

# Semi-Annual Financial Statements

BMO Private Portfolios

June 30, 2024

**BMO Private U.S. Equity Portfolio**

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

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

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



Private Wealth

# BMO Private U.S. Equity Portfolio

(unaudited)

## STATEMENT OF FINANCIAL POSITION

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

As at	June 30 2024	December 31 2023
<b>Assets</b>		
<b>Current Assets</b>		
Cash	64,978	75,430
Investments		
Non-derivative financial assets	6,141,319	5,653,998
Receivable for investments sold	9,056	—
Subscriptions receivable	3,162	1,097
Dividends receivable	2,289	3,775
Distribution receivable from investment trusts	5,874	6,613
<b>Total assets</b>	<b>6,226,678</b>	<b>5,740,913</b>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Payable for investments purchased	7,391	7,090
Redemptions payable	3,264	2,334
Accrued expenses	74	131
<b>Total liabilities</b>	<b>10,729</b>	<b>9,555</b>
<b>Net assets attributable to holders of redeemable units</b>	<b>6,215,949</b>	<b>5,731,358</b>
<b>Net assets attributable to holders of redeemable units per unit</b>	<b>\$ 44.28</b>	<b>\$ 37.93</b>

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

## BMO Private U.S. Equity Portfolio

(unaudited)

### STATEMENT OF COMPREHENSIVE INCOME

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

<b>For the periods ended</b>	<b>June 30 2024</b>	<b>June 30 2023</b>
<b>Income</b>		
Interest income	0	1
Dividend income	22,692	22,289
Distributions received from investment trusts	10,508	13,560
Other changes in fair value of investments and derivatives		
Net realized gain	307,718	165,367
Change in unrealized appreciation	601,875	445,827
Net gain in fair value of investments and derivatives	942,793	647,044
Securities lending (note 8)	46	48
Foreign exchange gain (loss)	505	(374)
Total other income (loss)	551	(326)
<b>Total income</b>	<b>943,344</b>	<b>646,718</b>
<b>Expenses</b>		
Sub-advisory fees	4,306	3,637
Audit fees	13	5
Independent review committee fees	4	4
Withholding taxes	3,267	3,092
Custodian fees	26	23
Interest expense	—	0
Legal and filing fees	52	68
Unitholder servicing fees	341	342
Printing and stationery fees	8	9
Commissions and other portfolio transaction costs (note 6)	352	215
Operating expenses absorbed by the Manager	(5,102)	(4,400)
<b>Total expenses</b>	<b>3,267</b>	<b>2,995</b>
<b>Increase in net assets attributable to holders of redeemable units</b>	<b>940,077</b>	<b>643,723</b>
<b>Increase in net assets attributable to holders of redeemable units per unit (note 8)</b>	<b>6.38</b>	<b>4.03</b>

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

# BMO Private U.S. Equity Portfolio

(unaudited)

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

(All amounts in thousands of Canadian dollars)

<b>For the periods ended</b>	<b>June 30 2024</b>	<b>June 30 2023</b>
<b>Net assets attributable to holders of redeemable units at beginning of period</b>	5,731,358	5,241,096
Increase in net assets attributable to holders of redeemable units	940,077	643,723
<b>Redeemable unit transactions</b>		
Proceeds from redeemable units issued	545,025	226,850
Redemption of redeemable units	(1,000,511)	(729,118)
<b>Net decrease from redeemable unit transactions</b>	(455,486)	(502,268)
<b>Net increase in net assets attributable to holders of redeemable units</b>	484,591	141,455
<b>Net assets attributable to holders of redeemable units at end of period</b>	6,215,949	5,382,551

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

## BMO Private U.S. Equity Portfolio

(unaudited)

### STATEMENT OF CASH FLOWS

(All amounts in thousands of Canadian dollars)

For the periods ended	June 30 2024	June 30 2023
<b>Cash flows from operating activities</b>		
Increase in net assets attributable to holders of redeemable units	940,077	643,723
Adjustments for:		
Foreign exchange gain on cash	(1,196)	(193)
Net realized gain on sale of investments and derivatives	(307,718)	(165,367)
Change in unrealized appreciation of investments and derivatives	(601,875)	(445,827)
Decrease in dividends receivable	1,486	1,773
Decrease in distribution receivable from investment trusts	739	1,273
(Decrease) increase in accrued expenses	(57)	85
Return of capital distributions received	1,997	—
Non-cash distributions from investment trusts	(13,228)	—
Purchases of investments	(708,070)	(490,351)
Proceeds from sale and maturity of investments	1,132,818	919,502
<b>Net cash from operating activities</b>	444,973	464,618
<b>Cash flows from financing activities</b>		
Proceeds from issuances of redeemable units	542,960	226,298
Amounts paid on redemption of redeemable units	(999,581)	(728,334)
<b>Net cash used in financing activities</b>	(456,621)	(502,036)
Foreign exchange gain on cash	1,196	193
Net decrease in cash	(11,648)	(37,418)
Cash at beginning of period	75,430	88,398
<b>Cash at end of period</b>	64,978	51,173
<b>Supplementary Information</b>		
Interest received, net of withholding taxes*	0	1
Dividends received, net of withholding taxes*	20,911	20,970
Distributions received from investment trusts, net of withholding taxes*	16	14,833
Interest expense paid*	—	0

\*These items are from operating activities

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

## BMO Private U.S. Equity Portfolio

(unaudited)

### SCHEDULE OF INVESTMENT PORTFOLIO

As at June 30, 2024 (All amounts in thousands of Canadian dollars, unless otherwise noted)

Security	Number of Shares or Units	Cost+ (\$)	Fair Value (\$)
<b>Equities</b>			
<i>Communication Services — 6.0%</i>			
Alphabet Inc., Class A	329,477	53,674	82,102
Alphabet Inc., Class C	744,039	59,538	186,700
Electronic Arts Inc.	122,174	17,879	23,288
Meta Platforms Inc., Class A	115,199	36,057	79,464
		167,148	371,554
<i>Consumer Discretionary — 7.2%</i>			
Amazon.com, Inc.	949,849	159,750	251,117
Booking Holdings Inc.	4,346	11,576	23,553
D.R. Horton, Inc.	155,953	27,506	30,068
Deckers Outdoor Corporation	18,826	11,577	24,930
Expedia Group, Inc., Class A	165,711	21,178	28,562
Home Depot, Inc., The,	52,035	20,114	24,505
lululemon athletica inc.	29,327	14,683	11,984
MGM Resorts International	319,464	18,786	19,422
NIKE, Inc., Class B	157,518	22,117	16,242
Tapestry, Inc.	249,461	14,207	14,603
		321,494	444,986
<i>Consumer Staples — 6.4%</i>			
Casey's General Stores, Inc.	89,534	20,747	46,736
Coca-Cola Company, The,	1,185,136	86,225	103,197
Colgate-Palmolive Company	213,288	23,035	28,315
Mondelez International, Inc., Class A	816,638	61,581	73,110
PepsiCo, Inc.	207,230	40,800	46,758
Sysco Corporation	179,715	19,531	17,552
US Foods Holding Corp.	231,659	11,244	16,791
Walmart Inc.	689,500	34,343	63,869
		297,506	396,328
<i>Energy — 1.6%</i>			
Diamondback Energy, Inc.	46,394	12,295	12,706
EOG Resources, Inc.	185,297	13,452	31,907
Exxon Mobil Corporation	188,975	25,011	29,762
Halliburton Company	242,618	10,984	11,212
Marathon Petroleum Corporation	53,435	8,012	12,682
		69,754	98,269
<i>Financials — 9.1%</i>			
American Express Company	89,975	24,969	28,502
Berkshire Hathaway Inc., Class A	29	17,088	24,290
Charles Schwab Corporation, The,	98,998	7,774	9,980
Citigroup Inc.	462,204	36,725	40,127
Citizens Financial Group, Inc.	356,121	17,688	17,553
CME Group Inc., Class A	246,422	60,227	66,277
Everest Group, Ltd.	61,992	32,590	32,314
Global Payments Inc.	87,395	13,713	11,561
Intercontinental Exchange, Inc.	473,253	66,344	88,627
M&T Bank Corporation	80,349	14,400	16,638
Marsh & McLennan Companies, Inc.	47,902	11,318	13,809

## BMO Private U.S. Equity Portfolio

(unaudited)

### SCHEDULE OF INVESTMENT PORTFOLIO (cont'd)

As at June 30, 2024 (All amounts in thousands of Canadian dollars, unless otherwise noted)

Security	Number of Shares or Units	Cost+ (\$)	Fair Value (\$)
Mastercard Incorporated, Class A	161,231	68,141	97,308
PayPal Holdings, Inc.	141,375	21,600	11,223
Progressive Corporation, The,	140,886	19,413	40,034
State Street Corporation	216,038	19,669	21,871
Visa Inc., Class A	136,196	30,814	48,904
		462,473	569,018
<i>Health Care — 9.7%</i>			
Abbott Laboratories	429,308	57,850	61,028
Becton, Dickinson and Company	197,844	63,931	63,256
Boston Scientific Corporation	534,377	28,464	56,298
Cigna Group, The,	44,253	14,908	20,013
Eli Lilly and Company	22,873	17,679	28,330
Incyte Corporation	66,308	7,460	5,499
Intuitive Surgical, Inc.	5,113	1,346	3,112
McKesson Corporation	48,137	27,058	38,461
Medtronic Public Limited Company	218,365	23,806	23,513
Merck & Co., Inc.	152,114	15,217	25,763
Neurocrine Biosciences, Inc.	102,017	11,382	19,214
Stryker Corporation	30,525	11,837	14,209
Thermo Fisher Scientific Inc.	56,957	39,125	43,090
UnitedHealth Group Incorporated	162,813	82,351	113,431
Vertex Pharmaceuticals Incorporated	68,360	18,344	43,835
Zoetis Inc., Class A	175,768	40,432	41,686
		461,190	600,738
<i>Industrials — 5.2%</i>			
Acuity Brands, Inc.	31,351	7,525	10,355
CACI International Inc., Class A	27,542	9,133	16,207
Cintas Corporation	14,696	6,989	14,079
Copart, Inc.	413,460	24,881	30,635
Cummins Inc.	50,748	19,855	19,226
Ferguson plc	75,436	17,907	19,985
Jacobs Solutions Inc.	103,755	17,758	19,831
Owens Corning	90,229	11,366	21,443
RB Global Inc.	700,656	55,048	73,193
Robert Half Inc.	107,812	9,711	9,436
Union Pacific Corporation	134,378	44,574	41,595
W.W. Grainger, Inc.	15,646	6,992	19,312
Waste Management, Inc.	95,408	17,488	27,846
		249,227	323,143
<i>Information Technology — 17.1%</i>			
Accenture Public Limited Company, Class A	61,152	25,645	25,383
Adobe Inc.	146,277	72,387	111,172
Advanced Micro Devices, Inc.	53,731	13,139	11,924
Amphenol Corporation, Class A	320,371	16,032	29,527
Apple Inc.	391,064	21,836	112,681
Broadcom Inc.	10,482	11,848	23,023
Cisco Systems, Inc.	309,424	21,875	20,111
F5, Inc.	62,059	11,421	14,622
Intuit Inc.	70,938	37,154	63,780

## BMO Private U.S. Equity Portfolio

(unaudited)

### SCHEDULE OF INVESTMENT PORTFOLIO (cont'd)

As at June 30, 2024 (All amounts in thousands of Canadian dollars, unless otherwise noted)

Security	Number of Shares or Units	Cost+ (\$)	Fair Value (\$)
Keysight Technologies, Inc.	99,320	17,547	18,581
KLA Corporation	23,447	11,740	26,448
Microsoft Corporation	445,726	73,618	272,539
NVIDIA Corporation	827,677	55,000	139,885
NXP Semiconductors N.V.	96,222	22,676	35,422
QUALCOMM Incorporated	108,168	17,862	29,474
salesforce.com, inc.	77,526	24,694	27,268
ServiceNow, Inc.	43,597	29,758	46,919
Synopsys, Inc.	50,863	27,812	41,406
Workday, Inc., Class A	42,254	11,348	12,923
		523,392	1,063,088
<b>Materials — 1.6%</b>			
CRH plc	404,668	40,697	41,509
PPG Industries, Inc.	58,941	10,764	10,151
Sherwin-Williams Company, The,	60,121	19,026	24,546
Vulcan Materials Company	73,205	17,493	24,905
		87,980	101,111
<b>Real Estate — 1.0%</b>			
American Tower Corporation	145,567	37,902	38,709
AvalonBay Communities, Inc.	60,595	14,221	17,151
Brixmor Property Group Inc.	284,749	8,121	8,995
		60,244	64,855
<b>Utilities — 0.7%</b>			
NiSource Inc.	841,801	29,565	33,178
PPL Corporation	359,709	12,113	13,607
		41,678	46,785
<b>Total Equities — 65.6%</b>		<b>2,742,086</b>	<b>4,079,875</b>

Security	Number of Units	Cost+ (\$)	Fair Value (\$)
<b>Holdings in Underlying Investment Funds — 33.2%</b>			
BMO S&P 500 Index ETF, Listed USD Units	25,257,514	1,142,020	2,061,444
<b>Total Holdings in Underlying Investment Funds — 33.2%</b>		<b>1,142,020</b>	<b>2,061,444</b>
<b>Total Investment Portfolio — 98.8%</b>		<b>3,884,106</b>	<b>6,141,319</b>
<b>Other Assets Less Liabilities — 1.2%</b>			<b>74,630</b>
<b>NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS — 100.0%</b>			<b>6,215,949</b>

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



# BMO Private U.S. Equity Portfolio

(unaudited)

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## Notes to the Financial Statements

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

June 30, 2024

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### 1. The Portfolio

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

The Statement of Financial Position and related notes of each of the Portfolios are as at June 30, 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 June 30, 2024 and June 30, 2023.

These financial statements were authorized for issuance by the Board of Directors of the Manager on August 6, 2024.

These financial statements should be read in conjunction with the annual financial statements for the period ended December 31, 2023, which have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS Accounting Standards”).

### 2. Basis of preparation and presentation

These unaudited financial statements have been prepared in accordance with IFRS Accounting Standards and in accordance with International Accounting Standard (“IAS”) 34 – Interim Financial Reporting. The financial statements have been prepared on a historic cost basis, except for the revaluation of financial assets and financial liabilities (including derivative financial instruments) measured at fair value through profit of loss (“FVTPL”).

### 3. 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.

#### 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.

# BMO Private U.S. Equity Portfolio

(unaudited)

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## Notes to the Financial Statements (cont'd)

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

June 30, 2024

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

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

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

The Portfolio may enter into forward currency contracts for hedging purposes either directly or indirectly or for non-hedging purposes. The fair value of forward currency contracts entered into by the Portfolio is recorded as the difference between the fair value of the contract on the Valuation Date and the fair value on the date the contract originated.

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

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

### Cash

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

### Other assets and other liabilities

Other assets and other liabilities generally include receivable for investments sold, subscriptions receivable, interest receivable, dividend receivable, distribution receivable from investment trusts, payable for investments purchased, redemption payable, distribution payable and accrued expenses. These financial assets and financial liabilities are short-term in nature and are measured at amortized cost, which approximates their fair value.

### Investments in subsidiaries, joint ventures and associates

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

### Unconsolidated structured entities

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

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

# BMO Private U.S. Equity Portfolio

(unaudited)

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## Notes to the Financial Statements (cont'd)

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

June 30, 2024

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Mortgage-related securities are created from pools of residential or commercial mortgage loans, including mortgage loans made by savings and loan institutions, mortgage bankers, commercial banks and others. Asset-backed securities are created from many types of assets, including auto loans, credit card receivables, home equity loans, and student loans.

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

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

### Offsetting of financial assets and financial liabilities

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

### Income recognition

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

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

### Foreign currency translation

The fair value of investments and other assets and liabilities in foreign currencies are translated into the Portfolio's functional currency at the rates of exchange prevailing at the period-end date. Purchases and sales of investments, and income and expenses are translated at the rates of exchange prevailing on the respective dates

of such transactions. Realized and unrealized foreign exchange gains (losses) on investment transactions are included in "Net realized gain (loss)" and in "Change in unrealized appreciation (depreciation)", respectively, in the Statement of Comprehensive Income. Realized and unrealized foreign exchange gains (losses) relating to cash, receivables and payables, as applicable, are included in "Foreign exchange gain (loss)" in the Statement of Comprehensive Income.

### Securities lending

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

For those Portfolios participating in the program, aggregate values of securities on loan and the collateral held as at June 30, 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

# BMO Private U.S. Equity Portfolio

(unaudited)

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## Notes to the Financial Statements (cont'd)

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

June 30, 2024

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

### Taxation

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

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

### 4. Critical accounting judgements and estimates

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

#### Accounting judgements:

##### Functional and presentation currency

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

##### Classification and measurement of investment portfolio

In classifying and measuring financial instruments held by the Portfolio, the Manager is required to make

an assessment of the Portfolio's business model for managing financial instruments and the Manager is also required to make significant judgements in determining the most appropriate classification in accordance to IFRS 9. The Manager has assessed the Portfolio's business model with respect to the manner in which financial assets and financial liabilities are managed as a group and performance is evaluated on a fair value basis, and has concluded that FVTPL in accordance with IFRS 9 provides the most appropriate measurement and presentation of the Portfolio's investment portfolio. The collection of principal and interest is incidental to the fair value business model.

#### Accounting estimates:

##### Fair value measurement of securities not quoted in an active market

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

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

### 5. Units and unit transactions

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

In accordance with its investment objectives and strategies, and the risk management practices outlined in Note 7, the Portfolio endeavours to invest the subscriptions received in appropriate investments, while maintaining sufficient liquidity to meet redemptions, with such liquidity being augmented by

# BMO Private U.S. Equity Portfolio

(unaudited)

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## Notes to the Financial Statements (cont'd)

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

June 30, 2024

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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 June 30, 2024 and June 30, 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.

# BMO Private U.S. Equity Portfolio

(unaudited)

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## Notes to the Financial Statements (cont'd)

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

June 30, 2024

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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

# BMO Private U.S. Equity Portfolio

(unaudited)

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## Notes to the Financial Statements (cont'd)

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

*June 30, 2024*

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the liquidity required to meet the Portfolio's financial obligations.

# BMO Private U.S. Equity Portfolio

(unaudited)

## Notes to the Financial Statements (cont'd)

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

June 30, 2024

### 8. Portfolio specific information

#### (a) Portfolio information and change in units

The Portfolio's inception date was May 15, 1997.

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)	Jun. 30, 2024	Jun. 30, 2023
Units issued and outstanding, beginning of period	151,118	168,159
Issued for cash	12,845	6,888
Redeemed during the period	(23,597)	(22,091)
Units issued and outstanding, end of period	140,366	152,956

#### (b) Reconciliation of NAV to Net Assets

As at June 30, 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 June 30, 2024 and June 30, 2023 is calculated as follows:

For the periods ended	Jun. 30, 2024	Jun. 30, 2023
Increase in net assets attributable to holders of redeemable units	940,077	643,723
Weighted average units outstanding during the period (in thousands of units)	147,316	159,836
<b>Increase in net assets attributable to holders of redeemable units per unit</b>	<b>6.38</b>	<b>4.03</b>

#### (d) Income taxes

As at the tax year-ended December 15, 2023, there were no capital and non-capital losses carried forward.

#### (e) Related party transactions

##### Unitholder servicing

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

For the periods ended	Jun. 30, 2024	Jun. 30, 2023
Unitholder servicing (\$)	163	163

##### Brokerage commissions and soft dollars

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

For the periods ended	Jun. 30, 2024	Jun. 30, 2023
Total brokerage amounts paid (\$)	337	209
Total brokerage amounts paid to related parties (\$)	8	16

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

For the periods ended	Jun. 30, 2024	Jun. 30, 2023
Total soft dollars (\$)	53	85
Total soft dollars as a percentage of total commissions (%)	16	41



# BMO Private U.S. Equity Portfolio

(unaudited)

## Notes to the Financial Statements (cont'd)

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

June 30, 2024

### (f) Financial instruments risks

The Portfolio's objective is to provide long-term capital appreciation by investing primarily in larger capitalization U.S. equity securities.

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

#### Currency risk

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

#### As at June 30, 2024

	Cash and other current receivables & payables (\$)	Investments (monetary & non-monetary) (\$)	Forward currency contracts (\$)	Net currency exposure (\$)	As a % of Net Assets (%)
Brazilian Real	8	-	-	8	0.0
U.S. Dollar	52,123	6,141,319	-	6,193,442	99.6
<b>Total</b>	<b>52,131</b>	<b>6,141,319</b>	<b>-</b>	<b>6,193,450</b>	<b>99.6</b>

#### As at December 31, 2023

	Cash and other current receivables & payables (\$)	Investments (monetary & non-monetary) (\$)	Forward currency contracts (\$)	Net currency exposure (\$)	As a % of Net Assets (%)
Brazilian Real	9	-	-	9	0.0
U.S. Dollar	63,806	5,653,998	-	5,717,804	99.8
<b>Total</b>	<b>63,815</b>	<b>5,653,998</b>	<b>-</b>	<b>5,717,813</b>	<b>99.8</b>

As at June 30, 2024 and December 31, 2023, if the Canadian dollar had strengthened or weakened by 5% in relation to all foreign currencies, with all other variables held constant, the Net Assets of the Portfolio could possibly have decreased or increased, as applicable, by approximately \$309,673 (December 31, 2023 – \$285,891). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

#### Interest rate risk

As at June 30, 2024 and December 31, 2023, the Portfolio did not have significant exposure, directly

and through its investment in the underlying fund, to interest rate risk.

#### Other market risk

The Portfolio has a significant direct exposure to other market risk arising from its investments and significant indirect exposure to other market risk arising from its investment in the underlying fund. Using historical correlation between the Portfolio's return and the return of its benchmark, if the benchmark, S&P 500 Index (CAD), 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 \$553,369 (December 31, 2023 — \$510,452). Historical correlation may not be representative of future correlation, and accordingly, actual results may differ and the difference could be material.

#### Credit risk

As at June 30, 2024 and December 31, 2023, the Portfolio did not have significant exposure, directly and through its investment in the underlying fund, to credit risk.

#### Securities lending

The Portfolio had assets involved in securities lending transactions outstanding as at June 30, 2024 and December 31, 2023 as follows:

	Aggregate Value of Securities on Loan (\$)	Aggregate Value of Collateral Received for the Loan (\$)
June 30, 2024	57,818	60,855
December 31, 2023	94,473	99,308

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## Notes to the Financial Statements (cont'd)

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

June 30, 2024

The table below is a reconciliation of the gross amount generated from securities lending transactions to the security lending revenue for the periods ended June 30, 2024 and June 30, 2023:

For the periods ended	Jun. 30, 2024		Jun. 30, 2023	
	Amount	% of Gross Securities Lending Revenue	Amount	% of Gross Securities Lending Revenue
Gross securities lending revenue	66	100.0	68	100.0
Withholding taxes	—	—	0	0.0
	66	100.0	68	100.0
Payment to securities lending agents	20	30.0	20	30.0
Net securities lending revenue*	46	70.0	48	70.0

\* Amount shown on the Statement of Comprehensive Income is gross of withholding taxes of \$nil (June 30, 2023 — \$0).

### Concentration risk

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

As at	Jun. 30, 2024	Dec. 31, 2023
<b>Equities</b>		
Communication Services	6.0%	5.5%
Consumer Discretionary	7.2%	6.4%
Consumer Staples	6.4%	7.4%
Energy	1.6%	1.5%
Financials	9.1%	10.3%
Health Care	9.7%	10.7%
Industrials	5.2%	4.7%
Information Technology	17.1%	16.5%
Materials	1.6%	1.4%
Real Estate	1.0%	0.6%
Utilities	0.7%	0.3%
<b>Investment Funds</b>	33.2%	33.4%
<b>Other Assets Less Liabilities</b>	1.2%	1.3%
	<b>100.0%</b>	<b>100.0%</b>

### (g) Fair value hierarchy

The Portfolio classifies its financial instruments into three levels based on the inputs used to value the financial instruments. Level 1 securities are valued based on quoted prices in active markets for identical securities. Level 2 securities are valued based on significant observable market inputs, such as quoted prices from similar securities and quoted prices in inactive markets or based on observable

inputs to models. Level 3 securities are valued based on significant unobservable inputs that reflect the Manager's determination of assumptions that market participants might reasonably use in valuing the securities. The tables below show the relevant disclosure.

### As at Jun. 30, 2024

Financial assets	Level 1	Level 2	Level 3	Total
Equity Securities	4,079,875	—	—	4,079,875
Investment Funds	2,061,444	—	—	2,061,444
<b>Total</b>	<b>6,141,319</b>	<b>—</b>	<b>—</b>	<b>6,141,319</b>

### As at Dec. 31, 2023

Financial assets	Level 1	Level 2	Level 3	Total
Equity Securities	3,739,032	—	—	3,739,032
Investment Funds	1,914,966	—	—	1,914,966
<b>Total</b>	<b>5,653,998</b>	<b>—</b>	<b>—</b>	<b>5,653,998</b>

### 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 Jun. 30, 2024	Carrying amount	Net Assets
<b>Securities</b>		
BMO S&P 500 Index ETF, Listed		
USD Units	2,061,444	11.5
<b>Total</b>	<b>2,061,444</b>	
		<b>Carrying amount as a % of the underlying fund's</b>
<b>As at Dec. 31, 2023</b>	<b>Carrying amount</b>	<b>Net Assets</b>
<b>Securities</b>		
BMO S&P 500 Index ETF, Listed		
USD Units	1,914,966	13.3
<b>Total</b>	<b>1,914,966</b>	

**Manager**

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

**Trustee**

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

**Independent Auditor**

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

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