

Semi-Annual Management Report of Fund Performance

BMO Private U.S. Special Equity Portfolio

For the period ended June 30, 2024

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

Management Discussion of Fund Performance

BMO Private Investment Counsel Inc. (“BPIC” or the “Manager”), the manager and portfolio manager, is responsible for the management of the overall business, investments and operations of the BMO Private Portfolios and has engaged William Blair Investment Management, LLC (“William Blair” or the “sub-advisor”) as the sub-advisor of BMO Private U.S. Special Equity Portfolio (the “Portfolio”).

Results of Operations

Over the six-month period ended June 30, 2024, the Portfolio returned 4.80% in C\$ (1.57% in US\$), after expenses. The Portfolio's benchmark is the Russell 2500 Growth Index, which generated a 7.56% total return in C\$ (3.93% in US\$) over the same six-month period.

The U.S. equity market was broadly positive for the six-month period ended June 30, 2024. Performance in the first quarter of 2024 was supported by positive economic data as recession fears continued to subside, inflation gradually moderated and corporate profits were solid. Manufacturing activity expanded, unemployment remained low and gross domestic product (“GDP”) growth was positive. The consumer remained resilient, further supporting a healthy U.S. economy.

While some of this strength continued through the second quarter of 2024, U.S. economic data was mixed. GDP growth slowed, down from 3.4% in the fourth quarter of 2023. The labour market remained relatively solid, as the number of jobs added exceeded expectations. Manufacturing activity declined early in the second quarter, as companies demonstrated hesitancy investing in capital projects and inventory, but rebounded in June 2024.

While inflation remained elevated relative to history, it continued to moderate. The U.S. Federal Reserve Board (the “Fed”) maintained the federal funds rate through the second quarter of 2024 and indicated inflation could take longer than expected to reach its 2% target. Notably, Fed policymakers signalled that they expect one to two interest rate cuts before the end of 2024, a decrease in the number of cuts relative to prior forecasts.

Stock selection within the Energy, Health Care, Consumer Discretionary and Industrials sectors detracted from the Portfolio's performance. The largest individual detractors from the Portfolio's performance included holdings in New Fortress Energy Inc. and Five Below Inc. New Fortress Energy Inc., a company that develops, finances and constructs liquefied natural gas (“LNG”) assets and related infrastructure, saw its share price decline as LNG deliveries from one of the company's projects was delayed and the corresponding cash flow pushed out. Five Below Inc., a U.S. retailer offering on-trend merchandise at extreme value price points, posted financial results that proved disappointing, with sales, margins and earnings falling short of expectations.



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Stock selection in the Consumer Staples and Information Technology sectors contributed to the Portfolio's performance. From a stock-specific perspective, holdings in Freshpet Inc. and Insmed Inc. were among the Portfolio's top individual contributors to performance. Freshpet Inc., a leading manufacturer of refrigerated fresh pet food with a large share of the category, benefitted from strong sales growth and market share gains. Shares of Insmed Inc., a commercial stage biopharmaceutical company, rose as the company announced positive results from its ASPEN Phase 3 study of brensocaticib in non-cystic fibrosis bronchiectasis.

The sub-advisor added new positions in Exact Sciences Corp., Planet Fitness Inc. and Confluent Inc. to the Portfolio, and increased existing holdings in Willscot Mobile, Flywire Corp. and Everest Group Ltd. Holdings in Charles River Laboratories International Inc., Live Nation Entertainment Inc. and Tradeweb Markets Inc. were eliminated from the Portfolio. Positions in The Brink's Co., Eagle Materials Inc. and Whitecap Resources Inc. were trimmed.

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

Recent Developments

Underpinnings to support a strong U.S. economy remain in place as inflation continues to moderate and expectations for an economic soft landing persist. However, uncertainty surrounding the pace of disinflation, the potential for rising unemployment and the outcome of the upcoming U.S. presidential election could challenge economic growth. While corporate profits have remained resilient, the risk of decelerating economic growth could weigh on corporate earnings.

The sub-advisor is focused on companies with durable businesses, whose stock prices are not reflective of long-term fundamental expectations, that the sub-advisor believes can outperform over a market cycle. The sub-advisor's fundamental analysis aims to identify companies with superior management, high barriers to entry and differentiated products or services that are underappreciated by the market.

Related Party Transactions

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

Sub-advisor

BPIC has hired William Blair to provide investment advice and make investment decisions for the Portfolio's investment portfolio. William Blair receives a sub-advisory fee based on assets under management, which is paid quarterly. William Blair is paid by BPIC, and BPIC charges a portion of the sub-advisory fee as an expense to the Portfolio.

Buying and Selling Securities

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

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

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

(each, a “Related Party Transaction”).

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

Brokerage Commissions

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

	Period ended June 30, 2024 (\$000s)	Period ended June 30, 2023 (\$000s)
Total Brokerage Commissions	127	123
Brokerage Commissions paid to BMO Nesbitt Burns Inc.	1	1

Wealth Management Fee

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

Unitholder Services

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

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

	Period ended June 30, 2024 (\$000s)	Period ended June 30, 2023 (\$000s)
Unitholder Services	85	85

Management Fee

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

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Financial Highlights

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

The Portfolio's Net Assets Per Unit ⁽¹⁾	Six months ended June 30, 2024	Years ended December 31				
		2023	2022	2021	2020	2019
Net assets, beginning of period	\$ 14.37	13.04	15.67	15.74	12.06	10.21
Increase (decrease) from operations:						
Total revenue	\$ 0.04	0.09	0.06	0.06	0.06	0.07
Total expenses ⁽²⁾	\$ (0.05)	(0.10)	(0.09)	(0.11)	(0.10)	(0.09)
Realized gains (losses) for the period	\$ 0.75	0.93	(0.09)	1.71	0.82	1.10
Unrealized gains (losses) for the period	\$ (0.03)	1.06	(2.61)	(0.41)	2.50	1.38
Total increase (decrease) from operations ⁽³⁾	\$ 0.71	1.98	(2.73)	1.25	3.28	2.46
Distributions:						
From income (excluding dividends)	\$ —	—	—	—	—	—
From dividends	\$ —	—	—	—	—	—
From capital gains	\$ —	0.70	—	1.37	—	0.68
Return of capital	\$ —	—	—	—	—	—
Total Annual Distributions ⁽⁴⁾	\$ —	0.70	—	1.37	—	0.68
Net assets, end of period	\$ 15.06	14.37	13.04	15.67	15.74	12.06

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

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

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

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

Ratios and Supplemental Data	Six months ended June 30, 2024	Years ended December 31				
		2023	2022	2021	2020	2019
Total net asset value (000s) ⁽¹⁾	\$ 597,130	581,245	508,799	642,289	498,094	405,279
Number of units outstanding (000s) ⁽¹⁾	39,651	40,456	39,023	40,981	31,641	33,615
Management expense ratio ⁽²⁾	% 0.57	0.58	0.59	0.56	0.63	0.64
Management expense ratio before waivers or management absorptions ⁽²⁾	% 0.74	0.74	0.76	0.73	0.80	0.81
Trading expense ratio ⁽³⁾	% 0.04	0.04	0.04	0.02	0.04	0.05
Portfolio turnover rate ⁽⁴⁾	% 24.25	53.14	56.04	40.86	68.47	54.38
Net asset value per unit	\$ 15.06	14.37	13.04	15.67	15.74	12.06

⁽¹⁾ This information is provided as at June 30 or December 31 of the period shown, as applicable.

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

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

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

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Past Performance

General

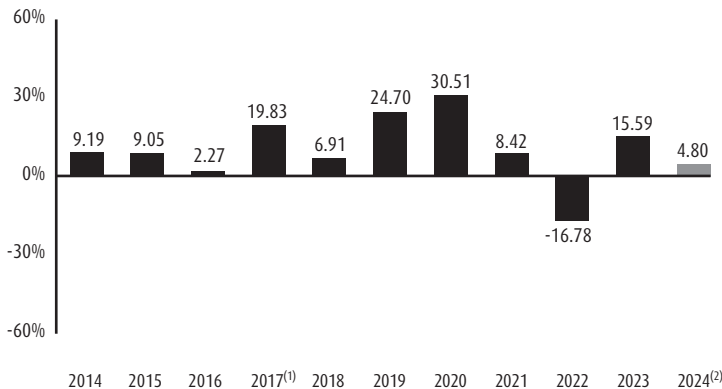
The Portfolio's performance information assumes that all distributions made by the Portfolio in the periods shown were reinvested in additional units of the Portfolio and is based on the net asset value of the Portfolio. The reinvestment of distributions increases returns.

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

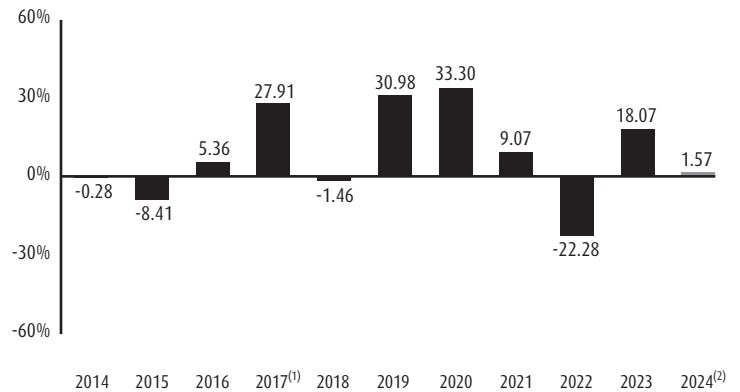
Year-by-Year Returns

The following bar chart shows the performance for each of the financial years shown and for the six-month period ended June 30, 2024, and illustrates how the performance has changed from year to year. The bar chart shows in percentage terms how an investment made on the first day of each financial year would have increased or decreased by the last day of each financial year.

BMO Private U.S. Special Equity Portfolio (C\$)



BMO Private U.S. Special Equity Portfolio (US\$)



⁽¹⁾ On January 16, 2017, the Portfolio's sub-advisor and benchmark were changed. Accordingly, the Portfolio's performance prior to this date would have been different under the current sub-advisor and benchmark.

⁽²⁾ For the six-month period ended June 30, 2024.

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Summary of Investment Portfolio

as at June 30, 2024

Portfolio Allocation	% of Net Asset Value	Top 25 Holdings Issuer	% of Net Asset Value
United States	92.8	BWX Technologies, Inc.	2.6
Canada	3.4	e.l.f. Beauty, Inc.	2.5
Cash/Receivables/Payables	2.3	Encompass Health Corporation	2.4
Israel	1.5	Cash/Receivables/Payables	2.3
Total portfolio allocation	100.0	Freshpet, Inc.	2.2
		Carlyle Group Inc., The,	2.1
		Chemed Corporation	2.1
		Advanced Drainage Systems, Inc.	2.0
		Tyler Technologies, Inc.	1.9
		Brink's Company, The,	1.8
		Axon Enterprise, Inc.	1.8
		Insmed Incorporated	1.8
		Merit Medical Systems, Inc.	1.8
		Lattice Semiconductor Corporation	1.6
		Insulet Corporation	1.6
		NICE Ltd., ADR	1.6
		Acadia Healthcare Company, Inc.	1.6
		Dynatrace, Inc.	1.6
		Everest Group, Ltd.	1.5
		Confluent, Inc., Class A	1.5
		Casella Waste Systems, Inc., Class A	1.5
		SharkNinja, Inc.	1.5
		Lancaster Colony Corporation	1.5
		Pool Corporation	1.5
		Bright Horizons Family Solutions Inc.	1.4
		Top holdings as a percentage of total net asset value	45.7
		Total Net Asset Value	\$597,129,826

The Summary of Investment Portfolio may change due to the Portfolio's ongoing portfolio transactions. Updates are available quarterly.

Manager

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