

BMO Monthly Income Fund (the “Fund”)

For the 12-month period ended September 30, 2022 (the “Period”)

Manager: BMO Investments Inc. (the “Manager” or “BMOI”)

Portfolio manager: BMO Asset Management Inc., Toronto, Ontario (the “portfolio manager”)

Sub-advisor: Columbia Threadneedle Management Limited, London, England

2022 Annual Management Report of Fund Performance

This annual management report of fund performance contains financial highlights but does not contain the complete annual financial statements of the Fund. If the annual financial statements of the Fund 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 1-800-665-7700 and 1-800-668-7327, by writing to us at BMO Investments Inc., First Canadian Place, 100 King Street West, 43rd Floor, Toronto, Ontario, M5X 1A1 or by visiting our website at www.bmo.com/gam/ca/advisor/legal-and-regulatory or SEDAR at www.sedar.com. You may also contact us using one of these methods to request a copy of the Fund’s interim financial report, proxy voting policies and procedures, proxy voting disclosure record and/or quarterly portfolio disclosure.

MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The Fund’s objectives are to provide a fixed monthly distribution while preserving the value of your investment. The Fund invests primarily in Canadian fixed income securities with higher-than-average yields, issued by the federal government, provincial governments, government agencies and corporations, as well as preferred and common shares, real estate investment trusts, royalty trusts and other high-yielding investments. To enhance the yield, the Fund may also invest in Canadian or foreign lower-rated or unrated securities, derivative instruments like options, futures and forward contracts.

The fixed income portion of the Fund will invest primarily in securities rated BBB or higher at the time of investment by Standard and Poor’s Rating Service or the equivalent rating as defined by other recognized rating agencies, with no more than two times its benchmark index weight in BBB-rated securities. The portfolio manager examines economic indicators like growth, inflation and monetary policy to provide a framework for selecting appropriate securities, and selects the term of the securities based on interest rate outlook.

For the equity portion of the Fund, the portfolio manager and sub-advisor examine the financial statistics of each company it’s considering to identify attractively priced securities. They review company operations and research and development to assess the company’s potential for growth. In addition, they continuously monitor the companies in the Fund for any changes that may affect their profitability.

The portfolio manager and sub-advisor also use general environmental, social and governance (ESG) integration and positive screening in the security selection process.

Risk

The risks associated with an investment in the Fund remain as disclosed in the Fund’s most recent simplified prospectus or any amendments thereto and fund facts. During the Period, there were no changes to the Fund that materially affected the overall risk level associated with an investment in the Fund. The Manager reviewed the Fund using the standardized investment risk classification methodology prescribed by National Instrument 81-102 *Investment Funds* and determined on May 27, 2022 that the risk rating of the Fund had not changed. The Manager reviews the Fund’s investment risk level and reference index, if any, at least annually.

Results of Operations

During the Period, the Fund’s total net asset value changed from approximately \$4,784 million to approximately \$4,643 million. Series A units of the Fund returned -8.20%. Please see the *Past Performance* section for information on the performance returns of the Fund’s other series.

During the Period, the fourth quarter of 2021 marked the end of a bull market (an increase of at least 20% from recent market low levels) that started in March 2020. U.S. inflation began picking up mid-2021 and became the main concern for investors going into 2022. In February 2022, the Russia-Ukraine conflict started, resulting in surging energy prices and investor concerns that inflation would not be short-lived. Over the Period, the S&P/TSX Composite Total Return Index declined 5.4% and the S&P 500 Index dropped 15.5%.



Mutual Funds

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Overall, it has been challenging for Europe, Australasia and Far East (“EAFE”) equities during the Period, driven primarily by impact of the Russia-Ukraine conflict on the European market over the past nine months. EAFE equities, as measured by the MSCI EAFE Index (C\$), declined -17.9% over the Period.

Supply-chain issues and soaring energy prices resulting from the Russia-Ukraine conflict sent Canadian inflation higher than experienced in decades. The Bank of Canada embarked on an aggressive cycle of interest rate increases to help tame inflation. Canada’s overnight lending rate rose from 0.25% to 3.25% during the Period. The Canadian bond market, as measured by the FTSE Canada Universe Bond Index, declined 10.5% over the Period.

Over the course of the year, the portfolio manager took risk off the table by trimming both equities and bond positions in the Fund. As central banks hiked rates, the portfolio manager increasingly bolstered cash to not only defend against the market sell-off, but also as an attractive yield generator. Cash and bonds moved from yielding near zero in 2021 to a yield closer to 4%.

The Fund’s underweight allocation to the Information Technology sector, overweight allocations to the Consumer Staples and Utilities sectors, and no position in the Health Care sector contributed to performance. Stock selection in the Information Technology, Industrials and Financials sectors also contributed. Underweight interest rate exposure contributed as interest rates rose sharply. The Fund also benefited from a yield that was higher than its benchmark.

Top individual contributors to the Fund’s performance included Constellation Software Inc. and Waste Connections Inc. Constellation Software Inc. outperformed its Information Technology peers given its high profitability. Waste Connections Inc. benefited from its resilient operations, pricing power and a well-respected management team. Cerner Corp., Alphabet Inc. and Genuine Part Co. also contributed to performance.

The Fund’s underweight allocations to the Energy and Materials sectors, and overweight allocation to the Real Estate sector, detracted from its performance. Security selection in the Consumer Staples, Energy, Communication Services and Materials sectors detracted from performance. The material widening of corporate bond spreads also detracted.

A top individual detractor from performance was Premium Brands Holdings, which declined as a result of margin pressures from supply-chain issues, labour shortages and input cost inflation. Intel Corp., Tyson Foods Inc. and Target Corp. also detracted from performance.

The portfolio manager initiated a new position in Suncor Energy Inc., Canada’s largest integrated energy company, with low-cost oil sands production and a profitable downstream business. Suncor Energy Inc.’s new leadership team focuses on the safety and reliability of its upstream operations.

The portfolio manager increased the Fund’s position in Intact Financial Corp. as the company has a defensive business model, scale and technological advantages. The portfolio manager increased the Fund’s credit hedge position to protect it against further widening of spreads.

The portfolio manager exited the Fund’s position in Fortis Inc., a defensive regulated utility company with diversified exposure across Canada, the U.S. and the Caribbean. The company’s stock price significantly increased, and the portfolio manager believed it had become overvalued.

The portfolio manager reduced the Fund’s position in Canadian Pacific Railway Co. as the stock was volatile given mixed financial results and weak volumes and margins. The portfolio manager reduced the Fund’s duration (interest rate sensitivity) further below that of its benchmark, to help protect it against rising interest rates.

The portfolio manager excluded Fairfax Financial Holdings Ltd., an ESG laggard on governance and climate change risks, from the Fund’s investment universe. Fairfax Financial Holdings Ltd. was given a poor rating of CCC by both MSCI and BMO’s Responsible Investing team. In addition, the company generates most of its revenue from property and casualty insurance and reinsurance, yet lagged its peers in adopting climate change modelling or hurricane and flood assessment models to set its premiums.

The portfolio manager excluded MTY Food Group Inc., an ESG laggard on governance and environment, from the Fund’s investment universe. The company lags peers in corporate governance as it does not have a majority independent board representing minority shareholders. It operates fast-food restaurants but lags its peers in sustainable packaging initiatives to reduce the environmental impact, despite Canada’s planned ban on single-use plastics by late 2022.

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Multi-Series Structure Change

Series D units are no longer available for purchase by new or existing investors effective June 10, 2022.

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

Recent Developments

The portfolio manager expects persistent inflation, rising interest rates, economic recession and high volatility to continue pressuring stocks with long-duration cash flows and less-stable profits. As a result, the portfolio manager's focus on high-quality earnings, attractive valuation and growing investor interests may continue to add value in this market environment.

The portfolio manager believes credit spreads are attractive on a historical basis, particularly within the one- to five-year segment of Canadian corporate credit. The portfolio manager expects to maintain an overweight spread exposure in fixed income.

In February 2022, hostilities commenced in Ukraine. In response, a number of countries have imposed economic sanctions on Russia and certain Russian citizens and entities. The impact of the hostilities, economic sanctions and other measures may have wide-ranging global effects on price volatility for securities and commodities as well as the stability of global financial markets. It is uncertain how long the hostilities, economic sanctions and market instability will continue and whether they will escalate further.

RELATED PARTY TRANSACTIONS

From time to time, the Manager may, on behalf of the Fund, 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 Manager (each a "Related Party"). The purpose of this section is to provide a brief description of any transaction involving the Fund and a Related Party.

Manager

BMO Investments Inc., an indirect, wholly-owned subsidiary of Bank of Montreal ("BMO"), is the Manager and trustee of the Fund. The Manager is paid a management fee by the Fund as compensation for its services, which is described in the "Management Fees" section later in this document.

Portfolio Manager

The Fund's portfolio manager is BMO Asset Management Inc. ("BMOAM"), an affiliate of the Manager, and Columbia Threadneedle Management Limited (formerly BMO Asset Management Limited) is a sub-advisor to BMOAM. BMOAM receives from the Manager a management fee based on assets under management, calculated daily and payable monthly.

On November 8, 2021, BMO Financial Group announced that it had completed the previously announced sale of the entities that represent its EMEA asset management business to Ameriprise Financial, Inc. As a result of the closing of this transaction, Columbia Threadneedle Management Limited (formerly BMO Asset Management Limited) is no longer an affiliate of the Manager.

Administration Fee and Operating Expenses

The Fund pays a fixed administration fee to the Manager in respect of each series other than Series I. The Manager in return pays the operating expenses of these series of the Fund, other than certain specified expenses that are paid directly by the Fund ("Fund Expenses"). Fund Expenses are allocated proportionately among the relevant series. If the Fund Expenses are specific to a series, the Fund Expenses are allocated to that series. The fixed administration fee is calculated as a fixed annual percentage of the net asset value of each relevant series of the Fund. The annual fixed administration fee rate for each series of the Fund other than Series I is 0.12%. The administration fee is subject to applicable taxes. The Manager may, in certain cases, waive a portion of the administration fee that it receives from the Fund or from certain series of the Fund. Separate fees and expenses are negotiated and paid directly by each Series I investor. Further details about the fixed administration fee, Fund Expenses and/or operating expenses can be found in the Fund's most recent simplified prospectus at www.bmo.com/gam/ca/advisor/legal-and-regulatory or www.sedar.com.

Buying and Selling Securities

During the Period, the Fund relied on standing instructions provided by the independent review committee ("IRC") for any of the following related party transactions that may have occurred in the Fund (each, a "Related Party Transaction"):

- (a) investments in securities issued by BMO, an affiliate of the Manager, or any other issuer related to the Manager;

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- (b) investments in a class of non-government debt securities and/or equity securities of an issuer during the period of distribution of those securities to the public and/or the 60-day period following the distribution period where BMO Nesbitt Burns Inc., an affiliate of the Manager, or any other affiliate of the Manager acted as an underwriter in the distribution;
- (c) trades in debt securities in the secondary market with BMO Nesbitt Burns Inc., an affiliate of the Manager, that is trading with the Fund as principal; 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.

In accordance with the IRC's standing instructions, in making a decision to cause the Fund to enter into a Related Party Transaction, the Manager and the portfolio manager of the Fund 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 relied on the standing instructions and its 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, uninfluenced by considerations other than the best interests of the Fund; and (iii) achieves a fair and reasonable result for the Fund.

Brokerage Commissions

The Fund 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 Fund (excluding exchange and other fees) during the periods indicated, were as follows:

	Period ended Sep. 30, 2022 \$000	Period ended Sep. 30, 2021 \$000
Total brokerage commissions	871	779
Brokerage commissions paid to BMO Nesbitt Burns Inc.	117	57

Distribution Services

The Manager markets and distributes the Fund through BMO branches and/or (depending on the series) through registered dealers and brokers, including BMO InvestorLine Inc. and BMO Nesbitt Burns Inc., both affiliates of the Manager. The Manager pays to these affiliates a service fee called a "trailing commission" based on the average daily value of the units and/or shares that are held in investor accounts. This service fee is paid monthly or quarterly and varies by purchase option and by series. Effective on or after June 1, 2022, series of units of the Fund that pay a service fee are no longer available for purchase by investors who hold those securities in an account with BMO InvestorLine Inc.

FINANCIAL HIGHLIGHTS

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

The Fund's Net Assets per Unit ⁽¹⁾

Series A Units

		Periods ended Sep. 30				
		2022	2021	2020	2019	2018
Net assets, beginning of period	\$	7.04	6.65	6.86	6.74	6.98
Increase (decrease)						
from operations:						
Total revenue	\$	0.18	0.17	0.19	0.21	0.20
Total expenses ⁽²⁾	\$	-0.11	-0.11	-0.11	-0.11	-0.12
Realized gains (losses)						
for the period	\$	0.14	0.25	0.20	0.10	0.30
Unrealized gains (losses)						
for the period	\$	-0.79	0.36	-0.16	0.39	-0.11
Total increase (decrease)						
from operations ⁽³⁾	\$	-0.58	0.67	0.12	0.59	0.27
Distributions:						
From net investment income						
(excluding dividends)	\$	—	0.01	0.00	—	—
From dividends	\$	0.08	0.07	0.10	0.11	0.10
From capital gains	\$	0.13	—	0.07	0.19	0.22
Return of capital	\$	0.21	0.21	0.19	0.18	0.19
Total Annual Distributions ⁽⁴⁾	\$	0.42	0.29	0.36	0.48	0.51
Net assets, end of period	\$	6.08	7.04	6.65	6.86	6.74

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Series T6 Units

		2022	Periods ended Sep. 30			2018
			2021	2020	2019	
Net assets, beginning of period	\$	8.48	8.15	8.56	8.54	9.02
Increase (decrease)						
from operations:						
Total revenue	\$	0.22	0.21	0.24	0.26	0.26
Total expenses ⁽²⁾	\$	-0.13	-0.14	-0.14	-0.14	-0.15
Realized gains (losses)						
for the period	\$	0.17	0.31	0.25	0.13	0.38
Unrealized gains (losses)						
for the period	\$	-0.97	0.44	-0.23	0.49	-0.14
Total increase (decrease)						
from operations ⁽³⁾	\$	-0.71	0.82	0.12	0.74	0.35
Distributions:						
From net investment income						
(excluding dividends)	\$	—	0.00	0.01	—	—
From dividends	\$	0.10	0.09	0.12	0.13	0.13
From capital gains	\$	0.15	—	0.09	0.24	0.30
Return of capital	\$	0.41	0.41	0.37	0.36	0.40
Total Annual Distributions ⁽⁴⁾	\$	0.66	0.50	0.59	0.73	0.83
Net assets, end of period	\$	7.17	8.48	8.15	8.56	8.54

Series F Units

		2022	Periods ended Sep. 30			2018
			2021	2020	2019	
Net assets, beginning of period	\$	11.39	10.61	10.80	10.44	10.60
Increase (decrease)						
from operations:						
Total revenue	\$	0.31	0.27	0.31	0.33	0.31
Total expenses ⁽²⁾	\$	-0.08	-0.08	-0.08	-0.08	-0.09
Realized gains (losses)						
for the period	\$	0.22	0.41	0.31	0.16	0.43
Unrealized gains (losses)						
for the period	\$	-1.76	0.56	-0.29	0.63	-0.18
Total increase (decrease)						
from operations ⁽³⁾	\$	-1.31	1.16	0.25	1.04	0.47
Distributions:						
From net investment income						
(excluding dividends)	\$	0.05	0.07	0.08	0.06	0.06
From dividends	\$	0.17	0.16	0.17	0.20	0.18
From capital gains	\$	0.21	—	0.11	0.25	0.27
Return of capital	\$	0.18	0.18	0.16	0.16	0.17
Total Annual Distributions ⁽⁴⁾	\$	0.61	0.41	0.52	0.67	0.68
Net assets, end of period	\$	9.99	11.39	10.61	10.80	10.44

Series F6 Units

		2022	Periods ended Sep. 30			2018
			2021	2020	2019	
Net assets, beginning of period	\$	9.65	9.19	9.56	9.43	9.84
Increase (decrease)						
from operations:						
Total revenue	\$	0.26	0.24	0.27	0.30	0.29
Total expenses ⁽²⁾	\$	-0.06	-0.07	-0.07	-0.08	-0.08
Realized gains (losses)						
for the period	\$	0.18	0.35	0.27	0.15	0.32
Unrealized gains (losses)						
for the period	\$	-1.51	0.35	-0.17	0.48	-0.09
Total increase (decrease)						
from operations ⁽³⁾	\$	-1.13	0.87	0.30	0.85	0.44
Distributions:						
From net investment income						
(excluding dividends)	\$	0.05	0.06	0.07	0.05	0.05
From dividends	\$	0.14	0.13	0.14	0.17	0.17
From capital gains	\$	0.13	—	0.10	0.24	0.29
Return of capital	\$	0.40	0.37	0.34	0.32	0.37
Total Annual Distributions ⁽⁴⁾	\$	0.72	0.56	0.65	0.78	0.88
Net assets, end of period	\$	8.27	9.65	9.19	9.56	9.43

Series D Units

		2022	Periods ended Sep. 30			2018
			2021	2020	2019	
Net assets, beginning of period	\$	11.05	10.29	10.41	10.07	10.25
Increase (decrease)						
from operations:						
Total revenue	\$	0.27	0.27	0.30	0.32	0.30
Total expenses ⁽²⁾	\$	-0.12	-0.12	-0.11	-0.11	-0.12
Realized gains (losses)						
for the period	\$	0.24	0.39	0.30	0.16	0.40
Unrealized gains (losses)						
for the period	\$	0.13	0.58	-0.17	0.61	-0.16
Total increase (decrease)						
from operations ⁽³⁾	\$	0.52	1.12	0.32	0.98	0.42
Distributions:						
From net investment income						
(excluding dividends)	\$	0.02	0.03	0.06	0.02	0.02
From dividends	\$	0.25	0.15	0.14	0.19	0.18
From capital gains	\$	0.28	—	0.04	0.25	0.28
Return of capital	\$	0.09	0.18	0.16	0.15	0.16
Total Annual Distributions ⁽⁴⁾	\$	0.64	0.36	0.40	0.61	0.64
Net assets, end of period	\$	9.65	11.05	10.29	10.41	10.07

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Series G Units

		2022	Periods ended Sep. 30			
			2021	2020	2019	2018 ⁽¹⁾
Net assets, beginning of period	\$	10.94	10.25	10.51	10.18	10.00*
Increase (decrease)						
from operations:						
Total revenue	\$	0.29	0.27	0.30	0.32	0.20
Total expenses ⁽²⁾	\$	-0.12	-0.13	-0.12	-0.12	-0.08
Realized gains (losses)						
for the period	\$	0.22	0.39	0.29	0.16	0.13
Unrealized gains (losses)						
for the period	\$	-1.27	0.56	-0.27	0.62	0.05
Total increase (decrease)						
from operations ⁽³⁾	\$	-0.88	1.09	0.20	0.98	0.30
Distributions:						
From net investment income						
(excluding dividends)	\$	0.01	0.03	0.03	0.02	—
From dividends	\$	0.16	0.16	0.17	0.20	0.21
From capital gains	\$	0.21	—	0.10	0.21	—
Return of capital	\$	0.25	0.23	0.22	0.20	—
Total Annual Distributions ⁽⁴⁾	\$	0.63	0.42	0.52	0.63	0.21
Net assets, end of period	\$	9.51	10.94	10.25	10.51	10.18

Series I Units

		2022	Periods ended Sep. 30			
			2021	2020	2019	2018
Net assets, beginning of period	\$	9.93	9.19	9.31	8.96	9.12
Increase (decrease)						
from operations:						
Total revenue	\$	0.27	0.24	0.26	0.28	0.27
Total expenses ⁽²⁾	\$	-0.00	-0.01	-0.01	-0.01	-0.01
Realized gains (losses)						
for the period	\$	0.20	0.35	0.44	0.14	0.38
Unrealized gains (losses)						
for the period	\$	-1.14	0.50	-0.25	0.54	-0.14
Total increase (decrease)						
from operations ⁽³⁾	\$	-0.67	1.08	0.44	0.95	0.50
Distributions:						
From net investment income						
(excluding dividends)	\$	0.10	0.13	0.13	0.11	0.16
From dividends	\$	0.15	0.18	0.15	0.17	0.11
From capital gains	\$	0.17	—	0.10	0.23	0.30
Return of capital	\$	0.11	0.05	0.08	0.08	0.09
Total Annual Distributions ⁽⁴⁾	\$	0.53	0.36	0.46	0.59	0.66
Net assets, end of period	\$	8.77	9.93	9.19	9.31	8.96

Series R Units

		2022	Periods ended Sep. 30			
			2021	2020	2019	2018
Net assets, beginning of period	\$	3.68	3.72	4.17	4.45	5.04
Increase (decrease)						
from operations:						
Total revenue	\$	0.09	0.09	0.11	0.13	0.14
Total expenses ⁽²⁾	\$	-0.05	-0.06	-0.06	-0.07	-0.08
Realized gains (losses)						
for the period	\$	0.07	0.14	0.12	0.06	0.21
Unrealized gains (losses)						
for the period	\$	-0.36	0.21	-0.10	0.23	-0.07
Total increase (decrease)						
from operations ⁽³⁾	\$	-0.25	0.38	0.07	0.35	0.20
Distributions:						
From net investment income						
(excluding dividends)	\$	—	0.00	0.00	—	—
From dividends	\$	0.04	0.04	0.06	0.07	0.07
From capital gains	\$	0.08	—	0.05	0.13	0.19
Return of capital	\$	0.34	0.38	0.42	0.45	0.53
Total Annual Distributions ⁽⁴⁾	\$	0.46	0.42	0.53	0.65	0.79
Net assets, end of period	\$	2.95	3.68	3.72	4.17	4.45

* Initial net assets.

⁽¹⁾ This information is derived from the Fund'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 either paid in cash or reinvested in additional units of the Fund, or both. The allocation of the distributions from each of income, dividends, capital gains and return of capital is based on the Manager's estimate as at September 30 of the period shown, as applicable, which is the Fund's financial year-end. However, the actual allocation of distributions is determined as at December 15, the Fund's tax year-end. Accordingly, the actual allocation among income, dividends, capital gains and return of capital may differ from these estimates.

⁽⁵⁾ The information shown in this column is for the period beginning February 14, 2018 (the series' inception date) and ending September 30, 2018.

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Ratios and Supplemental Data

Series A Units

		2022	Periods ended Sep. 30			2018
			2021	2020	2019	
Total net asset value (000's) ⁽¹⁾	\$	4,103,205	4,209,734	3,631,452	3,589,589	3,281,428
Number of units						
outstanding (000's) ⁽¹⁾		674,924	597,989	546,417	523,098	486,626
Management expense ratio ⁽²⁾	%	1.57	1.57	1.57	1.57	1.57
Management expense ratio						
before waivers or absorptions	%	1.57	1.57	1.57	1.57	1.57
Trading expense ratio ⁽³⁾	%	0.02	0.02	0.03	0.03	0.05
Portfolio turnover rate ⁽⁴⁾	%	58.53	47.52	53.99	55.28	89.29
Net asset value per unit	\$	6.08	7.04	6.65	6.86	6.74

Series T6 Units

		2022	Periods ended Sep. 30			2018
			2021	2020	2019	
Total net asset value (000's) ⁽¹⁾	\$	91,263	90,059	75,804	78,776	67,092
Number of units						
outstanding (000's) ⁽¹⁾		12,721	10,624	9,304	9,208	7,857
Management expense ratio ⁽²⁾	%	1.57	1.58	1.57	1.57	1.57
Management expense ratio						
before waivers or absorptions	%	1.57	1.58	1.57	1.57	1.57
Trading expense ratio ⁽³⁾	%	0.02	0.02	0.03	0.03	0.05
Portfolio turnover rate ⁽⁴⁾	%	58.53	47.52	53.99	55.28	89.29
Net asset value per unit	\$	7.17	8.48	8.15	8.56	8.54

Series F Units

		2022	Periods ended Sep. 30			2018
			2021	2020	2019	
Total net asset value (000's) ⁽¹⁾	\$	277,064	132,123	110,204	106,755	86,506
Number of units						
outstanding (000's) ⁽¹⁾		27,743	11,597	10,388	9,886	8,289
Management expense ratio ⁽²⁾	%	0.69	0.69	0.69	0.69	0.69
Management expense ratio						
before waivers or absorptions	%	0.69	0.69	0.69	0.69	0.69
Trading expense ratio ⁽³⁾	%	0.02	0.02	0.03	0.03	0.05
Portfolio turnover rate ⁽⁴⁾	%	58.53	47.52	53.99	55.28	89.29
Net asset value per unit	\$	9.99	11.39	10.61	10.80	10.44

Series F6 Units

		2022	Periods ended Sep. 30			2018
			2021	2020	2019	
Total net asset value (000's) ⁽¹⁾	\$	11,961	4,732	2,960	3,662	2,557
Number of units						
outstanding (000's) ⁽¹⁾		1,446	490	322	383	271
Management expense ratio ⁽²⁾	%	0.69	0.69	0.69	0.70	0.70
Management expense ratio						
before waivers or absorptions	%	0.70	0.69	0.69	0.70	0.71
Trading expense ratio ⁽³⁾	%	0.02	0.02	0.03	0.03	0.05
Portfolio turnover rate ⁽⁴⁾	%	58.53	47.52	53.99	55.28	89.29
Net asset value per unit	\$	8.27	9.65	9.19	9.56	9.43

Series D Units

		2022	Periods ended Sep. 30			2018
			2021	2020	2019	
Total net asset value (000's) ⁽¹⁾	\$	666	156,727	151,871	37,518	30,148
Number of units						
outstanding (000's) ⁽¹⁾		69	14,186	14,763	3,605	2,993
Management expense ratio ⁽²⁾	%	1.01	1.02	1.02	1.02	1.02
Management expense ratio						
before waivers or absorptions	%	1.02	1.02	1.02	1.02	1.02
Trading expense ratio ⁽³⁾	%	0.02	0.02	0.03	0.03	0.05
Portfolio turnover rate ⁽⁴⁾	%	58.53	47.52	53.99	55.28	89.29
Net asset value per unit	\$	9.65	11.05	10.29	10.41	10.07

Series G Units

		2022	Periods ended Sep. 30			2018 ⁽⁵⁾
			2021	2020	2019	
Total net asset value (000's) ⁽¹⁾	\$	15,307	15,493	13,278	11,171	8,695
Number of units						
outstanding (000's) ⁽¹⁾		1,610	1,417	1,295	1,063	854
Management expense ratio ⁽²⁾	%	1.13	1.13	1.13	1.13	1.13
Management expense ratio						
before waivers or absorptions	%	1.13	1.13	1.13	1.13	1.13
Trading expense ratio ⁽³⁾	%	0.02	0.02	0.03	0.03	0.05
Portfolio turnover rate ⁽⁴⁾	%	58.53	47.52	53.99	55.28	89.29
Net asset value per unit	\$	9.51	10.94	10.25	10.51	10.18

Series I Units

		2022	Periods ended Sep. 30			2018
			2021	2020	2019	
Total net asset value (000's) ⁽¹⁾	\$	67,845	68,716	62,811	396,622	368,707
Number of units						
outstanding (000's) ⁽¹⁾		7,740	6,920	6,836	42,619	41,142
Management expense ratio ⁺	%	—	—	—	—	—
Management expense ratio						
before waivers or absorptions ⁺	%	—	—	—	—	—
Trading expense ratio ⁽³⁾	%	0.02	0.02	0.03	0.03	0.05
Portfolio turnover rate ⁽⁴⁾	%	58.53	47.52	53.99	55.28	89.29
Net asset value per unit	\$	8.77	9.93	9.19	9.31	8.96

Series R Units

		2022	Periods ended Sep. 30			2018
			2021	2020	2019	
Total net asset value (000's) ⁽¹⁾	\$	76,043	106,852	118,072	145,779	178,722
Number of units						
outstanding (000's) ⁽¹⁾		25,745	29,043	31,713	34,922	40,144
Management expense ratio ⁽²⁾	%	1.56	1.56	1.56	1.56	1.56
Management expense ratio						
before waivers or absorptions	%	1.56	1.56	1.56	1.56	1.56
Trading expense ratio ⁽³⁾	%	0.02	0.02	0.03	0.03	0.05
Portfolio turnover rate ⁽⁴⁾	%	58.53	47.52	53.99	55.28	89.29
Net asset value per unit	\$	2.95	3.68	3.72	4.17	4.45

+ Operating expenses are paid by BMOII and management fees are paid directly to BMOII as negotiated with the investor.

⁽¹⁾ This information is provided as at September 30 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 Fund's portfolio turnover rate indicates how actively the Fund's portfolio manager manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a fund's portfolio turnover rate in a year, the greater the trading costs payable by the fund 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 fund.

⁽⁵⁾ The information shown in this column is for the period beginning February 14, 2018 (the series' inception date) and ending September 30, 2018.

BMO Monthly Income Fund

Management Fees

The Manager is responsible for the day-to-day management of the business and operations of the Fund. The Manager monitors and evaluates the Fund's performance, pays for the investment advice provided by the Fund's portfolio manager and provides certain administrative services required by the Fund. As compensation for its services, the Manager is entitled to receive a management fee payable monthly, calculated based on the daily net asset value of each series of the Fund at the annual rate set out in the table below. The management fee is subject to applicable taxes. The Manager may, at its discretion, waive a portion or the entire amount of the management fee chargeable at any given time for each series of the Fund.

	Annual Management Fee Rate*	As a Percentage of Management Fees	
		Dealer Compensation	General Administration, Investment Advice and Profit
	%	%	%
Series A Units	1.30	46	54
Series T6 Units	1.30	46	54
Series F Units	0.50	0	100
Series F6 Units	0.50	0	100
Series D Units	0.80	31	69
Series G Units	0.90	39	61
Series I Units	—	—	—
Series R Units	1.30	46	54

* For Series I Units, separate Series I fees are negotiated and paid directly by each Series I investor. The combined management and administration fees for Series I Units will not exceed the management fee charged for Series A Units.

PAST PERFORMANCE

The Fund's performance information assumes that all distributions made by the Fund in the periods shown were reinvested in additional securities of the Fund and is based on the net asset value of the Fund. The reinvestment of distributions increases returns. The performance information does not take into account sales, redemption, distribution, other optional charges or income taxes payable that, if applicable, would have reduced returns or performance. Please remember that how the Fund has performed in the past does not indicate how it will perform in the future.

The returns of each series may differ from one another for a number of reasons, including if the series was not issued and outstanding for the entire reporting period and because of the different levels of management fees and expenses allocated and payable by each series.

On February 1, 2017, the management fee on Series F and Series F6 units was lowered from 0.55% to 0.50%.

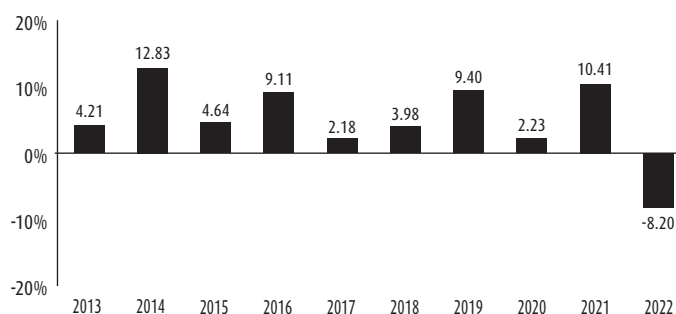
On January 31, 2018, BMO Asset Management Limited was appointed as sub-advisor for a portion of the Fund.

These changes could have affected the performance of the Fund had they been in effect throughout the performance measurement periods presented.

Year-by-Year Returns

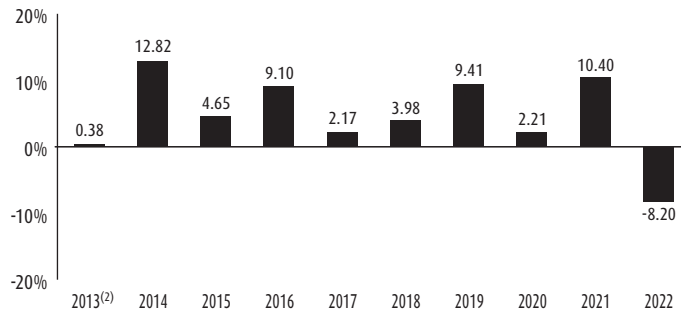
The following bar charts show the performance of each series of the Fund for each of the financial years shown, and illustrate how the Fund's performance has changed from year to year. The charts show in percentage terms how an investment made on the first day of each financial year would have increased or decreased by the last day of each financial year.

Series A Units

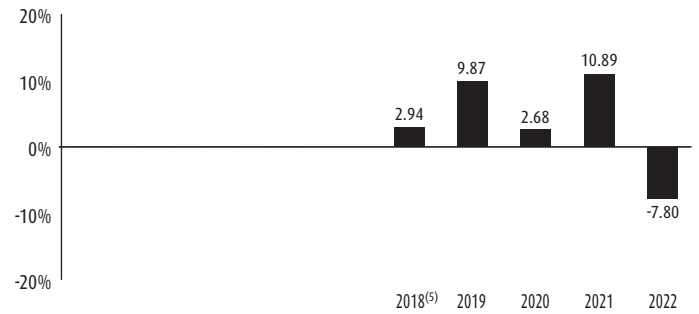


BMO Monthly Income Fund

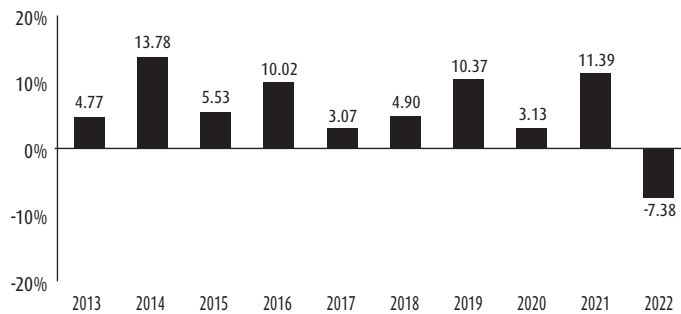
Series T6 Units



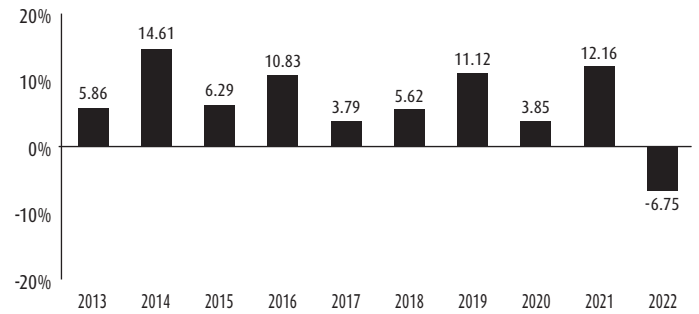
Series G Units



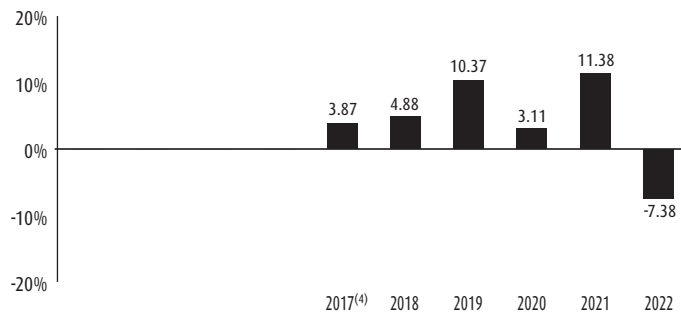
Series F Units



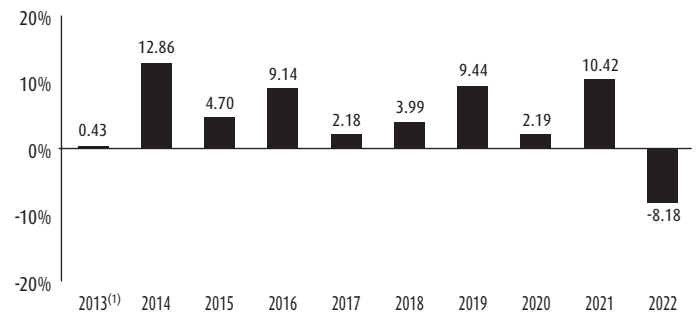
Series I Units



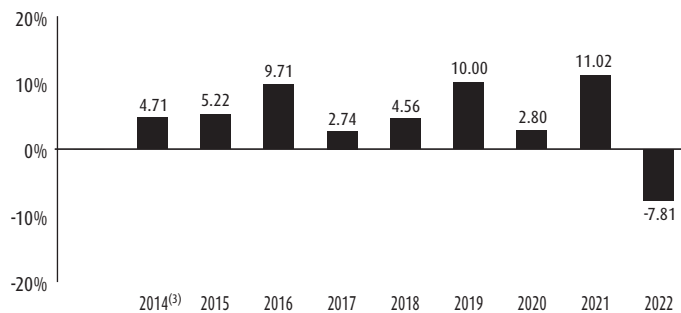
Series F6 Units



Series R Units



Series D Units



⁽¹⁾ For the period beginning with the performance launch date of March 11, 2013 to September 30, 2013.

⁽²⁾ For the period beginning with the performance launch date of April 1, 2013 to September 30, 2013.

⁽³⁾ For the period beginning with the performance launch date of April 8, 2014 to September 30, 2014.

⁽⁴⁾ For the period beginning with the performance launch date of October 19, 2016 to September 30, 2017.

⁽⁵⁾ For the period beginning with the performance launch date of February 16, 2018 to September 30, 2018.

BMO Monthly Income Fund

Annual Compound Returns

This table compares the historical annual compound returns of the Fund with its blended benchmark (composed of 50% FTSE Canada Universe Bond Index and 50% S&P/TSX Composite Total Return Index (“S&P/TSX”)), in addition to the S&P/TSX, a broad-based index. The Fund uses a blended benchmark to compare its overall relative performance because the blended benchmark is a better reflection of the asset mix of the underlying investments within the Fund’s portfolio. Therefore, the blended benchmark is a more accurate and useful comparison.

The FTSE Canada Universe Bond Index is a broad measure of the total return of Canadian bonds that mature in more than one year.

The S&P/TSX is a market capitalization-weighted index of securities of the largest and most liquid companies on the Toronto Stock Exchange.

Series A Units

		1 year	3 years	5 years	10 years	Since Inception
BMO Monthly Income Fund	%	-8.20	1.19	3.34	4.92	
Blended Benchmark	%	-7.77	2.27	3.82	4.61	
S&P/TSX	%	-5.39	6.59	6.54	7.30	

Series T6 Units

		1 year	3 years	5 years	10 years	Since Inception ⁽¹⁾
BMO Monthly Income Fund	%	-8.20	1.18	3.34		4.77
Blended Benchmark	%	-7.77	2.27	3.82		4.56
S&P/TSX	%	-5.39	6.59	6.54		7.13

Series F Units

		1 year	3 years	5 years	10 years	Since Inception
BMO Monthly Income Fund	%	-7.38	2.09	4.26	5.80	
Blended Benchmark	%	-7.77	2.27	3.82	4.61	
S&P/TSX	%	-5.39	6.59	6.54	7.30	

Series F6 Units

		1 year	3 years	5 years	10 years	Since Inception ⁽⁴⁾
BMO Monthly Income Fund	%	-7.38	2.08	4.25		4.22
Blended Benchmark	%	-7.77	2.27	3.82		3.73
S&P/TSX	%	-5.39	6.59	6.54		6.88

Series D Units

		1 year	3 years	5 years	10 years	Since Inception ⁽⁵⁾
BMO Monthly Income Fund	%	-7.81	1.71	3.89		4.92
Blended Benchmark	%	-7.77	2.27	3.82		4.08
S&P/TSX	%	-5.39	6.59	6.54		6.11

Series G Units

		1 year	3 years	5 years	10 years	Since Inception ⁽¹⁾
BMO Monthly Income Fund	%	-7.80	1.63			3.79
Blended Benchmark	%	-7.77	2.27			4.14
S&P/TSX	%	-5.39	6.59			7.13

Series I Units

		1 year	3 years	5 years	10 years	Since Inception
BMO Monthly Income Fund	%	-6.75	2.79	4.97	6.58	
Blended Benchmark	%	-7.77	2.27	3.82	4.61	
S&P/TSX	%	-5.39	6.59	6.54	7.30	

Series R Units

		1 year	3 years	5 years	10 years	Since Inception ⁽¹⁾
BMO Monthly Income Fund	%	-8.18	1.19	3.35		4.76
Blended Benchmark	%	-7.77	2.27	3.82		4.53
S&P/TSX	%	-5.39	6.59	6.54		7.02

(1) Return from the performance launch date of March 11, 2013 to September 30, 2022.

(2) Return from the performance launch date of April 1, 2013 to September 30, 2022.

(3) Return from the performance launch date of April 8, 2014 to September 30, 2022.

(4) Return from the performance launch date of October 19, 2016 to September 30, 2022.

(5) Return from the performance launch date of February 16, 2018 to September 30, 2022.

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

BMO Monthly Income Fund

SUMMARY OF INVESTMENT PORTFOLIO

As at September 30, 2022

Portfolio Allocation	% of Net Asset Value
Canadian Equities	35.24
Bonds & Debentures	34.98
U.S. Equities	9.26
Money Market Investments	8.48
Canadian Equity Fund	3.74
International Equity Fund	3.00
Global Equity Funds	2.88
Emerging Markets Equity Fund	1.50
Cash/Receivables/Payables	0.87
International Equities	0.04
Credit Default Swaps	0.01
Total Portfolio Allocation	100.00

Sector Allocation

Bonds & Debentures	34.98
Financials	9.95
Money Market Investments	8.48
Real Estate	5.55
Consumer Staples	4.96
Communication Services	4.64
Utilities	4.61
Industrials	4.16
Canadian Equity Fund	3.74
Information Technology	3.48
Energy	3.38
International Equity Fund	3.00
Global Equity Funds	2.88
Materials	2.00
Emerging Markets Equity Fund	1.50
Health Care	1.17
Cash/Receivables/Payables	0.87
Consumer Discretionary	0.64
Credit Default Swaps	0.01
Total Sector Allocation	100.00

Top 25 Holdings

Issuer	% of Net Asset Value
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Long Positions

BMO S&P/TSX Capped Composite Index ETF ⁺	3.74
BMO MSCI EAFE Index ETF ⁺	3.00
Royal Bank of Canada	2.60
BMO Global Infrastructure Index ETF ⁺	1.90
Toronto-Dominion Bank, The	1.71
Enbridge Inc.	1.68
BMO MSCI Emerging Markets Index ETF ⁺	1.50
Canadian Natural Resources Limited	1.23
Canadian National Railway Company	1.15
Government of Canada, Treasury Bills, 2.943% Nov 24, 2022	1.07
Bank of Montreal	1.06
BCE Inc.	1.05
Canadian Imperial Bank of Commerce	1.04
Province of Quebec, Unsecured, 3.500% Dec 1, 2045	0.98
BMO Brookfield Global Renewables Infrastructure Fund, ETF Series ⁺	0.98
Province of Ontario, Unsecured, Notes, 2.050% Jun 2, 2030	0.95
Government of Canada, Unsecured, 2.000% Jun 1, 2032	0.92
Bank of Nova Scotia, The	0.90
Cash/Receivables/Payables	0.87
Province of Ontario, Unsecured, Notes, 2.900% Jun 2, 2049	0.77
Government of Canada, Treasury Bills, 2.195% Oct 13, 2022	0.77
Thomson Reuters Corporation	0.76
Waste Connections, Inc.	0.76
Hydro One Limited	0.74
Capital Power Corporation	0.74

Long Positions as a Percentage of Total Net Asset Value **32.87**

Top 25 Holdings

Issuer	% of Net Asset Value
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Short Positions

Markit CDX North American Investment Grade Index, Series 39 Version 1, (1.000%) Dec 20, 2027	0.01
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Short Positions as a Percentage of Total Net Asset Value **0.01**

Top Holdings as a Percentage of Total Net Asset Value **32.88**

Total Net Asset Value **\$4,643,353,638**

⁺The prospectus and other information about the underlying exchange traded fund(s) held in the portfolio are available at www.sedar.com and www.bmo.com/etflegal.

The summary of investment portfolio may change due to the Fund's ongoing portfolio transactions. Updates are available quarterly.

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www.bmo.com/mutualfunds and www.bmo.com/gam/ca

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

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

Caution regarding forward-looking statements

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 Fund may invest in and the risks detailed from time to time in BMO Mutual Funds' simplified prospectus. 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 Fund, 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 Investments 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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Mutual Funds