,107.....	1,226.....	1,265
HudBay Minerals Inc., Series 144A, Senior, Unsecured, Notes, Callable, 6.125% Apr 1, 2029	USD 5,813.....	7,672.....	6,464
NOVA Chemicals Corporation, Series 144A, Senior, Unsecured, Notes, Callable, 5.250% Jun 1, 2027	USD 2,515.....	3,128.....	2,949
NOVA Chemicals Corporation, Series 144A, Senior, Unsecured, Notes, Callable, 4.250% May 15, 2029	USD 475.....	568.....	515
Videotron Ltd., Series 144A, Senior, Unsecured, Notes, Callable, 3.625% Jun 15, 2029	USD 3,433.....	4,372.....	3,841
		19,809.....	17,761
France — 3.0%			
Altice France, Series 144A, Senior, Secured, Notes, Callable, 5.125% Jul 15, 2029	USD 5,350.....	6,673.....	5,487
Altice France, Series 144A, Senior, Secured, Notes, Callable, 5.500% Oct 15, 2029	USD 3,000.....	3,797.....	3,113
Constellium SE, Series 144A, Senior, Unsecured, Notes, Callable, 3.750% Apr 15, 2029	USD 5,612.....	6,702.....	5,640
Iliad Holding, Series 144A, Senior, Secured, Notes, Callable, 6.500% Oct 15, 2026	USD 4,770.....	6,036.....	5,724
Iliad Holding, Series 144A, Senior, Secured, Notes, Callable, 7.000% Oct 15, 2028	USD 650.....	852.....	768
		24,060.....	20,732
Luxembourg — 1.5%			
FAGE International SA/FAGE USA Dairy Industry Inc., Series 144A, Senior, Unsecured, Notes, Callable, 5.625% Aug 15, 2026	USD 4,725.....	6,014.....	5,744
Herens Holdco S.a r.l., Series 144A, Senior, Secured, Notes, Callable, 4.750% May 15, 2028	USD 1,853.....	2,306.....	2,048
ION Trading Technologies S.a r.l., Series 144A, Senior, Secured, Notes, Callable, 5.750% May 15, 2028	USD 2,031.....	2,443.....	2,258
		10,763.....	10,050
Netherlands — 2.1%			
Trivium Packaging Finance B.V., Series 144A, Senior, Secured, Notes, Callable, 5.500% Aug 15, 2026	USD 5,044.....	6,549.....	6,210
VZ Secured Financing B.V., Series 144A, Senior, Secured, Callable, 5.000% Jan 15, 2032	USD 2,969.....	3,745.....	3,117

	Par Value (in thousands)	Cost (\$)	Fair Value (\$)
Ziggo B.V., Series 144A, Secured, Notes, Callable, 4.875% Jan 15, 2030	USD 4,474.....	5,761.....	4,882
		16,055.....	14,209
Poland — 0.3%			
Canpack SA/Canpack US LLC, Series 144A, Senior, Unsecured, Notes, Callable, 3.125% Nov 1, 2025	USD 979.....	1,242.....	1,178
Canpack SA/Canpack US LLC, Series 144A, Senior, Unsecured, Notes, Callable, 3.875% Nov 15, 2029	USD 940.....	1,175.....	1,018
		2,417.....	2,196
Spain — 0.5%			
Atlantica Sustainable Infrastructure plc, Series 144A, Senior, Unsecured, Notes, Callable, 4.125% Jun 15, 2028	USD 1,353.....	1,719.....	1,577
Grifols Escrow Issuer SA, Series 144A, Senior, Unsecured, Notes, Callable, 4.750% Oct 15, 2028	USD 1,747.....	2,199.....	1,855
		3,918.....	3,432
United Kingdom — 1.0%			
Engine Group Ltd., The, Term Loan, Floating Rate, 7.556% Nov 17, 2023	USD 167.....	136.....	58
Virgin Media Finance PLC, Series 144A, Senior, Unsecured, Notes, Callable, 5.000% Jul 15, 2030	USD 4,950.....	6,537.....	5,017
Vmed 02 UK Financing I PLC, Series 144A, Senior, Secured, Notes, Callable, 4.250% Jan 31, 2031	USD 2,000.....	2,667.....	2,079
		9,340.....	7,154
United States — 90.0%			
Acadia Healthcare Company, Inc., Series 144A, Senior, Unsecured, Notes, Callable, 5.500% Jul 1, 2028	USD 1,655.....	2,170.....	2,092
AdaptHealth, LLC, Series 144A, Senior, Unsecured, Notes, Callable, 4.625% Aug 1, 2029	USD 4,525.....	5,756.....	5,000
AG TTMT Escrow Issuer LLC, Series 144A, Senior, Secured, Notes, Callable, 8.625% Sep 30, 2027	USD 1,867.....	2,447.....	2,424
Albertsons Companies Inc./Safeway Inc./New Albertsons L.P./Albertson's LLC, Series 144A, Senior, Unsecured, Notes, Callable, 4.625% Jan 15, 2027	USD 1,300.....	1,745.....	1,598
Alliant Holdings Intermediate LLC/Alliant Holdings Co-Issuer, Series 144A, Senior, Secured, Notes, Callable, 4.250% Oct 15, 2027	USD 5,383.....	6,716.....	6,395
Allison Transmission, Inc., Series 144A, Senior, Unsecured, Notes, Callable, 4.750% Oct 1, 2027	USD 1,550.....	1,922.....	1,887

BMO U.S. High Yield Bond Fund

SCHEDULE OF INVESTMENT PORTFOLIO (cont'd)

As at September 30, 2022 (All amounts in thousands of Canadian dollars, unless otherwise noted)

	Par Value (in thousands)	Cost (\$)	Fair Value (\$)		Par Value (in thousands)	Cost (\$)	Fair Value (\$)
American Airlines Inc./AAdvantage Loyalty IP Ltd., Series 144A, Senior, Secured, Notes, 5.500% Apr 20, 2026	USD 4,571	5,683	5,920	Beacon Roofing Supply, Inc., Series 144A, Senior, Secured, Notes, Callable, 4.500% Nov 15, 2026	USD 3,753	4,860	4,718
American Airlines Inc./AAdvantage Loyalty IP Ltd., Series 144A, Senior, Secured, Notes, 5.750% Apr 20, 2029	USD 113	146	136	Black Knight InfoServ, LLC, Series 144A, Senior, Unsecured, Notes, Callable, 3.625% Sep 1, 2028	USD 1,295	1,499	1,525
American Airlines, Inc., Term Loan, Floating Rate, 7.830% Apr 20, 2028	USD 500	626	668	Caesars Entertainment, Inc., Series 144A, Senior, Secured, Notes, Callable, 5.750% Jul 1, 2025	USD 565	730	753
American Builders & Contractors Supply Co., Inc., Series 144A, Senior, Secured, Notes, Callable, 4.000% Jan 15, 2028	USD 5,816	7,422	7,070	Caesars Entertainment, Inc., Series 144A, Senior, Unsecured, Notes, Callable, 4.625% Oct 15, 2029	USD 325	406	343
Apache Corporation, Senior, Unsecured, Notes, Callable, 5.100% Sep 1, 2040	USD 1,325	1,545	1,496	Callon Petroleum Company, Senior, Unsecured, Notes, Callable, 6.375% Jul 1, 2026	USD 577	722	717
Apache Corporation, Senior, Unsecured, Notes, Callable, 4.750% Apr 15, 2043	USD 3,851	5,330	3,963	Callon Petroleum Company, Series 144A, Senior, Unsecured, Notes, Callable, 8.000% Aug 1, 2028	USD 1,738	2,236	2,209
APX Group, Inc., Series 144A, Senior, Secured, Notes, Callable, 6.750% Feb 15, 2027	USD 2,303	3,033	2,970	Carnival Corporation, Series 144A, Senior, Unsecured, Notes, Callable, 7.625% Mar 1, 2026	USD 1,975	2,598	2,073
Arches Buyer, Inc., Series 144A, Senior, Secured, Notes, Callable, 4.250% Jun 1, 2028	USD 2,289	2,557	2,466	Carnival Corporation, Series 144A, Senior, Unsecured, Notes, Callable, 5.750% Mar 1, 2027	USD 4,000	5,057	3,868
Ardagh Metal Packaging Finance USA LLC/Ardagh Metal Packaging Finance PLC, Series 144A, Senior, Secured, Notes, Callable, 6.000% Jun 15, 2027	USD 523	662	679	Catalent Pharma Solutions, Inc., Series 144A, Senior, Unsecured, Notes, Callable, 3.125% Feb 15, 2029	USD 1,803	2,204	1,921
Ardagh Metal Packaging Finance USA LLC/Ardagh Metal Packaging Finance PLC, Series 144A, Senior, Secured, Notes, Callable, 3.250% Sep 1, 2028	USD 3,610	4,463	4,052	CCO Holdings, LLC/CCO Holdings Capital Corp., Series 144A, Senior, Unsecured, Notes, Callable, 5.125% May 1, 2027	USD 4,000	5,455	4,987
Ardagh Packaging Finance PLC/Ardagh Holdings USA Inc., Series 144A, Senior, Secured, Notes, Callable, 5.250% Apr 30, 2025	USD 3,408	4,392	4,396	CCO Holdings, LLC/CCO Holdings Capital Corp., Series 144A, Senior, Unsecured, Notes, Callable, 4.500% Aug 15, 2030	USD 2,090	2,373	2,281
Asbury Automotive Group, Inc., Senior, Unsecured, Notes, Callable, 4.500% Mar 1, 2028	USD 4,645	6,191	5,350	CCO Holdings, LLC/CCO Holdings Capital Corp., Series 144A, Senior, Unsecured, Notes, Callable, 4.250% Feb 1, 2031	USD 3,495	4,819	3,705
ATI Inc., Senior, Unsecured, Notes, Callable, 5.125% Oct 1, 2031	USD 2,459	3,077	2,790	CCO Holdings, LLC/CCO Holdings Capital Corp., Series 144A, Senior, Unsecured, Notes, Callable, 4.750% Feb 1, 2032	USD 1,611	2,016	1,730
Avantor Funding, Inc., Series 144A, Senior, Unsecured, Notes, Callable, 4.625% Jul 15, 2028	USD 3,345	4,348	4,112	CD&R Smokey Buyer, Inc., Series 144A, Senior, Secured, Notes, Callable, 6.750% Jul 15, 2025	USD 1,776	2,306	2,232
Avient Corporation, Series 144A, Senior, Unsecured, Notes, Callable, 7.125% Aug 1, 2030	USD 1,089	1,413	1,393	Cengage Learning, Inc., Term Loan B, Floating Rate, 7.689% Jul 14, 2026	USD 2,577	3,101	3,214
Axalta Coating Systems LLC, Series 144A, Senior, Unsecured, Notes, Callable, 3.375% Feb 15, 2029	USD 1,826	2,206	1,974	Centene Corporation, Senior, Unsecured, Notes, Callable, 2.500% Mar 1, 2031	USD 3,580	4,372	3,719
Axalta Coating Systems LLC/Axalta Coating Systems Dutch Holding B BV, Series 144A, Senior, Unsecured, Notes, Callable, 4.750% Jun 15, 2027	USD 2,333	3,029	2,876	Change Healthcare Holdings LLC/Change Healthcare Finance Inc., Series 144A, Senior, Unsecured, Notes, Callable, 5.750% Mar 1, 2025	USD 641	810	881
Bausch Health Companies Inc., Series 144A, Senior, Secured, Notes, Callable, 6.125% Feb 1, 2027	USD 1,199	1,528	1,143	Charles River Laboratories International, Inc., Series 144A, Senior, Unsecured, Notes, Callable, 3.750% Mar 15, 2029	USD 4,650	5,920	5,267
Bausch Health Companies Inc., Series 144A, Senior, Secured, Notes, Callable, 4.875% Jun 1, 2028	USD 2,870	2,895	2,517	Charles River Laboratories International, Inc., Series 144A, Senior, Unsecured, Notes, Callable, 4.000% Mar 15, 2031	USD 192	230	213

BMO U.S. High Yield Bond Fund

SCHEDULE OF INVESTMENT PORTFOLIO (cont'd)

As at September 30, 2022 (All amounts in thousands of Canadian dollars, unless otherwise noted)

	Par Value (in thousands)	Cost (\$)	Fair Value (\$)
Cheever Escrow Issuer, LLC, Series 144A, Senior, Secured, Notes, Callable, 7.125% Oct 1, 2027.....	USD 1,433.....	1,840.....	1,782
Cheniere Energy Partners, L.P., Senior, Unsecured, Notes, Callable, 3.250% Jan 31, 2032	USD 4,973.....	6,173.....	5,324
CHS/Community Health Systems, Inc., Series 144A, Senior, Secured, Notes, Callable, 5.625% Mar 15, 2027	USD 1,254.....	1,638.....	1,338
CHS/Community Health Systems, Inc., Series 144A, Senior, Secured, Notes, Callable, 5.250% May 15, 2030	USD 3,011.....	3,768.....	2,891
CHS/Community Health Systems, Inc., Series 144A, Senior, Secured, Notes, Callable, 4.750% Feb 15, 2031	USD 429.....	413.....	397
Cinemark USA, Inc., Series 144A, Senior, Unsecured, Notes, Callable, 5.875% Mar 15, 2026	USD 3,753.....	4,784.....	4,329
Clarivate Science Holdings Corporation, Series 144A, Senior, Secured, Notes, Callable, 3.875% Jul 1, 2028	USD 1,630.....	2,001.....	1,846
Clear Channel Outdoor Holdings, Inc., Series 144A, Senior, Secured, Notes, Callable, 5.125% Aug 15, 2027	USD 4,748.....	6,109.....	5,558
Clearway Energy Operating LLC, Series 144A, Senior, Unsecured, Notes, Callable, 4.750% Mar 15, 2028.....	USD 1,910.....	2,320.....	2,348
Clearway Energy Operating LLC, Series 144A, Senior, Unsecured, Notes, Callable, 3.750% Feb 15, 2031	USD 695.....	835.....	758
Clearway Energy Operating LLC, Series 144A, Senior, Unsecured, Notes, Callable, 3.750% Jan 15, 2032.....	USD 6,351.....	7,966.....	6,821
CNX Resources Corporation, Series 144A, Senior, Unsecured, Notes, Callable, 6.000% Jan 15, 2029.....	USD 1,471.....	1,830.....	1,859
CNX Resources Corporation, Series 144A, Senior, Unsecured, Notes, Callable, 7.375% Jan 15, 2031.....	USD 2,300.....	2,987.....	3,098
Colgate Energy Partners III, LLC, Series 144A, Senior, Unsecured, Notes, Callable, 5.875% Jul 1, 2029	USD 1,985.....	2,359.....	2,447
Comstock Resources, Inc., Series 144A, Senior, Unsecured, Notes, Callable, 6.750% Mar 1, 2029	USD 1,308.....	1,673.....	1,671
CrownRock LP/CrownRock Finance Inc., Series 144A, Senior, Unsecured, Notes, Callable, 5.000% May 1, 2029	USD 1,374.....	1,774.....	1,670
CSC Holdings, LLC, Series 144A, Senior, Unsecured, Notes, Callable, 7.500% Apr 1, 2028	USD 800.....	1,034.....	903
CSC Holdings, LLC, Series 144A, Senior, Unsecured, Notes, Callable, 4.125% Dec 1, 2030	USD 7,265.....	8,764.....	7,527
Darden Restaurants, Inc., Series 144A, Senior, Unsecured, Notes, Callable, 5.250% Apr 15, 2027	USD 1,497.....	1,882.....	1,954

	Par Value (in thousands)	Cost (\$)	Fair Value (\$)
Darling Ingredients Inc., Series 144A, Senior, Unsecured, Notes, Callable, 6.000% Jun 15, 2030	USD 879.....	1,149.....	1,157
DCP Midstream Operating, LP, Senior, Unsecured, Notes, Callable, 5.600% Apr 1, 2044	USD 1,283.....	1,931.....	1,595
Delek Logistics Partners LP/Delek Logistics Finance Corp., Senior, Unsecured, Callable, 6.750% May 15, 2025	USD 4,136.....	5,287.....	5,370
DIRECTV Financing LLC, Term Loan, Floating Rate, 8.143% Aug 2, 2027	USD 1,820.....	2,269.....	2,336
DISH DBS Corporation, Series 144A, Senior, Secured, Callable, 5.250% Dec 1, 2026	USD 5,282.....	6,618.....	6,038
DISH DBS Corporation, Senior, Unsecured, Notes, 5.125% Jun 1, 2029	USD 2,600.....	3,065.....	2,110
DISH Network Corporation, Senior, Unsecured, 3.375% Aug 15, 2026.....	USD 4,410.....	5,102.....	4,183
Element Solutions Inc., Series 144A, Senior, Unsecured, Notes, Callable, 3.875% Sep 1, 2028	USD 1,741.....	2,193.....	1,930
Entegris Escrow Corporation, Series 144A, Senior, Secured, Notes, Callable, 4.750% Apr 15, 2029	USD 1,177.....	1,411.....	1,439
Entegris Escrow Corporation, Series 144A, Senior, Unsecured, Notes, Callable, 5.950% Jun 15, 2030.....	USD 1,609.....	1,896.....	2,011
EQM Midstream Partners, LP, Senior, Unsecured, Notes, Callable, 4.000% Aug 1, 2024	USD 2,778.....	3,533.....	3,569
EQM Midstream Partners, LP, Series 144A, Senior, Unsecured, Notes, Callable, 7.500% Jun 1, 2027	USD 470.....	594.....	618
EQM Midstream Partners, LP, Series 144A, Senior, Unsecured, Notes, Callable, 7.500% Jun 1, 2030.....	USD 562.....	711.....	737
EQM Midstream Partners, LP, Senior, Unsecured, Notes, Callable, 6.500% Jul 15, 2048.....	USD 4,849.....	5,697.....	5,074
FirstEnergy Corp., Series C, Senior, Unsecured, Notes, Callable, 5.350% Jul 15, 2047.....	USD 1,709.....	2,590.....	1,986
Ford Motor Company, Senior, Unsecured, Notes, 4.750% Jan 15, 2043	USD 3,154.....	2,849.....	2,948
Ford Motor Company, Senior, Unsecured, Notes, Callable, 5.291% Dec 8, 2046	USD 2,850.....	3,667.....	2,775
Ford Motor Credit Company LLC, Senior, Unsecured, Notes, Callable, 4.950% May 28, 2027	USD 538.....	676.....	666
Ford Motor Credit Company LLC, Senior, Unsecured, Notes, Callable, 2.900% Feb 10, 2029	USD 2,398.....	3,061.....	2,506
Front Range BidCo, Inc., Series 144A, Senior, Secured, Notes, Callable, 4.000% Mar 1, 2027	USD 1,440.....	1,762.....	1,596
Frontier Communications Holdings, LLC, Series 144A, Senior, Secured, Notes, Callable, 5.875% Oct 15, 2027.....	USD 1,000.....	1,245.....	1,250
Frontier Communications Holdings, LLC, Series 144A, Senior, Secured, Notes, Callable, 8.750% May 15, 2030	USD 1,163.....	1,555.....	1,615

BMO U.S. High Yield Bond Fund

SCHEDULE OF INVESTMENT PORTFOLIO (cont'd)

As at September 30, 2022 (All amounts in thousands of Canadian dollars, unless otherwise noted)

	Par Value (in thousands)	Cost (\$)	Fair Value (\$)
Goodyear Tire & Rubber Company, The, Senior, Unsecured, Notes, Callable, 5.000% Jul 15, 2029	USD 581.....	682.....	656
GoTo Group, Inc., Series 144A, Senior, Secured, Notes, Callable, 5.500% Sep 1, 2027	USD 3,461.....	4,305.....	2,940
Gray Television, Inc., Series 144A, Senior, Unsecured, Notes, Callable, 7.000% May 15, 2027	USD 1,475.....	1,930.....	1,915
Group 1 Automotive, Inc., Series 144A, Senior, Unsecured, Notes, Callable, 4.000% Aug 15, 2028	USD 282.....	328.....	314
H&E Equipment Services, Inc., Series 144A, Senior, Unsecured, Notes, Callable, 3.875% Dec 15, 2028	USD 4,012.....	4,857.....	4,378
H.B. Fuller Company, Senior, Unsecured, Notes, Callable, 4.250% Oct 15, 2028	USD 1,710.....	2,207.....	1,984
Hawaiian Brand Intellectual Property, Ltd./HawaiianMiles Loyalty, Ltd., Series 144A, Senior, Secured, Notes, Callable, 5.750% Jan 20, 2026	USD 1,669.....	2,181.....	2,026
HealthEquity, Inc., Series 144A, Senior, Unsecured, Notes, Callable, 4.500% Oct 1, 2029	USD 2,445.....	3,084.....	2,871
Hilcorp Energy I, L.P., Series 144A, Senior, Unsecured, Notes, Callable, 6.250% Nov 1, 2028	USD 3,284.....	4,178.....	4,151
Hilcorp Energy I, L.P., Series 144A, Senior, Unsecured, Notes, Callable, 5.750% Feb 1, 2029	USD 888.....	1,006.....	1,076
Hilcorp Energy I, L.P., Series 144A, Senior, Unsecured, Notes, Callable, 6.000% Apr 15, 2030	USD 570.....	712.....	689
Hilton Domestic Operating Company Inc., Series 144A, Senior, Unsecured, Notes, Callable, 5.750% May 1, 2028	USD 1,450.....	1,881.....	1,878
Holly Energy Partners LP/Holly Energy Finance Corp., Series 144A, Senior, Unsecured, Notes, Callable, 6.375% Apr 15, 2027	USD 699.....	876.....	922
Hologic, Inc., Series 144A, Senior, Unsecured, Notes, Callable, 4.625% Feb 1, 2028	USD 2,450.....	3,060.....	3,105
HP Inc., Series 144A, Senior, Unsecured, Notes, Callable, 4.750% Mar 1, 2029	USD 3,588.....	4,232.....	4,981
IAA Spincos Inc., Series 144A, Senior, Unsecured, Notes, Callable, 5.500% Jun 15, 2027	USD 1,531.....	1,869.....	1,917
iHeartCommunications, Inc., Series 144A, Senior, Secured, Notes, Callable, 5.250% Aug 15, 2027	USD 935.....	1,115.....	1,108
IRB Holding Corp., Series 144A, Senior, Secured, Notes, Callable, 7.000% Jun 15, 2025	USD 234.....	298.....	320
Iron Mountain Incorporated, Series 144A, Senior, Unsecured, Notes, Callable, 4.875% Sep 15, 2027	USD 3,160.....	4,208.....	3,907
Jazz Securities Designated Activity Company, Series 144A, Senior, Secured, Notes, Callable, 4.375% Jan 15, 2029	USD 2,000.....	2,544.....	2,386

	Par Value (in thousands)	Cost (\$)	Fair Value (\$)
Kaiser Aluminum Corporation, Series 144A, Senior, Unsecured, Notes, Callable, 4.625% Mar 1, 2028	USD 244.....	286.....	274
Kaiser Aluminum Corporation, Series 144A, Senior, Unsecured, Notes, Callable, 4.500% Jun 1, 2031	USD 2,606.....	3,235.....	2,623
KAR Auction Services, Inc., Series 144A, Senior, Unsecured, Notes, Callable, 5.125% Jun 1, 2025	USD 1,412.....	1,786.....	1,877
L Brands, Inc., Senior, Unsecured, Notes, 5.250% Feb 1, 2028	USD 2,750.....	3,474.....	3,305
L Brands, Inc., Senior, Unsecured, Notes, Callable, 7.500% Jun 15, 2029	USD 295.....	377.....	373
Ladder Capital Finance Holdings LLP/Ladder Capital Finance Corp., Series 144A, Senior, Unsecured, Notes, Callable, 4.250% Feb 1, 2027	USD 3,832.....	4,802.....	4,288
Ladder Capital Finance Holdings LLP/Ladder Capital Finance Corp., Series 144A, Senior, Unsecured, Notes, Callable, 4.750% Jun 15, 2029	USD 665.....	816.....	684
Lamb Weston Holdings, Inc., Series 144A, Senior, Unsecured, Notes, Callable, 4.375% Jan 31, 2032	USD 1,755.....	2,212.....	2,000
LCM Investments Holdings II, LLC, Series 144A, Senior, Unsecured, Notes, Callable, 4.875% May 1, 2029	USD 1,728.....	2,202.....	1,844
Level 3 Financing, Inc., Series 144A, Senior, Unsecured, Notes, Callable, 4.250% Jul 1, 2028	USD 2,675.....	3,582.....	2,873
Lithia Motors, Inc., Series 144A, Senior, Unsecured, Notes, Callable, 4.375% Jan 15, 2031	USD 435.....	488.....	484
Lumen Technologies, Inc., Series 144A, Senior, Unsecured, Notes, Callable, 5.125% Dec 15, 2026	USD 776.....	1,002.....	925
Madison IAQ LLC, Series 144A, Senior, Secured, Notes, Callable, 4.125% Jun 30, 2028	USD 1,398.....	1,740.....	1,555
Match Group Holdings II, LLC, Series 144A, Senior, Unsecured, Notes, Callable, 5.625% Feb 15, 2029	USD 1,353.....	1,705.....	1,703
Match Group, Inc., Series 144A, Senior, Unsecured, Notes, Callable, 4.625% Jun 1, 2028	USD 287.....	341.....	346
Mattel, Inc., Series 144A, Senior, Unsecured, Notes, Callable, 3.375% Apr 1, 2026	USD 1,925.....	2,433.....	2,363
Mattel, Inc., Series 144A, Senior, Unsecured, Notes, Callable, 5.875% Dec 15, 2027	USD 1,750.....	2,347.....	2,315
Mauser Packaging Solutions Holding Company, Series 144A, Senior, Secured, Notes, Callable, 5.500% Apr 15, 2024	USD 4,487.....	5,870.....	5,842
Meritage Homes Corporation, Series 144A, Senior, Unsecured, Notes, Callable, 3.875% Apr 15, 2029	USD 3,625.....	4,556.....	3,981
MGM Resorts International, Senior, Unsecured, Notes, Callable, 6.750% May 1, 2025	USD 3,500.....	4,912.....	4,738

BMO U.S. High Yield Bond Fund

SCHEDULE OF INVESTMENT PORTFOLIO (cont'd)

As at September 30, 2022 (All amounts in thousands of Canadian dollars, unless otherwise noted)

	Par Value (in thousands)	Cost (\$)	Fair Value (\$)		Par Value (in thousands)	Cost (\$)	Fair Value (\$)
Midwest Gaming Borrower LLC/Midwest Gaming Finance Corp., Series 144A, Senior, Secured, Notes, Callable, 4.875% May 1, 2029	USD 2,452	3,100	2,760	Organon Finance 1 LLC, Series 144A, Senior, Secured, Notes, Callable, 4.125% Apr 30, 2028	USD 1,745	2,215	2,061
Mileage Plus Holdings LLC/Mileage Plus Intellectual Property Assets Ltd., Series 144A, Senior, Secured, Notes, Callable, 6.500% Jun 20, 2027	USD 1,933	2,467	2,604	Organon Finance 1 LLC, Series 144A, Senior, Unsecured, Notes, Callable, 5.125% Apr 30, 2031	USD 2,328	2,698	2,637
Moog, Inc., Series 144A, Senior, Unsecured, Notes, Callable, 4.250% Dec 15, 2027	USD 1,685	2,178	2,054	Outfront Media Capital LLC/Outfront Media Capital Corp., Series 144A, Senior, Unsecured, Notes, Callable, 4.625% Mar 15, 2030	USD 3,508	4,415	3,768
Navient Corporation, Senior, Unsecured, Notes, 6.750% Jun 25, 2025	USD 2,843	3,805	3,677	Owens & Minor, Inc., Series 144A, Senior, Unsecured, Notes, Callable, 4.500% Mar 31, 2029	USD 680	740	737
NCR Corporation, Series 144A, Senior, Unsecured, Notes, Callable, 5.000% Oct 1, 2028	USD 4,201	5,531	4,534	Owens & Minor, Inc., Series 144A, Senior, Unsecured, Notes, Callable, 6.625% Apr 1, 2030	USD 1,146	1,446	1,393
Newell Brands Inc., Senior, Unsecured, Notes, Callable, 6.375% Sep 15, 2027	USD 431	561	589	Park Intermediate Holdings LLC/PK Domestic Property LLC/PK Finance Co-Issuer, Series 144A, Senior, Secured, Notes, Callable, 5.875% Oct 1, 2028	USD 866	1,141	1,041
Newell Brands Inc., Senior, Unsecured, Notes, Callable, 6.625% Sep 15, 2029	USD 609	793	822	Pattern Energy Operations LP/Pattern Energy Operations Inc., Series 144A, Senior, Unsecured, Notes, Callable, 4.500% Aug 15, 2028	USD 1,693	2,184	2,026
NextEra Energy Operating Partners, L.P., Series 144A, Senior, Unsecured, Notes, Callable, 4.500% Sep 15, 2027	USD 5,932	7,812	7,477	Penn National Gaming, Inc., Series 144A, Senior, Unsecured, Notes, Callable, 4.125% Jul 1, 2029	USD 1,793	2,171	1,901
NFP Corp., Senior, Secured, Notes, Callable, 4.875% Aug 15, 2028	USD 5,225	6,605	6,081	Penske Automotive Group, Inc., Senior, Unsecured, Notes, Subordinated, Callable, 3.500% Sep 1, 2025	USD 3,175	4,222	4,002
NFP Corp., Series 144A, Senior, Secured, Notes, Callable, 7.500% Oct 1, 2030	USD 948	1,231	1,241	PetSmart, Inc./PetSmart Finance Corp., Series 144A, Senior, Secured, Notes, Callable, 4.750% Feb 15, 2028	USD 1,625	1,972	1,936
Nielsen Finance LLC/Nielsen Finance Co., Series 144A, Senior, Unsecured, Notes, Callable, 4.500% Jul 15, 2029	USD 5,050	6,149	6,871	Picard Midco, Inc., Series 144A, Senior, Secured, Notes, Callable, 6.500% Mar 31, 2029	USD 152	173	178
Novelis Corporation, Series 144A, Senior, Unsecured, Notes, Callable, 3.250% Nov 15, 2026	USD 1,900	2,390	2,208	Pilgrim's Pride Corporation, Series 144A, Senior, Unsecured, Notes, Callable, 4.250% Apr 15, 2031	USD 1,167	1,459	1,298
Novelis Corporation, Series 144A, Senior, Unsecured, Notes, Callable, 4.750% Jan 30, 2030	USD 1,677	2,175	1,888	Pilgrim's Pride Corporation, Series 144A, Senior, Unsecured, Notes, Callable, 3.500% Mar 1, 2032	USD 343	433	355
NRG Energy, Inc., Series 144A, Senior, Unsecured, Notes, Callable, 5.250% Jun 15, 2029	USD 442	586	537	Playtika Holding Corp., Series 144A, Senior, Unsecured, Notes, Callable, 4.250% Mar 15, 2029	USD 2,131	2,633	2,337
NRG Energy, Inc., Series 144A, Senior, Unsecured, Notes, Callable, 3.875% Feb 15, 2032	USD 3,576	4,392	3,841	Post Holdings, Inc., Series 144A, Senior, Unsecured, Notes, Callable, 5.625% Jan 15, 2028	USD 2,290	3,018	2,887
NuStar Logistics, L.P., Senior, Unsecured, Notes, Callable, 6.000% Jun 1, 2026	USD 3,502	4,671	4,426	Prestige Brands, Inc., Series 144A, Senior, Unsecured, Notes, Callable, 5.125% Jan 15, 2028	USD 1,664	2,176	2,069
Occidental Petroleum Corporation, Senior, Unsecured, Notes, Callable, 5.875% Sep 1, 2025	USD 4,600	6,008	6,370	Prime Security Services Borrower LLC/Prime Finance, Inc., Series 144A, Senior, Secured, Notes, Callable, 3.375% Aug 31, 2027	USD 2,650	3,495	3,079
Occidental Petroleum Corporation, Senior, Unsecured, Notes, Callable, 6.125% Jan 1, 2031	USD 3,255	4,446	4,440	Provident Funding Associates LP/PFG Finance Corp., Series 144A, Senior, Unsecured, Notes, Callable, 6.375% Jun 15, 2025	USD 1,367	1,725	1,699
Occidental Petroleum Corporation, Senior, Unsecured, Notes, 6.450% Sep 15, 2036	USD 3,660	5,131	5,030				
Olympus Water US Holding Corporation, Series 144A, Senior, Secured, Notes, Callable, 4.250% Oct 1, 2028	USD 1,659	1,786	1,762				
Onemain Finance Corporation, Senior, Unsecured, Notes, Callable, 4.000% Sep 15, 2030	USD 90	88	87				

BMO U.S. High Yield Bond Fund

SCHEDULE OF INVESTMENT PORTFOLIO (cont'd)

As at September 30, 2022 (All amounts in thousands of Canadian dollars, unless otherwise noted)

	Par Value (in thousands)	Cost (\$)	Fair Value (\$)		Par Value (in thousands)	Cost (\$)	Fair Value (\$)
Radiate Holdco LLC/Radiate Finance Inc., Series 144A, Senior, Secured, Notes, Callable, 4.500% Sep 15, 2026	USD 4,687	5,966	5,325	Shea Homes LP/Shea Homes Funding Corp., Series 144A, Senior, Unsecured, Notes, Callable, 4.750% Feb 15, 2028	USD 1,730	2,187	1,936
Rattler Midstream LP, Series 144A, Senior, Unsecured, Notes, Callable, 5.625% Jul 15, 2025	USD 2,615	3,282	3,657	Shift4 Payments LLC/Shift4 Payments Finance Sub Inc., Series 144A, Senior, Unsecured, Notes, Callable, 4.625% Nov 1, 2026	USD 2,501	3,217	3,127
Resideo Funding Inc., Series 144A, Senior, Unsecured, Notes, Callable, 4.000% Sep 1, 2029	USD 1,447	1,754	1,612	Simmons Foods, Inc./Simmons Prepared Foods, Inc./Simmons Pet Food, Inc./Simmons Feed, Series 144A, Secured, Notes, Callable, 4.625% Mar 1, 2029	USD 1,383	1,748	1,552
RLJ Lodging Trust, L.P., Series 144A, Senior, Secured, Notes, Callable, 3.750% Jul 1, 2026	USD 2,400	3,038	2,818	Sirius XM Radio Inc., Series 144A, Senior, Unsecured, Notes, Callable, 3.125% Sep 1, 2026	USD 3,375	4,224	4,068
Roblox Corporation, Series 144A, Senior, Unsecured, Notes, Callable, 3.875% May 1, 2030	USD 1,585	1,978	1,782	Sirius XM Radio Inc., Series 144A, Senior, Unsecured, Notes, Callable, 5.000% Aug 1, 2027	USD 1,150	1,565	1,454
Rocket Mortgage LLC/Rocket Mortgage Co-Issuer Inc., Series 144A, Senior, Unsecured, Notes, Callable, 3.875% Mar 1, 2031	USD 2,165	2,580	2,159	SM Energy Company, Senior, Unsecured, Notes, Callable, 6.500% Jul 15, 2028	USD 3,351	4,237	4,409
Rocket Mortgage LLC/Rocket Mortgage Co-Issuer Inc., Series 144A, Senior, Unsecured, Notes, Callable, 4.000% Oct 15, 2033	USD 3,520	4,389	3,317	Southwestern Energy Company, Senior, Unsecured, Notes, Callable, 4.750% Feb 1, 2032	USD 3,965	5,070	4,587
Royal Caribbean Cruises Ltd., Series 144A, Senior, Secured, Notes, Callable, 11.500% Jun 1, 2025	USD 345	457	505	Spectrum Brands, Inc., Series 144A, Senior, Unsecured, Notes, Callable, 5.000% Oct 1, 2029	USD 759	868	841
Royal Caribbean Cruises Ltd., Series 144A, Senior, Unsecured, Notes, Callable, 4.250% Jul 1, 2026	USD 3,528	4,366	3,643	Spectrum Brands, Inc., Series 144A, Senior, Unsecured, Notes, Callable, 5.500% Jul 15, 2030	USD 97	111	105
Royal Caribbean Cruises Ltd., Series 144A, Senior, Unsecured, Notes, Callable, 5.500% Aug 31, 2026	USD 2,829	3,531	2,931	Sprint Capital Corporation, Senior, Unsecured, Notes, 6.875% Nov 15, 2028	USD 1,920	2,864	2,725
Royal Caribbean Cruises Ltd., Series 144A, Senior, Unsecured, Notes, Callable, 5.375% Jul 15, 2027	USD 673	856	674	Sprint Capital Corporation, Senior, Unsecured, Notes, 8.750% Mar 15, 2032	USD 925	1,454	1,481
RP Escrow Issuer, LLC, Series 144A, Senior, Secured, Notes, Callable, 5.250% Dec 15, 2025	USD 4,456	5,645	5,078	Sprint Corporation, Senior, Unsecured, Notes, 7.875% Sep 15, 2023	USD 7,450	9,532	10,394
Scientific Games Holdings LP/Scientific Games US FinCo Inc., Series 144A, Senior, Unsecured, Notes, Callable, 6.625% Mar 1, 2030	USD 1,754	2,231	1,941	Sprint Corporation, Senior, Unsecured, Notes, 7.125% Jun 15, 2024	USD 1,018	1,360	1,427
Scientific Games International, Inc., Series 144A, Senior, Unsecured, Notes, Callable, 8.625% Jul 1, 2025	USD 1,625	2,214	2,290	Sprint Corporation, Senior, Unsecured, Notes, Callable, 7.625% Mar 1, 2026	USD 950	1,201	1,358
Scotts Miracle-Gro Company, The, Senior, Unsecured, Notes, Callable, 4.000% Apr 1, 2031	USD 548	534	531	SRS Distribution Inc., Series 144A, Senior, Secured, Notes, Callable, 4.625% Jul 1, 2028	USD 2,330	2,937	2,752
Select Medical Corporation, Series 144A, Senior, Unsecured, Notes, Callable, 6.250% Aug 15, 2026	USD 3,250	4,272	4,198	Stantec Inc., Series 144A, Senior, Secured, Notes, Callable, 7.500% Apr 15, 2026	USD 970	1,230	1,122
Sensata Technologies B.V., Series 144A, Senior, Unsecured, Notes, Callable, 5.875% Sep 1, 2030	USD 1,035	1,336	1,335	Switch, Ltd., Series 144A, Senior, Unsecured, Notes, Callable, 3.750% Sep 15, 2028	USD 140	168	192
Service Properties Trust, Senior, Unsecured, Notes, Callable, 7.500% Sep 15, 2025	USD 4,475	5,597	5,780	Switch, Ltd., Series 144A, Senior, Unsecured, Notes, Callable, 4.125% Jun 15, 2029	USD 1,841	2,320	2,524
				Synaptics Incorporated, Series 144A, Senior, Unsecured, Notes, Callable, 4.000% Jun 15, 2029	USD 497	558	552
				Syneos Health, Inc., Series 144A, Senior, Unsecured, Notes, Callable, 3.625% Jan 15, 2029	USD 1,738	2,173	1,897
				Taylor Morrison Communities Inc./Monarch Communities Inc., Series 144A, Senior, Unsecured, Notes, Callable, 5.875% Apr 15, 2023	USD 3,177	4,018	4,383

⁺ Where applicable, distributions received from holdings as a return of capital are used to reduce the adjusted cost base of the securities in the portfolio.

BMO U.S. High Yield Bond Fund

SCHEDULE OF INVESTMENT PORTFOLIO (cont'd)

As at September 30, 2022 (All amounts in thousands of Canadian dollars, unless otherwise noted)

UNREALIZED GAIN ON FORWARD CURRENCY CONTRACTS

Settlement Date	Currency Buy	Position (000s)	Currency Sell	Position (000s)	Contract Rate	Counterparty	Credit Rating**	Unrealized Gain
17-Oct-22	USD	2,189	CAD	(3,000)	0.7296	Bank of Montreal	A-1	24
17-Oct-22	USD	6,418	CAD	(8,800)	0.7293	Bank of Montreal	A-1	66
17-Oct-22	USD	5,343	CAD	(7,300)	0.7319	Bank of Montreal	A-1	81
28-Oct-22	USD	5,750	CAD	(7,800)	0.7372	State Street Bank and Trust Co.	A-1+	144
28-Oct-22	USD	6,770	CAD	(9,000)	0.7522	State Street Bank and Trust Co.	A-1+	351
Total Unrealized Gain on Forward Currency Contracts								666

UNREALIZED LOSS ON FORWARD CURRENCY CONTRACTS

Settlement Date	Currency Buy	Position (000s)	Currency Sell	Position (000s)	Contract Rate	Counterparty	Credit Rating**	Unrealized Loss
17-Oct-22	CAD	360,000	USD	(274,186)	1.3130	Bank of Montreal	A-1	(18,759)
28-Oct-22	CAD	354,310	USD	(268,676)	1.3187	State Street Bank and Trust Co.	A-1+	(16,851)
Total Unrealized Loss on Forward Currency Contracts								(35,610)

** Credit Rating provided by Standard & Poor's.

BMO U.S. High Yield Bond Fund

NOTES TO THE FINANCIAL STATEMENTS

*(All amounts in thousands of Canadian dollars, except per unit data)
September 30, 2022*

1. The Fund

BMO U.S. High Yield Bond Fund (the “Fund”) is an open-ended mutual fund established under the laws of the province of Ontario by Declaration of Trust. The Master Declaration of Trust was amended on October 23, 2008 and November 3, 2009 to permit certain Funds to offer a multi-series structure. In addition to the existing Series A Units, certain Funds are permitted to offer Series A Hedged Units, Advisor Series Units, Advisor Series Hedged Units, ETF Series Units, Series T4 Units, Series T5 Units, Series T6 Units, Series T8 Units, Series M Units, Series F Units, Series F Hedged Units, Series F2 Units, Series F4 Units, Series F6 Units, Series D Units, Series G Units, Series I Units, Series N Units, Series NBA Units, Series O Units, Series L Units, Series R Units, Series S Units and/or Classic Series Units. Each series is intended for different kinds of investors and has different management fees and fixed administration fees. Refer to Note 8 for the series issued for this Fund as well as the management and administration fee rates for each series.

BMO Investments Inc. (“the Manager”) is the Manager and Trustee of the Fund. The Manager is a wholly owned subsidiary of Bank of Montreal. The address of the Fund’s registered office is 100 King Street West, Toronto, Ontario, M5X 1A1.

The Statement of Financial Position and related notes for the Fund are as at September 30, 2022 and September 30, 2021, as applicable. The Statement of Comprehensive Income, Statement of Changes in Net Assets Attributable to Holders of Redeemable Units, Statement of Cash Flows and related notes are for the period(s) ended September 30, 2022 and September 30, 2021, except for a Fund established during either of the periods, which is presented from the date of inception (as noted in Note 8) to September 30 of the applicable period. Financial information provided for a series established during the period(s) is presented from the inception date as noted in Note 8 to September 30 of the applicable period.

Except for Funds established during either 2022 or 2021, the term “period” represents a full year.

These financial statements were authorized for issuance by the Board of Directors of the Manager on December 8, 2022.

2. Basis of preparation and presentation

These audited financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). The financial statements have been prepared on a historical cost basis, except for the revaluation of financial assets and financial liabilities (including derivative financial instruments) measured at fair value through profit or loss (“FVTPL”).

3. Summary of significant accounting policies Financial Instruments

Financial instruments include financial assets and financial liabilities such as equity and debt securities, investment funds and derivatives. These investments are part of a group of financial instruments that are managed and their performance is evaluated on a fair value basis and in accordance with the Fund’s investment strategy.

The Fund classifies and measures financial instruments in accordance with IFRS 9 Financial Instruments (“IFRS 9”). Upon initial recognition, financial instruments are recorded at fair value. A financial instrument is recognized when the Fund becomes a party to the contractual requirements of the instrument and is derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. Investments and derivatives are subsequently measured at FVTPL, with changes in fair value recognized in the Statement of Comprehensive Income as “Change in unrealized appreciation (depreciation)”.

All financial assets and financial liabilities are recognized in the Statement of Financial Position.

The Fund’s outstanding redeemable units, which are puttable instruments, are entitled to a contractual obligation of annual distribution of any net income and net realized capital gains by the Fund. This annual distribution can be in cash at the option of the unitholders, and therefore the ongoing redemption feature is not the redeemable units’ only contractual obligation. Also, the Fund has issued multiple series of redeemable units, which are equally subordinated but are not identical and consequently, do not meet the conditions to be classified as equity. As a result, the

BMO U.S. High Yield Bond Fund

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

*(All amounts in thousands of Canadian dollars, except per unit data)
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Fund's obligations for net assets attributable to holders of redeemable units ("Net Assets") are classified as financial liabilities and presented at the redemption amounts.

Cost of investments

The cost of investments represents the amount paid for each security and is determined on an average cost basis, and excludes commissions and other portfolio transaction costs, which are reported separately in the Statement of Comprehensive Income. Realized gains and losses on disposition are determined based on the cost of the investments.

Fair value measurement

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

For exchange-traded securities, close prices are considered to be fair value if they fall within the bid-ask spread. In circumstances where the close price is not within the bid-ask spread, the Manager determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

Procedures are in place to fair value equities traded in countries outside of North America daily, to avoid stale prices and to take into account, among other things, any significant events occurring after the close of a foreign market.

For bonds, debentures, asset-backed securities, short-term investments and other debt securities, fair value is determined as the last traded market price or close price, or other such prices, that falls within the bid-ask spread of the security.

Mutual fund units held as investments are valued at their respective Net Asset Value ("NAV") on each Valuation Date (the "Valuation Date" is each day on which the Toronto Stock Exchange is open for trading), as these values are the most readily and regularly available.

The Fund may enter into forward currency contracts for hedging purposes either directly or indirectly or for non-hedging purposes. The fair value of forward

currency contracts entered into by the Fund is recorded as the difference between the fair value of the contract on the Valuation Date and the fair value on the date the contract originated.

For the Series A Hedged Units, Advisor Series Hedged Units and Series F Hedged Units (the "Hedged Series"), the Fund enters into forward currency contracts to hedge against foreign currency exposure and as a result the Hedged Series will be subject to less currency risk than the other series of the Fund because their foreign currency exposure is hedged. However, the hedging strategy may not achieve a perfect hedge of the foreign currency exposure for the Hedged Series.

The Fund may engage in option contract transactions by purchasing (long positions) or writing (short positions) call or put option contracts. These contracts have different risk exposures for the Fund, whereas the risk for long positions will be limited to the premium paid to purchase the option contracts, the risk exposure for the short positions are potentially unlimited until closed or expired.

The premium paid for purchasing an option is included in "Derivative assets" in the Statement of Financial Position. The option contract is valued on each Valuation Date at an amount equal to the fair value of the option that would have the effect of closing the position. The change in the difference between the premium and the fair value is shown as "Change in unrealized appreciation (depreciation)" in the Statement of Comprehensive Income.

When a purchased option expires, the Fund will realize a loss equal to the premium paid. When a purchased option is closed, the gain or loss the Fund will realize will be the difference between the proceeds and the premium paid. When a purchased call option is exercised, the premium paid is added to the cost of acquiring the underlying security. When a purchased put option is exercised, the premium paid is subtracted from the proceeds from the sale of the underlying security that had to be sold.

The premium received from writing an option is included in "Derivative liabilities" in the Statement of Financial Position.

When a written option expires, the Fund will realize a gain equal to the premium received. When a written option is closed, the Fund will realize a gain or loss equal to the difference between the cost at which the

BMO U.S. High Yield Bond Fund

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

*(All amounts in thousands of Canadian dollars, except per unit data)
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contract was closed and the premium received. When a written call option is exercised, the premium received is added to the proceeds from the sale of the underlying investments to determine the realized gain or loss. When a written put option is exercised, the premium received will be subtracted from the cost of the underlying investments the Fund had to purchase.

The gain or loss that the Fund realizes when a purchased or written option is expired or closed is recorded as “Net realized gain (loss)” in the Statement of Comprehensive Income.

Futures contracts are financial agreements to purchase or sell a financial instrument at a contracted price on a specified future date. Futures contracts are valued at the gain or loss that would arise as a result of closing the position at the Valuation date. Changes in this value on each Valuation Date is recorded as “Derivative income (loss)” in the Statement of Comprehensive Income. Treasury bills or cash are held as margin against futures contracts.

A credit default swap contract is an agreement to transfer credit risk from one party, a buyer of protection, to another party, a seller of protection. The Fund, as a seller of protection, would be required to pay a notional or other agreed upon value to the buyer of protection in the event of a default by a third-party. In return, the Fund would receive from the counterparty a periodic stream of payments over the term of the contract provided that no event of default occurs. If no default occurs, the Fund would keep the stream of payments and would have no payment obligations.

In connection with the agreement, securities or cash may be identified as collateral or margin in accordance with the terms of the agreement to provide assets of value in the event of default or bankruptcy/insolvency.

The Fund, as a buyer of protection, would receive a notional or other agreed upon value from the seller of protection in the event of a default by a third-party. In return, the Fund would be required to pay to the counterparty a periodic stream of payments over the term of the contract provided that no event of default occurs.

Credit default swap contracts are fair valued daily based upon quotations from independent security pricing sources. Premiums paid or received, if any, are included in “Net realized gain (loss)” in the Statement of Comprehensive Income. Net periodic payments are

accrued daily and recorded as “Derivative income (loss)” in the Statement of Comprehensive Income. When credit default swap contracts expire or are closed out, gains or losses are recorded as “Net realized gain (loss)” in the Statement of Comprehensive Income.

Interest rate swap contracts are agreements between two parties to exchange periodic interest payments based on a notional principal amount. The net periodic payments received or paid from interest rate swap contracts are recorded as “Derivative income (loss)” in the Statement of Comprehensive Income. Payments received or paid when the Fund enters into the contract are recorded as a liability or asset in the Statement of Financial Position. When the contract is terminated or expires, the payments received or paid are recorded as “Net realized gain (loss)” in the Statement of Comprehensive Income. Payments received or paid upon early termination are recorded as “Net realized gain (loss)” in the Statement of Comprehensive Income.

Interest rate swap agreements are valued based upon quotations from independent sources. The change in value is included in “Change in unrealized appreciation (depreciation)” in the Statement of Comprehensive Income.

The Fund enters into interest rate swap agreements to manage the exposure to interest rates.

Unlisted warrants, if any, are valued based on a pricing model which considers factors such as the market value of the underlying security, strike price and terms of the warrant.

For securities where market quotes are not available, unreliable or not considered to reflect the current value, the Manager may determine another value which it considers to be fair and reasonable, or use a valuation technique that, to the extent possible, makes maximum use of inputs and assumptions based on observable market data including volatility, comparable companies, NAV (for exchange-traded funds) and other applicable rates or prices. These estimation techniques include discounted cash flows, internal models that utilize observable data or comparisons with other securities that are substantially similar. In limited circumstances, the Manager may use internal models where the inputs are not based on observable market data.

BMO U.S. High Yield Bond Fund

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The Fund enters into To-Be-Announced securities ("TBA") to gain exposure to the underlying mortgage-backed securities ("MBS"), and may or may not take delivery at maturity. TBA securities are typically sold one to three months in advance of issuance, prior to the identification of the underlying pools of mortgage securities but with the interest payment provisions fixed in advance. The underlying pools of mortgage securities are identified shortly before settlement and must meet certain parameters. As such, the TBA securities do not have a known maturity date as of year-end. Losses may arise due to changes in the value of the underlying securities, failure of the counterparty to perform under the contract, or if the issuer fails to issue the MBS due to political, economic or other factors. TBA securities are fair valued based upon quotations from independent security pricing sources. Any gain or loss from selling the TBA security before the underlying MBS is delivered is recorded as "Net realized gain (loss)" and any unrealized gain or loss from changes in the fair value of the TBA security held is recorded as "Change in unrealized appreciation (depreciation)" in the Statement of Comprehensive Income.

The Fund may enter into investment loan commitments, of which all or a portion may be unfunded as of the reporting date. Unfunded loan commitments are contractual obligations for funding, which the Fund may be obligated to make to the borrower on demand. The funded portion of the loan commitment is shown on the Schedule of Investment Portfolio. Additional information on the Fund's unfunded loan commitments, where applicable, is provided in Note 8.

Cash

Cash is comprised of cash and deposits with banks, which include bankers' acceptances and overnight demand deposits. The carrying amount of cash approximates its fair value because it is short-term in nature.

Other assets and other liabilities

Other assets and other liabilities generally include receivables for investments sold, subscriptions receivable, interest receivable, dividend receivable, distribution receivable from investment trusts, payable for investments purchased, redemptions payable, distributions payable and accrued expenses. These

financial assets and financial liabilities are short-term in nature and are measured at amortized cost, which approximates their fair value.

Investments in subsidiaries, joint ventures and associates

Subsidiaries are entities over which the Fund has control through its exposure or rights to variable returns from its investment and has the ability to affect those returns through its power over the entity. The Manager has determined that the Fund is an investment entity and as such, it accounts for subsidiaries, if any, at fair value. Joint ventures are investments where the Fund exercises joint control through an agreement with other shareholders, and associates are investments in which the Fund exerts significant influence over operating, investing, and financing decisions (such as entities in which the Fund owns 20% - 50% of voting shares), all of which, if any, have been classified at FVTPL.

Unconsolidated structured entities

The Manager has determined that the underlying funds in which the Fund may invest are unconsolidated structured entities. This determination is based on the fact that decision making about the underlying funds is not governed by the voting right or other similar right held by the Fund. Similarly, investments in securitizations, asset-backed securities and mortgage-backed securities are determined to be interests in unconsolidated structured entities.

The Fund may invest in underlying funds whose investment objectives range from achieving short-term to long-term income and capital growth potential. Underlying funds may use leverage in a manner consistent with their respective investment objectives and as permitted by Canadian securities regulatory authorities. Underlying funds finance their operations by issuing redeemable units which are puttable at the holders' option and entitles the holder to a proportionate stake in the respective fund's Net Assets. The change in fair value of each of the underlying funds during the periods is included in "Change in unrealized appreciation (depreciation)" in the Statement of Comprehensive Income.

Mortgage-related securities are created from pools of residential or commercial mortgage loans, including mortgage loans made by savings and loan institutions, mortgage bankers, commercial banks and others.

BMO U.S. High Yield Bond Fund

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

*(All amounts in thousands of Canadian dollars, except per unit data)
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Asset-backed securities are created from many types of assets, including auto loans, credit card receivables, home equity loans and student loans.

The Fund does not provide and has not committed to providing any additional significant financial or other support to the unconsolidated structured entities other than its investment in the unconsolidated structured entities.

Additional information on the Fund's interest in unconsolidated structured entities, where applicable, is provided in Note 8.

Offsetting of financial assets and financial liabilities

Financial instruments are presented at net or gross amounts in the Statement of Financial Position depending on the existence of intention and legal right to offset opposite positions of such instruments held with the same counterparties. Amounts offset in the Statement of Financial Position are related to transactions for which the Fund has legally enforceable rights to offset and intends to settle the positions on a net basis. Amounts not offset in the Statement of Financial Position relate to positions where there is no legally enforceable right to offset, or the legal right to offset is only in the event of default, insolvency or bankruptcy, or where the Fund has no intention to settle on a net basis. Refer to Note 8 for details.

Income recognition

Dividend income and distributions received from investment trusts are recognized on the ex-dividend and ex-distribution date, respectively.

Interest income from interest bearing investments is recognized in the Statement of Comprehensive Income using the effective interest rate. Interest receivable shown in the Statement of Financial Position is accrued based on the interest bearing investments' stated rates of interest.

Interest on inflation-indexed bonds is paid based on a principal value, which is adjusted for inflation. The inflation adjustment of the principal value is recognized as part of interest income in the Statement of Comprehensive Income. If held to maturity, the Fund will receive, in addition to a coupon interest payment, a final payment equal to the sum of the par value and the inflation compensation accrued from the original issue

date. Interest is accrued on each Valuation Date based on the inflation adjusted par value at that time and is included in "Interest income" in the Statement of Comprehensive Income.

Foreign currency translation

The fair value of investments and other assets and liabilities in foreign currencies are translated into the Fund's functional currency at the rates of exchange prevailing at the period-end date. Purchases and sales of investments, and income and expenses are translated at the rates of exchange prevailing on the respective dates of such transactions. Realized and unrealized foreign exchange gains (losses) on investment transactions are included in "Net realized gain (loss)" and in "Change in unrealized appreciation (depreciation)" respectively, in the Statement of Comprehensive Income. Realized and unrealized foreign exchange gains (losses) relating to cash, receivables and payables, as applicable, are included in "Foreign exchange gain (loss)" in the Statement of Comprehensive Income.

Securities lending

A Fund may engage in securities lending pursuant to the terms of an agreement with State Street (the "securities lending agent"). The aggregate market value of all securities loaned by the Fund cannot exceed 50% of the NAV of the Fund. The Fund will receive collateral of at least 102% of the value of securities on loan. Collateral will generally be comprised of obligations of or guarantee by the Government of Canada or a province thereof, or by the United States government or its agencies, but it may include obligations of other governments with appropriate credit ratings. Further, the program entered into provides for 100% indemnification by the securities lending agent and parties related to the Fund's custodian, to the Fund for any defaults by borrowers.

For those Funds participating in the program, aggregate values of securities on loan, the collateral held as at September 30, 2022 and September 30, 2021 and information about the security lending income earned by the Fund are disclosed in Note 8, where applicable.

Income from securities lending, where applicable, is included in the Statement of Comprehensive Income and is recognized when earned. The breakdown of the securities lending income is disclosed in Note 8, where applicable.

BMO U.S. High Yield Bond Fund

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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Short-term trading penalty

To discourage excessive trading, the Fund may, at the Manager's sole discretion, charge a short-term trading penalty. This penalty is paid directly to the Fund and is included in "Short-term penalty fees" in the Statement of Comprehensive Income.

Increase or decrease in net assets attributable to holders of redeemable units per unit

"Increase (decrease) in net assets attributable to holders of redeemable units per unit" of a series in the Statement of Comprehensive Income represents the increase (decrease) in net assets attributable to holders of redeemable units of the series divided by the weighted average number of units of the series outstanding during the period. Refer to Note 8 for details.

Taxation

The Fund qualifies as a unit trust under the provisions of the Income Tax Act (Canada). Distributions of all net taxable income and sufficient amounts of net realized capital gains for each taxation year will be paid to unitholders so that the Fund will not be subject to income tax. As a result, the Manager has determined that the Fund is in substance not taxable and therefore does not record income taxes in the Statement of Comprehensive Income nor does it recognize any deferred tax assets or liabilities in the Statement of Financial Position.

The Fund may incur withholding taxes imposed by certain countries on investment income and capital gains. Such income and capital gains are recorded on a gross basis with the related withholding taxes shown as a separate expense in the Statement of Comprehensive Income.

The allocation of the distributions from each of income, dividends, capital gains and return of capital is based on the Manager's estimate as at September 30 of the period shown, as applicable, which is the Fund's financial year-end. However, the actual allocation of distributions is determined as at December, the Fund's tax year-end. Accordingly, the actual allocation among income, dividends, capital gains and return of capital may differ from these estimates.

Fund mergers

The Manager used the purchase method of accounting for fund mergers. Under the purchase method of accounting, one of the Funds in each merger is

identified as the acquiring fund, and is referred to as the "Continuing Fund", and the other Fund involved in the merger is referred to as the "Terminated Fund". In determining the acquirer, the Manager considered factors such as the comparison of the relative NAV of the funds as well as consideration of the continuation of certain aspects of the Continuing Fund such as: investment advisors, investment objectives and practices, type of portfolio securities and management fees and other expenses. Where applicable, refer to Note 8 for the details of any fund merger transactions.

4. Critical accounting judgements and estimates

The preparation of financial statements requires the use of judgement in applying the Fund's accounting policies and to make estimates and assumptions about the future. The following discusses the most significant accounting judgements and estimates that the Manager has made in preparing the Fund's financial statements.

Accounting judgements:

Functional and presentation currency

The Fund's unitholders are mainly Canadian residents, with the subscriptions and redemptions of the redeemable units denominated in Canadian dollars. The Fund invests in Canadian and U.S. dollars and other foreign denominated securities, as applicable. The performance of the Fund is measured and reported to the investors in Canadian dollars. The Manager considers the Canadian dollar as the currency that most appropriately represents the economic effects of the underlying transactions, events and conditions. The financial statements are presented in Canadian dollars, which is the Fund's functional and presentation currency.

Classification and measurement of investment portfolio

In classifying and measuring financial instruments held by the Fund, the Manager is required to make an assessment of the Fund's business model for managing financial instruments and the Manager is also required to make significant judgements in determining the most appropriate classification in accordance with IFRS 9. The Manager has assessed the Fund's business model with respect to the manner in which financial assets and financial liabilities are managed as a group and performance is evaluated on a fair value basis, and has concluded that FVTPL in accordance with IFRS 9

BMO U.S. High Yield Bond Fund

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

*(All amounts in thousands of Canadian dollars, except per unit data)
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provides the most appropriate measurement and presentation of the Fund's investment portfolio. The collection of principal and interest is incidental to the fair value business model.

Accounting estimates:

Fair value measurement of securities not quoted in an active market

The Manager has established policies and control procedures that are intended to ensure these estimates are well controlled, independently reviewed, and consistently applied from period to period. The estimates of the value of the Fund's assets and liabilities are believed to be appropriate as at the reporting date.

The Fund may hold financial instruments that are not quoted in active markets. Note 3 discusses the policies used by the Fund for the estimates used in determining fair value.

5. Units and unit transactions

The redeemable units of the Fund are classified as financial liabilities. The units have no par value and are entitled to distributions, if any. Upon redemption, a unit is entitled to a proportionate share of the Fund's NAV. The Fund is required to pay distributions in an amount not less than the amount necessary to ensure the Fund will not be liable for income taxes on realized capital gains, dividends and interest. The Fund has no restrictions or specific capital requirements on the subscriptions and redemptions of units except as disclosed in Note 8. The relevant movements in redeemable units are shown in the Statement of Changes in Net Assets Attributable to Holders of Redeemable Units.

In accordance with its investment objectives and strategies, and the risk management practices outlined in Note 7, the Fund endeavours to invest the subscriptions received in appropriate investments, while maintaining sufficient liquidity to meet redemptions, with such liquidity being augmented by short-term borrowings or disposal of investments where necessary.

Redeemable units of the Fund are offered for sale on a continuous basis and may be purchased or redeemed on any Valuation Date at the NAV per unit of a particular series. The NAV per unit of a series for the purposes of subscription or redemption is computed by dividing the NAV of the Fund attributable to the series

(that is, the total fair value of the assets attributable to the series less the liabilities attributable to the series) by the total number of units of the series of the Fund outstanding at such time on each Valuation Date, in accordance with Part 14 of National Instrument ("NI") 81-106 Investment Fund Continuous Disclosure for the purpose of processing unitholder transactions. Net Assets are determined in accordance with IFRS and may differ to the Funds' NAV. Where the Fund's NAV is not equal to its Net Assets, a reconciliation is shown in Note 8.

Expenses directly attributable to a series are charged to that series. Other expenses, income, realized and unrealized gains and losses from investment transactions are allocated proportionately to each series based upon the relative NAV of each series. The gain (loss) of certain forwards in Funds with Hedged Series is allocated only to the hedged series.

ETF Series Units

On any trading day, a designated broker or an ETF dealer may place a subscription or redemption order for an integral multiple of the prescribed number ETF Series Units of the Fund as permitted by the Manager.

If the subscription or redemption order is accepted, the Fund will issue or redeem ETF Series Units to/from the designated broker or the ETF dealer by no later than the third trading day after the date on which the subscription or redemption order is accepted, in the case of a fund that invests a portion of its portfolio assets in T+3 securities; by no later than the second trading date after the date on which the subscription or redemption order is accepted, in the case of a fund that does not invest a portion of its portfolio assets in T+3 securities or a shorter period as may be determined by the Manager in response to changes in applicable law or general changes to settlement procedures in applicable markets.

For each prescribed number of ETF Series Units issued or redeemed, a designated broker or an ETF dealer must deliver or receive payment consisting of:

- A basket of applicable securities and cash in an amount sufficient so that the value of the securities and the cash received is equal to the NAV of the ETF Series Units subscribed/redeemed;
- Cash in the amount equal to the NAV of the ETF Series Units subscribed/redeemed; or

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- A combination of securities and cash, as determined by the Manager, in an amount sufficient so that the value of the securities and cash received is equal to the NAV of the ETF Series Units subscribed/redeemed.

On any trading day, unitholders may redeem ETF Series Units for cash or exchange ETF Series Units for baskets of securities and cash. ETF Series Units redeemed for cash will be redeemed at a redemption price per ETF Series Unit equal to the lesser of (i) 95% of the closing price for the ETF Series Units on the TSX on the effective day of the redemption; and (ii) the NAV per unit of the ETF Series Units on the effective day of the redemption. ETF Series Units exchanged for baskets of securities will be exchanged at a price equal to the NAV of the ETF Series Units on the effective day of the exchange request, payable by delivery of baskets of securities and cash.

Unitholders that redeem ETF Series Units prior to the distribution record date will not be entitled to receive the distribution.

6. Related party transactions

(a) Management fees

The Manager is responsible for the day-to-day management of the Fund and its investment portfolio in compliance with the Fund's constating documents. The Manager provides key management personnel to the Fund, monitors and evaluates the performance of the Fund, pays for the investment management services of the investment advisors and provides all related administrative services required by the Fund.

The management fees for the ETF Series includes costs related to the administration expenses and other operating expenses, other than the fund expenses.

As compensation for its services, the Manager is entitled to receive a fee payable monthly, calculated daily at the maximum annual rates included in Note 8.

(b) Fixed administration fees

The Manager pays certain operating expenses of each Fund except for BMO Ascent Income Portfolio, BMO Ascent Conservative Portfolio, BMO Ascent Balanced Portfolio, BMO Ascent Growth Portfolio, BMO Ascent Equity Growth Portfolio, BMO FundSelect Balanced Portfolio (Series NBA only), BMO FundSelect Growth Portfolio (Series NBA only), BMO FundSelect Equity Growth Portfolio (Series NBA only), BMO Covered Call Canadian Banks ETF Fund, BMO Covered Call U.S. High Dividend ETF Fund, BMO Covered Call

Europe High Dividend ETF Fund, BMO Sustainable Opportunities Global Equity Fund, BMO Tactical Global Asset Allocation ETF Fund, BMO Tactical Global Growth ETF Fund, BMO Women in Leadership Fund, BMO International Equity Fund, BMO Japan Fund, BMO Covered Call Canada High Dividend ETF Fund, BMO Concentrated Global Equity Fund, BMO Crossover Bond Fund, BMO Sustainable Global Multi-Sector Bond Fund, BMO U.S. Small Cap Fund, BMO Multi-Factor Equity Fund, BMO SIA Focused Canadian Equity Fund, BMO SIA Focused North American Equity Fund, BMO Concentrated U.S. Equity Fund, BMO Low Volatility Canadian Equity ETF Fund, BMO Low Volatility U.S. Equity ETF Fund, BMO Clean Energy ETF Fund, BMO Global Enhanced Income Fund, BMO Nasdaq 100 Equity ETF Fund, BMO SDG Engagement Global Equity Fund, BMO Sustainable Balanced Portfolio, BMO Sustainable Bond Fund, BMO Sustainable Conservative Portfolio, BMO Sustainable Growth Portfolio, BMO Sustainable Income Portfolio, BMO Sustainable Opportunities Canadian Equity Fund, BMO Sustainable Opportunities China Equity Fund, BMO Target Education 2040 Portfolio, BMO U.S. All Cap Equity Fund and BMO U.S. Corporate Bond Fund (the "Variable Operating Expense Series"), including audit and legal fees and expenses; custodian and transfer agency fees; costs attributable to the issue, redemption and change of securities, including the cost of the securityholder record keeping system; expenses incurred in respect of preparing and distributing prospectuses, financial reports and other types of reports, statements and communications to securityholders; fund accounting and valuation costs; filing fees, including those incurred by the Manager (collectively the "Administration Expenses"). In return, the Fund pays a fixed administration fee to the Manager except for BMO Brookfield Global Real Estate Tech Fund, BMO Brookfield Global Renewables Infrastructure Fund, BMO Canadian Banks ETF Fund and BMO Global Quality ETF Fund (the "Combined Expense Series"). The fixed administration fee is calculated daily as a fixed annual percentage of the NAV of the Fund. Refer to Note 8 for the fixed administration fee rates charged to the Fund, where applicable.

(c) Fund expenses

The Fund also pays certain operating expenses directly ("Fund Expenses"), including expenses incurred in respect of preparing and distributing fund facts; interest or other borrowing expenses; all reasonable

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costs and expenses incurred in relation to compliance with NI 81-107, including compensation and expenses payable to Independent Review Committee ("IRC") members and any independent counsel or other advisors employed by the IRC, the costs of the orientation and continuing education of IRC members and the costs and expenses associated with IRC meetings; taxes of all kinds to which the Fund is or might be subject; and costs associated with compliance with any new governmental or regulatory requirement introduced after December 1, 2007.

The Manager may, in some years and in certain cases, absorb a portion of management fees, fixed administration fees or certain specified expenses of the Fund or series of the Fund. The decision to absorb these expenses is reviewed periodically and determined at the discretion of the Manager, without notice to unitholders.

(d) Variable administration fees

The Variable Operating Expense Series pay all of its expenses directly. These operating expenses include Administration Expenses and Fund Expenses.

(e) Commissions and other portfolio transaction costs

The Fund may execute trades with and through BMO Nesbitt Burns Inc., an affiliate of the Manager, based on established standard brokerage agreements at market prices. These fees are included in "Commissions and other portfolio transaction costs" in the Statement of Comprehensive Income. Refer to Note 8 for related party fees charged to the Fund during the period(s) ended September 30, 2022 and September 30, 2021, where applicable.

(f) Initial investments

In order to establish a new Fund, the Manager, makes an initial investment in the Fund. Pursuant to the policies of the Canadian Securities Administrators, an initial investor cannot redeem its investments until an additional \$500 has been received from other investors with respect to the same class of units. Refer to Note 8 for the investment in units of the Fund held by the Manager as at September 30, 2022 and September 30, 2021, where applicable.

(g) Other related party transactions

From time to time, the Manager may on behalf of the Fund, enter into transactions or arrangements with or involving subsidiaries and affiliates of Bank of Montreal, or certain other persons or companies that

are related or connected to the Manager of the Fund. These transactions or arrangements may include transactions or arrangements with or involving subsidiaries and affiliates of Bank of Montreal, BMO Investments Inc., BMO Nesbitt Burns Inc., BMO Asset Management Corp., BMO Private Investment Counsel Inc., BMO Asset Management Inc., BMO InvestorLine Inc., Pyrford International Limited, LGM Investments Limited, BMO Trust Company, BMO Asset Management Limited, BMO Global Asset Management (Asia) Limited, Taplin, Canida & Habacht LLC, BMO Capital Markets Corp., or other investment funds offered by Bank of Montreal, and may involve the purchase or sale of portfolio securities through or from subsidiaries or affiliates of Bank of Montreal, the purchase or sale of securities issued or guaranteed by subsidiaries or affiliates of Bank of Montreal, the purchase or redemption of units or shares of other Bank of Montreal investment funds or the provision of services to the Manager.

On November 8, 2021, BMO Financial Group announced that it had completed the previously announced sale of the entities that represent its EMEA asset management business to Ameriprise Financial, Inc. As a result of the closing of this transaction, Columbia Threadneedle Management Limited (formerly BMO Asset Management Limited), BMO Global Asset Management (Asia) Limited, LGM Investments Limited and Pyrford International Limited are no longer subsidiaries or affiliates of Bank of Montreal or related or connected to the Manager.

On November 15, 2021, the Manager transferred to Columbia Management Investment Advisers, LLC, Ameriprise Financial's U.S. asset management business, the investment advisory mandates for certain BMO Mutual Funds or portions thereof sub-advised by Taplin, Canida & Habacht, LLC. On December 16, 2021, the Manager transferred to Columbia Management Investment Advisers, LLC the investment advisory mandates for certain BMO Mutual Funds or portions thereof sub-advised by BMO Asset Management Corp.

7. Financial instruments risks

The Fund's activities expose it to a variety of risks associated with the financial instruments, as follows: market risk (including currency risk, interest rate risk and other market risk), credit risk and liquidity risk. The concentration table groups securities by asset

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type, geographic location and/or market segment. The Fund's risk management practice outlines the monitoring of compliance to investment guidelines.

The Manager manages the potential effects of these financial risks on the Fund's performance by employing and overseeing professional and experienced portfolio managers that regularly monitor the Fund's positions, market events, and diversify investment portfolios within the constraints of the investment guidelines.

Where the Fund invests in other investment fund(s), it may be indirectly exposed to the financial risks of the underlying fund(s), depending on the investment objectives and the type of securities held by the underlying fund(s). The decision to buy or sell an underlying fund is based on the investment guidelines and positions, rather than the exposure of the underlying fund(s).

(a) Currency risk

Currency risk is the risk that the fair value of financial instruments denominated in currencies, other than the functional currency of the Fund, will fluctuate due to changes in foreign exchange rates. Investments in foreign markets are exposed to currency risk as the prices denominated in foreign currencies are converted to the Fund's functional currency in determining fair value. The Fund may enter into forward currency contracts for hedging purposes to reduce foreign currency exposure or to establish exposure to foreign currencies. IFRS 7 considers the foreign exchange exposure relating to non-monetary assets and liabilities to be a component of market price risk not foreign currency risk. However, the Manager monitors the exposure on all foreign currency denominated assets and liabilities. The Fund's exposure to currency risk, if any, is further disclosed in Note 8.

(b) Interest rate risk

Interest rate risk is the risk that the fair value of the Fund's interest bearing investments will fluctuate due to changes in market interest rates. The Fund's exposure to interest rate risk is concentrated in its investment in debt securities (such as bonds, money market investments, short-term investments and debentures) and interest rate derivative instruments, if any. Other assets and liabilities are short-term in nature and/or non-interest bearing. The Fund's exposure to interest rate risk, if any, is further discussed in Note 8.

(c) Other market risk

Other market risk is the risk that the fair value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in a market. Other assets and liabilities are monetary items that are short-term in nature, as such they are not subject to other market risk. The Fund's exposure to other market risk, if any, is further discussed in Note 8.

(d) Credit risk

Credit risk is the risk that a loss could arise from a security issuer or counterparty to a financial instrument not being able to meet its financial obligations. The fair value of debt securities includes consideration of the credit worthiness of the debt issuer. Credit risk exposure for over-the-counter derivative instruments is based on the Fund's unrealized gain of the contractual obligations with the counterparty as at the reporting date. The credit exposure of other assets is represented by its carrying amount. The Fund's exposure to credit risk, if any, is further discussed in Note 8.

The Fund may enter into securities lending transactions with approved counterparties. Credit risk associated with these transactions is considered minimal as all counterparties have a sufficient approved credit rating and the market value of collateral held by the Fund must be at least 102% of the fair value of securities loaned, as disclosed in Note 8, where applicable.

(e) Liquidity risk

The Fund's exposure to liquidity risk is concentrated in the daily cash redemptions of units, and other liabilities. The Fund primarily invests in securities that are traded in active markets and can be readily disposed. In addition, the Fund retains sufficient cash positions to maintain liquidity. The Fund may, from time to time, enter into over-the-counter derivative contracts or invest in unlisted securities, which are not traded in an organized market and may be illiquid. Securities for which a market quotation could not be obtained and may be illiquid are identified in the Schedule of Investment Portfolio. The proportion of

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illiquid securities to the NAV of the Fund is monitored by the Manager to ensure it does not exceed the regulatory limit and does not significantly affect the liquidity required to meet the Fund's financial obligations.

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8. Fund specific information

(a) Fund and Series information and change in units

The Fund is authorized to issue an unlimited number of units in each of Series A Units, Advisor Series Units, Series F Units, Series D Units, Series I Units and BMO Private U.S. High Yield Bond Fund Series O Units ("Series O Units"), which are redeemable at the unitholders' option.

Series	Inception Date
Series A Units	May 9, 2008
Advisor Series Units	October 27, 2009
Series F Units	February 11, 2009
Series D Units	April 7, 2014
Series I Units	May 9, 2008
Series O Units	July 27, 2012

Series A Units are offered on a no-load basis and are available to all investors.

Advisor Series Units are available to all investors through registered dealers.

Series F Units are available for purchase by investors who are enrolled in dealer-sponsored wrap programs or flat fee accounts. Instead of paying a commission on each transaction, these investors pay an annual fee to the Manager based on the value of their assets.

Series D Units are available to investors who have an account with a discount brokerage. A reduced trailing commission is paid to discount brokerages in respect to Series D Units which means a lower management fee can be charged. On March 28, 2022, 93.65% of the total NAV of the Series D Units were switched to the Series F Units. As at the close of business on June 10, 2022, Series D Units are no longer available for purchase by new or existing investors.

Series I Units are available only to institutional investors and other investment funds as determined by the Manager from time to time and on a case-by-case basis, and who have entered into an agreement with the Manager. No management fees and fixed administration fees are charged to the Fund in respect of the Series I Units as each investor or dealer negotiates a separate fee with the Manager.

Series O Units are available to investors who have entered into an investment management agreement with BMO Private Investment Counsel Inc. or have entered into an investment agreement with BMO

Nesbitt Burns Inc. and have received the Manager's consent. There are no sales charges applicable on a purchase of Series O Units. Investors pay a wealth management fee directly to BMO Trust Company and to BMO Private Investment Counsel Inc. or directly to BMO Nesbitt Burns Inc., as applicable. A fund may not pay a management fee on Series O Units because Series O investors pay a separate fee directly to the dealer, a portion of which may be paid to the Manager by the dealer. The Series O fee is set by the dealer.

The number of units of each series that have been issued and are outstanding are disclosed in the table below.

For the periods ended (in thousands of units)	Sep. 30, 2022	Sep. 30, 2021
Series A Units		
Units issued and outstanding, beginning of period	1,470	528
Issued	120	49
Issued on merger	—	1,027
Issued on reinvestment of distributions	70	37
Redeemed during the period	(448)	(171)
Units issued and outstanding, end of period	1,212	1,470
Advisor Series Units		
Units issued and outstanding, beginning of period	3,415	3,726
Issued	30	33
Issued on merger	—	415
Issued on reinvestment of distributions	129	128
Redeemed during the period	(738)	(887)
Units issued and outstanding, end of period	2,836	3,415
Series F Units		
Units issued and outstanding, beginning of period	1,072	1,054
Issued	429	63
Issued on merger	—	156
Issued on reinvestment of distributions	40	31
Redeemed during the period	(519)	(232)
Units issued and outstanding, end of period	1,022	1,072

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For the periods ended (in thousands of units)	Sep. 30, 2022	Sep. 30, 2021
Series D Units		
Units issued and outstanding, beginning of period	345	370
Issued	9	52
Issued on merger	—	38
Issued on reinvestment of distributions	7	14
Redeemed during the period	(359)	(129)
Units issued and outstanding, end of period	2	345

Series I Units

Units issued and outstanding, beginning of period	5,169	6,372
Issued	340	1,005
Issued on merger	—	0
Issued on reinvestment of distributions	334	405
Redeemed during the period	(1,673)	(2,613)
Units issued and outstanding, end of period	4,170	5,169

Series O Units

Units issued and outstanding, beginning of period	90,422	89,785
Issued	7,917	11,164
Issued on reinvestment of distributions	4,912	4,673
Redeemed during the period	(17,989)	(15,200)
Units issued and outstanding, end of period	85,262	90,422

Fund merger

As at the close of business on June 25, 2021, the Fund (“the Continuing Fund”) acquired the net assets of BMO Floating Rate Income Fund (“the Terminated Fund”). As a result, the unitholders of the Terminated Fund became the unitholders of the Continuing Fund. The cost of the merger was borne by the Manager of the Fund. The net assets acquired by each series and the units issued of the Continuing Fund are listed in the table below.

Series	Net Assets Acquired (\$)	Units Issued
Series A Units	8,624	1,027,191
Advisor Series Units	3,927	414,923
Series F Units	1,689	156,449
Series D Units	323	37,673
Series I Units	0	18

The vast majority of the net assets acquired as a result of this merger comprise of cash and investments.

(b) Reconciliation of NAV to Net Assets

As at September 30, 2022 and September 30, 2021, there were no differences between the Fund’s NAV per unit and its Net Assets per unit calculated in accordance with IFRS.

(c) Increase (decrease) in net assets attributable to holders of redeemable units per unit

The increase (decrease) in net assets attributable to holders of redeemable units per unit is calculated as follows:

For the periods ended	Sep. 30, 2022	Sep. 30, 2021
Series A Units		
(Decrease) increase in net assets attributable to holders of redeemable units	(1,505)	413
Weighted average units outstanding during the period (in thousands of units)	1,306	755
(Decrease) increase in net assets attributable to holders of redeemable units per unit	(1.15)	0.55
Advisor Series Units		
(Decrease) increase in net assets attributable to holders of redeemable units	(4,012)	2,837
Weighted average units outstanding during the period (in thousands of units)	3,074	3,418
(Decrease) increase in net assets attributable to holders of redeemable units per unit	(1.31)	0.83
Series F Units		
(Decrease) increase in net assets attributable to holders of redeemable units	(1,530)	1,068
Weighted average units outstanding during the period (in thousands of units)	1,031	1,042
(Decrease) increase in net assets attributable to holders of redeemable units per unit	(1.48)	1.02

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For the periods ended	Sep. 30, 2022	Sep. 30, 2021
Series D Units		
(Decrease) increase in net assets attributable to holders of redeemable units	(171)	278
Weighted average units outstanding during the period (in thousands of units)	173	345
(Decrease) increase in net assets attributable to holders of redeemable units per unit	(0.99)	0.81
Series I Units		
(Decrease) increase in net assets attributable to holders of redeemable units	(5,513)	5,969
Weighted average units outstanding during the period (in thousands of units)	5,399	7,050
(Decrease) increase in net assets attributable to holders of redeemable units per unit	(1.02)	0.85
Series O Units		
(Decrease) increase in net assets attributable to holders of redeemable units	(101,554)	79,157
Weighted average units outstanding during the period (in thousands of units)	87,588	90,517
(Decrease) increase in net assets attributable to holders of redeemable units per unit	(1.16)	0.87

(d) Income taxes

As at the tax year-ended December 15, 2021, the Fund had the following capital and non-capital losses available for income tax purposes:

Total Capital Losses (\$)	Total Non-Capital Losses (\$)	Non-Capital Losses That Expire in		
		2027 (\$)	2028 (\$)	2029 and thereafter (\$)
196,916	—	—	—	—

(e) Related party transactions

Management fees and administration fees

The Manager is entitled to receive the following fees payable monthly, calculated at the following maximum annual rates:

Series	Management Fees (%)	Fixed Administration Fees (%)
Series A Units	1.200*	0.250
Advisor Series Units	1.200*	0.250
Series F Units	0.450	0.250
Series D Units	0.750	0.250
Series I Units	*	
Series O Units	0.175	0.250

+ Effective June 24, 2021, the management fee rate was reduced from 1.600% to 1.200%

* Negotiated and paid by each Series I investor directly to the Manager.

The outstanding accrued management fees due to the Manager are included in "Accrued expenses" in the Statement of Financial Position and as at September 30, 2022 amounted to \$13 (September 30, 2021 — \$18).

The outstanding accrued fixed administration fees due to the Manager are included in "Accrued expenses" in the Statement of Financial Position and as at September 30, 2022 amounted to \$14 (September 30, 2021 — \$13).

Expenses

The Manager pays the administration and operating expenses of the Series I Units.

Brokerage commissions and soft dollars

Brokerage commissions paid (excluding transaction costs) on security transactions and amounts paid to related parties of the Manager for brokerage services provided to the Fund for the periods are as follows:

For the periods ended	Sep. 30, 2022 (\$)	Sep. 30, 2021 (\$)
Total brokerage amounts paid	9	2
Total brokerage amounts paid to related parties	—	—

There were no ascertainable soft dollars paid or payable to dealers by the Fund during the periods.

Units held by the Manager

The Manager held the following units of the Fund:

As at Sep. 30, 2022

Series	Number of Units	Value of Units (\$)
Series I Units	20	0
Series O Units	15	0

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As at Sep. 30, 2021

Series	Number of Units	Value of Units (\$)
Series I Units	18	0
Series O Units	14	0

(f) Financial instruments risks

The Fund's objective is to provide a high level of total return through a combination of income and capital appreciation by investing primarily in fixed income securities issued by United States corporations.

No changes affecting the overall level of risk of investing in the Fund were made during the period.

Currency risk

The Fund's exposure to currency risk is summarized in the tables below. Amounts shown are based on the carrying value of monetary and non-monetary assets (including derivatives and the underlying principal (notional) amount of forward currency contracts, if any).

As at Sep. 30, 2022

Currencies	Cash and other current receivables & payables (\$)	Investments (monetary & non-monetary) (\$)	Forward currency contracts (\$)	Net currency exposure (\$)	As a % of Net Assets (%)
U.S. Dollar	26,775	692,836	(713,354)	6,257	0.9

As at Sep. 30, 2021

Currencies	Cash and other current receivables & payables (\$)	Investments (monetary & non-monetary) (\$)	Forward currency contracts (\$)	Net currency exposure (\$)	As a % of Net Assets (%)
Euro	2	—	—	2	0.0
U.S. Dollar	30,969	875,647	(911,223)	(4,607)	(0.5)
Total	30,971	875,647	(911,223)	(4,605)	(0.5)

As at September 30, 2022 and September 30, 2021, if the Canadian dollar had strengthened or weakened by 5% in relation to all foreign currencies, with all other variables held constant, the Net Assets of the Fund could possibly have decreased or increased, as

applicable, by approximately \$313 (September 30, 2021 — \$230). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

Interest rate risk

The Fund's exposure to interest rate risk, by remaining term to maturity, is summarized in the following table:

Number of years	Interest Rate Exposure as at Sep. 30, 2022	Interest Rate Exposure as at Sep. 30, 2021
Less than one year	19,038	5,746
One to three years	67,763	69,027
Three to five years	203,322	148,637
Five to ten years	371,736	590,921
Greater than ten years	30,547	60,998
Total	692,406	875,329

As at September 30, 2022 and September 30, 2021, if the prevailing interest rates had been raised or lowered by 1%, assuming a parallel shift in the yield curve, with all other variables held constant, the Net Assets of the Fund could possibly have decreased or increased, respectively, by approximately \$30,645 (September 30, 2021 — \$38,136). The Fund's interest rate sensitivity was determined based on portfolio weighted duration. In practice, actual results may differ from this sensitivity analysis and the difference could be material.

Other market risk

As at September 30, 2022 and September 30, 2021, the Fund did not have significant exposure to other market risk as it invested primarily in fixed income securities.

Credit risk

The Fund's exposure to credit risk, grouped by credit ratings, is summarized in the following table:

Credit Rating	As a % of Net Assets as at Sep. 30, 2022	As a % of Net Assets as at Sep. 30, 2021
AA	0.1	—
A	0.0	—
BBB	2.9	6.6
BB	53.5	50.2
B	43.0	35.1
CCC	1.0	2.4

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Credit Rating	As a % of Net Assets as at	
	Sep. 30, 2022	Sep. 30, 2021
Below CCC	0.6	2.3
Unrated	0.0	0.0
Total	101.1	96.6

Securities lending

The Fund had assets involved in securities lending transactions outstanding as at September 30, 2022 and September 30, 2021 as follows:

	Aggregate Value of Securities on Loan (\$)	Aggregate Value of Collateral Received for the Loan (\$)
Sep. 30, 2022	35,806	40,981
Sep. 30, 2021	4,067	5,171

The table below is a reconciliation of the gross amount generated from securities lending transactions to the security lending revenue for the periods ended September 30, 2022 and September 30, 2021:

For the periods ended	Sep. 30, 2022		Sep. 30, 2021	
	Amount	% of Gross Securities Lending Revenue	Amount	% of Gross Securities Lending Revenue
Gross securities lending revenue	66	100.0	33	100.0
Withholding taxes	—	—	—	—
	66	100.0	33	100.0
Payment to securities lending agents	16	25.0	8	25.0
Net securities lending revenue	50	75.0	25	75.0

Concentration risk

The Fund's concentration risk is summarized in the following table:

As at	Sep. 30, 2022	Sep. 30, 2021
Bonds & Debentures		
Brazil	—%	0.4%
Canada	2.6%	1.2%

As at	Sep. 30, 2022	Sep. 30, 2021
Egypt	—%	0.4%
France	3.0%	1.1%
Israel	—%	0.5%
Italy	—%	0.3%
Luxembourg	1.5%	0.4%
Mexico	—%	1.0%
Netherlands	2.1%	1.8%
Poland	0.3%	—%
Spain	0.5%	—%
United Kingdom	1.0%	3.1%
United States	90.0%	86.4%
Equities		
United States	0.1%	0.0%
Other Assets Less Liabilities	(1.1)%	3.4%
	100.0%	100.0%

(g) Fair value hierarchy

The Fund classifies its financial instruments into three levels based on the inputs used to value the financial instruments. Level 1 securities are valued based on quoted prices in active markets for identical securities. Level 2 securities are valued based on significant observable market inputs, such as quoted prices from similar securities and quoted prices in inactive markets or based on observable inputs to models. Level 3 securities are valued based on significant unobservable inputs that reflect the Manager's determination of assumptions that market participants might reasonably use in valuing the securities. The tables below show the relevant disclosure.

As at Sep. 30, 2022	Level 1	Level 2	Level 3	Total
Financial assets				
Debt Securities	661,073	31,333	—	692,406
Equity Securities	430	—	—	430
Derivatives	—	666	—	666
Total	661,503	31,999	—	693,502
Financial liabilities				
Derivatives	—	(35,610)	—	(35,610)

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As at Sep. 30, 2021				
Financial assets	Level 1	Level 2	Level 3	Total
Debt Securities	762,134	113,195	—	875,329
Equity Securities	—	—	318	318
Total	762,134	113,195	318	875,647
Financial liabilities				
Derivatives	—	(1,223)	—	(1,223)

Transfers between levels

Transfers are made between the various fair value hierarchy levels due to changes in the availability of quoted market prices or observable inputs due to changing market conditions. Transfers of assets and liabilities between fair value hierarchy levels are recorded at their fair values as at the end of each reporting period, consistent with the date of the determination of fair value.

During the period from October 1, 2021 to September 30, 2022, \$430 of equity securities were transferred from Level 3 to Level 1 as market information became available for certain equity securities.

During the period from October 1, 2020 to September 30, 2021, \$10,697 of debt securities were transferred from Level 1 to Level 2 due to reduced observability of the inputs used to value these securities, and \$2,449 of debt securities were transferred from Level 2 to Level 1 due to increased availability of quoted prices in the active market.

Changes in Level 3 fair value measurements

The following table presents a reconciliation of all Level 3 financial instruments during the periods ended September 30, 2022 and September 30, 2021, including realized and unrealized gains (losses) included in earnings.

For the periods ended	Sep. 30, 2022	Sep. 30, 2021
Financial Assets		
Equity Securities		
Opening Balance	318	—
Purchase issuance	—	311
Sales/settlements	—	—
Realized and unrealized gains/ (losses) included in earnings	—	7
Transfers in	—	—
Transfers out	(318)	—
Closing Balance	—	318
Change in unrealized gains or losses for Level 3 assets held at year end and included in other changes in fair value of investments and derivatives	—	7

The Manager has assessed the effect of changing the inputs to possible alternatives and determined that they would not have a significant impact on Net Assets of the Fund.

Level 3 additional disclosures:

The Level 3 positions held in the Fund were not considered significant.

(h) Offsetting financial assets and financial liabilities

The following tables present the amounts that have been offset in the Statement of Financial Position. Amounts offset in the Statement of Financial Position include transactions for which the Fund has a legally enforceable right to offset and intends to settle the positions on a net basis.

As at Sep. 30, 2022	Assets	Liabilities
Gross Amounts of Recognized Financial Assets (Liabilities)	666	(35,610)
Amounts Set-off in the Statement of Financial Position	—	—
Net Amounts Presented in the Statement of Financial Position	666	(35,610)
Related Amounts not Set-off in the Statement of Financial Position		
Financial Instrument	—	—
Cash Collateral Received (Pledged)	—	—
Net Amount	666	(35,610)

BMO U.S. High Yield Bond Fund

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

(All amounts in thousands of Canadian dollars, except per unit data)
September 30, 2022

As at Sep. 30, 2021	Assets	Liabilities
Gross Amounts of Recognized Financial Assets (Liabilities)	—	(1,223)
Amounts Set-off in the Statement of Financial Position	—	—
Net Amounts Presented in the Statement of Financial Position	—	(1,223)
Related Amounts not Set-off in the Statement of Financial Position		
Financial Instrument	—	—
Cash Collateral Received (Pledged)	—	—
Net Amount	—	(1,223)

(i) Unconsolidated structured entities

Information on the carrying amount and the size of the investments in structured entities are shown in the following table:

As at	Carrying amount (\$)	
	Sep. 30, 2022	Sep. 30, 2021
AG TTMT Escrow Issuer LLC, Series 144A, Senior, Secured, Notes, Callable, 8.625% Sep 30, 2027	2,424	—
Cheever Escrow Issuer, LLC, Series 144A, Senior, Secured, Notes, Callable, 7.125% Oct 1, 2027	1,782	—
Freddie Mac, Series 21-HQA1, Class M2, STARCR REMIC Trust, 2.300% Aug 25, 2033	—	6,024
VZ Secured Financing B.V., Series 144A, Senior, Secured, Callable, 5.000% Jan 15, 2032	3,117	—
WFRBS Commercial Mortgage Trust, Series 13-C16, Class D, 5.169% Sep 15, 2046	—	4,889
Total	7,323	10,913

The carrying value of mortgage related and other asset-backed securities are included in “Investments – Non-derivative financial assets” in the Statement of Financial Position. This amount also represents the maximum exposure to losses at that date.

The change in fair value of mortgage related and other asset-backed securities are included in the Statement of Comprehensive Income in “Change in unrealized appreciation (depreciation)”.

Management's Responsibility for Financial Reporting

The accompanying financial statements have been prepared by management of BMO Investments Inc. Management is responsible for the information and representations made in these financial statements. Management has maintained appropriate processes to ensure that relevant and reliable financial information is produced. The financial statements have been produced in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and include certain amounts that are based on estimates and judgements. The significant accounting policies which management believes are appropriate for the BMO Mutual Funds are described in Note 3 to the financial statements.

The Trustee of each of the Funds, structured as Trusts, is responsible for reviewing and approving the financial statements and overseeing management's performance of its financial reporting responsibilities. The Trustee reviews the financial statements, adequacy of internal controls, the audit process and financial reporting with management and the external auditors.

The Board of Directors of BMO Corporate Class Inc. is responsible for reviewing and approving the financial statements and overseeing management's performance of its financial reporting responsibilities. The Audit Committee of the Board of Directors reviews the financial statements, adequacy of internal controls, the audit process and financial reporting with management and the external auditors. The Audit Committee reports to the Board of Directors prior to the Board approval of the financial statements.

PricewaterhouseCoopers LLP are the external auditors of the BMO Mutual Funds. The auditors have been appointed by the respective Boards and cannot be changed without the prior approval of the Independent Review Committee and 60 days notice to the Securityholders. They have audited the financial statements in accordance with generally accepted auditing standards in Canada to enable them to express their opinion on the financial statements. Their report is included as an integral part of the financial statements.

William Bamber,
Head, Investment Fund Manager Line of Business
BMO Investments Inc.
December 8, 2022

Robert J. Schauer,
Chief Financial Officer
BMO Mutual Funds
December 8, 2022

BMO Investments Inc.

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If you have any questions, please give us a call as follows:

- If you purchased BMO Mutual Funds through a BMO Bank of Montreal branch or BMO Online Banking, please call 1-800-665-7700.
- If you purchased BMO Mutual Funds through a full-service or discount broker, please call 1-800-668-7327 or email clientservices.mutualfunds@bmo.com.

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Mutual Funds