

# Semi-Annual Financial Statements

BMO Private Portfolios

June 30, 2018

**BMO Private Canadian Short-Term Bond Portfolio**

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

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

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

## BMO Private Canadian Short-Term Bond Portfolio

(unaudited)

### STATEMENT OF FINANCIAL POSITION

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

<b>As at</b>	<b>June 30 2018</b>	<b>December 31 2017</b>
<b>Assets</b>		
<b>Current Assets</b>		
Cash	3,606	2,772
Investments		
Non-derivative financial assets	2,093,662	2,298,285
Receivable for investments sold	2,605	—
Subscriptions receivable	974	1,659
Interest receivable	9,412	10,197
<b>Total assets</b>	<b>2,110,259</b>	<b>2,312,913</b>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Payable for investments purchased	2,928	3,065
Redemptions payable	2,178	994
Distributions payable	184	—
Accrued expenses	126	132
<b>Total liabilities</b>	<b>5,416</b>	<b>4,191</b>
<b>Net assets attributable to holders of redeemable units</b>	<b>2,104,843</b>	<b>2,308,722</b>
<b>Net assets attributable to holders of redeemable units per unit</b>	<b>\$ 10.05</b>	<b>\$ 10.12</b>

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

## BMO Private Canadian Short-Term Bond 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 2018</b>	<b>June 30 2017</b>
<b>Income</b>		
Interest income	17,917	23,967
Other changes in fair value of investments and derivatives		
Net realized (loss) gain	(7,072)	746
Change in unrealized depreciation	(80)	(22,100)
Net gain in fair value of investments and derivatives	10,765	2,613
Securities lending (note 8)	182	234
Foreign exchange gain	0	0
Total other income	182	234
<b>Total income</b>	<b>10,947</b>	<b>2,847</b>
<b>Expenses</b>		
Sub-advisory fees	1,189	1,631
Audit fees	6	11
Independent review committee fees	2	3
Withholding taxes	1	0
Custodian fees	13	19
Legal and filing fees	79	58
Unitholder servicing fees	242	244
Printing and stationery fees	8	8
Operating expenses absorbed by the Manager	(1,189)	(1,631)
<b>Total expenses</b>	<b>351</b>	<b>343</b>
<b>Increase in net assets attributable to holders of redeemable units</b>	<b>10,596</b>	<b>2,504</b>
<b>Increase in net assets attributable to holders of redeemable units per unit (note 8)</b>	<b>0.05</b>	<b>0.01</b>

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

## BMO Private Canadian Short-Term Bond 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 2018</b>	<b>June 30 2017</b>
<b>Net assets attributable to holders of redeemable units at beginning of period</b>	2,308,722	2,668,824
Increase in net assets attributable to holders of redeemable units	10,596	2,504
<b>Distributions to holders of redeemable units</b>		
From net investment income	(25,388)	(36,062)
<b>Total distributions paid to holders of redeemable units</b>	(25,388)	(36,062)
<b>Redeemable unit transactions</b>		
Proceeds from redeemable units issued	243,684	907,992
Reinvestments of distributions to holders of redeemable units	24,327	34,583
Redemption of redeemable units	(457,098)	(358,929)
<b>Net (decrease) increase from redeemable unit transactions</b>	(189,087)	583,646
<b>Net (decrease) increase in net assets attributable to holders of redeemable units</b>	(203,879)	550,088
<b>Net assets attributable to holders of redeemable units at end of period</b>	2,104,843	3,218,912

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## BMO Private Canadian Short-Term Bond Portfolio

(unaudited)

### STATEMENT OF CASH FLOWS

(All amounts in thousands of Canadian dollars)

For the periods ended	June 30 2018	June 30 2017
<b>Cash flows from operating activities</b>		
Increase in net assets attributable to holders of redeemable units	10,596	2,504
Adjustments for:		
Net realized loss (gain) on sale of investments and derivatives	7,072	(746)
Change in unrealized depreciation of investments and derivatives	80	22,100
Decrease in interest receivable	785	286
Decrease in accrued expenses	(6)	(0)
Amortization of premium and discount	7,833	13,107
Purchases of investments	(414,709)	(1,232,137)
Proceeds from sale and maturity of investments	601,605	635,577
<b>Net cash from operating activities</b>	213,256	(559,309)
<b>Cash flows from financing activities</b>		
Distributions paid to holders of redeemable units, net of reinvested distributions	(877)	(1,200)
Proceeds from issuances of redeemable units	244,369	909,931
Amounts paid on redemption of redeemable units	(455,914)	(357,150)
<b>Net cash from financing activities</b>	(212,422)	551,581
Net increase (decrease) in cash	834	(7,728)
Cash at beginning of period	2,772	15,962
<b>Cash at end of period</b>	3,606	8,234
<b>Supplementary Information</b>		
Interest received, net of withholding taxes*	26,535	37,360

\*These items are from operating activities

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

## BMO Private Canadian Short-Term Bond Portfolio

(unaudited)

### SCHEDULE OF INVESTMENT PORTFOLIO

As at June 30, 2018 (All amounts in thousands of Canadian dollars, unless otherwise noted)

Security	Par Value (in thousands)	Cost (\$)	Fair Value (\$)
<b>Bonds &amp; Debentures</b>			
<i>Federal Bonds — 47.5%</i>			
Canada Housing Trust, Mortgage Bonds, Series 61, Secured, 2.000% Dec 15, 2019	28,250	28,545	28,273
Canada Housing Trust, Mortgage Bonds, Series 30, Secured, 3.750% Mar 15, 2020	19,000	19,781	19,557
Canada Housing Trust, Mortgage Bonds, Series 64, Secured, 1.200% Jun 15, 2020	15,000	14,961	14,765
Canada Housing Trust, Mortgage Bonds, Series 66, Secured, 1.450% Jun 15, 2020	13,900	13,889	13,748
Canada Housing Trust, Mortgage Bonds, Series 68, Secured, 1.250% Dec 15, 2020	31,250	31,311	30,609
Canada Housing Trust, Mortgage Bonds, Series 36, Secured, 3.350% Dec 15, 2020	13,000	13,652	13,381
Canada Housing Trust, Mortgage Bonds, Series 71, Secured, 1.250% Jun 15, 2021	28,250	28,315	27,492
Canada Housing Trust, Mortgage Bonds, Series 40, Secured, 3.800% Jun 15, 2021	28,234	30,388	29,520
Canada Housing Trust, Mortgage Bonds, Series 75, Secured, 1.150% Dec 15, 2021	19,000	18,683	18,312
Canada Housing Trust, Mortgage Bonds, Series 76, Secured, 1.500% Dec 15, 2021	20,000	19,959	19,507
Canada Housing Trust, Mortgage Bonds, Series 45, Secured, 2.650% Mar 15, 2022	18,750	19,509	18,998
Canada Housing Trust, Mortgage Bonds, Series 78, Secured, 1.750% Jun 15, 2022	23,750	23,817	23,257
Canada Housing Trust, Mortgage Bonds, Series 48, Secured, 2.400% Dec 15, 2022	53,429	54,411	53,542
Canada Housing Trust, Mortgage Bonds, Secured, 2.350% Jun 15, 2023	22,700	22,687	22,659
CPPIB Capital Inc., Series A, Senior, Unsecured, Notes, 1.400% Jun 4, 2020	6,000	5,992	5,917
Government of Canada, Unsecured, 0.750% Aug 1, 2019	33,050	32,841	32,690
Government of Canada, Unsecured, 1.750% Sep 1, 2019	42,800	43,057	42,772
Government of Canada, 1.250% Nov 1, 2019	38,750	38,634	38,451
Government of Canada, 1.250% Feb 1, 2020	12,750	12,628	12,623
Government of Canada, Unsecured, 1.500% Mar 1, 2020	70,650	71,467	70,194
Government of Canada, 1.750% May 1, 2020	26,000	25,933	25,924
Government of Canada, 3.500% Jun 1, 2020	44,738	46,923	46,048
Government of Canada, 1.750% Aug 1, 2020	4,250	4,223	4,233
Government of Canada, Unsecured, 0.750% Sep 1, 2020	70,800	70,633	69,010
Government of Canada, Unsecured, 0.750% Mar 1, 2021	41,100	40,977	39,796
Government of Canada, 3.250% Jun 1, 2021	37,700	40,383	39,027
Government of Canada, Unsecured, 0.750% Sep 1, 2021	39,000	38,916	37,508
Government of Canada, Unsecured, 0.500% Mar 1, 2022	40,350	39,432	38,192
Government of Canada, 2.750% Jun 1, 2022	27,900	29,568	28,648
Government of Canada, Unsecured, 1.000% Sep 1, 2022	41,100	40,131	39,394
Government of Canada, 1.750% Mar 1, 2023	40,660	40,200	40,090
Government of Canada, Series 1, 1.500% Jun 1, 2023	47,750	46,381	46,458

## BMO Private Canadian Short-Term Bond Portfolio

(unaudited)

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

As at June 30, 2018 (All amounts in thousands of Canadian dollars, unless otherwise noted)

Security	Par Value (in thousands)	Cost (\$)	Fair Value (\$)
PSP Capital Inc., Senior, Unsecured, Notes, 1.730% Jun 21, 2022	9,000	9,000	8,755
		1,017,227	999,350
<b>Provincial Bonds — 18.7%</b>			
Financement-Quebec, Unsecured, Notes, 2.450% Dec 1, 2019	10,700	10,831	10,765
Municipal Finance Authority of British Columbia, Series DT, Unsecured, Debentures, 4.450% Jun 1, 2020	4,500	4,748	4,690
Municipal Finance Authority of British Columbia, Unsecured, Notes, 1.650% Apr 19, 2021	1,500	1,472	1,472
Municipal Finance Authority of British Columbia, Unsecured, Notes, 2.600% Apr 23, 2023	6,800	6,799	6,807
Province of Alberta, 4.000% Dec 1, 2019	5,050	5,227	5,190
Province of Alberta, Unsecured, 1.250% Jun 1, 2020	7,720	7,712	7,594
Province of Alberta, Unsecured, 1.350% Sep 1, 2021	7,000	6,947	6,795
Province of Alberta, Unsecured, Notes, 1.600% Sep 1, 2022	2,000	1,944	1,934
Province of Alberta, Senior, Unsecured, 2.550% Dec 15, 2022	6,500	6,628	6,523
Province of British Columbia, Unsecured, 4.100% Dec 18, 2019	3,700	3,861	3,813
Province of British Columbia, 3.700% Dec 18, 2020	5,600	5,924	5,805
Province of British Columbia, 3.250% Dec 18, 2021	7,600	8,006	7,837
Province of British Columbia, Senior, Unsecured, 2.700% Dec 18, 2022	6,000	6,169	6,074
Province of Manitoba, Unsecured, 1.150% Nov 21, 2019	4,000	4,000	3,954
Province of Manitoba, Medium Term Notes, 4.750% Feb 11, 2020	1,600	1,692	1,667
Province of Manitoba, 4.150% Jun 3, 2020	2,420	2,549	2,511
Province of Manitoba, Unsecured, 1.600% Sep 5, 2020	2,000	2,004	1,976
Province of Manitoba, Unsecured, 1.550% Sep 5, 2021	3,500	3,498	3,418
Province of New Brunswick, 4.500% Jun 2, 2020	4,500	4,757	4,697
Province of New Brunswick, Unsecured, 3.350% Dec 3, 2021	3,300	3,477	3,403
Province of New Brunswick, Unsecured, 2.850% Jun 2, 2023	4,000	4,047	4,052
Province of Newfoundland and Labrador, Unsecured, 1.950% Jun 2, 2022	3,000	3,043	2,939
Province of Nova Scotia, 4.150% Nov 25, 2019	2,000	2,064	2,059
Province of Nova Scotia, 4.100% Jun 1, 2021	4,300	4,625	4,516
Province of Ontario, Unsecured, 2.100% Sep 8, 2019	16,750	16,862	16,782
Province of Ontario, 4.200% Jun 2, 2020	33,200	34,996	34,480
Province of Ontario, 4.000% Jun 2, 2021	27,950	30,040	29,284
Province of Ontario, Senior, Unsecured, 1.350% Mar 8, 2022	17,600	17,325	16,964
Province of Ontario, 3.150% Jun 2, 2022	35,500	37,482	36,451
Province of Ontario, Senior, Unsecured, 1.950% Jan 27, 2023	16,500	16,146	16,146
Province of Ontario, Unsecured, 2.850% Jun 2, 2023	30,000	30,405	30,440
Province of Quebec, Unsecured, 4.500% Dec 1, 2019	15,120	15,725	15,646
Province of Quebec, Unsecured, 4.500% Dec 1, 2020	24,750	26,499	26,096
Province of Quebec, 4.250% Dec 1, 2021	29,700	32,261	31,564
Province of Quebec, Unsecured, 3.500% Dec 1, 2022	26,500	27,896	27,654
Province of Saskatchewan, Unsecured, 3.900% Jul 28, 2020	1,600	1,687	1,657
		399,348	393,655
<b>Municipal Bonds — 0.3%</b>			
City of Montreal, Unsecured, Notes, 5.450% Dec 1, 2019	1,500	1,571	1,570
City of Toronto, Unsecured, Notes, 4.500% Dec 2, 2019	2,000	2,068	2,067
City of Toronto, Unsecured, Notes, 3.500% Dec 6, 2021	1,100	1,157	1,137

## BMO Private Canadian Short-Term Bond Portfolio

(unaudited)

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

As at June 30, 2018 (All amounts in thousands of Canadian dollars, unless otherwise noted)

Security	Par Value (in thousands)	Cost (\$)	Fair Value (\$)
City of Vancouver, Senior, Unsecured, Notes, 3.450% Dec 2, 2021	1,100	1,159	1,135
		5,955	5,909
<b>Corporate Bonds &amp; Debentures — 32.1%</b>			
407 International Inc., Series 10-A3, Medium Term Notes, Senior, Secured, 4.300% May 26, 2021	1,500	1,608	1,566
407 International Inc., Series 17-D1, Medium Term Notes, Secured, Subordinated, Callable, 2.470% Sep 8, 2022	1,000	1,000	982
Alimentation Couche-Tard Inc., Series 2, Senior, Unsecured, Notes, 3.319% Nov 1, 2019	650	653	657
Alimentation Couche-Tard Inc., Series 4, Senior, Unsecured, Notes, 4.214% Aug 21, 2020	1,000	1,044	1,030
Alimentation Couche-Tard Inc., Series 3, Senior, Unsecured, Notes, 3.899% Nov 1, 2022	2,000	2,097	2,064
AltaGas Ltd., Series 8, Medium Term Notes, Unsecured, 3.720% Sep 28, 2021	2,400	2,507	2,446
AltaGas Ltd., Series 10, Medium Term Notes, Unsecured, Callable, 3.570% Jun 12, 2023	3,000	3,017	3,026
AltaLink, L.P., Series 2012-2, Medium Term Notes, Secured, 2.978% Nov 28, 2022	2,400	2,483	2,431
AltaLink Investments L.P., Series 13-1, Senior, Unsecured, Notes, Callable, 3.265% Jun 5, 2020	2,700	2,754	2,729
Bank of Montreal, Deposit Notes, Senior, Unsecured, 2.840% Jun 4, 2020	1,060	1,083	1,066
Bank of Montreal, Deposit Notes, Senior, Unsecured, 2.100% Oct 6, 2020	4,500	4,516	4,447
Bank of Montreal, Senior, Unsecured, Notes, 1.880% Mar 31, 2021	7,000	7,035	6,849
Bank of Montreal, Deposit Notes, Senior, Unsecured, 3.400% Apr 23, 2021	4,500	4,680	4,583
Bank of Montreal, Senior, Unsecured, Notes, 1.610% Oct 28, 2021	8,000	7,944	7,710
Bank of Montreal, Deposit Notes, Senior, Unsecured, 2.120% Mar 16, 2022	4,600	4,618	4,490
Bank of Montreal, Deposit Notes, Senior, Unsecured, 2.270% Jul 11, 2022	5,000	4,997	4,891
Bank of Montreal, Deposit Notes, Senior, Unsecured, 2.890% Jun 20, 2023	4,550	4,549	4,539
Bank of Montreal, Medium Term Notes, Fixed to Floating, Subordinated, Callable, 3.120% Sep 19, 2024	2,500	2,524	2,512
Bank of Montreal, Fixed to Floating, Notes, Subordinated, Callable, 3.340% Dec 8, 2025	2,500	2,538	2,517
Bank of Montreal, Medium Term Notes, Fixed to Floating, Subordinated, Callable, 3.320% Jun 1, 2026	5,500	5,556	5,526
Bank of Montreal, Medium Term Notes, Fixed to Floating, Unsecured, Subordinated, Callable, 2.570% Jun 1, 2027	2,500	2,446	2,431
Bank of Nova Scotia, The, Deposit Notes, Senior, Unsecured, 2.400% Oct 28, 2019	3,050	3,069	3,051
Bank of Nova Scotia, The, Deposit Notes, Senior, Unsecured, 2.270% Jan 13, 2020	5,000	5,047	4,985
Bank of Nova Scotia, The, Deposit Notes, Senior, Unsecured, 2.130% Jun 15, 2020	7,000	7,046	6,939



## BMO Private Canadian Short-Term Bond Portfolio

(unaudited)

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

As at June 30, 2018 (All amounts in thousands of Canadian dollars, unless otherwise noted)

Security	Par Value (in thousands)	Cost (\$)	Fair Value (\$)
Bank of Nova Scotia, The, Deposit Notes, Senior, Unsecured, 2.090% Sep 9, 2020	6,600	6,617	6,524
Bank of Nova Scotia, The, Deposit Notes, Senior, Unsecured, 3.270% Jan 11, 2021	4,500	4,643	4,562
Bank of Nova Scotia, The, Deposit Notes, Senior, Unsecured, 2.873% Jun 4, 2021	3,000	3,092	3,011
Bank of Nova Scotia, The, Deposit Notes, Senior, Unsecured, 1.900% Dec 2, 2021	7,000	6,990	6,795
Bank of Nova Scotia, The, Deposit Notes, Senior, Unsecured, 1.830% Apr 27, 2022	7,000	6,789	6,744
Bank of Nova Scotia, The, Deposit Notes, Senior, Unsecured, 2.360% Nov 8, 2022	5,000	4,999	4,890
Bank of Nova Scotia, The, Deposit Notes, Senior, Unsecured, 2.980% Apr 17, 2023	2,000	2,004	2,002
Bank of Nova Scotia, The, Fixed to Floating, Notes, Subordinated, Callable, 3.036% Oct 18, 2024	2,300	2,354	2,313
Bank of Nova Scotia, The, Fixed to Floating, Notes, Subordinated, Callable, 3.367% Dec 8, 2025	1,500	1,519	1,512
Bank of Nova Scotia, The, Fixed to Floating, Notes, Subordinated, Callable, 2.580% Mar 30, 2027	3,500	3,428	3,408
bcIMC Realty Corp., Series 12, Unsecured, Notes, 2.100% Jun 3, 2021	3,500	3,491	3,439
bcIMC Realty Corp., Series 10, Unsecured, Notes, 3.510% Jun 29, 2022	1,000	1,051	1,025
bcIMC Realty Corp., Series A, Senior, Unsecured, Notes, Callable, 2.150% Aug 11, 2022	1,000	985	973
Bell Canada, Series M-37, Medium Term Notes, Senior, Unsecured, 3.540% Jun 12, 2020	2,000	2,044	2,033
Bell Canada, Series M-27, Medium Term Notes, Senior, Unsecured, 3.250% Jun 17, 2020	2,500	2,571	2,528
Bell Canada, Series M-24, Medium Term Notes, Senior, Unsecured, 4.950% May 19, 2021	2,300	2,483	2,432
Bell Canada, Series M-30, Medium Term Notes, Senior, Unsecured, Callable, 3.150% Sep 29, 2021	2,000	2,077	2,015
Bell Canada, Series M-42, Medium Term Notes, Senior, Unsecured, 2.000% Oct 1, 2021	3,000	2,990	2,916
Bell Canada, Series M-40, Medium Term Notes, Senior, Unsecured, Callable, 3.000% Oct 3, 2022	4,500	4,541	4,491
Bell Canada, Series M-26, Medium Term Notes, Senior, Unsecured, 3.350% Mar 22, 2023	5,000	5,062	5,051
BMW Canada Inc., Series P, Senior, Unsecured, Notes, 1.780% Oct 19, 2020	2,000	2,006	1,961
BMW Canada Inc., Series O, Senior, Unsecured, Notes, 1.830% Jun 15, 2021	2,000	2,002	1,947
Brookfield Asset Management Inc., Medium Term Notes, Senior, Unsecured, 4.540% Mar 31, 2023	5,000	5,293	5,265
Brookfield Infrastructure Finance ULC, Medium Term Notes, Senior, Unsecured, 3.538% Oct 30, 2020	2,000	2,063	2,032
Brookfield Property Finance ULC, Medium Term Notes, Senior, Unsecured, Callable, 4.346% Jul 3, 2023	1,500	1,500	1,500
BRP Finance ULC, Series 7, Medium Term Notes, Unsecured, 5.140% Oct 13, 2020	1,550	1,633	1,629

## BMO Private Canadian Short-Term Bond Portfolio

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

As at June 30, 2018 (All amounts in thousands of Canadian dollars, unless otherwise noted)

Security	Par Value (in thousands)	Cost (\$)	Fair Value (\$)
BRP Finance ULC, Series 8, Medium Term Notes, Unsecured, 4.790% Feb 7, 2022	2,250	2,412	2,377
Bruce Power L.P., Senior, Unsecured, Notes, 2.844% Jun 23, 2021	3,000	3,068	2,994
Caisse centrale Desjardins, Medium Term Notes, Senior, Unsecured, 2.443% Jul 17, 2019	2,000	2,006	2,003
Caisse centrale Desjardins, Medium Term Notes, Senior, Unsecured, 1.748% Mar 2, 2020	7,000	7,008	6,914
Cameco Corporation, Series D, Senior, Unsecured, Notes, 5.670% Sep 2, 2019	2,000	2,064	2,056
Cameco Corporation, Series E, Senior, Unsecured, Notes, 3.750% Nov 14, 2022	2,000	1,985	1,977
Canadian Imperial Bank of Commerce, Deposit Notes, Unsecured, 1.660% Jan 20, 2020	5,000	5,015	4,940
Canadian Imperial Bank of Commerce, Deposit Notes, Unsecured, 1.850% Jul 14, 2020	2,000	2,004	1,972
Canadian Imperial Bank of Commerce, Deposit Notes, Unsecured, 1.900% Apr 26, 2021	4,000	4,006	3,916
Canadian Imperial Bank of Commerce, Unsecured, Notes, 1.640% Jul 12, 2021	4,500	4,481	4,358
Canadian Imperial Bank of Commerce, Deposit Notes, Senior, Unsecured, 2.040% Mar 21, 2022	6,000	6,039	5,839
Canadian Imperial Bank of Commerce, Deposit Notes, Senior, Unsecured, 2.300% Jul 11, 2022	1,700	1,700	1,665
Canadian Imperial Bank of Commerce, Deposit Notes, Senior, Unsecured, 2.470% Dec 5, 2022	4,500	4,500	4,426
Canadian Imperial Bank of Commerce, Fixed to Floating, Notes, Subordinated, Callable, 3.000% Oct 28, 2024	2,000	2,016	2,007
Canadian Imperial Bank of Commerce, Fixed to Floating, Notes, Subordinated, Callable, 3.420% Jan 26, 2026	2,000	2,031	2,014
Canadian Imperial Bank of Commerce, Fixed to Floating, Unsecured, Debentures, Subordinated, Callable, 3.450% Apr 4, 2028	4,000	4,016	3,970
Canadian Natural Resources Limited, Medium Term Notes, Senior, Unsecured, 2.600% Dec 3, 2019	1,500	1,515	1,501
Canadian Natural Resources Limited, Medium Term Notes, Unsecured, 2.890% Aug 14, 2020	4,500	4,558	4,511
Canadian Natural Resources Limited, Medium Term Notes, Senior, Unsecured, 3.310% Feb 11, 2022	3,500	3,592	3,529
Canadian Tire Corporation, Limited, Medium Term Notes, Senior, Unsecured, 2.646% Jul 6, 2020	571	571	571
Canadian Tire Corporation, Limited, Medium Term Notes, Senior, Unsecured, 3.167% Jul 6, 2023	857	857	860
Canadian Utilities Limited, Senior, Unsecured, Debentures, 3.122% Nov 9, 2022	1,000	1,036	1,016
Canadian Western Bank, Deposit Notes, Senior, Unsecured, 2.751% Jun 29, 2020	3,000	3,021	2,996
Canadian Western Bank, Fixed to Floating, Notes, Subordinated, Callable, 3.463% Dec 17, 2024	5,000	5,098	5,027
Capital Desjardins Inc., Series G, Senior, Secured, Notes, 5.187% May 5, 2020	4,110	4,320	4,294
CDP Financial Inc., Senior, Unsecured, Notes, 4.600% Jul 15, 2020	1,500	1,589	1,569

## BMO Private Canadian Short-Term Bond Portfolio

(unaudited)

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

As at June 30, 2018 (All amounts in thousands of Canadian dollars, unless otherwise noted)

Security	Par Value (in thousands)	Cost (\$)	Fair Value (\$)
Choice Properties L.P., Series 7, Senior, Unsecured, Notes, Callable, 3.000% Sep 20, 2019	2,000	2,030	2,009
Choice Properties L.P., Series 10, Senior, Unsecured, Notes, Callable, 3.600% Sep 20, 2022	2,000	2,042	2,028
Choice Properties Real Estate Investment Trust, Series E, Senior, Unsecured, Notes, 2.297% Sep 14, 2020	1,250	1,262	1,236
Choice Properties Real Estate Investment Trust, Series C, Senior, Unsecured, Notes, 3.498% Feb 8, 2021	2,280	2,359	2,311
CIBC Capital Trust, Series A, Tier 1 Notes, Fixed to Floating, Unsecured, Subordinated, Callable, 9.976% Jun 30, 2108	4,250	5,571	4,539
Coast Capital Savings Credit Union, Fixed to Floating, Unsecured, Notes, Subordinated, Callable, 5.000% May 3, 2028	250	251	253
Crombie Real Estate Investment Trust, Series D, Senior, Unsecured, Notes, Callable, 4.066% Nov 21, 2022	1,500	1,500	1,497
CU Inc., Medium Term Notes, Senior, Unsecured, 6.800% Aug 13, 2019	2,000	2,103	2,097
Daimler Canada Finance Inc., Senior, Unsecured, Notes, 1.780% Aug 19, 2019	5,000	5,003	4,960
Daimler Canada Finance Inc., Euro Medium Term Notes, Senior, Unsecured, 1.570% May 25, 2020	2,000	1,959	1,958
Daimler Canada Finance Inc., Senior, Unsecured, Notes, 1.910% Jul 8, 2021	2,000	1,950	1,942
Dollarama Inc., Senior, Unsecured, Notes, 2.337% Jul 22, 2021	2,000	2,007	1,969
Emera Inc., Series 2016-1, Senior, Unsecured, Notes, 2.900% Jun 16, 2023	5,000	4,943	4,928
Enbridge Gas Distribution Inc., Medium Term Notes, Senior, Unsecured, 4.040% Nov 23, 2020	2,000	2,103	2,069
Enbridge Inc., Medium Term Notes, Unsecured, 4.770% Sep 2, 2019	1,250	1,283	1,282
Enbridge Inc., Medium Term Notes, Unsecured, 4.530% Mar 9, 2020	1,000	1,037	1,030
Enbridge Inc., Medium Term Notes, Senior, Unsecured, Callable, 3.160% Mar 11, 2021	2,500	2,511	2,513
Enbridge Inc., Medium Term Notes, Senior, Unsecured, 3.190% Dec 5, 2022	1,400	1,421	1,401
Enbridge Income Fund Holdings Inc., Series 10, Medium Term Notes, Senior, Unsecured, 3.940% Jan 13, 2023	2,143	2,212	2,198
Enbridge Pipelines Inc., Medium Term Notes, Senior, Unsecured, 4.450% Apr 6, 2020	1,500	1,572	1,547
Fairfax Financial Holdings Limited, Senior, Unsecured, Notes, 6.400% May 25, 2021	3,000	3,321	3,273
Fairfax Financial Holdings Limited, Senior, Unsecured, Notes, 4.500% Mar 22, 2023	2,500	2,590	2,605
Federation des caisses Desjardins du Quebec, Medium Term Notes, Senior, Unsecured, 2.091% Jan 17, 2022	4,000	4,019	3,901
First Capital Realty, Inc., Series M, Senior, Unsecured, Debentures, 5.600% Apr 30, 2020	1,500	1,585	1,574
First Capital Realty, Inc., Series P, Senior, Unsecured, Debentures, 3.950% Dec 5, 2022	3,000	3,119	3,071
Ford Credit Canada Company, Senior, Unsecured, Notes, 2.450% May 7, 2020	2,200	2,200	2,180

## BMO Private Canadian Short-Term Bond Portfolio

(unaudited)

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

As at June 30, 2018 (All amounts in thousands of Canadian dollars, unless otherwise noted)

Security	Par Value (in thousands)	Cost (\$)	Fair Value (\$)
Ford Credit Canada Company, Senior, Unsecured, Notes, 2.923% Sep 16, 2020	2,700	2,715	2,692
Ford Credit Canada Company, Senior, Unsecured, Notes, 2.580% May 10, 2021	3,000	2,994	2,948
Ford Credit Canada Company, Senior, Unsecured, Notes, 3.279% Jul 2, 2021	1,000	1,023	1,000
Ford Credit Canada Company, Senior, Unsecured, Notes, 2.710% Feb 23, 2022	5,400	5,349	5,275
Ford Credit Canada Company, Senior, Unsecured, Notes, 2.766% Jun 22, 2022	1,500	1,507	1,461
Gaz Metro inc., Series J, First Mortgage, Secured, 5.450% Jul 12, 2021	1,000	1,117	1,083
GE Capital Canada Funding Company, Series A, Medium Term Notes, Senior, Unsecured, 4.600% Jan 26, 2022	5,000	5,459	5,270
General Motors Financial of Canada, Ltd., Senior, Unsecured, Notes, 3.080% May 22, 2020	2,000	2,011	2,006
General Motors Financial of Canada, Ltd., Senior, Unsecured, Notes, 2.600% Jun 1, 2022	2,000	1,951	1,944
Greater Toronto Airports Authority, Series 2012-1, Medium Term Notes, Secured, Callable, 3.040% Sep 21, 2022	1,500	1,544	1,526
Great-West Lifeco Inc., Senior, Unsecured, Notes, 4.650% Aug 13, 2020	2,000	2,116	2,084
H&R Real Estate Investment Trust, Series O, Senior, Unsecured, Notes, Callable, 3.416% Jan 23, 2023	500	500	498
Honda Canada Finance, Inc., Senior, Unsecured, Notes, 1.631% Aug 12, 2019	1,000	1,003	992
Honda Canada Finance, Inc., Series 16-4, Senior, Unsecured, Notes, 1.823% Dec 7, 2021	3,000	2,983	2,902
Honda Canada Finance, Inc., Senior, Unsecured, Notes, 2.268% Jul 15, 2022	2,000	1,988	1,952
HSBC Bank of Canada, Deposit Notes, Senior, Unsecured, 2.938% Jan 14, 2020	3,000	3,039	3,016
HSBC Bank of Canada, Deposit Notes, Senior, Unsecured, 1.816% Jul 7, 2020	2,400	2,395	2,358
HSBC Bank of Canada, Senior, Unsecured, Notes, 2.449% Jan 29, 2021	2,000	2,039	1,981
HSBC Bank of Canada, Deposit Notes, Senior, Unsecured, 2.908% Sep 29, 2021	3,500	3,608	3,500
HSBC Bank of Canada, Deposit Notes, Senior, Unsecured, 2.170% Jun 29, 2022	3,000	2,948	2,907
HSBC Bank of Canada, Senior, Unsecured, Notes, 2.542% Jan 31, 2023	9,500	9,392	9,284
Husky Energy Inc., Medium Term Notes, Senior, Unsecured, 5.000% Mar 12, 2020	2,120	2,213	2,202
Hydro One Inc., Series 33, Medium Term Notes, Unsecured, 1.620% Apr 30, 2020	1,500	1,498	1,478
Hydro One Inc., Series 20, Medium Term Notes, Senior, Unsecured, 4.400% Jun 1, 2020	1,800	1,894	1,863
Hydro One Inc., Series 34, Medium Term Notes, Senior, Unsecured, 1.840% Feb 24, 2021	1,000	1,006	980
Hydro One Inc., Medium Term Notes, Senior, Unsecured, 2.570% Jun 25, 2021	2,000	2,000	1,995

## BMO Private Canadian Short-Term Bond Portfolio

(unaudited)

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

As at June 30, 2018 (All amounts in thousands of Canadian dollars, unless otherwise noted)

Security	Par Value (in thousands)	Cost (\$)	Fair Value (\$)
Hydro One Inc., Series 25, Medium Term Notes, Unsecured, 3.200% Jan 13, 2022	1,750	1,828	1,777
Intact Financial Corporation, Series 1, Medium Term Notes, Senior, Unsecured, 5.410% Sep 3, 2019	2,000	2,065	2,069
Intact Financial Corporation, Series 4, Medium Term Notes, Senior, Unsecured, 4.700% Aug 18, 2021	1,300	1,405	1,373
Inter Pipeline Ltd., Series 4, Medium Term Notes, Senior, Unsecured, 3.448% Jul 20, 2020	3,000	3,075	3,042
Inter Pipeline Ltd., Series 3, Medium Term Notes, Senior, Unsecured, 3.776% May 30, 2022	1,500	1,591	1,535
Ivanhoe Cambridge II Inc, Series 1, Senior, Unsecured, Debentures, Callable, 2.909% Jun 27, 2023	1,500	1,500	1,495
John Deere Canada Funding Inc., Series 17-01 Senior, Unsecured, Notes, 1.850% Mar 24, 2021	2,200	2,212	2,150
John Deere Canada Funding Inc., Series 18-01 Senior, Unsecured, Notes, 2.700% Jan 17, 2023	300	300	297
Laurentian Bank of Canada, Deposit Notes, Senior, Unsecured, 2.500% Jan 23, 2020	1,500	1,509	1,490
Loblaw Companies Limited, Series 2-B, Medium Term Notes, Senior, Unsecured, 5.220% Jun 18, 2020	1,100	1,162	1,153
Magna International Inc., Senior, Unsecured, Notes, Callable, 3.100% Dec 15, 2022	2,400	2,453	2,404
Manufacturers Life Insurance Company, The, Fixed to Floating, Notes, Subordinated, Callable, 2.100% Jun 1, 2025	3,000	3,001	2,965
Manufacturers Life Insurance Company, The, Fixed to Floating, Notes, Subordinated, Callable, 3.181% Nov 22, 2027	2,400	2,470	2,416
Manulife Financial Capital Trust II, Fixed to Floating, Unsecured, Notes, Subordinated, Callable, 7.405% Dec 31, 2108	4,000	4,923	4,266
Manulife Financial Corporation, Fixed to Floating, Unsecured, Debentures, Subordinated, Callable, 3.317% May 9, 2028	2,450	2,450	2,459
MCAP Commercial LP, Senior, Secured, Notes, 5.000% Dec 14, 2022	3,500	3,500	3,468
Metro Inc., Medium Term Notes, Senior, Unsecured, Callable, 2.680% Dec 5, 2022	1,000	1,000	983
Morguard Corporation, Series D, Senior, Unsecured, Debentures, 4.085% May 14, 2021	2,268	2,268	2,281
National Bank of Canada, Deposit Notes, Senior, Unsecured, 2.404% Oct 28, 2019	2,000	2,006	2,001
National Bank of Canada, Deposit Notes, Senior, Unsecured, 1.742% Mar 3, 2020	3,500	3,506	3,457
National Bank of Canada, Deposit Notes, Senior, Unsecured, 1.809% Jul 26, 2021	3,500	3,513	3,404
National Bank of Canada, Deposit Notes, Senior, Unsecured, 2.105% Mar 18, 2022	3,000	3,005	2,925
National Bank of Canada, Deposit Notes, Senior, Unsecured, 1.957% Jun 30, 2022	2,000	1,987	1,933
National Bank of Canada, Fixed to Floating, Medium Term Notes, Unsecured, Subordinated, Callable, 3.183% Feb 1, 2028	3,000	3,000	2,937
Nissan Canada Financial Services, Inc., Series A, Senior, Unsecured, Notes, 1.584% Oct 7, 2019	3,000	3,002	2,966

## BMO Private Canadian Short-Term Bond Portfolio

(unaudited)

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

As at June 30, 2018 (All amounts in thousands of Canadian dollars, unless otherwise noted)

Security	Par Value (in thousands)	Cost (\$)	Fair Value (\$)
Nissan Canada Financial Services, Inc., Series D, Senior, Unsecured, Notes, 2.420% Oct 19, 2020	1,250	1,250	1,239
Nissan Canada Financial Services, Inc., Series E, Senior, Unsecured, Notes, 2.606% Mar 5, 2021	833	833	828
OMERS Realty Corporation, Series 3, Senior, Unsecured, Notes, 3.203% Jul 24, 2020	2,500	2,574	2,530
OMERS Realty Corporation, Series 4, Senior, Unsecured, Notes, 2.971% Apr 5, 2021	2,000	2,063	2,014
OMERS Realty Corporation, Series 2, Senior, Unsecured, Notes, 3.358% Jun 5, 2023	2,000	2,035	2,038
Pembina Pipeline Corporation, Series 1, Medium Term Notes, Unsecured, 4.890% Mar 29, 2021	1,250	1,305	1,314
Pembina Pipeline Corporation, Series 2, Medium Term Notes, Unsecured, 3.770% Oct 24, 2022	800	825	819
Penske Truck Leasing Canada Inc., Senior, Unsecured, Notes, Callable, 2.850% Dec 7, 2022	1,500	1,500	1,477
Reliance LP, Secured, Notes, 4.075% Aug 2, 2021	3,000	3,032	3,063
RioCan Real Estate Investment Trust, Series U, Senior, Unsecured, Notes, 3.620% Jun 1, 2020	650	665	660
RioCan Real Estate Investment Trust, Series R, Senior, Unsecured, Notes, 3.716% Dec 13, 2021	2,550	2,637	2,602
RioCan Real Estate Investment Trust, Series V, Senior, Unsecured, Notes, 3.746% May 30, 2022	2,500	2,626	2,552
RioCan Real Estate Investment Trust, Series T, Senior, Unsecured, Notes, 3.725% Apr 18, 2023	750	763	763
Rogers Communications, Inc., Senior, Unsecured, Notes, 5.380% Nov 4, 2019	2,500	2,597	2,596
Rogers Communications, Inc., Senior, Unsecured, Notes, 4.700% Sep 29, 2020	3,000	3,182	3,130
Rogers Communications, Inc., Senior, Unsecured, Notes, 5.340% Mar 22, 2021	2,650	2,879	2,825
Rogers Communications, Inc., Senior, Unsecured, Notes, 4.000% Jun 6, 2022	2,000	2,153	2,077
Royal Bank of Canada, Deposit Notes, Senior, Unsecured, 2.350% Dec 9, 2019	5,500	5,558	5,496
Royal Bank of Canada, Secured, Notes, 1.590% Mar 23, 2020	2,200	2,207	2,170
Royal Bank of Canada, Deposit Notes, Senior, Unsecured, 1.920% Jul 17, 2020	7,200	7,211	7,107
Royal Bank of Canada, Deposit Notes, Senior, Unsecured, 2.860% Mar 4, 2021	7,000	7,170	7,031
Royal Bank of Canada, Deposit Notes, Senior, Unsecured, 2.030% Mar 15, 2021	4,100	4,101	4,029
Royal Bank of Canada, Deposit Notes, Senior, Unsecured, 1.650% Jul 15, 2021	6,500	6,490	6,296
Royal Bank of Canada, Senior, Unsecured, Notes, 1.583% Sep 13, 2021	5,500	5,400	5,306
Royal Bank of Canada, Deposit Notes, Senior, Unsecured, 1.968% Mar 2, 2022	2,155	2,162	2,093
Royal Bank of Canada, Deposit Notes, Senior, Unsecured, 2.000% Mar 21, 2022	6,000	6,009	5,831

## BMO Private Canadian Short-Term Bond Portfolio

(unaudited)

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

As at June 30, 2018 (All amounts in thousands of Canadian dollars, unless otherwise noted)

Security	Par Value (in thousands)	Cost (\$)	Fair Value (\$)
Royal Bank of Canada, Deposit Notes, Senior, Unsecured, 2.360% Dec 5, 2022	4,000	4,000	3,915
Royal Bank of Canada, Fixed to Floating, Unsecured, Notes, Subordinated, Callable, 3.040% Jul 17, 2024	2,500	2,521	2,510
Royal Bank of Canada, Series 15, Medium Term Notes, Fixed to Floating, Subordinated, Callable, 2.990% Dec 6, 2024	8,000	8,136	8,045
Royal Bank of Canada, Fixed to Floating, Notes, Subordinated, Callable, 2.480% Jun 4, 2025	4,500	4,479	4,465
Royal Bank of Canada, Fixed to Floating, Notes, Subordinated, Callable, 3.310% Jan 20, 2026	4,000	4,049	4,024
Royal Bank of Canada, Fixed to Floating, Unsecured, Notes, Subordinated, Callable, 3.450% Sep 29, 2026	2,500	2,542	2,519
Saputo Inc., Medium Term Notes, Senior, Unsecured, 2.654% Nov 26, 2019	2,400	2,430	2,405
Scotiabank Tier I Trust, Scotia BaTS III, Series 2009-1, Fixed to Floating, Senior, Unsecured, Notes, Callable, 7.802% Jun 30, 2108	2,250	2,771	2,361
Shaw Communications Inc., Senior, Unsecured, Notes, 5.650% Oct 1, 2019	3,000	3,103	3,115
Shaw Communications Inc., Senior, Unsecured, Notes, 5.500% Dec 7, 2020	3,000	3,201	3,186
SmartCentres Real Estate Investment Trust, Series H, Senior, Unsecured, Debentures, 4.050% Jul 27, 2020	850	878	870
SmartCentres Real Estate Investment Trust, Series L, Senior, Unsecured, Notes, 3.749% Feb 11, 2021	3,500	3,617	3,563
SNC-Lavalin Group Inc., Series 1, Senior, Unsecured, Debentures, 2.689% Nov 24, 2020	400	400	398
SNC-Lavalin Group Inc., Series 4, Senior, Unsecured, Debentures, Callable, 3.235% Mar 2, 2023	333	333	332
Sun Life Capital Trust II, Series 2009-1, SLEECs, Fixed to Floating, Senior, Notes, Subordinated, Callable, 5.863% Dec 31, 2108	1,500	1,726	1,566
Sun Life Financial Inc., Series D, Senior, Unsecured, Debentures, 5.700% Jul 2, 2019	1,000	1,034	1,033
Sun Life Financial Inc., Series E, Senior, Unsecured, Debentures, 4.570% Aug 23, 2021	1,500	1,622	1,580
Sun Life Financial Inc., Series 2015-1, Fixed to Floating, Unsecured, Debentures, Subordinated, Callable, 2.600% Sep 25, 2025	1,500	1,530	1,492
Sun Life Financial Inc., Fixed to Floating, Medium Term Notes, Unsecured, Subordinated, Callable, 2.750% Nov 23, 2027	1,000	1,004	985
Suncor Energy, Inc., Series 5, Medium Term Notes, Unsecured, Callable, 3.100% Nov 26, 2021	2,550	2,628	2,580
TD Capital Trust IV, Series 3, CaTS, Fixed to Floating, Unsecured, Notes, Subordinated, Callable, 6.631% Jun 30, 2108	10,500	12,230	11,537
TELUS Corporation, Series CG, Senior, Unsecured, Notes, 5.050% Dec 4, 2019	2,630	2,724	2,731
TELUS Corporation, Series CH, Senior, Unsecured, Notes, 5.050% Jul 23, 2020	2,000	2,120	2,095
TELUS Corporation, Series CM, Senior, Unsecured, Notes, 3.600% Jan 26, 2021	500	516	510
TELUS Corporation, Series CO, Unsecured, Notes, Callable, 3.200% Apr 5, 2021	2,250	2,310	2,273

## BMO Private Canadian Short-Term Bond Portfolio

(unaudited)

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

As at June 30, 2018 (All amounts in thousands of Canadian dollars, unless otherwise noted)

Security	Par Value (in thousands)	Cost (\$)	Fair Value (\$)
TELUS Corporation, Series CT, Unsecured, Notes, Callable, 2.350% Mar 28, 2022	2,705	2,706	2,647
TELUS Corporation, Series CJ, Unsecured, Notes, Callable, 3.350% Mar 15, 2023	2,500	2,538	2,527
Teranet Holdings L.P., Senior, Secured, Notes, 4.807% Dec 16, 2020	3,500	3,672	3,629
Teranet Holdings L.P., Secured, Notes, Callable, 3.646% Nov 18, 2022	2,400	2,427	2,394
Thomson Reuters Corporation, Unsecured, Notes, 4.350% Sep 30, 2020	1,000	1,054	1,036
Thomson Reuters Corporation, Senior, Unsecured, Notes, Callable, 3.309% Nov 12, 2021	5,100	5,262	5,164
Toronto Hydro Corporation, Series 3, Senior, Unsecured, Notes, 4.490% Nov 12, 2019	1,300	1,352	1,337
Toronto Hydro Corporation, Series 7, Senior, Unsecured, Debentures, 3.540% Nov 18, 2021	1,000	1,058	1,032
Toronto Hydro Corporation, Series 8, Senior, Unsecured, Debentures, Callable, 2.910% Apr 10, 2023	2,080	2,106	2,097
Toronto-Dominion Bank, The, Deposit Notes, Senior, Unsecured, 1.693% Apr 2, 2020	3,000	3,007	2,961
Toronto-Dominion Bank, The, Deposit Notes, Senior, Unsecured, 2.563% Jun 24, 2020	4,000	4,066	4,002
Toronto-Dominion Bank, The, Deposit Notes, Senior, Unsecured, 2.045% Mar 8, 2021	6,000	6,059	5,906
Toronto-Dominion Bank, The, Series CBL14, Secured, Notes, 1.680% Jun 8, 2021	6,000	5,909	5,850
Toronto-Dominion Bank, The, Deposit Notes, Senior, Unsecured, 2.621% Dec 22, 2021	6,300	6,424	6,277
Toronto-Dominion Bank, The, Deposit Notes, Senior, Unsecured, 1.994% Mar 23, 2022	3,300	3,282	3,209
Toronto-Dominion Bank, The, Deposit Notes, Unsecured, 3.005% May 30, 2023	2,727	2,727	2,740
Toronto-Dominion Bank, The, Medium Term Notes, Fixed to Floating, Subordinated, Callable, 2.692% Jun 24, 2025	2,750	2,752	2,740
Toronto-Dominion Bank, The, Medium Term Notes, Fixed to Floating, Subordinated, Callable, 2.982% Sep 30, 2025	3,750	3,776	3,754
Toyota Credit Canada Inc., Senior, Unsecured, Notes, 1.800% Feb 19, 2020	3,500	3,505	3,460
Toyota Credit Canada Inc., Euro Medium Term Notes, Senior, Unsecured, 2.050% May 20, 2020	2,000	2,012	1,981
Toyota Credit Canada Inc., Medium Term Notes, Senior, Unsecured, 2.200% Feb 25, 2021	3,000	3,021	2,960
Toyota Credit Canada Inc., Medium Term Notes, Senior, Unsecured, 2.020% Feb 28, 2022	2,000	2,013	1,944
TransCanada PipeLines Limited, Medium Term Notes, Unsecured, 3.650% Nov 15, 2021	1,350	1,423	1,388
Union Gas Limited, Series 11, Medium Term Notes, Senior, Unsecured, Callable, 2.760% Jun 2, 2021	1,000	1,028	1,004
Ventas Canada Finance Ltd., Series A, Senior, Unsecured, Notes, 3.000% Sep 30, 2019	3,000	3,008	3,018
VW Credit Canada Inc., Senior, Unsecured, Notes, 2.500% Oct 1, 2019	800	805	799



## BMO Private Canadian Short-Term Bond Portfolio

(unaudited)

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

As at June 30, 2018 (All amounts in thousands of Canadian dollars, unless otherwise noted)

Security	Par Value (in thousands)	Cost (\$)	Fair Value (\$)
VW Credit Canada Inc., Senior, Unsecured, Notes, 2.150% Jun 24, 2020	2,000	2,012	1,975
VW Credit Canada Inc., Senior, Unsecured, Notes, 3.250% Mar 29, 2023	2,000	1,998	2,000
Wells Fargo Canada Corporation, Medium Term Notes, Unsecured, 2.944% Jul 25, 2019	3,030	3,057	3,049
Wells Fargo Canada Corporation, Medium Term Notes, Unsecured, 3.040% Jan 29, 2021	4,050	4,160	4,078
Wells Fargo Canada Corporation, Medium Term Notes, Unsecured, 3.460% Jan 24, 2023	5,000	5,144	5,102
Westcoast Energy Inc., Series 10, Medium Term Notes, Senior, Unsecured, 4.570% Jul 2, 2020	1,500	1,565	1,554
Westcoast Energy Inc., Series 14, Medium Term Notes, Senior, Unsecured, 3.120% Dec 5, 2022	1,000	1,019	1,005
WestJet Airlines Ltd., Senior, Unsecured, Notes, 3.287% Jul 23, 2019	2,430	2,443	2,447
Winnipeg Airports Authority Inc., Series E, Secured, Notes, 3.039% Apr 14, 2023	1,500	1,509	1,512
		687,552	675,135
<b>Asset-Backed Securities — 0.9%</b>			
Canadian Credit Card Trust II, Series 2015-1, Class A, Credit Card Receivables-Backed Notes, 1.829% Mar 24, 2020	3,000	3,011	2,964
CARDS II Trust, Series 2015-3, Class A, Credit Card Receivables-Backed Notes, Sinkable, 2.155% Oct 15, 2020	1,450	1,452	1,434
Fortified Trust, Series 2016-1, Class A, Real Estate Secured Line of Credit-Backed Notes, 1.670% Jul 23, 2021	1,000	974	968
Genesis Trust II, Series 2015-1, Class A, Real Estate Secured Line of Credit-Backed Notes, 1.699% Apr 15, 2020	4,200	4,182	4,141
Glacier Credit Card Trust, Series 2015-1, Credit Card Asset-Backed Notes, Senior, 2.237% Sep 20, 2020	4,200	4,241	4,159
Glacier Credit Card Trust, Series 2017-1, Credit Card Asset-Backed Notes, Senior, Secured, 2.048% Sep 20, 2022	3,000	2,927	2,898
Hollis Receivables Term Trust II, Series 2015-1, Class A, Receivables-Backed Notes, 1.788% Feb 26, 2020	2,000	2,011	1,975
NBC Asset Trust, Trust Capital Securities, Series 2, Fixed to Floating, Asset-Backed, Perpetual, Callable, 7.447% Jun 30, 2049	1,000	1,218	1,074
		20,016	19,613
<b>Total Investment Portfolio — 99.5%</b>		<b>2,130,098</b>	<b>2,093,662</b>
<b>Other Assets Less Liabilities — 0.5%</b>			<b>11,181</b>
<b>NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS — 100.0%</b>			<b>2,104,843</b>

# BMO Private Canadian Short-Term Bond Portfolio

(unaudited)

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## NOTES TO FINANCIAL STATEMENTS

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

June 30, 2018

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### 1. The Portfolio

BMO Private Canadian Short-Term Bond 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, 2018 and December 30, 2017. 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, 2018 and June 30, 2017.

These financial statements were authorized for issuance by the Board of Directors of the Manager on August 14, 2018.

These financial statements should be read in conjunction with the annual financial statements for the period ended December 31, 2017, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”).

### 2. Basis of preparation and presentation

These unaudited interim financial statements have been prepared in accordance with IFRS and in accordance with International Accounting Standard (“IAS”) 34 – Interim Financial Reporting, as issued by the International Accounting Standards Board (“IASB”).

### 3. Summary of significant accounting policies

#### Financial instruments

Investments include financial assets and financial liabilities such as equity and debt securities, investment funds and derivatives. These financial instruments 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 through profit or loss (“FVTPL”). 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. Financial instruments are subsequently measured as 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 and therefore 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 investment.

#### Fair value measurement

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

For exchange-traded securities, close prices are considered to be fair value if they fall within the bid-ask spread. In circumstances where the close price is not within the bid-ask spread, the Manager determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

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

For bonds, debentures, asset-backed securities and other debt securities, fair value is represented by bid prices provided by independent security pricing

# BMO Private Canadian Short-Term Bond Portfolio

(unaudited)

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## NOTES TO FINANCIAL STATEMENTS (cont'd)

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

June 30, 2018

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services. Short-term investments, if any, are held at amortized cost which approximates fair value.

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. Cash is recorded at fair value. 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 receivables and payables relating to investment transactions, unitholder subscriptions and redemptions, and other assets and other liabilities that are initially recorded at fair value. These financial assets and financial liabilities are short-term in nature and are

subsequently 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 those 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

During the periods, the Portfolio had no sponsored unconsolidated structured entities. The Manager has determined that the underlying funds in which the Portfolio may invest are unconsolidated structured entities. This determination is based on the fact that decision making about the underlying 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 underlying funds whose investment objectives range from achieving short-term to long-term income and capital growth potential. Underlying funds may use leverage in a manner consistent with their respective investment objectives and as permitted by Canadian securities regulatory authorities. Underlying 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 underlying funds during the periods is included in "Change in unrealized appreciation (depreciation)" in the Statement of Comprehensive Income.

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

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## NOTES TO FINANCIAL STATEMENTS (cont'd)

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

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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 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 transactions where a master netting arrangement or similar agreement is in place with a right to offset only in the event of default, insolvency or bankruptcy, or where the Portfolio has no intention of settling on a net basis. There were no master netting agreements during the periods.

### Income recognition

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

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

Interest on inflation-indexed bonds is paid based on a principal value, which is adjusted for inflation. The inflation adjustment of the principal value is recognized as part of interest income in the Statement of Comprehensive Income. If held to maturity, the Portfolio will receive, in addition to a coupon interest payment, a final payment equal to the sum of the par value and the inflation compensation accrued from the original issue date. Interest is accrued on each Valuation Date based on the inflation adjusted par value at that time and is included in "Interest income" in the Statement of Comprehensive Income.

### Foreign currency translation

The fair value of investments and other assets and liabilities in foreign currencies are translated into the Portfolio's functional currency at the rates of exchange prevailing at the period-end date. Purchases and sales of investments, and income and expenses are translated at the rates of exchange prevailing on the respective dates of such transactions. Foreign exchange gains (losses) on completed transactions are included in "Net realized gain (loss)" in the Statement of Comprehensive Income and unrealized foreign exchange gains (losses) are included in "Change in unrealized appreciation (depreciation)" in the Statement of Comprehensive Income. Foreign exchange gains (losses) relating to cash, receivables and payables 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 "security 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 the defaults by borrowers.

For those Portfolios participating in the program, aggregate values of securities on loan and the collateral held as at June 30, 2018 and December 31, 2017, are disclosed in Note 8.

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.

# BMO Private Canadian Short-Term Bond Portfolio

(unaudited)

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## NOTES TO FINANCIAL STATEMENTS (cont'd)

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

June 30, 2018

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### Increase or decrease in net assets attributable to holders of redeemable units per unit

“Increase (decrease) in net assets attributable to holders of redeemable units per unit” in the Statement of Comprehensive Income represents the increase (decrease) in net assets attributable to holders of redeemable units (“Net Assets”) divided by the weighted average number of units outstanding during the period.

### 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 Portfolio has determined that it 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 its 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 financial instruments

Effective January 1, 2018, the Portfolio retrospectively adopted IFRS 9. The new standard requires assets to be carried at either amortized cost, FVTPL, or fair value through other comprehensive income (“FVOCI”), based on an assessment of the Portfolio’s business model for managing financial assets and the contractual cash flow characteristic of the financial assets. In classifying and measuring financial instruments held by the Portfolio, the Manager is required to make significant judgements in determining the most appropriate classification in accordance with 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. Further information related to the Portfolio’s transition to IFRS 9 is detailed in Note 9.

##### Accounting estimates:

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

The Portfolio 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 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

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## NOTES TO FINANCIAL STATEMENTS (cont'd)

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

June 30, 2018

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as disclosed in Note 8. The relevant movements in redeemable units are shown on the Statement of Changes in Net Assets Attributable to Holders of Redeemable Units. In accordance with its investment objectives and strategies, and the risk management practices outlined in Note 7, the Portfolio endeavours to invest the subscriptions received in appropriate investments, while maintaining sufficient liquidity to meet redemptions, with such liquidity being augmented by short-term borrowings or disposal of investments where necessary.

Redeemable units of the Portfolio are offered for sale on a continuous basis and may be purchased or redeemed on any Valuation Date at the NAV per unit. The NAV per unit for the purposes of subscription or redemption is computed by dividing the NAV of the Portfolio (that is, the total fair value of the assets less the liabilities) by the total number of units of the Portfolio outstanding at such time on each Valuation Date, in accordance with Part 14 of National Instruments (“NI”) 81-106 Investment Fund Continuous Disclosure for the purpose of unitholder transactions. Net Assets are determined in accordance with IFRS and may differ to the Portfolio’s NAV. Where the Portfolio’s NAV is not equal to its Net Assets, a reconciliation is shown in Note 8.

## 6. Related party transactions

### (a) Management fees

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

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

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

servicing fees” in the Statement of Comprehensive Income.

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

### (c) Portfolio expenses

The Portfolio also pays certain operating expenses directly, including compensation and expenses payable to Independent Review Committee (“IRC”) members and any independent counsel or other advisors employed by the IRC, the costs of the orientation and continuing education of IRC members and the costs and expenses associated with IRC meetings.

### (d) Commissions and other portfolio transaction costs

The Portfolio may execute trades with and through BMO Nesbitt Burns Inc., an affiliate of the Manager based on established standard brokerage agreements at market prices. These fees are included in “Commissions and other portfolio transaction costs” in the Statement of Comprehensive Income. Refer to Note 8 for related party fees charged to the Portfolio during the periods ended June 30, 2018 and June 30, 2017.

### (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 of the Portfolio. These transactions or arrangements may include transactions or arrangements with or involving subsidiaries and affiliates of Bank of Montreal, BMO Asset Management Inc., BMO Trust Company, BMO Nesbitt Burns Inc., BMO InvestorLine Inc., BMO Private Investment Counsel Inc., BMO Asset Management Corp., Pyrford International Limited, or other investment funds offered by Bank of Montreal, and may involve the purchase or sale of portfolio securities through or from a subsidiary 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 forward contracts with subsidiaries or affiliates of Bank of Montreal acting as

# BMO Private Canadian Short-Term Bond Portfolio

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## NOTES TO FINANCIAL STATEMENTS (cont'd)

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

*June 30, 2018*

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counterparty, the purchase or redemption of units of other Bank of Montreal affiliated investment funds or the provision of services to the Manager.

### 7. Financial instruments risks

The Portfolio's activities expose it to a variety of risks associated with the financial instruments, as follows: market risk (including currency risk, interest rate risk and other market risk), credit risk and liquidity risk.

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

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

#### (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. 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. The Portfolio primarily invests in securities that are traded in active markets and can be readily disposed. In addition, the Portfolio retains sufficient cash and cash equivalent 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 on the Schedule of Investment Portfolio. The proportion of illiquid securities to the NAV of the Portfolio is monitored by the Manager to ensure it does not exceed the regulatory limit and does not significantly affect the liquidity required to meet the Portfolio's financial obligations.

# BMO Private Canadian Short-Term Bond Portfolio

(unaudited)

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

June 30, 2018

### 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, 2018	Jun. 30, 2017
Units issued and outstanding, beginning of period	228,095	257,104
Issued for cash	24,186	87,385
Issued on reinvestment of distributions	2,417	3,334
Redeemed during the period	(45,286)	(34,531)
Units issued and outstanding, end of period	209,412	313,292

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

As at June 30, 2018 and December 31, 2017, there were no differences between the Portfolio's NAV per unit and its Net Assets per unit calculated in accordance with IFRS.

#### (c) Increase (decrease) in net assets attributable to holders of redeemable units per unit

The increase (decrease) in net assets attributable to holders of redeemable units per unit for the periods ended June 30, 2018 and June 30, 2017 is calculated as follows:

For the periods ended	Jun. 30, 2018	Jun. 30, 2017
Increase in net assets attributable to holders of redeemable units	10,596	2,504
Weighted average units outstanding during the period (in thousands of units)	207,746	289,840
<b>Increase in net assets attributable to holders of redeemable units per unit</b>	<b>0.05</b>	<b>0.01</b>

#### (d) Income taxes

As at the tax year-ended December 2017, the Portfolio had the following capital and non-capital losses available for income tax purposes:

Total Capital Losses (\$)	Total Non-Capital Losses (\$)	Non-Capital Losses That Expire in		
		2028 (\$)	2029 (\$)	2030 and thereafter (\$)
45,858	—	—	—	—

#### (e) Related party transactions

##### Unitholder servicing

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

For the periods ended	Jun. 30, 2018	Jun. 30, 2017
Unitholder servicing (\$)	142	136

##### Brokerage commissions and soft dollars

There were no brokerage commissions charged to the Portfolio during the periods ended June 30, 2018 and June 30, 2017.

#### (f) Financial instruments risks

The Portfolio's objectives are to provide a high level of interest income and to preserve the capital invested by primarily investing in high quality fixed income securities such as bonds and debentures issued by governments and corporations in Canada that mature in more than one year.

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

##### Currency risk

As at June 30, 2018 and December 31, 2017, the Portfolio did not have any significant exposure to currency risk as it invested fully in Canadian securities.

##### Interest rate risk

The Portfolio's exposure to interest rate risk, by remaining term to maturity, is summarized in the following table:

Number of years	Interest Rate Exposure as at	
	Jun. 30, 2018	Dec. 31, 2017
Less than one year	—	—
One to three years	1,110,670	1,182,208
Three to five years	880,489	1,053,055
Five to ten years	77,160	31,735
Greater than ten years	25,343	31,287
<b>Total</b>	<b>2,093,662</b>	<b>2,298,285</b>

All amounts in Canadian dollars



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## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

June 30, 2018

As at June 30, 2018 and December 31, 2017, if the prevailing interest rates had been raised or lowered by 1%, assuming a parallel shift in the yield curve, with all other variables held constant, the Net Assets of the Portfolio could possibly have decreased or increased, respectively, by approximately \$57,506 (December 31, 2017 – \$63,082). The Portfolio's interest rate sensitivity was determined based on portfolio weighted duration. In practice, actual results may differ from this sensitivity analysis and the difference could be material.

### Other market risk

The Portfolio was not significantly exposed to other market risk as at June 30, 2018 and December 31, 2017, as it was invested fully in fixed income securities.

### Credit risk

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

Credit Rating	As a % of Net Assets as at	
	Jun. 30, 2018	Dec. 31, 2017
AAA	50.5	52.5
AA	11.5	11.9
A	24.9	23.6
BBB	12.5	11.3
Unrated	0.1	0.2
<b>Total</b>	<b>99.5</b>	<b>99.5</b>

### Securities lending

The Portfolio had assets involved in securities lending transactions outstanding as at June 30, 2018 and December 31, 2017 as follows:

	Aggregate Value of Securities on Loan (\$)	Aggregate Value of Collateral Received for the Loan (\$)
June 30, 2018	539,627	567,128
December 31, 2017	719,006	756,495

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, 2018 and June 30, 2017:

For the periods ended	Jun. 30, 2018		Jun. 30, 2017	
	Amount	% of Gross Securities Lending Revenue	Amount	% of Gross Securities Lending Revenue
Gross securities lending revenue	260	100.0	334	100.0
Withholding taxes	1	0.4	1	0.2
	259	99.6	333	99.8
Payment to securities lending agents	78	29.9	100	29.9
Net securities lending revenue*	181	69.7	233	69.9

\* Amount shown on the Statement of Comprehensive Income is gross of withholding taxes of \$1 (June 30, 2017 – \$1).

### Concentration risk

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

As at	Jun. 30, 2018	Dec. 31, 2017
<b>Bonds &amp; Debentures</b>		
Federal Bonds	47.5%	49.5%
Provincial Bonds	18.7%	18.3%
Municipal Bonds	0.3%	0.3%
Corporate Bonds & Debentures	32.1%	30.2%
Asset-Backed Securities	0.9%	1.2%
<b>Other Assets Less Liabilities</b>	<b>0.5%</b>	<b>0.5%</b>
	<b>100.0%</b>	<b>100.0%</b>

# BMO Private Canadian Short-Term Bond Portfolio

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## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

June 30, 2018

### (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, 2018

Financial assets	Level 1	Level 2	Level 3	Total
Debt Securities	2,093,662	—	—	2,093,662

As at Dec. 31, 2017

Financial assets	Level 1	Level 2	Level 3	Total
Debt Securities	2,298,285	—	—	2,298,285

#### 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 table:

As at	Carrying amount	
	Jun. 30, 2018	Dec. 31, 2017
Canada Housing Trust, Mortgage Bonds, Series 61, Secured, 2.000% Dec 15, 2019	28,273	34,648
Canada Housing Trust, Mortgage Bonds, Series 30, Secured, 3.750% Mar 15, 2020	19,557	18,230
Canada Housing Trust, Mortgage Bonds, Series 64, Secured, 1.200% Jun 15, 2020	14,764	16,738
Canada Housing Trust, Mortgage Bonds, Series 66, Secured, 1.450% Jun 15, 2020	13,748	17,334
Canada Housing Trust, Mortgage Bonds, Series 68, Secured, 1.250% Dec 15, 2020	30,609	34,580
Canada Housing Trust, Mortgage Bonds, Series 36, Secured, 3.350% Dec 15, 2020	13,381	13,532
Canada Housing Trust, Mortgage Bonds, Series 71, Secured, 1.250% Jun 15, 2021	27,492	39,257

As at	Carrying amount	
	Jun. 30, 2018	Dec. 31, 2017
Canada Housing Trust, Mortgage Bonds, Series 40, Secured, 3.800% Jun 15, 2021	29,520	29,925
Canada Housing Trust, Mortgage Bonds, Series 75, Secured, 1.150% Dec 15, 2021	18,312	19,802
Canada Housing Trust, Mortgage Bonds, Series 76, Secured, 1.500% Dec 15, 2021	19,507	19,583
Canada Housing Trust, Mortgage Bonds, Series 45, Secured, 2.650% Mar 15, 2022	18,998	29,919
Canada Housing Trust, Mortgage Bonds, Series 78, Secured, 1.750% Jun 15, 2022	23,257	19,700
Canada Housing Trust, Mortgage Bonds, Series 48, Secured, 2.400% Dec 15, 2022	53,542	61,645
Canada Housing Trust, Mortgage Bonds, Secured, 2.350% Jun 15, 2023	22,659	—
Canadian Credit Card Trust II, Series 2015-1, Class A, Credit Card Receivables-Backed Notes, 1.829% Mar 24, 2020	2,964	2,970
CARDS II Trust, Series 2015-3, Class A, Credit Card Receivables-Backed Notes, Sinkable, 2.155% Oct 15, 2020	1,434	2,439
Fortified Trust, Series 2016-1, Class A, Real Estate Secured Line of Credit-Backed Notes, 1.670% Jul 23, 2021	968	—
Genesis Trust II, Series 2014-1, Class A, Real Estate Secured Line of Credit-Backed Notes, 2.433% May 15, 2019	—	1,507
Genesis Trust II, Series 2015-1, Class A, Real Estate Secured Line of Credit-Backed Notes, 1.699% Apr 15, 2020	4,141	6,912
Glacier Credit Card Trust, Series 2015-1, Credit Card Asset-Backed Notes, Senior, 2.237% Sep 20, 2020	4,159	4,183
Glacier Credit Card Trust, Series 2017-1, Credit Card Asset-Backed Notes, Senior, Secured, 2.048% Sep 20, 2022	2,898	2,916
Hollis Receivables Term Trust II, Series 2014-1, Class A, Receivables-Backed Notes, 2.434% Jun 26, 2019	—	3,014
Hollis Receivables Term Trust II, Series 2015-1, Class A, Receivables-Backed Notes, 1.788% Feb 26, 2020	1,976	1,979
NBC Asset Trust, Trust Capital Securities, Series 2, Fixed to Floating, Asset-Backed, Perpetual, Callable, 7.447% Jun 30, 2049	1,074	1,096
<b>Total</b>	<b>353,233</b>	<b>27,016</b>

# BMO Private Canadian Short-Term Bond Portfolio

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## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

June 30, 2018

The carrying value of mortgage related and other asset-backed securities are included in “Investments – Non-derivative financial assets” in the Statement of Financial Position. This amount also represents the maximum exposure to losses at that date.

The change in fair value of mortgage related and other asset-backed securities are included in the Statement of Comprehensive Income in “Change in unrealized appreciation (depreciation)”.

### 9. IFRS 9 transition

Upon transition to IFRS 9, financial assets and financial liabilities in the Portfolio’s investment portfolio were classified as FVTPL. The classification differs from the classification under the previous IAS 39 for the financial assets and financial liabilities that were previously classified as held for trading; therefore there were changes in the categorization of financial assets and financial liabilities upon transition to IFRS 9. However, there were no changes in the measurement attributes for any of the financial assets and financial liabilities upon transition to IFRS 9. The tables below show the reconciliation of the financial assets and financial liabilities balances as at January 1, 2018, the IFRS 9 transition date.

As at Jan. 1, 2018

Financial Assets	Held for Trading	Designated as FVTPL	Loans and Receivables**	FVTPL
Opening balance - under IAS 39	—	2,298,285	11,856	—
On the basis of change from IAS 39 to IFRS 9:				
- reclassification of investments to FVTPL*	—	(2,298,285)	—	2,298,285
<b>Total change on transition to IFRS 9</b>		<b>—(2,298,285)</b>		<b>2,298,285</b>
<b>Opening balance - under IFRS 9</b>			<b>11,856</b>	<b>2,298,285</b>

\* These are financial instruments (derivatives) classified as held for trading and others designated as FVTPL under IAS 39.

\*\* These are other financial assets classified as loans and receivables under IAS 39, now classified as amortized cost under IFRS 9.

As at Jan. 1, 2018	Held for Trading	Amortized Cost**	FVTPL
<b>Financial Liabilities</b>			
Opening balance - under IAS 39	—	4,191	—
On the basis of change from IAS 39 to IFRS 9:			
- reclassification of shorts and other derivatives*	—	—	—
<b>Total change on transition to IFRS 9</b>			
<b>Opening balance - under IFRS 9</b>		<b>4,191</b>	

\* These are other financial liabilities (such as shorts and derivatives) classified as held for trading under IAS 39.

\*\* These are other financial liabilities that continue to be classified as amortized cost.

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