

Annual Management Report of Fund Performance

BMO Private Canadian Bond Portfolio

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

For the period ended December 31, 2024

This annual management report of fund performance contains financial highlights, but does not contain the complete annual financial statements of the Portfolio. If the annual financial statements of the Portfolio do not accompany the mailing of this report, you may obtain a copy of the annual financial statements at your request, and at no cost, by calling 1-855-852-1026, by e-mailing us at contactcentre@bmo.com, by writing to us at BMO Private Investment Counsel Inc., 1 First Canadian Place, 100 King St. W., 41st Floor, Toronto, Ontario, M5X 1A1 or by visiting our website at www.bmo.com/privatewealth/regulatory-documents/bpic/ or SEDAR+ at www.sedarplus.ca. You may also contact us using one of these methods to request a copy of the Portfolio's interim financial report, proxy voting policies and procedures, proxy voting disclosure record and/or quarterly portfolio disclosure.

Management Discussion of Fund Performance

BMO Private Investment Counsel Inc. ("BPIC" or the "Manager"), the manager and portfolio manager, is responsible for the management of the overall business, investments and operations of the BMO Private Portfolios and has engaged BMO Asset Management Inc. ("BMO AM Inc." or the "sub-advisor") as the sub-advisor of BMO Private Canadian Bond Portfolio (the "Portfolio").

Fund Name, Investment Strategies and Benchmark Changes
Effective January 26, 2024, the Portfolio's investment strategies changed to permit the sub-advisor to select fixed income securities with a variety of investment maturities based on the interest rate outlook and to determine the best potential investments for the Portfolio by analyzing the credit ratings of various issuers. In conjunction with this change, the Portfolio's benchmark changed to the FTSE Canada Universe Bond Index (100%) from its previous benchmark, which was made up of the FTSE Canada Short Term Overall Bond Index (50%) and the Canada Mid Term Overall Bond Index (50%). In addition, the Portfolio's name changed from BMO Private Canadian Short-Mid Bond Portfolio to BMO Private Canadian Bond Portfolio.

Investment Objective and Strategies

The Portfolio's investment objective is to produce superior returns through a combination of interest income and capital growth while also pursuing capital preservation. The Portfolio invests primarily in high-

quality fixed income securities such as bonds and debentures issued by governments and corporations in Canada that mature in more than one year.

To achieve the Portfolio's objectives, the sub-advisor selects fixed income securities with a variety of investment maturities and also determines the best potential investments for the Portfolio by analyzing the credit ratings of various issuers based on the interest rate outlook. The sub-advisor also allocates fixed income investments among government and corporate debt securities, including securities backed by mortgages or other financial assets and invests a portion of the Portfolio's assets in non-investment grade fixed income securities.

Risk

The risks associated with an investment in the Portfolio remain as disclosed in the Portfolio's most recent simplified prospectus or any amendments thereto and fund facts. During the period, there were no changes to the Portfolio's investment objective, strategies or management that materially affected the overall risk level associated with an investment in the Portfolio. The Manager reviewed the Portfolio using the standardized investment risk classification methodology prescribed by National Instrument 81-102 *Investment Funds* and determined on May 17, 2024 that the risk rating of the Portfolio had not changed. The Manager reviews the Portfolio's investment risk level and reference index, if any, at least annually.



BMO Private Canadian Bond Portfolio

Results of Operations

Over the 12-month period ended December 31, 2024, the Portfolio returned 5.92%, after expenses. The Portfolio's benchmark is the FTSE Canada Universe Bond Index, which generated a 4.23% total return over the same 12-month period. The Portfolio's benchmark until January 26, 2024 (a blend of 50% FTSE Canada Short Term Overall Bond Index and 50% FTSE Canada Mid Term Overall Bond Index) generated a 4.93% total return over the same 12-month period.

After holding its policy rate firm at 5.00% for 11 months, the Bank of Canada (the "BoC") eased interest rates in 2024 as economic conditions deteriorated and inflation was contained. At its June meeting, the BoC initiated what was the beginning of a series of interest rate cuts, putting an end to the hiking cycle that began in March 2022. Over its five meetings in the second half of 2024, the BoC reduced its policy rate by a total of 175 basis points. The Canadian bond market, as measured by the FTSE Canada Universe Bond Index, rose 4.23% in 2024. The corporate sector delivered 6.97%, outperforming government bonds, which gained 3.31% during the period.

The Portfolio held an overweight allocation to corporate bonds, which contributed to performance. Corporate spreads (the difference in yield between corporate and government bonds of similar maturity) above government Treasury bond yields narrowed in what was a positive environment for riskier assets. An overweight exposure to short-term (those with maturities of five years or less) corporate bonds and BBB-rated corporate bonds contributed to performance as these segments of the market outperformed and kept the yield of the Portfolio in excess of that of its benchmark.

The Portfolio's yield curve positioning detracted from performance. Late in the year, the sub-advisor had positioned the Portfolio with a duration (interest rate sensitivity) above that of the benchmark, which detracted from performance as interest rates rose. Longer-duration bond holdings detracted from the Portfolio's performance, as did exposure to infrastructure. Investment-grade and high-yield credit default swaps were purchased and held in the Portfolio to manage credit risk. These detracted from the Portfolio's performance as credit spreads (the difference in yield between securities of similar maturity but differing credit quality) narrowed.

For information on the Portfolio's longer-term performance and composition, please refer to the Past Performance section and Summary of Investment Portfolio section of this report.

Recent Developments

The BoC is confident that inflation is controlled but has signalled that it is likely to proceed with monetary easing at a more gradual pace. The timing and extent of any further interest rate cuts are likely to be driven by the job market and economic growth. The sub-advisor anticipates elevated interest rate volatility as central banks globally remain reliant on incoming data and will soon have to navigate the potentially choppy waters of Trump-era policies. The U.S. president-elect's sweeping threat of tariffs on global trade partners, if enacted, would likely cause significant trade frictions and retaliation. Canada is especially vulnerable given the integration of the two economies and reliance on the U.S. for its energy and materials exports. Absent the threat of tariffs, the BoC might even be inclined to pause the easing cycle early in 2025, however any protracted trade war would likely mean significant economic weakness and lower interest rates in Canada. The sub-advisor will maintain the Portfolio's duration broadly in line with that of the benchmark while being tactically opportunistic amid evolving market conditions.

Credit spreads in the Canadian corporate sector are expensive relative to historical levels and therefore vulnerable to persistent tariff-related uncertainty. We expect spread volatility to increase, particularly within vulnerable sectors of the Canadian economy such as energy and autos. Corporate fundamentals, meanwhile, remain generally supportive of corporate credit. As a result, the sub-advisor will continue to maintain for the Portfolio an overweight exposure to the corporate sector while emphasizing areas of the credit curve that offer the best yield enhancement and protection against any potential spread widening.

BMO Private Canadian Bond Portfolio

Related Party Transactions

BMO Trust Company, an indirect, wholly-owned subsidiary of Bank of Montreal (“BMO”), is the trustee (the “trustee”) and BPIC is the manager of the Portfolio. From time to time, BPIC may, on behalf of the Portfolio, enter into transactions or arrangements with or involving other members of BMO Financial Group, or certain other persons or companies that are related or connected to the Portfolio (each, a “related party” and collectively, the “related parties”). The purpose of this section is to provide a brief description of any transaction involving the Portfolio and a related party. In each instance where a conflict of interest is identified, it will be referred to the Portfolio’s independent review committee (the “IRC”). The primary focus of the IRC is to determine whether the proposed action of the Manager in respect of the conflict of interest matter achieves a fair and reasonable result for the Portfolio.

Sub-advisor

BPIC has hired BMO AM Inc., a related party, to provide investment advice and make investment decisions for the Portfolio’s investment portfolio. BMO AM Inc. receives a sub-advisory fee based on assets under management, which is paid monthly. BMO AM Inc. is paid by BPIC.

Buying and Selling Securities

During the period, the Manager relied on Standing Instructions provided by the Portfolio’s IRC for any of the following related party transactions that may have occurred in the Portfolio:

- (a) investments in securities issued by BMO, an affiliate of the Manager, or any other issuer related to the Manager;
- (b) investments in a class of securities of an issuer during the distribution period of those securities or the 60-day period following the completion of the distribution where BMO Nesbitt Burns Inc., an affiliate of the Manager, or any other affiliate of the Manager acts as an underwriter in the distribution of those securities;
- (c) trades in over-the-counter debt securities in the secondary market with BMO Nesbitt Burns Inc., or any other affiliate of the Manager, acting as principal in the Canadian debt securities market; and

- (d) trades of a security of any issuer from or to, another investment fund managed by the Manager or an affiliate of the Manager or a managed account managed by an affiliate of the Manager

(each, a “Related Party Transaction”).

In accordance with the IRC’s Standing Instructions, in making a decision to cause the Portfolio to make a Related Party Transaction, the Manager and the sub-advisor of the Portfolio are required to comply with the Manager’s written policies and procedures governing the Related Party Transaction and report periodically to the IRC, describing each instance that the Manager and/or the sub-advisor relied on the Standing Instructions and their compliance or non-compliance with the governing policies and procedures. The governing policies and procedures are designed to ensure that each Related Party Transaction (i) is made free from any influence of BMO, BMO Nesbitt Burns Inc. or an associate or affiliate of BMO and/or BMO Nesbitt Burns Inc. and without taking into account any considerations relevant to BMO, BMO Nesbitt Burns Inc. or an associate or affiliate of BMO and/or BMO Nesbitt Burns Inc., (ii) represents the business judgment of the Manager and/or the sub-advisor, uninfluenced by considerations other than the best interests of the Portfolio, and (iii) achieves a fair and reasonable result for the Portfolio. The IRC has reviewed the related party transactions described above and has provided an approval that each transaction achieves a fair and reasonable result for the Portfolio.

Brokerage Commissions

The Portfolio pays standard brokerage commissions at market rates to BMO Nesbitt Burns Inc., an affiliate of the Manager, for executing a portion of its trades. The brokerage commissions charged to the Portfolio during the periods were as follows:

	Period ended Dec. 31, 2024 (\$000s)	Period ended Dec. 31, 2023 (\$000s)
Total Brokerage Commissions	79	645
Brokerage Commissions paid to BMO Nesbitt Burns Inc.	—	645

BMO Private Canadian Bond Portfolio

Wealth Management Fee

Units of the Portfolio are only available through the wealth management service offered by BMO Financial Group. The trustee, a related party, and the Manager receive an annual fee from each investor for the wealth management service offered by BMO Financial Group. A tiered schedule is applied to calculate the annual fee for this service. The fee schedule starts at 1.95% and declines to 0.20% (depending on the nature and size of the investor's investment portfolio), and is calculated as a percentage of the assets under management. The actual wealth management fee payable by each investor is set out in BPIC's *Investment Management Fee Schedule* that is provided to the investor when the investor enters into an investment management agreement with the trustee and BPIC. The wealth management fee is paid directly by the investor to the trustee and the Manager. The trustee may compensate financial institutions and securities registrants within BMO Financial Group for client referrals to the wealth management service.

Unitholder Services

The Portfolio is provided with certain facilities and services by related parties. BPIC is the registrar of the Portfolio. The trustee and BPIC are paid by the Portfolio for fees relating to the custodial and administrative services they provide, respectively. Administrative services include fund accounting, record keeping and purchases/redemption order processing.

The fees charged to the Portfolio during the periods were as follows:

	Period ended Dec. 31, 2024 (\$000s)	Period ended Dec. 31, 2023 (\$000s)
Unitholder Services	294	284

Management Fee

There is no management fee charged to the Portfolio. The trustee and the Manager receive an annual wealth management fee from investors for the wealth management service offered by BMO Financial Group.

BMO Private Canadian Bond Portfolio

Financial Highlights

The following tables show selected key financial information about the Portfolio and are intended to help you understand the Portfolio's financial performance for the periods indicated.

The Portfolio's Net Assets Per Unit ⁽¹⁾		Years ended December 31				
		2024	2023	2022	2021	2020
Net assets, beginning of period	\$	10.31	10.01	11.05	11.64	10.84
Increase (decrease) from operations:						
Total revenue	\$	0.43	0.29	0.20	0.18	0.24
Total expenses ⁽²⁾	\$	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Realized gains (losses) for the period	\$	(0.01)	(0.30)	(0.50)	0.05	0.20
Unrealized gains (losses) for the period	\$	0.17	0.57	(0.49)	(0.46)	0.59
Total increase (decrease) from operations ⁽³⁾	\$	0.59	0.56	(0.79)	(0.23)	1.03
Distributions:						
From income (excluding dividends)	\$	0.38	0.26	0.25	0.25	0.27
From dividends	\$	—	—	—	—	—
From capital gains	\$	—	—	—	0.01	—
Return of capital	\$	0.00	0.01	0.00	0.00	0.00
Total Annual Distributions ⁽⁴⁾	\$	0.38	0.27	0.25	0.26	0.27
Net assets, end of period	\$	10.53	10.31	10.01	11.05	11.64

⁽¹⁾ This information is derived from the Portfolio's audited annual financial statements.

⁽²⁾ Includes commissions and other portfolio transaction costs and withholding taxes.

⁽³⁾ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

⁽⁴⁾ Distributions were paid in cash or reinvested in additional units of the Portfolio, or both.

Ratios and Supplemental Data		Years ended December 31				
		2024	2023	2022	2021	2020
Total net asset value (000s) ⁽¹⁾	\$	6,321,179	4,891,969	4,440,812	5,426,771	2,758,074
Number of units outstanding (000s) ⁽¹⁾		600,401	474,278	443,462	491,332	236,969
Management expense ratio ⁽²⁾	%	0.02	0.02	0.02	0.02	0.03
Management expense ratio before waivers or management absorptions ⁽²⁾	%	0.13	0.19	0.13	0.13	0.14
Trading expense ratio ⁽³⁾	%	0.00	0.01	—	—	—
Portfolio turnover rate ⁽⁴⁾	%	194.04	101.57	70.00	30.25	41.13
Net asset value per unit	\$	10.53	10.31	10.01	11.05	11.64

⁽¹⁾ This information is provided as at December 31 of the period shown.

⁽²⁾ Management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average net asset value during the period.

⁽³⁾ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period.

⁽⁴⁾ The portfolio turnover rate indicates how actively the Portfolio's sub-advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Portfolio buying and selling all of the securities in its portfolio once in the course of the year. The higher a portfolio turnover rate in a year, the greater the trading costs payable by the portfolio in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a portfolio.

BMO Private Canadian Bond Portfolio

Past Performance

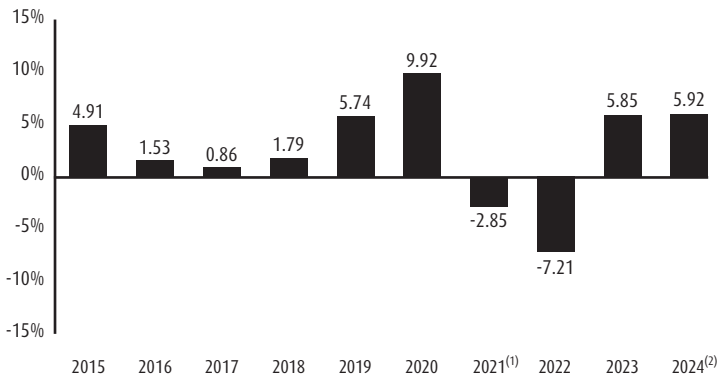
General

The Portfolio's performance information assumes that all distributions made by the Portfolio in the periods shown were reinvested in additional units of the Portfolio and is based on the net asset value of the Portfolio. The reinvestment of distributions increases returns.

The performance information does not take into account sales, redemption, distribution or other optional charges that, if applicable, would have reduced returns or performance. Please remember, how the Portfolio has performed in the past does not necessarily indicate how it will perform in the future.

Year-by-Year Returns

The following bar chart shows the performance for each of the financial years shown, and illustrates how the performance has changed from year to year. The bar chart shows in percentage terms how an investment made on the first day of each financial year would have increased or decreased by the last day of each financial year.



⁽¹⁾ On July 9, 2021, BMO Private Canadian Short-Term Bond Portfolio merged into the Portfolio, which changed its name to BMO Private Canadian Short-Mid Bond Portfolio at the time of the merger.

⁽²⁾ On January 26, 2024, the Portfolio's investment strategies were changed, and the Portfolio also changed its name to BMO Private Canadian Bond Portfolio. Accordingly, the Portfolio's performance prior to this date would have been different under the current investment strategies.

Annual Compound Returns

This chart compares the historical annual compound returns of the Portfolio with the FTSE Canada Universe Bond Index, the blended benchmark made up of the FTSE Canada Short Term Overall Bond Index (50%) and the FTSE Canada Mid Term Overall Bond Index (50%), and of the FTSE Canada Mid Term Overall Bond Index. The FTSE Canada Universe Bond Index is a broad measure of the total return of all marketable Canadian bonds that mature in more than one year, the FTSE Canada Mid Term Overall Bond Index is a measure of total return of Canadian bonds which have a maturity of five to ten years, and the FTSE Canada Short Term Overall Bond Index is a measure of total return of the Canadian bonds which have a term to maturity of one to five years.

	1 yr %	3 yrs %	5 yrs %	10 yrs %
BMO Private Canadian Bond Portfolio [‡] *	5.92	1.33	2.13	2.54
FTSE Canada Universe Bond Index (new)**	4.23	-0.60	0.79	1.98
Blended Benchmark**	4.93	0.95	1.88	2.44

[‡] The Portfolio's return is after the deduction of expenses, while the benchmarks do not include any costs of investing.

* On January 26, 2024, the Portfolio's investment strategies and benchmark were changed, and the Portfolio also changed its name to BMO Private Canadian Bond Portfolio.

** The Portfolio's benchmark is the FTSE Canada Universe Bond Index. Prior to February 1, 2024, it was comprised of 50% FTSE Canada Short Term Overall Bond Index and 50% FTSE Canada Mid Term Overall Bond Index, and prior to July 9, 2021, it was the FTSE Canada Mid Term Overall Bond Index.

A commentary on the market and/or information regarding the relative performance of the Portfolio as compared to its benchmark can be found under the Results of Operations section of this report.

BMO Private Canadian Bond Portfolio

Summary of Investment Portfolio

as at December 31, 2024

Portfolio Allocation	% of Net Asset Value	Top 25 Holdings Issuer	% of Net Asset Value
Corporate Bonds	46.5	Government of Canada, 2.750% Jun 1, 2033	1.0
Provincial Bonds	26.9	Province of Quebec, Senior, Unsecured, Notes, 3.600% Sep 1, 2033	0.9
Federal Bonds	18.6	Province of British Columbia, Unsecured, 4.250% Dec 18, 2053	0.8
Foreign Bonds	5.0	Cash/Receivables/Payables	0.8
Money Market Investments	1.5	Manulife Financial Corporation, Unsecured, Notes, Subordinated, Callable, 5.054% Feb 23, 2034	0.8
Cash/Receivables/Payables	0.8	Province of Quebec, Senior, Unsecured, Notes, 3.250% Sep 1, 2032	0.8
Municipal Bonds	0.5	Government of Canada, Treasury Bills, 3.393% Feb 27, 2025	0.8
Asset-Backed Securities	0.1	Government of Canada, 3.250% Dec 1, 2033	0.7
Supranational Bonds	0.1	Toronto-Dominion Bank, The, Senior, Unsecured, Notes, 5.423% Jul 10, 2026	0.7
Total portfolio allocation	100.0	Top holdings as a percentage of total net asset value	33.5
Top 25 Holdings Issuer	% of Net Asset Value	Total Net Asset Value	\$6,321,179,158
Province of Ontario, Senior, Unsecured, Notes, 4.150% Dec 2, 2054	4.5	<i>The Summary of Investment Portfolio may change due to the Portfolio's ongoing portfolio transactions. Updates are available quarterly.</i>	
Government of Canada, 3.000% Jun 1, 2034	2.7		
Province of Quebec, Senior, Unsecured, Debentures, 4.400% Dec 1, 2055	2.3		
Government of Canada, 3.500% Dec 1, 2045	2.0		
Government of Canada, 3.250% Dec 1, 2034	1.8		
Province of Ontario, Senior, Unsecured, 3.800% Dec 2, 2034	1.4		
United States Treasury Bonds, 4.250% Nov 15, 2034	1.4		
Government of Canada, 4.000% Jun 1, 2041	1.4		
Government of Canada, 2.750% Dec 1, 2055	1.2		
Canada Housing Trust, Mortgage Bonds, Series 107, Secured, 3.550% Sep 15, 2032	1.2		
Province of Ontario, Senior, Unsecured, 4.150% Jun 2, 2034	1.1		
Bank of Montreal, Senior, Unsecured, Callable, 4.537% Dec 18, 2028	1.1		
Bank of Nova Scotia, The, Senior, Unsecured, Notes, 2.950% Mar 8, 2027	1.1		
Province of Quebec, Unsecured, 3.500% Dec 1, 2045	1.0		
Province of Ontario, Senior, Unsecured, Notes, 4.600% Dec 2, 2055	1.0		
Government of Canada, 2.750% Dec 1, 2048	1.0		

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This document may contain forward-looking statements relating to anticipated future events, results, circumstances, performance or expectations that are not historical facts but instead represent our beliefs regarding future events. By their nature, forward-looking statements require us to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that predictions and other forward-looking statements will not prove to be accurate. We caution readers of this document not to place undue reliance on our forward-looking statements as a number of factors could cause actual future results, conditions, actions or events to differ materially from the targets, expectations, estimates or intentions expressed or implied in the forward-looking statements. Actual results may differ materially from management expectations as projected in such forward-looking statements for a variety of reasons, including but not limited to market and general economic conditions, interest rates, regulatory and statutory developments, the effects of competition in the geographic and business areas in which the Portfolio may invest and the risks detailed from time to time in the simplified prospectus of the BMO Private Portfolios. We caution that the foregoing list of factors is not exhaustive and that when relying on forward-looking statements to make decisions with respect to investing in the Portfolio, investors and others should carefully consider these factors, as well as other uncertainties and potential events, and the inherent uncertainty of forward-looking statements. Due to the potential impact of these factors, BMO Private Investment Counsel Inc. does not undertake, and specifically disclaims, any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless required by applicable law.

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