

Annual Management Report of Fund Performance

BMO Private Canadian Special Equity Portfolio

For the period ended December 31, 2024

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, 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 BMO Asset Management Inc. ("BMO AM Inc." or the "sub-advisor") as the sub-advisor of BMO Private Canadian Special Equity Portfolio (the "Portfolio").

Investment Objective and Strategies

The Portfolio's investment objective is to provide above average capital growth over the long-term by investing in small and mid sized Canadian companies whose shares are listed on a Canadian stock exchange.

To achieve the Portfolio's objectives, the sub-advisor analyzes each company's financial health (including projected earnings and cash flow), operations, research and development to assess the company's future growth potential, and its management quality.

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 17, 2024 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, 2024, the Portfolio returned 16.06%, after expenses. The Portfolio's benchmark is the S&P/TSX SmallCap Index, which generated an 18.83% total return over the same 12-month period. The S&P/TSX Composite Index returned 21.65% over the same 12-month period.

Small-capitalization equities were up almost 19% during the 12-month period ended December 31, 2024. Small-capitalization equities rebounded on the back of continued monetary easing from the Bank of Canada and the first interest rate cut from the U.S. Federal Reserve Board, which was larger than expected. Higher interest rates, which were a challenge for small-capitalization equities over the last two years, appeared to benefit from the monetary tightening cycle coming to an end. The Financials sector was the best-performing sector, up 28%, with the Materials sector not far behind at up 26% during the period. Precious metals led the way, with gold and silver prices up 29% and 26%, respectively.

An underweight allocation to the Materials sector, as well as stock selection within the sector, detracted from the Portfolio's performance. Within Materials, lower-quality companies tend to outperform in an upward-



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trending market. As the Portfolio is focused on owning the highest-quality defensive assets within mining, this positioning detracted from performance. A position in Lithium Ionic Corp. detracted from the Portfolio's performance as lithium prices collapsed. A lack of exposure to IAMGOLD Corp. also detracted from the Portfolio's performance as the company's stock rose 125%. However, the company does not fit the sub-advisor's investment process of owning the highest-quality companies within the Materials sector.

Security selection within the Industrials, Utilities and Consumer Discretionary sectors contributed to the Portfolio's performance. Top individual contributors to performance were holdings in Zedcor Inc. and Altius Renewable Royalties Corp. Zedcor Inc.'s stock was up 200% during the period on the back of several positive quarters and a successful expansion in the United States where the company saw a 100% utilization rate and over 50% growth in Texas alone. Altius Renewable Royalties Corp.'s stock rose 52%, and the company was acquired. The sub-advisor saw a flurry of small-capitalization companies being acquired due to the value dislocation in the market for smaller companies.

The sub-advisor added a new holding in Zedcor Inc. to the Portfolio. The company is a leading provider of end-to-end asset security and surveillance solutions in North America, offering camera technology that is cheaper and more effective for its end clients. The management team has a great track record growing the company's earnings over the last five years, and the sub-advisor believes that the company's high growth phase should continue for several years as it penetrates the U.S. market.

An existing Portfolio position in Pet Valu Holdings Ltd. was increased as the sub-advisor believes that the company is defensively positioned in a resilient spending category, generating 25–30% return on equity and trading at an attractive valuation. A holding in Dye & Durham Ltd. was eliminated from the Portfolio after strong performance since it was purchased a year ago. A holding in Aya Gold & Silver Inc. was trimmed after the company's share price increased.

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

Volatility in the equity market is likely to continue amid uncertainty related to U.S. president-elect Donald Trump's proposed policies. Small-capitalization equities saw a strong rebound in 2024 but still trade at a historic discount to their large-capitalization counterparts. The Portfolio continues to be focused on high-quality businesses that are better positioned to navigate the macroeconomic volatility.

The sub-advisor believes that the Portfolio should be resilient in a recessionary environment given the focus on higher-quality businesses. Notwithstanding the recent move in the small-capitalization markets, the sub-advisor continues to see compelling opportunities in high-quality growth businesses that they believe should outperform in the medium-to-long term.

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.

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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.

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 Dec. 31, 2024 (\$000s)	Period ended Dec. 31, 2023 (\$000s)
Total Brokerage Commissions	948	652
Brokerage Commissions paid to BMO Nesbitt Burns Inc.	31	14

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.

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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 Dec. 31, 2024 (\$000s)	Period ended Dec. 31, 2023 (\$000s)
Unitholder Services	169	165

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⁾	Years ended December 31				
	2024	2023	2022	2021	2020
Net assets, beginning of period	\$ 86.93	90.23	114.46	97.42	78.13
Increase (decrease) from operations:					
Total revenue	\$ 1.40	1.19	1.01	1.31	0.82
Total expenses ⁽²⁾	\$ (0.27)	(0.21)	(0.20)	(0.17)	(0.19)
Realized gains (losses) for the period	\$ 7.26	2.35	1.78	9.49	2.76
Unrealized gains (losses) for the period	\$ 5.56	(4.64)	(28.63)	13.73	15.29
Total increase (decrease) from operations ⁽³⁾	\$ 13.95	(1.31)	(26.04)	24.36	18.68
Distributions:					
From income (excluding dividends)	\$ 0.19	0.16	0.01	—	—
From dividends	\$ 1.39	1.03	1.42	0.86	0.79
From capital gains	\$ 5.36	1.04	—	6.29	—
Return of capital	\$ 0.01	0.00	0.01	0.01	0.00
Total Annual Distributions ⁽⁴⁾	\$ 6.95	2.23	1.44	7.16	0.79
Net assets, end of period	\$ 93.98	86.93	90.23	114.46	97.42

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

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

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

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

Ratios and Supplemental Data	Years ended December 31				
	2024	2023	2022	2021	2020
Total net asset value (000s) ⁽¹⁾	\$ 481,962	420,747	370,997	621,834	432,732
Number of units outstanding (000s) ⁽¹⁾	5,129	4,840	4,112	5,433	4,442
Management expense ratio ⁽²⁾	0.07	0.08	0.07	0.06	0.08
Management expense ratio before waivers or management absorptions ⁽²⁾	0.18	0.19	0.19	0.17	0.19
Trading expense ratio ⁽³⁾	0.21	0.16	0.13	0.09	0.16
Portfolio turnover rate ⁽⁴⁾	44.40	35.99	27.24	22.83	37.87
Net asset value per unit	\$ 93.98	86.93	90.23	114.46	97.42

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

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

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

⁽⁴⁾ The 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

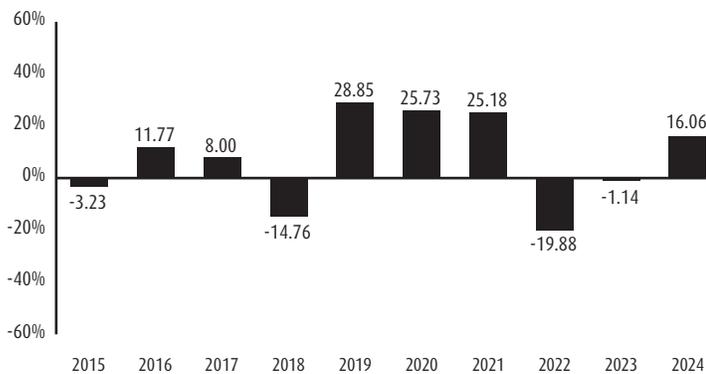
General

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 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.



Annual Compound Returns

This chart compares the historical annual compound returns of the Portfolio with the returns of the S&P/TSX SmallCap Index and the S&P/TSX Composite Index. The S&P/TSX SmallCap Index reflects the stock performance of the small capitalization segment of the Canadian equity market, and the S&P/TSX Composite Index reflects the price movements of a floating list of companies on the Toronto Stock Exchange that meet Standard & Poor's criteria for inclusion in the index.

	1 yr %	3 yrs %	5 yrs %	10 yrs %
BMO Private Canadian Special Equity Portfolio‡	16.06	-2.77	7.67	6.38
S&P/TSX SmallCap Index*	18.83	4.15	8.93	6.01
S&P/TSX Composite Index	21.65	8.58	11.08	8.65

‡ The Portfolio's return is after the deduction of expenses, while the benchmarks do not include any costs of investing.

* The Portfolio's benchmark is the S&P/TSX SmallCap Index. Prior to January 1, 2015, it was the BMO Capital Markets Small Cap Index.

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

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Summary of Investment Portfolio

as at December 31, 2024

Portfolio Allocation	% of Net Asset Value	Top 25 Holdings Issuer	% of Net Asset Value
Materials	21.1	North American Construction Group Ltd.	6.5
Industrials	17.9	Trisura Group Ltd.	5.2
Energy	16.5	Pet Valu Holdings Ltd.	4.1
Financials	13.2	Polaris Renewable Energy Inc.	3.9
Real Estate	7.0	Foran Mining Corporation	3.8
Information Technology	6.1	Andlauer Healthcare Group Inc.	3.7
Health Care	5.3	Zedcor Inc.	3.6
Money Market Investments	4.5	K92 Mining Inc.	3.5
Consumer Discretionary	4.1	goeasy Ltd.	3.2
Utilities	3.9	GDI Integrated Facility Services Inc.	2.9
Cash/Receivables/Payables	0.4	EQB Inc.	2.9
Total portfolio allocation	100.0	Government of Canada, Treasury Bills, 3.295% Mar 12, 2025	2.7
		Docebo Inc.	2.5
		Element Fleet Management Corp.	2.5
		StorageVault Canada Inc.	2.4
		Valeura Energy Inc.	2.4
		TerraVest Industries Inc.	2.3
		Matr Corp.	2.3
		Topaz Energy Corp.	2.2
		Brookfield Business Partners L.P.	2.1
		Propel Holdings Inc.	2.0
		Lumine Group Inc.	2.0
		Cargojet Inc.	1.8
		Colliers International Group Inc.	1.8
		DATA Communications Management Corp.	1.7
		Top holdings as a percentage of total net asset value	74.0
		Total Net Asset Value	\$481,962,235

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

Manager

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