

# Annual Management Report of Fund Performance

## BMO Private Canadian Money Market Portfolio

For the period ended December 31, 2023

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

### Management Discussion of Fund Performance

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

#### Investment Objective and Strategies

The Portfolio's investment objectives are to provide a high level of interest income and liquidity, and to preserve the capital invested. The Portfolio invests primarily in high-quality, low-risk short-term debt instruments issued by governments and corporations in Canada, such as treasury bills, bankers' acceptances and commercial paper.

To achieve the Portfolio's objectives, the sub-advisor primarily invests in securities rated A-1 (low) or higher at the time of investment by Standard & Poor's Ratings Services (Canada) or R-1 (low) stable or higher at the time of investment by DBRS Limited or the equivalent rating as defined by other designated rating organizations. The Portfolio seeks to maintain a unit price of \$10.00 by crediting income daily and distributing it monthly.

#### Risk

The risks associated with an investment in the Portfolio remain as disclosed in the Portfolio's most recent simplified prospectus or any amendments thereto and fund facts. During the period, there were no changes to the Portfolio's investment objective, strategies or management that materially affected the overall risk level associated with an investment in the Portfolio. The Manager reviewed the Portfolio using the standardized investment risk classification methodology prescribed by National Instrument 81-102 *Investment Funds* and determined on May 18, 2023, that the risk rating of the Portfolio had not changed. The Manager reviews the Portfolio's investment risk level and reference index, if any, at least annually.

#### Results of Operations

Over the 12-month period ended December 31, 2023, the Portfolio returned 5.06%, after expenses. The Portfolio's benchmark is the FTSE Canada 91 Day TBill Index, which generated a 4.71% total return over the same 12-month period.

Central banks continued to increase policy rates during the 12-month period ended December 31, 2023, against a backdrop of resilient economic growth and high inflation. The collapse of SVB Financial Group in the United States negatively impacted the global banking sector, sparking concern about whether a wider financial crisis was brewing, which in turn might lead to a sharper-than-expected market downturn. U.S. and global regulators moved quickly to control the market turbulence generated by SVB Financial Group's collapse.



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Leading global central bankers asserted that they would not back off their steep interest rate increases, pointing to the persistence of inflation while downplaying concerns of a recession. Late in the period, however, money market yields fell modestly as investors became increasingly confident that central bank policy rates had finally reached their peak.

The Bank of Canada (the “BoC”) raised its policy rate three times over the period, by a total of 75 basis points, to 5.00%. Upon raising the policy rate to 4.50% in January 2023, the BoC signalled that it expected to pause interest rate increases at that level to allow time to weigh the impact of cumulative rate increases on the economy. However, in June and July, citing a strong labour market and excess demand in the economy, the BoC raised interest rates twice more. The BoC then paused throughout the second half of 2023, holding its policy rate steady at 5.00% in December for the third consecutive meeting. The three-month Government of Canada Treasury bill yield closed the year at 5.04%, up significantly from 4.30% at the end of 2022.

Rising interest rates led to significantly increased money market yields, which contributed to the Portfolio’s performance. The Portfolio’s shorter average term was also beneficial. An overweight position in commercial paper contributed to performance by providing yield enhancement over Canadian Treasury bills and government securities. The Portfolio continues to have a diversified sector, maturity and issuer structure with the primary objectives of preserving capital and providing a high level of liquidity and interest income.

A supply and demand imbalance within the three-month area of the yield curve detracted from the Portfolio’s performance. Domestic and international investors maintained their strong demand for money market products during the period amid ongoing market volatility. Demand for one-month to three-month terms continued, which anchored that part of the yield curve close to the overnight rate. Commercial paper demand outpaced supply during the period, which was an ongoing headwind for yields. Another notable detractor from performance was the Portfolio’s approximately 10% allocation to seven-day-and-under maturities to meet ongoing liquidity requirements versus the 5% industry requirement.

The sub-advisor added new positions in Canadian Imperial Bank of Commerce (2.97%, 11/07/2023) and The Toronto-Dominion Bank (3.226%, 24/07/2024). These securities offered quality, as well as some term and yield enhancement over traditional bankers’ acceptance notes. The new holdings provided an approximate 13-basis-point and 5-basis-point increase, respectively, over bankers’ acceptance notes.

A new position in Glacier Credit Card Trust (2.28%, 06/06/2024) was also added to the Portfolio. The company operates as a special purpose entity and was formed for the purpose of issuing debt securities to repay existing credit facilities, refinance indebtedness and for acquisitions. This security offered some term and yield enhancement over traditional bankers’ acceptances, with a 28-basis-point increase over bankers’ acceptance notes.

*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

BoC officials have acknowledged that higher interest rates are restraining household spending and that the economy is no longer overheated. However, policymakers have reiterated that if inflation does not continue to move towards the 2% target, they are prepared to raise interest rates again. The BoC released an updated monetary policy report in January 2024 that acknowledged “that monetary policy is working as expected to slow growth and eliminate excess demand pressures on inflation”, and projected that inflation would ease to 2.4% by the end of 2024, and to its 2% target in 2025.

The Portfolio’s term to maturity will be adjusted in response to the sub-advisor’s assessment of the economy and any anticipated changes in interest rates in Canada. Current market volatility and cash flow considerations may keep the Portfolio more conservatively positioned in the near term.

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## Related Party Transactions

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

### *Sub-advisor*

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

### *Buying and Selling Securities*

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

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

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

(each, a “Related Party Transaction”).

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

### *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

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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:

	<b>Period ended Dec. 31, 2023 (\$000s)</b>	<b>Period ended Dec. 31, 2022 (\$000s)</b>
Unitholder Services	340	334

### Management Fee

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

## BMO Private Canadian Money Market Portfolio

### Financial Highlights

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

The Portfolio's Net Assets Per Unit <sup>(1)</sup>		Years ended December 31				
		2023	2022	2021	2020	2019
Net assets, beginning of period	\$	10.00	10.00	10.00	10.00	10.00
<b>Increase (decrease) from operations:</b>						
Total revenue	\$	0.50	0.22	0.03	0.09	0.20
Total expenses <sup>(2)</sup>	\$	(0.00)	(0.01)	(0.01)	(0.01)	(0.01)
Realized gains (losses) for the period	\$	—	—	—	—	—
Unrealized gains (losses) for the period	\$	—	—	—	—	—
<b>Total increase (decrease) from operations <sup>(3)</sup></b>	<b>\$</b>	<b>0.50</b>	<b>0.21</b>	<b>0.02</b>	<b>0.08</b>	<b>0.19</b>
<b>Distributions:</b>						
From income (excluding dividends)	\$	0.50	0.21	0.02	0.08	0.19
From dividends	\$	—	—	—	—	—
From capital gains	\$	—	—	—	—	—
Return of capital	\$	—	—	—	—	—
<b>Total Annual Distributions <sup>(4)</sup></b>	<b>\$</b>	<b>0.50</b>	<b>0.21</b>	<b>0.02</b>	<b>0.08</b>	<b>0.19</b>
<b>Net assets, end of period</b>	<b>\$</b>	<b>10.00</b>	<b>10.00</b>	<b>10.00</b>	<b>10.00</b>	<b>10.00</b>

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

<sup>(2)</sup> Includes commissions and other portfolio transaction costs and withholding taxes.

<sup>(3)</sup> 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.

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

Ratios and Supplemental Data		Years ended December 31				
		2023	2022	2021	2020	2019
Total net asset value (000s) <sup>(1)</sup>	\$	2,262,620	2,084,053	1,343,303	1,533,231	1,465,610
Number of units outstanding (000s) <sup>(1)</sup>		226,262	208,405	134,330	153,323	146,561
Management expense ratio <sup>(2)</sup>	%	0.05	0.05	0.06	0.05	0.05
Management expense ratio before waivers or management absorptions <sup>(2)</sup>	%	0.16	0.16	0.17	0.16	0.16
Trading expense ratio <sup>(3)</sup>	%	—	—	—	—	—
Portfolio turnover rate <sup>(4)</sup>	%	—	—	—	—	—
Net asset value per unit	\$	10.00	10.00	10.00	10.00	10.00

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

<sup>(2)</sup> 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.

<sup>(3)</sup> 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. For all the financial periods listed, no commissions or portfolio transaction costs were incurred by the Portfolio. As a result, the trading expense ratio for each of the periods was zero.

<sup>(4)</sup> 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. The portfolio turnover rate is not applicable to money market funds.

# BMO Private Canadian Money Market Portfolio

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## Past Performance

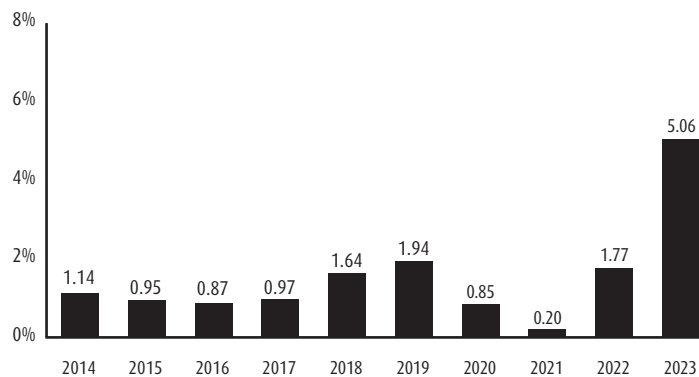
### General

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 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.



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### Summary of Investment Portfolio

as at December 31, 2023

Portfolio Allocation	% of Net Asset Value	Top 25 Holdings Issuer	% of Net Asset Value
Commercial Paper	72.7	First Nations Finance Authority, Commercial Paper,	
Bearer Deposit Notes	11.6	5.136% Jan 11, 2024	0.9
Bankers Acceptances	7.0	Central 1 Credit Union, Commercial Paper,	
Municipal	5.5	5.185% Jan 12, 2024	0.9
Corporate Bonds	2.3	SURE Trust, Commercial Paper, 5.323% Jan 24, 2024	0.9
Asset-Backed Securities	0.4	Royal Bank of Canada, Bankers Acceptances,	
Money Market - Provincial	0.4	5.153% Jan 26, 2024	0.9
Cash/Receivables/Payables	0.1	Zeus Receivables Trust, Commercial Paper,	
<b>Total portfolio allocation</b>	<b>100.0</b>	5.401% Jan 29, 2024	0.9
		Zeus Receivables Trust, Commercial Paper,	
		5.428% Feb 26, 2024	0.9
<b>Top 25 Holdings Issuer</b>	<b>% of Net Asset Value</b>	Banner Trust, Commercial Paper, 5.363% Mar 6, 2024	0.8
First Nations Finance Authority, Commercial Paper,		Bay Street Funding Trust, Commercial Paper,	
5.175% Jan 25, 2024	1.2	5.304% Jan 3, 2024	0.8
Zeus Receivables Trust, Commercial Paper,		Storm King Funding, Commercial Paper, 5.349% Jan 19, 2024	0.8
5.421% Feb 9, 2024	1.2	Plaza Trust, Commercial Paper, 5.375% Jan 19, 2024	0.8
Zeus Receivables Trust, Commercial Paper,		Energir, L.P., Commercial Paper, 5.121% Jan 24, 2024	0.7
5.333% Mar 21, 2024	1.1	Plaza Trust, Commercial Paper, 5.353% Jan 18, 2024	0.7
Bay Street Funding Trust, Commercial Paper,		SOUND Trust, Commercial Paper, 5.325% Feb 5, 2024	0.7
5.347% Feb 5, 2024	1.1	<b>Top holdings as a percentage of total net asset value</b>	<b>23.1</b>
SAFE Trust, Commercial Paper, 5.287% Mar 21, 2024	1.0	<b>Total Net Asset Value</b>	<b>\$2,262,620,156</b>
Inter Pipeline (Corridor) Inc., Commercial Paper,			
5.495% Jan 16, 2024	1.0		
King Street Funding Trust, Commercial Paper,			
5.332% Jan 3, 2024	1.0		
Vancouver City Savings Credit Union,			
Bearer Deposit Notes, 5.162% Mar 11, 2024	1.0		
SAFE Trust, Commercial Paper, 5.281% Feb 21, 2024	1.0		
Toronto Hydro Corporation, Commercial Paper,			
5.110% Jan 5, 2024	1.0		
Inter Pipeline (Corridor) Inc., Commercial Paper,			
5.337% Mar 22, 2024	0.9		
Alectra Inc., Commercial Paper, 5.149% Jan 10, 2024	0.9		

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

**Manager**

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

**Trustee**

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

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For more information please call 1-855-852-1026