Semi-Annual Financial Statements

BMO Private Portfolios

June 30, 2023

BMO Private U.S. Special Equity Portfolio

NOTICE OF NO AUDITOR REVIEW OF THE SEMI-ANNUAL FINANCIAL STATEMENTS

BMO Private Investment Counsel Inc., the Manager of the Portfolios, appoints independent auditors to audit the Portfolio's Annual Financial Statements. Under Canadian securities laws (National Instrument 81-106), if an auditor has not reviewed the Semi-Annual Financial Statements, this must be disclosed in an accompanying notice.

The Portfolio's independent auditors have not performed a review of these Semi-Annual Financial Statements in accordance with standards established by the Chartered Professional Accountants of Canada.

BMO Private Wealth

BMO Private U.S. Special Equity Portfolio

(unaudited)

STATEMENT OF FINANCIAL POSITION

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

As at	June 30 2023	December 31 2022
Assets		
Current Assets		
Cash	9,306	16,271
Investments		
Non-derivative financial assets	575,148	493,961
Subscriptions receivable	157	20
Dividends receivable	71	72
Total assets	584,682	510,324
Liabilities		
Current Liabilities		
Payable for investments purchased	803	—
Redemptions payable	451	125
Accrued expenses	776	1,400
Total liabilities	2,030	1,525
Net assets attributable to holders of redeemable units	582,652	508,799
Net assets attributable to holders of redeemable units per unit	**$ 14.27**	**$ 13.04**

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

BMO Private U.S. Special Equity Portfolio

(unaudited)

STATEMENT OF COMPREHENSIVE INCOME

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

For the periods ended	June 30 2023	June 30 2022
Income		
Interest income	0	0
Dividend income	1,947	1,189
Other changes in fair value of investments and derivatives		
Net realized gain (loss)	13,797	(5,407)
Change in unrealized appreciation (depreciation)	35,423	(167,938)
Net gain (loss) in fair value of investments and derivatives	51,167	(172,156)
Securities lending (note 8)	17	—
Foreign exchange (loss) gain	(342)	485
Total other (loss) income	(325)	485
Total income (loss)	50,842	(171,671)
Expenses		
Sub-advisory fees	1,883	1,886
Audit fees	5	3
Independent review committee fees	1	1
Withholding taxes	235	129
Custodian fees	7	5
Interest expense	0	0
Legal and filing fees	22	22
Unitholder servicing fees	147	145
Printing and stationery fees	3	4
Commissions and other portfolio transaction costs (note 6)	124	125
Operating expenses absorbed by the Manager	(464)	(465)
Total expenses	1,963	1,855
Increase (decrease) in net assets attributable to holders of redeemable units	48,879	(173,526)
Increase (decrease) in net assets attributable to holders of redeemable units per unit (note 8)	1.22	(4.17)

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

BMO Private U.S. Special Equity Portfolio

(unaudited)

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

(All amounts in thousands of Canadian dollars)

For the periods ended	June 30 2023	June 30 2022
Net assets attributable to holders of redeemable units at beginning of period	508,799	642,289
Increase (decrease) in net assets attributable to holders of redeemable units	48,879	(173,526)
Redeemable unit transactions		
Proceeds from redeemable units issued	60,292	40,195
Redemption of redeemable units	(35,318)	(40,863)
Net increase (decrease) from redeemable unit transactions	24,974	(668)
Net increase (decrease) in net assets attributable to holders of redeemable units	73,853	(174,194)
Net assets attributable to holders of redeemable units at end of period	582,652	468,095

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

BMO Private U.S. Special Equity Portfolio

(unaudited)

STATEMENT OF CASH FLOWS

(All amounts in thousands of Canadian dollars)

For the periods ended	June 30 2023	June 30 2022
Cash flows from operating activities		
Increase (decrease) in net assets attributable to holders of redeemable units	48,879	(173,526)
Adjustments for:		
Foreign exchange gain on cash	(61)	(246)
Net realized (gain) loss on sale of investments and derivatives	(13,797)	5,407
Change in unrealized (appreciation) depreciation of investments and derivatives	(35,423)	167,938
Decrease (increase) in dividends receivable	1	(17)
Decrease in accrued expenses	(624)	(137)
Purchases of investments	(157,375)	(132,782)
Proceeds from sale and maturity of investments	126,211	121,887
Net cash used in operating activities	(32,189)	(11,476)
Cash flows from financing activities		
Proceeds from issuances of redeemable units	60,155	40,300
Amounts paid on redemption of redeemable units	(34,992)	(40,927)
Net cash from (used in) financing activities	25,163	(627)
Foreign exchange gain on cash	61	246
Net decrease in cash	(7,026)	(12,103)
Cash at beginning of period	16,271	21,039
Cash at end of period	9,306	9,182
Supplementary Information		
Interest received, net of withholding taxes*	0	0
Dividends received, net of withholding taxes*	1,714	1,043
Interest expense paid*	0	0

*These items are from operating activities

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

BMO Private U.S. Special Equity Portfolio

(unaudited)

SCHEDULE OF INVESTMENT PORTFOLIO

As at June 30, 2023 (All amounts in thousands of Canadian dollars, unless otherwise noted)

Security	Number of Shares or Units	Cost+ ($)	Fair Value ($)
Equities			
Communication Services — 1.0%			
Live Nation Entertainment, Inc.	46,281	3,933	5,586
		3,933	5,586
Consumer Discretionary — 9.3%			
Bright Horizons Family Solutions Inc.	42,945	5,221	5,260
Burlington Stores, Inc.	15,281	4,111	3,186
Five Below, Inc.	23,016	5,468	5,993
Fox Factory Holding Corp.	37,516	6,721	5,393
National Vision Holdings, Inc.	241,066	9,407	7,757
Planet Fitness, Inc., Class A	105,891	9,642	9,460
Pool Corporation	18,699	8,598	9,280
Revolve Group, Inc., Class A	189,889	11,081	4,126
Wyndham Hotels & Resorts, Inc.	42,638	4,065	3,873
		64,314	54,328
Consumer Staples — 5.7%			
e.l.f. Beauty, Inc.	31,702	4,496	4,797
Freshpet, Inc.	110,397	9,398	9,625
Lancaster Colony Corporation	41,242	10,038	10,987
Performance Food Group Company	96,393	5,933	7,692
		29,865	33,101
Energy — 6.9%			
Cameco Corporation	229,481	4,225	9,525
Denbury Inc.	57,315	5,001	6,550
Kosmos Energy Ltd.	427,726	4,534	3,394
New Fortress Energy Inc., Class A	183,715	9,396	6,518
TechnipFMC PLC	396,980	4,601	8,740
Whitecap Resources Inc.	567,649	6,118	5,256
		33,875	39,983
Financials — 6.2%			
Ares Management Corporation, Class A	37,883	2,368	4,835
Carlyle Group Inc., The,	89,521	3,756	3,789
Euronet Worldwide, Inc.	81,207	11,985	12,627
Tradeweb Markets Inc., Class A	64,376	6,596	5,840
Virtu Financial, Inc., Class A	225,690	6,655	5,110
Western Alliance Bancorporation	86,683	7,219	4,188
		38,579	36,389
Health Care — 23.4%			
Abiomed Inc., Contingent Value Right*	14,985	—	—
Acadia Healthcare Company, Inc.	97,590	7,481	10,296
Bio-Techne Corporation	83,551	9,112	9,035
Blueprint Medicines Corporation	52,123	5,503	4,364
Certara, Inc.	193,839	5,572	4,676
Charles River Laboratories International, Inc.	16,594	5,872	4,622
Chemed Corporation	19,764	12,322	14,182
Encompass Health Corporation	160,379	11,240	14,386

SCHEDULE OF INVESTMENT PORTFOLIO (cont'd)

As at June 30, 2023 (All amounts in thousands of Canadian dollars, unless otherwise noted)

Security	Number of Shares or Units	Cost+ ($)	Fair Value ($)
Evolent Health, Inc.	112,393	4,467	4,511
Globus Medical, Inc., Class A	54,784	4,876	4,321
HealthEquity, Inc.	108,398	8,778	9,067
Insmed Incorporated	143,478	5,201	4,011
Inspire Medical Systems, Inc.	28,350	8,100	12,192
Insulet Corporation	12,584	4,353	4,807
Merit Medical Systems, Inc.	94,726	6,919	10,496
Neogen Corporation	150,031	4,274	4,323
Penumbra, Inc.	24,530	6,251	11,181
Repligen Corporation	34,618	7,790	6,487
Twist Bioscience Corporation	128,644	7,144	3,487
		125,255	136,444
Industrials — 21.5%			
Advanced Drainage Systems, Inc.	53,673	7,554	8,090
Axon Enterprise, Inc.	47,511	6,654	12,281
Brink's Company, The,	99,002	8,933	8,896
Builders FirstSource, Inc.	96,275	5,449	17,346
BWX Technologies, Inc.	181,794	12,547	17,236
Casella Waste Systems, Inc., Class A	72,514	7,345	8,689
Chart Industries, Inc.	50,952	10,438	10,786
HEICO Corporation, Class A	64,259	8,925	11,969
Mercury Systems, Inc.	164,140	13,858	7,521
Shoals Technologies Group, Inc. Class A	138,097	3,119	4,676
SiteOne Landscape Supply, Inc.	23,359	4,764	5,179
Trex Company, Inc.	92,739	6,273	8,054
WillScot Mobile Mini Holdings Corp., Class A	70,964	4,413	4,493
		100,272	125,216
Information Technology — 18.3%			
Alarm.com Holdings, Inc.	76,606	7,007	5,245
Ambarella Inc.	49,379	5,249	5,473
Cognex Corporation	98,253	7,943	7,292
Dynatrace, Inc.	126,931	7,977	8,655
Entegris, Inc.	56,677	5,545	8,321
Guidewire Software, Inc.	87,830	11,169	8,852
MKS Instruments, Inc.	36,824	6,745	5,273
MongoDB, Inc., Class A	8,051	2,156	4,383
National Instruments Corporation	71,317	3,808	5,423
NICE Ltd., ADR	25,981	5,917	7,107
Novanta Inc.	34,631	4,485	8,446
SolarEdge Technologies, Inc.	9,911	3,800	3,533
SPS Commerce, Inc.	15,730	3,804	4,002
Tenable Holdings, Inc.	93,308	5,442	5,383
Tyler Technologies, Inc.	18,170	9,518	10,025
Varonis Systems, Inc.	102,040	4,143	3,602
Wolfspeed, Inc.	77,862	6,713	5,734
		101,421	106,749
Materials — 5.4%			
CF Industries Holdings, Inc.	103,986	9,734	9,563

BMO Private U.S. Special Equity Portfolio

(unaudited)

SCHEDULE OF INVESTMENT PORTFOLIO (cont'd)

As at June 30, 2023 (All amounts in thousands of Canadian dollars, unless otherwise noted)

Security	Number of Shares or Units	Cost+ ($)	Fair Value ($)
Crown Holdings, Inc.	98,043	10,001	11,283
Martin Marietta Materials, Inc.	16,957	6,597	10,371
		26,332	31,217
Real Estate — 1.0%			
FirstService Corporation	30,053	3,675	6,135
		3,675	6,135
Total Investment Portfolio — 98.7%		**527,521**	**575,148**
Other Assets Less Liabilities — 1.3%			**7,504**
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS — 100.0%			**582,652**

[+] *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.*

[*] *These securities have no quoted market value and are valued using valuation techniques (note 3).*

Notes to the Financial Statements
(All amounts in thousands of Canadian dollars, except per unit data)
June 30, 2023

1. The Portfolio

BMO Private U.S. Special Equity Portfolio ("the Portfolio") is an open-ended mutual fund trust established by a Declaration of Trust under the laws of the Province of Ontario, most recently amended on July 8, 2016. BMO Private Investment Counsel Inc. ("the Manager") is the Manager of the Portfolio. The address of the Portfolio's registered office is 1 First Canadian Place, 41st Floor, Toronto, Ontario, M5X 1A1.

The Statement of Financial Position and related notes of each of the Portfolios are as at June 30, 2023 and December 31, 2022. 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 periods ended June 30, 2023 and June 30, 2022.

These financial statements were authorized for issuance by the Board of Directors of the Manager on August 8, 2023.

These financial statements should be read in conjunction with the audited annual financial statements for the period ended December 31, 2022, which have been prepared in accordance with the International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

2. Basis of preparation and presentation

These unaudited interim financial statements have been prepared in accordance with IFRS and in accordance with International Accounting Standard ("IAS") 34 – Interim Financial Reporting, as issued by the IASB. The financial statements have been prepared on a historic cost basis, except for the revaluation of financial assets and financial liabilities (including derivative financial instruments) measured at fair value through profit of 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 in accordance with the Portfolio's investment strategy.

The Portfolio 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 Portfolio 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 Portfolio 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 Portfolio'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 Portfolio. 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. Consequently, the units of the Portfolio do not meet the conditions to be classified as equity. As a result, the Portfolio'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.

Notes to the Financial Statements (cont'd)
(All amounts in thousands of Canadian dollars, except per unit data)
June 30, 2023

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 fall 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 Portfolio 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 Portfolio 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.

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.

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 receivable for investments sold, subscriptions receivable, interest receivable, dividend receivable, distribution receivable from investment trusts, payable for investments purchased, redemption payable, distribution 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 Portfolio 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 Portfolio is an investment entity and as such, it accounts for subsidiaries, if any, at fair value. Joint ventures are investments where the Portfolio exercises joint control through an agreement with other shareholders, and associates are investments in which the Portfolio exerts significant influence over operating, investing, and financing decisions (such as entities in which the Portfolio 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 investment funds in which the Portfolio may invest are unconsolidated structured entities. This determination is based on the fact that decision making about the investment funds is not governed by the voting right or other similar right held by the Portfolio. Similarly, investments in securitizations, asset-backed securities and mortgage-backed securities are determined to be interests in unconsolidated structured entities.

The Portfolio may invest in investment funds whose investment objectives range from achieving short-term to long-term income and capital growth potential. Investment funds may use leverage in a manner consistent with their respective investment objectives and as permitted by Canadian securities regulatory authorities. Investment 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 investment 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. Asset-backed securities are created from many types of assets, including auto loans, credit card receivables, home equity loans, and student loans.

The Portfolio 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 Portfolio'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 on 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 Portfolio 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 Portfolio has no intention of settling on a net basis. There were no master netting agreements during the periods.

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.

Foreign currency translation

The fair value of investments and other assets and liabilities in foreign currencies are translated into the Portfolio'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 Portfolio may engage in securities lending pursuant to the terms of an agreement with BNY Mellon (the "securities lending agent"). The aggregate market value of all securities loaned by the Portfolio cannot exceed 50% of the NAV of the Portfolio. The Portfolio 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 Portfolio's custodian, to the Portfolio for any defaults by borrowers.

For those Portfolios participating in the program, aggregate values of securities on loan and the collateral held as at June 30, 2023 and December 31, 2022 and information about the security lending income earned by the Portfolio 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.

Short-term trading penalty

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

(decrease) in net assets attributable to holders of redeemable units divided by the weighted average number of units outstanding during the period. Refer to Note 8 for details.

Taxation

The Portfolio 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 Portfolio will not be subject to income tax. As a result, the Manager has determined that the Portfolio 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 Portfolio 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.

4. Critical accounting judgements and estimates

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

Accounting judgements:

Functional and presentation currency

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

Classification and measurement of investment portfolio

In classifying and measuring financial instruments held by the Portfolio, the Manager is required to make an assessment of the Portfolio'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 to IFRS 9. The Manager has assessed the Portfolio'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 provides the most appropriate measurement and presentation of the Portfolio'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 Portfolio's assets and liabilities are believed to be appropriate as at the reporting date.

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

5. Units and unit transactions

The redeemable units of the Portfolio 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 Portfolio's NAV. The Portfolio is required to pay distributions in an amount not less than the amount necessary to ensure the Portfolio will not be liable for income taxes on realized capital gains, dividends and interest. The Portfolio 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 Portfolio 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 Portfolio are offered for sale on a continuous basis and may be purchased or redeemed on any Valuation Date at the NAV per unit. The NAV per unit for the purposes of subscription or redemption is computed by dividing the NAV of the Portfolio (that is, the total fair value of the assets less the liabilities) by the total number of units of the Portfolio outstanding at such time on each Valuation Date, in accordance with Part 14 of National Instruments ("NI") 81-106 Investment Fund Continuous Disclosure for the purpose of unitholder transactions. Net Assets are determined in accordance with IFRS and may differ to the Portfolio's NAV. Where the Portfolio's NAV is not equal to its Net Assets, a reconciliation is shown in Note 8.

6. Related party transactions

(a) Management fees

The Manager is responsible for the day-to-day management of the Portfolio, including managing or arranging for the management of the Portfolio's investment portfolio as well as providing and arranging for the provision of administrative services to the Portfolio such as valuation services, fund accounting and unitholder records. The Manager does not receive a fee from the Portfolio for its services. Instead, unitholders pay an investment management fee directly to BMO Trust Company and the Manager as arranged between the unitholder, BMO Trust Company and the Manager.

(b) Unitholder servicing, sub-advisory commissions and other portfolio transaction costs

The Portfolio is provided with certain facilities and services by affiliates of the Manager. Expenses incurred in the administration of the Portfolio were paid to BMO Trust Company ("the Trustee") and to BMO Asset Management Inc. ("the Registrar") and charged to the Portfolio. These expenses are included in "Unitholder servicing fees" in the Statement of Comprehensive Income.

The sub-advisors (including affiliates of the Manager, where applicable) engaged by the Manager provide investment advice and make investment decisions for the Portfolio's investment portfolio. For these services the sub-advisors receive sub-advisory fees. These fees are paid monthly by the Manager on behalf of the Portfolio. These expenses are included in "Sub-advisory fees" in the Statement of Comprehensive Income. Any sub-advisory fees less than or equal to 0.15% of the NAV of the Portfolio are absorbed by the Manager.

(c) Portfolio expenses

The Portfolio also pays certain operating expenses directly, 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.

(d) Commissions and other portfolio transaction costs

The Portfolio 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 Portfolio during the periods ended June 30, 2023 and June 30, 2022.

(e) Other related party transactions

From time to time, the Manager may, on behalf of the Portfolio, 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. These transactions or arrangements may include transactions or arrangements with or involving subsidiaries and affiliates of Bank of Montreal, including without limitation, BMO Asset Management Corp., BMO Asset Management Inc., BMO Investments Inc., BMO InvestorLine Inc., BMO Nesbitt Burns., BMO Trust Company, or other investment funds offered by affiliates of Bank of Montreal, and may involve the purchase or sale of portfolio securities from or to subsidiaries or affiliates of Bank of Montreal, the purchase or sale of securities issued or guaranteed by subsidiaries or affiliates of Bank of Montreal, entering into derivatives instruments with subsidiaries or affiliates of Bank of Montreal acting as counterparty, the purchase or redemption of units or shares of other investment funds offered by affiliates of Bank of Montreal or the provision of services to the Manager.

7. Financial instruments risks

The Portfolio'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.

Notes to the Financial Statements (cont'd)
(All amounts in thousands of Canadian dollars, except per unit data)
June 30, 2023

The concentration table groups securities by asset type, geographic location and/or market segment. The Portfolio's risk management practice outlines the monitoring of compliance to investment guidelines.

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

Where the Portfolio invests in other investment fund(s), it may be indirectly exposed to the financial instrument's risks of the investment fund(s), depending on the investment objectives and types of securities held by the investment fund(s). The decision to buy or sell an investment fund is based on the investment guidelines and positions, rather than the exposure of the investment 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 Portfolio, 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 Portfolio's functional currency in determining fair value. The Portfolio 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 Portfolio'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 Portfolio's interest bearing investments will fluctuate due to changes in market interest rates. The Portfolio'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 Portfolio'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 Portfolio'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 Portfolio'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 Portfolio's exposure to credit risk, if any, is further discussed in Note 8.

The Portfolio 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 Portfolio must be at least 102% of the fair value of securities loaned, as disclosed in Note 8, where applicable.

(e) Liquidity risk

The Portfolio's exposure to liquidity risk is concentrated in the daily cash redemptions of units, and other liabilities. The Portfolio primarily invests in securities that are traded in active markets and can be readily disposed. In addition, the Portfolio retains sufficient cash positions to maintain liquidity. The Portfolio 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 illiquid securities to the NAV of the Portfolio 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 Portfolio's financial obligations.

Notes to the Financial Statements (cont'd)
(All amounts in thousands of Canadian dollars, except per unit data)
June 30, 2023

8. Portfolio specific information

(a) Portfolio information and change in units

The Portfolio's inception date was September 29, 2006.

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)	Jun. 30, 2023	Jun. 30, 2022
Units issued and outstanding, beginning of period	39,023	40,981
Issued for cash	4,350	2,974
Redeemed during the period	(2,553)	(3,186)
Units issued and outstanding, end of period	40,820	40,769

(b) Reconciliation of NAV to Net Assets

As at June 30, 2023 and December 31, 2022, there were no differences between the Portfolio'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 for the periods ended June 30, 2023 and June 30, 2022 is calculated as follows:

For the periods ended	Jun. 30, 2023	Jun. 30, 2022
Increase (decrease) in net assets attributable to holders of redeemable units	48,879	(173,526)
Weighted average units outstanding during the period (in thousands of units)	40,170	41,568
Increase (decrease) in net assets attributable to holders of redeemable units per unit	**1.22**	**(4.17)**

(d) Income taxes

As at the tax year-ended December 15, 2022, the Portfolio 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		
		2028 ($)	2029 ($)	2030 and thereafter ($)
3,332	816	—	—	816

(e) Related party transactions

Unitholder servicing

The related party fees charged for unitholder servicing fees are as follows:

For the periods ended	Jun. 30, 2023	Jun. 30, 2022
Unitholder servicing ($)	85	87

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 Portfolio for the periods are as follows:

For the periods ended	Jun. 30, 2023	Jun. 30, 2022
Total brokerage amounts paid ($)	123	124
Total brokerage amounts paid to related parties ($)	1	0

The Manager may select brokers who charge a commission in "soft dollars" if they determine in good faith that the commission is reasonable in relation to the order execution and research services utilized. The ascertainable soft dollar value of services received as a percentage of total brokerage commissions paid under the soft dollar arrangement entered into by the portfolio advisor for the periods ended is as follows:

For the periods ended	Jun. 30, 2023	Jun. 30, 2022
Total soft dollars ($)	32	31
Total soft dollars as a percentage of total commissions (%)	26	25

(f) Financial instruments risks

The Portfolio's objective is to achieve long term growth through appreciation by investing primarily in small- and mid-sized companies in the U.S. market.

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

Currency risk

The Portfolio'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).

Notes to the Financial Statements (cont'd)

(All amounts in thousands of Canadian dollars, except per unit data)
June 30, 2023

As at June 30, 2023

	Cash and other current receivables & payables ($)	Invest-ments (monetary & non-monetary) ($)	Forward currency contracts ($)	Net currency exposure ($)	As a % of Net Assets (%)
U.S. Dollar	8,546	575,148	–	583,694	100.2

As at December 31, 2022

	Cash and other current receivables & payables ($)	Invest-ments (monetary & non-monetary) ($)	Forward currency contracts ($)	Net currency exposure ($)	As a % of Net Assets (%)
U.S. Dollar	16,318	493,961	–	510,279	100.3

As at June 30, 2023 and December 31, 2022, 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 Portfolio could possibly have decreased or increased, as applicable, by approximately $29,185 (December 31, 2022 – $25,514). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

Interest rate risk

As at June 30, 2023 and December 31, 2022, the Portfolio did not have significant exposure to interest rate risk.

Other market risk

The Portfolio has a significant exposure to other market risk arising from its investment in equity securities. Using historical correlation between the Portfolio's return and the return of its benchmark, if the benchmark, Russell 2500 Growth Index (C$), had increased or decreased by 10%, with all other variables held constant, the Net Assets of the Portfolio would have increased or decreased, respectively, by $51,261 (December 31, 2022 — $46,149). Historical correlation may not be representative of future correlation, and accordingly, actual results may differ and the difference could be material.

Credit risk

As at June 30, 2023 and December 31, 2022, the Portfolio did not have significant exposure to credit risk.

Securities lending

The Portfolio had assets involved in securities lending transactions outstanding as at June 30, 2023 and December 31, 2022 as follows:

	Aggregate Value of Securities on Loan ($)	Aggregate Value of Collateral Received for the Loan ($)
June 30, 2023	9,103	9,559
December 31, 2022	4,723	4,960

The table below is a reconciliation of the gross amount generated from securities lending transactions to the security lending revenue for the periods ended June 30, 2023 and June 30, 2022:

For the periods ended	Jun. 30, 2023		Jun. 30, 2022	
	Amount	% of Gross Securities Lending Revenue	Amount	% of Gross Securities Lending Revenue
Gross securities lending revenue	24	100.0	—	—
Withholding taxes	0	1.7	—	—
	24	98.3	—	—
Payment to securities lending agents	7	29.5	—	—
Net securities lending revenue*	17	68.8	—	—

* Amount shown on the Statement of Comprehensive Income is gross of withholding taxes of $0 (June 30, 2022 — $nil).

Concentration risk

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

As at	Jun. 30, 2023	Dec. 31, 2022
Equities		
Communication Services	1.0%	0.8%
Consumer Discretionary	9.3%	11.4%
Consumer Staples	5.7%	4.4%
Energy	6.9%	7.5%
Financials	6.2%	4.6%
Health Care	23.4%	22.5%
Industrials	21.5%	19.7%
Information Technology	18.3%	20.4%
Materials	5.4%	4.9%
Real Estate	1.0%	0.9%
Other Assets Less Liabilities	1.3%	2.9%
	100.0%	**100.0%**

Notes to the Financial Statements (cont'd)
(All amounts in thousands of Canadian dollars, except per unit data)
June 30, 2023

(g) Fair value hierarchy

The Portfolio 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 Jun. 30, 2023

Financial assets	Level 1	Level 2	Level 3	Total
Equity Securities	568,041	7,107	—	575,148

As at Dec. 31, 2022

Financial assets	Level 1	Level 2	Level 3	Total
Equity Securities	487,288	6,673	—	493,961

Transfers between levels

There were no transfers between the levels during the periods.

Level 3 additional disclosures:

The level 3 positions held in the Portfolio were not considered significant.

Manager
BMO Private Investment
Counsel Inc.
1 First Canadian Place
100 King Street West, 41st Floor
Toronto, Ontario M5X 1A1

Trustee
BMO Trust Company
1 First Canadian Place
100 King Street West, 41st Floor
Toronto, Ontario M5X 1A1

Independent Auditor
PricewaterhouseCoopers LLP
PwC Tower
18 York Street, Suite 2600
Toronto, Ontario M5J 0B2

BMO Private Wealth is a brand name for a business group consisting of Bank of Montreal and certain of its affiliates in providing private wealth management products and services. Not all products and services are offered by all legal entities within BMO Private Wealth. Banking services are offered through Bank of Montreal. Investment management, wealth planning, tax planning, philanthropy planning services are offered through BMO Nesbitt Burns Inc. and BMO Private Investment Counsel Inc. Estate, trust, and custodial services are offered through BMO Trust Company. BMO Private Wealth legal entities do not offer tax advice.

® Registered trademark of Bank of Montreal, used under license.

www.bmo.com/privatewealth
For more information please call 1-855-852-1026