Annual Financial Statements

BMO Private Portfolios

December 31, 2024

BMO Private Diversified Yield Portfolio

BMO Private Wealth

Independent auditor's report

To the Unitholders and Trustee of

BMO Private Canadian Money Market Portfolio

BMO Private Canadian Bond Portfolio (formerly BMO Private Canadian Short-Mid Bond Portfolio)

BMO Private Diversified Yield Portfolio

BMO Private Canadian Income Equity Portfolio

BMO Private Canadian Core Equity Portfolio

BMO Private Canadian Special Equity Portfolio

BMO Private U.S. Equity Portfolio

BMO Private U.S. Growth Equity Portfolio

BMO Private U.S. Special Equity Portfolio

BMO Private International Equity Portfolio

BMO Private Emerging Markets Equity Portfolio

(individually, a Portfolio)

Our opinion

In our opinion, the accompanying financial statements of each Portfolio present fairly, in all material respects, the financial position of each Portfolio as at December 31, 2024 and 2023 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

What we have audited

The financial statements of each Portfolio comprise:

- the statements of financial position as at December 31, 2024 and 2023;
- the statements of comprehensive income for the years then ended;
- the statements of changes in net assets attributable to holders of redeemable units for the years then ended;
- the statements of cash flows for the years then ended; and
- the notes to the financial statements, comprising material accounting policy information 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 Portfolio 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 Portfolio. The other information comprises the Annual Management Report of Fund Performance of each Portfolio.

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 Portfolio, 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 Portfolio 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 Portfolio in accordance with IFRS Accounting Standards, 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 Portfolio 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 Portfolio 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 Portfolio.

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 Portfolio 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 Portfolio.

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 Portfolio, 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 Portfolio.
- 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 Portfolio 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 Portfolio 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 Portfolio to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of each Portfolio, 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.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario

March 25, 2025

BMO Private Diversified Yield Portfolio

STATEMENT OF FINANCIAL POSITION

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

As at	December 31 2024	December 31 2023
Assets		
Current Assets		
Cash	3,873	2,803
Investments		
Non-derivative financial assets	693,032	682,053
Receivable for investments sold	—	1,241
Subscriptions receivable	189	82
Dividends receivable	1,218	1,873
Distribution receivable from investment trusts	29	370
Total assets	698,341	688,422
Liabilities		
Current Liabilities		
Redemptions payable	300	413
Accrued expenses	105	85
Total liabilities	405	498
Net assets attributable to holders of redeemable units	697,936	687,924
Net assets attributable to holders of redeemable units per unit	**$ 23.65**	**$ 20.16**

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

BMO Private Diversified Yield Portfolio

STATEMENT OF COMPREHENSIVE INCOME
(All amounts in thousands of Canadian dollars, except per unit data)

For the periods ended	December 31 2024	December 31 2023
Income		
Interest income	773	46
Dividend income	20,754	24,625
Distributions received from investment trusts	2,884	4,762
Other changes in fair value of investments and derivatives		
Net realized gain	30,449	556
Change in unrealized appreciation	86,056	13,922
Net gain in fair value of investments and derivatives	140,916	43,911
Securities lending (note 8)	88	81
Foreign exchange gain (loss)	135	(72)
Total other income	223	9
Total income	141,139	43,920
Expenses		
Sub-advisory fees	782	772
Audit fees	6	8
Independent review committee fees	1	1
Withholding taxes	4	5
Custodian fees	9	8
Interest expense	1	0
Legal and filing fees	23	30
Unitholder servicing fees	494	478
Printing and stationery fees	13	13
Commissions and other portfolio transaction costs (note 6)	623	142
Operating expenses absorbed by the Manager	(800)	(808)
Total expenses	1,156	649
Increase in net assets attributable to holders of redeemable units	139,983	43,271
Increase in net assets attributable to holders of redeemable units per unit (note 8)	4.31	1.23

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

BMO Private Diversified Yield Portfolio

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

For the periods ended	December 31 2024	December 31 2023
Net assets attributable to holders of redeemable units at beginning of period	687,924	709,477
Increase in net assets attributable to holders of redeemable units	139,983	43,271
Distributions to holders of redeemable units		
From net investment income	(24,133)	(28,127)
Return of capital	(29)	(75)
Total distributions to holders of redeemable units	(24,162)	(28,202)
Redeemable unit transactions		
Proceeds from redeemable units issued	74,451	48,936
Reinvestments of distributions to holders of redeemable units	22,677	26,417
Redemption of redeemable units	(202,937)	(111,975)
Net decrease from redeemable unit transactions	(105,809)	(36,622)
Net increase (decrease) in net assets attributable to holders of redeemable units	10,012	(21,553)
Net assets attributable to holders of redeemable units at end of period	697,936	687,924

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

BMO Private Diversified Yield Portfolio

STATEMENT OF CASH FLOWS
(All amounts in thousands of Canadian dollars)

For the periods ended	December 31 2024	December 31 2023
Cash flows from operating activities		
Increase in net assets attributable to holders of redeemable units	139,983	43,271
Adjustments for:		
Foreign exchange (gain) loss on cash	(108)	95
Net realized gain on sale of investments and derivatives	(30,449)	(556)
Change in unrealized appreciation of investments and derivatives	(86,056)	(13,922)
Decrease (increase) in dividends receivable	655	(249)
Decrease (increase) in distribution receivable from investment trusts	341	(163)
Increase in accrued expenses	20	9
Return of capital distributions received	(314)	(625)
Return of capital dividend received	—	415
Purchases of investments	(415,208)	(85,001)
Proceeds from sale and maturity of investments	522,289	120,045
Net cash from operating activities	131,153	63,319
Cash flows from financing activities		
Distributions paid to holders of redeemable units, net of reinvested distributions	(1,485)	(1,785)
Proceeds from issuances of redeemable units	74,344	48,956
Amounts paid on redemption of redeemable units	(203,050)	(111,907)
Net cash used in financing activities	(130,191)	(64,736)
Foreign exchange gain (loss) on cash	108	(95)
Net increase (decrease) in cash	962	(1,417)
Cash at beginning of period	2,803	4,315
Cash at end of period	3,873	2,803
Supplementary Information		
Interest received, net of withholding taxes*	773	46
Dividends received, net of withholding taxes*	21,409	24,791
Distributions received from investment trusts, net of withholding taxes*	2,911	3,974
Interest expense paid*	1	0

*These items are from operating activities

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

BMO Private Diversified Yield Portfolio

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2024 (All amounts in thousands of Canadian dollars, unless otherwise noted)

Security	Par Value (in thousands)	Cost ($)	Fair Value ($)
Money Market Investments — 0.5%			
Federal — 0.5%			
Government of Canada, Treasury Bills, 3.113% Mar 12, 2025	2,550	2,532	2,534
Government of Canada, Treasury Bills, 3.132% Mar 27, 2025	1,000	992	993
		3,524	3,527
Total Money Market Investments — 0.5%		**3,524**	**3,527**

Security	Number of Shares or Units	Cost+ ($)	Fair Value ($)
Equities			
Communication Services — 2.8%			
Rogers Communications Inc., Class B	251,342	12,782	11,107
TELUS Corporation	417,814	11,102	8,143
		23,884	19,250
Consumer Discretionary — 4.7%			
Dollarama Inc.	163,762	9,372	22,973
Restaurant Brands International Inc.	101,700	9,594	9,528
		18,966	32,501
Consumer Staples — 2.9%			
Alimentation Couche-Tard Inc.	257,575	20,451	20,534
		20,451	20,534
Energy — 12.7%			
ARC Resources Ltd.	252,140	6,295	6,573
Canadian Natural Resources Limited	388,100	16,908	17,224
Enbridge Inc.	446,687	17,728	27,253
Pembina Pipeline Corporation	245,742	11,367	13,051
TC Energy Corporation	270,343	13,053	18,110
Tourmaline Oil Corp.	92,100	5,843	6,127
		71,194	88,338
Financials — 39.7%			
Bank of Montreal	141,000	17,506	19,677
Bank of Nova Scotia, The,	328,881	20,838	25,386
Brookfield Asset Management Ltd., Class A	165,817	2,934	12,927
Brookfield Corporation, Class A	669,227	18,058	55,291
iA Financial Corporation Inc.	108,868	6,677	14,514
Intact Financial Corporation	109,478	9,158	28,654
Manulife Financial Corporation	331,337	11,657	14,632
Royal Bank of Canada	384,509	35,809	66,643
Toronto-Dominion Bank, The,	515,374	26,336	39,442
		148,973	277,166
Industrials — 20.8%			
Canadian National Railway Company	158,016	13,188	23,066
Canadian Pacific Kansas City Limited	211,492	22,436	22,012
Element Fleet Management Corp.	750,026	9,801	21,796
Thomson Reuters Corporation	62,016	7,136	14,314

SCHEDULE OF INVESTMENT PORTFOLIO (cont'd)
As at December 31, 2024 (All amounts in thousands of Canadian dollars, unless otherwise noted)

Security	Number of Shares or Units	Cost+ ($)	Fair Value ($)
Waste Connections, Inc.	145,307	14,439	35,833
WSP Global Inc.	112,813	5,849	28,537
		72,849	145,558
Information Technology — 2.2%			
Constellation Software Inc.	3,461	13,928	15,384
		13,928	15,384
Materials — 5.3%			
CCL Industries Inc., Class B	158,048	10,090	11,687
Franco-Nevada Corporation	87,703	10,348	14,815
Nutrien Ltd.	167,335	10,690	10,763
		31,128	37,265
Real Estate — 1.4%			
Canadian Apartment Properties REIT	228,383	6,701	9,736
		6,701	9,736
Utilities — 6.3%			
Brookfield Infrastructure Partners L.P.	541,543	10,587	24,738
Fortis Inc.	226,071	11,080	13,503
Northland Power Inc.	309,082	9,518	5,532
		31,185	43,773
Total Equities — 98.8%		**439,259**	**689,505**
Total Investment Portfolio — 99.3%		**442,783**	**693,032**
Other Assets Less Liabilities — 0.7%			**4,904**
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS — 100.0%			**697,936**

+ *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.*

Notes to the Financial Statements
(All amounts in thousands of Canadian dollars, except per unit data)
December 31, 2024

1. The Portfolio

BMO Private Diversified Yield 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 December 31, 2024 and December 31, 2023. 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 December 31, 2024 and December 31, 2023.

The term "period" represents a full year.

These financial statements were authorized for issuance by the Board of Directors of the Manager on March 4, 2025.

Fees paid or payable to Pricewaterhouse Coopers LLP and other PwC Network firms for the audit of the financial statements to public interest entity mutual funds managed by the BMO Private Investment Counsel Inc. are $101. Fees for other services are $0.

2. Basis of preparation and presentation

These financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards"). 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").

In April 2024, the International Accounting Standards Board issued IFRS18, "Presentation and Disclosure in the Financial Statements" which aims to improve the quality of financial reporting by introducing new requirements which include new required categories and subtotal in the Statement of Comprehensive Income and enhanced guidance on grouping of information. IFRS 18 replaces IAS1, "Presentation of Financial Statements". This standard is effective for annual periods beginning on or after January 1, 2027, with early adoption permitted. The Manager is currently assessing the impact of these new requirements.

3. Material accounting policy information

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.

Notes to the Financial Statements (cont'd)
(All amounts in thousands of Canadian dollars, except per unit data)
December 31, 2024

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 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.

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 the 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 Portfolio, 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 Portfolio 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 Portfolio 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 Portfolio, as a buyer of protection, would receive a notional or other agreed upon value from the seller of protection in the event of default by a third-party. In return, the Portfolio 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.

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.

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 the interest income in the Statement of Comprehensive Income. If held to maturity, the Portfolio 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 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 December 31, 2024 and December 31, 2023 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 be subject to taxes levied by certain countries on foreign investment income and capital gains. These taxes may be withheld at source or estimated using the most likely method in measuring uncertain tax liabilities in respect of foreign capital gains taxes. Such income and capital gains are recorded at a gross basis with the related foreign withholding taxes, or estimate of capital gains taxes, shown as expense in the Statement of Comprehensive Income, and the tax liability amounts included in accrued liabilities in the Statement of Financial Position. The estimate could materially differ from the actual tax payable to the foreign jurisdiction.

Portfolio mergers

The Manager uses the purchase method of accounting for portfolio mergers. Under the purchase method of accounting, one of the Portfolios in each merger is identified as the acquiring portfolio, and is referred to as the "Continuing Portfolio", and the other Portfolio involved in the merger is referred to as the "Terminated Portfolio". In determining the acquirer, the Manager considered factors such as the comparison of the relative NAV of the portfolios as well as consideration of the continuation of certain aspects of the Continuing Portfolio, 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 portfolio merger.

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 Instrument ("NI") 81-106 Investment Fund Continuous Disclosure for the purpose of unitholder transactions. Net Assets are determined in accordance with IFRS Accounting Standards 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 December 31, 2024 and December 31, 2023.

(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. 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)
December 31, 2024

8. Portfolio specific information

(a) Portfolio information and change in units

The Portfolio's inception date was November 1, 2002.

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

For the periods ended (in thousands of units)	Dec. 31, 2024	Dec. 31, 2023
Units issued and outstanding, beginning of period	34,119	35,985
Issued for cash	3,402	2,443
Issued on reinvestment of distributions	1,022	1,339
Redeemed during the period	(9,028)	(5,648)
Units issued and outstanding, end of period	29,515	34,119

(b) Reconciliation of NAV to Net Assets

As at December 31, 2024 and December 31, 2023, there were no differences between the Portfolio's NAV per unit and its Net Assets per unit calculated in accordance with IFRS Accounting Standards.

(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 December 31, 2024 and December 31, 2023 is calculated as follows:

For the periods ended	Dec. 31, 2024	Dec. 31, 2023
Increase in net assets attributable to holders of redeemable units	139,983	43,271
Weighted average units outstanding during the period (in thousands of units)	32,453	35,278
Increase in net assets attributable to holders of redeemable units per unit	**4.31**	**1.23**

(d) Income taxes

As at the tax year-ended December 15, 2024, the Portfolio had the following estimated capital and non-capital losses available for income tax purposes:

Total Capital Losses ($)	Total Non-Capital Losses ($)	Non-Capital Losses That Expire in		
		2029 ($)	2030 ($)	2031 and thereafter ($)
52,661	—	—	—	—

(e) Related party transactions

Unitholder servicing

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

For the periods ended	Dec. 31, 2024	Dec. 31, 2023
Unitholder servicing ($)	253	245

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	Dec. 31, 2024	Dec. 31, 2023
Total brokerage amounts paid ($)	623	142
Total brokerage amounts paid to related parties ($)	66	13

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.

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

(f) Financial instruments risks

The Portfolio's objective is to provide income by investing primarily in a diversified portfolio of Canadian securities.

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

Currency risk

As at December 31, 2024 and December 31, 2023, the Portfolio did not have significant direct exposure to currency risk. As at December 31, 2023, the Portfolio may have been indirectly exposed to currency risk, to the extent that the underlying fund invested in financial instruments that were denominated in a currency other than the functional currency of the Portfolio.

Interest rate risk

As at December 31, 2024 and December 31, 2023, the Portfolio did not have significant direct exposure to interest rate risk. As at December 31, 2023, the Portfolio may have been indirectly exposed to interest rate risk, to the extent the underlying fund invested in interest-bearing financial instruments.

Notes to the Financial Statements (cont'd)
(All amounts in thousands of Canadian dollars, except per unit data)
December 31, 2024

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, S&P/TSX Composite Index, 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 $51,609 (December 31, 2023 — $46,944). Historical correlation may not be representative of future correlation, and accordingly, actual results may differ and the difference could be material.

Credit risk

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

	As a % of Net Assets as at	
Credit Rating	**Dec. 31, 2024**	**Dec. 31, 2023**
R-1 High	0.5	1.4
P2	–	6.6
P2 High	–	8.8
P2 Low	–	0.1
P3	–	1.9
P3 High	–	3.9
P3 Low	–	0.7
Total	0.5	23.4

As at December 31, 2023, the Portfolio may have been indirectly exposed to credit risk, to the extent that the underlying fund invested in debt instruments, preferred securities and derivatives.

Securities lending

The Portfolio had assets involved in securities lending transactions outstanding as at December 31, 2024 and December 31, 2023 as follows:

	Aggregate Value of Securities on Loan ($)	Aggregate Value of Collateral Received for the Loan ($)
December 31, 2024	30,415	31,985
December 31, 2023	20,246	21,263

The table below is a reconciliation of the gross amount generated from securities lending transactions to the security lending revenue for the periods ended December 31, 2024 and December 31, 2023:

For the periods ended	Dec. 31, 2024		Dec. 31, 2023	
	Amount	% of Gross Securities Lending Revenue	Amount	% of Gross Securities Lending Revenue
Gross securities lending revenue	117	100.0	113	100.0
Withholding taxes	4	3.1	5	4.1
	113	96.9	108	95.9
Payment to securities lending agents	29	24.5	32	28.8
Net securities lending revenue*	84	72.4	76	67.1

* Amount shown on the Statement of Comprehensive Income is gross of withholding taxes of $4 (December 31, 2023 — $5).

Concentration risk

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

As at	Dec. 31, 2024	Dec. 31, 2023
Money Market Investments		
Federal	0.5%	1.4%
Equities		
Communication Services	2.8%	3.5%
Consumer Discretionary	4.7%	3.4%
Consumer Staples	2.9%	1.0%
Energy	12.7%	7.9%
Financials	39.7%	25.5%
Industrials	20.8%	14.4%
Information Technology	2.2%	—%
Materials	5.3%	4.3%
Real Estate	1.4%	8.5%
Utilities	6.3%	6.2%
Preferred Shares		
Preferred Shares - Fixed/Floaters	—%	16.5%
Preferred Shares - Floating Perpetual	—%	0.3%
Preferred Shares - Straight	—%	5.2%
Investment Funds	—%	1.0%
Other Assets Less Liabilities	0.7%	0.9%
	100.0%	**100.0%**

(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.

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

As at Dec. 31, 2024

Financial assets	Level 1	Level 2	Level 3	Total
Debt Securities	–	3,527	–	3,527
Equity Securities	689,505	–	–	689,505
Total	**689,505**	**3,527**	**–**	**693,032**

As at Dec. 31, 2023

Financial assets	Level 1	Level 2	Level 3	Total
Debt Securities	–	9,379	–	9,379
Preferred Securities	151,421	–	–	151,421
Equity Securities	513,941	–	–	513,941
Investment Funds	7,312	–	–	7,312
Total	**672,674**	**9,379**	**–**	**682,053**

Transfers between levels

There were no transfers between the levels during the periods.

(h) Unconsolidated structured entities

Information on the carrying amount and the size of the investments in structured entities is shown in the following tables:

As at Dec. 31, 2023	Carrying amount	Carrying amount as a % of the underlying fund's Net Assets
Securities		
BMO Laddered Preferred Share Index ETF	7,312	0.5
Total	7,312	

There were no unconsolidated structured entities held as at December 31, 2024.

Management's Responsibility for Financial Reporting

The accompanying financial statements have been prepared by management of BMO Private Investment Counsel Inc. Management is responsible for the information and representations contained in these financial statements.

Management has maintained appropriate processes to ensure that relevant and reliable information is produced. The financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") and include certain amounts that are based on estimates and judgements. The material accounting policy information which management believes are appropriate for the Portfolio are described in Note 3 of the financial statements.

The Trustee (BMO Trust Company) 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 of the Portfolios, adequacy of the internal controls, the audit process and financial reporting with management and external auditor.

PricewaterhouseCoopers LLP is the external auditor of the Portfolios. The auditor has been appointed by Board of the Manager and of the Trustees and cannot be changed without the prior approval of the Independent Review Committee and 60 days notice to the Unitholders. They have audited the financial statements in accordance with generally accepted auditing standards in Canada to enable them to express to the unitholders and trustee their opinion on the financial statements. Their report is included as an integral part of the financial statements.

Maarten Jansen
Chief Executive Officer
BMO Private Investment Counsel Inc.
March 4, 2025

Robert J. Schauer
Chief Financial Officer
BMO Private Portfolios
March 4, 2025

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