

Annual Management Report of Fund Performance

BMO Private U.S. Equity 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 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 Columbia Management Investment Advisers, LLC (“CMIA”) and Vontobel Asset Management, Inc. (“Vontobel”) as the sub-advisors (each, a “sub-advisor” and collectively, the “sub-advisors”) of BMO Private U.S. Equity Portfolio (the “Portfolio”).

Investment Objective and Strategies

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

The Portfolio utilizes three distinct investment strategies to achieve its investment objectives. As one of the Portfolio's sub-advisors, Vontobel's stock selection process emphasizes a growth-oriented investment approach that focuses on investing in high-quality companies. CMIA, another of the Portfolio's sub-advisors, uses a disciplined quantitative approach to invest in companies whose equity value looks attractive in the context of the company's fundamentals with favourable investor interests. In addition, the Portfolio may invest up to 40% of the Portfolio's assets in securities of exchange traded funds, including exchange traded funds that are managed by one of BPIC's affiliates or associates.

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 23.10% in C\$ (25.77% in US\$), after expenses. The Portfolio's benchmark is the S&P 500 Index, which generated a 23.22% total return in C\$ (26.29% in US\$) over the same 12-month period.

U.S. equity markets were strong during the 12-month period ended December 31, 2023, returning more than 23% (in Canadian-dollar terms). A strong U.S. consumer helped to drive solid economic growth despite concerns that high interest rates and inflation could lead the economy into a recession. Equity markets were narrowly focused, with the Information Technology sector driving much of the gains amid enthusiasm over artificial intelligence (“AI”). Top-performing sectors included Information Technology, Communication



Private Wealth

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Services and Consumer Discretionary. The weakest sector performance came from Utilities, Energy, Consumer Staples and Health Care.

The failure of U.S. regional banks SVB Financial Group and Signature Bank in early March put pressure on nearly all bank stocks to varying degrees during the 12-month period ended December 31, 2023. Geopolitical risks negatively impacted equity markets, particularly Russia's ongoing conflict with Ukraine, the conflict in the Middle East, and U.S. tensions with China. Most global central banks, including the U.S. Federal Reserve Board (the "Fed") raised policy rates in an effort to tame above-target inflation. Many mega-capitalization stocks rebounded early in 2023, after having declined in 2022.

Vontobel Component

The Vontobel component's underweight allocations to the Information Technology and Consumer Staples sectors were the primary detractors from performance, despite stock selection in these two sectors being positive. Within Information Technology, the component did not hold some of the strongest performers in the sector, such as Apple Inc., NVIDIA Corp. and Meta Platforms Inc., which benefitted from investor enthusiasm around AI.

Stock selection within the Financials sector contributed to the component's performance as select holdings benefitted from rising interest rate volatility. The sub-advisor also avoided poorly performing banks. Underweight exposure to the underperforming Energy and Utilities sectors contributed to the component's performance. Stock selection within Industrials also contributed to performance. Top individual contributors to performance included holdings in Adobe Inc. and ServiceNow Inc. Adobe Inc.'s stock advanced along with the Information Technology sector. It also benefitted from strong performance in its software suite. ServiceNow Inc.'s shares rose on better-than-expected earnings growth and a more favourable environment for growth-oriented businesses.

A new position in The Hershey Company was added to the Vontobel component as valuations fell and investors rotated out of more defensive sectors. A new holding in American Tower Corp., a leading cellular tower leasing company, was also added to the component as valuations fell given its inverse sensitivity to interest rates.

An existing holding in The Progressive Corp. was increased. Its share price declined on an increase of loss provisioning in its auto insurance division, but the company has consistently been one of the most conservative and forward-thinking companies in the industry, in the sub-advisor's view. Thermo Fisher Scientific Inc. was also increased. Much of what the company sells leads to recurring transactions given the nature of the business, and recent normalization after a boom during the pandemic created a buying opportunity.

Otis Worldwide Corp. was eliminated after strong stock performance despite some challenges related to the property sector in China. While the region is small relative to the company's total business, the sub-advisor believed that it was appropriate to reallocate the capital. PayPal Holdings Inc. was sold from the Vontobel component to fund other opportunities. Its near-term results are likely to be challenged by a shift in focus by management, and the sub-advisor's confidence in the company's ability to execute has been lowered. Copart Inc., ServiceNow Inc. and Intuitive Surgical Inc. were trimmed after strong stock performance.

CMIA Component

Security selection within Information Technology detracted from the CMIA component's performance, largely as a result of its underweight exposure to select large semiconductor companies. Within the Consumer Discretionary sector, lack of exposure to cruise line operators detracted from the component's performance as these outperformed after a challenging year in 2022. The largest individual detractors from the component's performance included an underweight holding in NVIDIA Corp. and lack of exposure to Tesla Inc. Both stocks significantly outperformed alongside other mega-capitalization stocks with exposure to generative AI. Another notable detractor from performance was a holding in The AES Corp., which was affected by higher interest rates.

Security selection within the Health Care and Communication Services sectors contributed to the component's performance, as did an underweight allocation to Utilities. The largest individual contributors to the component's performance included holdings in Meta Platforms Inc., Adobe Inc. and Alphabet Inc. Meta Platforms Inc.'s stock performed well after the company adjusted its capital expenditure expectations and re-focused on growing advertising revenues within its Facebook and Instagram platforms.

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Adobe Inc. and Alphabet Inc. both benefitted from investor enthusiasm around generative AI after their stocks struggled in 2022.

CMIA added new positions in NXP Semiconductors NV and Veeva Systems Inc. based on their attractive fundamentals and valuations. A new holding in The Charles Schwab Corp. was also added to the component. Despite operating a bank, the company has a more diversified revenue stream than many traditional banking companies. Existing holdings in UnitedHealth Group Inc. and QUALCOMM Inc. were increased based on their attractive valuations. Mastercard Inc. was increased based on its stable growth characteristics.

The component's position in Align Technology Inc. was eliminated in response to its full valuation, while Lowe's Cos. Inc. was sold as a result of deteriorating same-store sales. Microsoft Inc. was trimmed after a period of strong performance. Citizens Financial Group Inc. was trimmed to help fund the purchase of The Charles Schwab Corp.

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

Vontobel Component

Following the strong equity market performance of 2023, Vontobel is monitoring various risks. These include higher interest rates, a less-robust employment market and still-high inflation, which have tilted the balance for consumers and could lead to a slowdown. The sub-advisor also believes that geopolitical issues and a number of elections in 2024, notably the U.S. presidential election, may create uncertainty and increase chances of market volatility.

A small group of mega-capitalization stocks dominated U.S. markets in 2023. The sub-advisor believes that some should experience continued strong growth, despite their current size and success. However, Vontobel is skeptical that this group can drive broad market performance on a long-term basis. Instead, the sub-advisor continues to find opportunities in the Health Care and Consumer Staples sectors that are underappreciated by the market, and which offer

persistent growth rates even in a more uncertain environment. The sub-advisor has also been improving the quality and return potential of the Portfolio across the Consumer Discretionary and Industrials sectors. Within Financials, Vontobel has found potential in exchanges, while in Information Technology, the sub-advisor prefers "blue chip" stocks.

CMIA Component

At period-end, inflation appeared to be cooling and was approaching the Fed's target. However, CMIA believes that consumer spending power and a tight labour market could keep inflation elevated. Into 2024, the sub-advisor continues to focus the component's holdings on fundamentally strong, profitable companies that are attractively valued. Quality also remains an attractive factor within the sub-advisor's models relative to history, and will therefore continue to be emphasized within the CMIA component.

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-advisors

BPIC has hired CMIA and Vontobel to provide investment advice and make investment decisions for the Portfolio's investments. Each sub-advisor receives sub-advisory fees based on assets under management, which are paid quarterly. The sub-advisors are paid by BPIC, and BPIC charges a portion of the sub-advisory fees as an expense to the Portfolio.

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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, 2023 (\$000s)	Period ended Dec. 31, 2022 (\$000s)
Total Brokerage Commissions	372	554
Brokerage Commissions paid to BMO Nesbitt Burns Inc.	19	16

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, 2023 (\$000s)	Period ended Dec. 31, 2022 (\$000s)
Unitholder Services	327	325

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 U.S. Equity 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 ⁽¹⁾	Years ended December 31				
	2023	2022	2021	2020	2019
Net assets, beginning of period	\$ 31.17	35.46	29.44	25.87	23.43
Increase (decrease) from operations:					
Total revenue	\$ 0.43	0.43	0.39	0.39	0.51
Total expenses ⁽²⁾	\$ (0.04)	(0.04)	(0.03)	(0.04)	(0.08)
Realized gains (losses) for the period	\$ 1.69	0.78	2.07	0.56	2.12
Unrealized gains (losses) for the period	\$ 5.13	(4.86)	4.77	2.82	1.78
Total increase (decrease) from operations ⁽³⁾	\$ 7.21	(3.69)	7.20	3.73	4.33
Distributions:					
From income (excluding dividends)	\$ 0.00	0.01	—	—	—
From dividends	\$ 0.42	0.39	0.33	0.37	0.44
From capital gains	\$ —	0.15	0.84	—	1.53
Return of capital	\$ 0.02	0.02	0.00	0.02	0.03
Total Annual Distributions ⁽⁴⁾	\$ 0.44	0.57	1.17	0.39	2.00
Net assets, end of period	\$ 37.93	31.17	35.46	29.44	25.87

⁽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				
	2023	2022	2021	2020	2019
Total net asset value (000s) ⁽¹⁾	\$ 5,731,358	5,241,096	5,768,955	4,329,595	3,972,685
Number of units outstanding (000s) ⁽¹⁾	151,118	168,159	162,670	147,068	153,586
Management expense ratio ⁽²⁾	0.02	0.02	0.02	0.02	0.02
Management expense ratio before waivers or management absorptions ⁽²⁾	0.19	0.19	0.18	0.19	0.17 ⁽⁵⁾
Trading expense ratio ⁽³⁾	0.01	0.01	0.01	0.03	0.05
Portfolio turnover rate ⁽⁴⁾	19.47	27.55	28.10	37.26	81.78
Net asset value per unit	\$ 37.93	31.17	35.46	29.44	25.87

⁽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.

⁽⁵⁾ Corrections were made to 2018 and 2019 figures, which were previously overstated by 0.05% and 0.05%, respectively.

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Past Performance

General

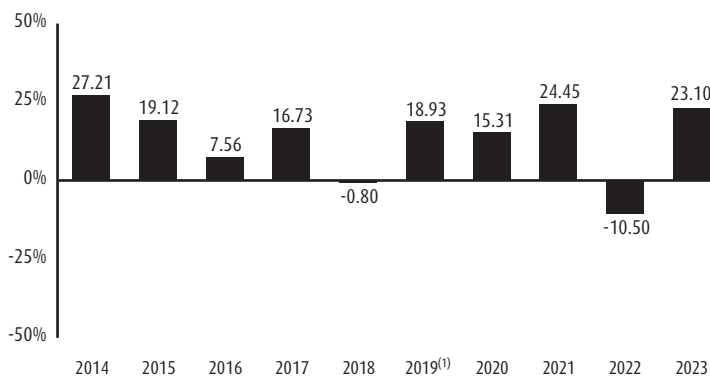
The Portfolio's performance information assumes that all distributions made by the Portfolio in the periods shown were reinvested in additional units of the Portfolio and is based on the net asset value of the Portfolio. The reinvestment of distributions increases returns.

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.

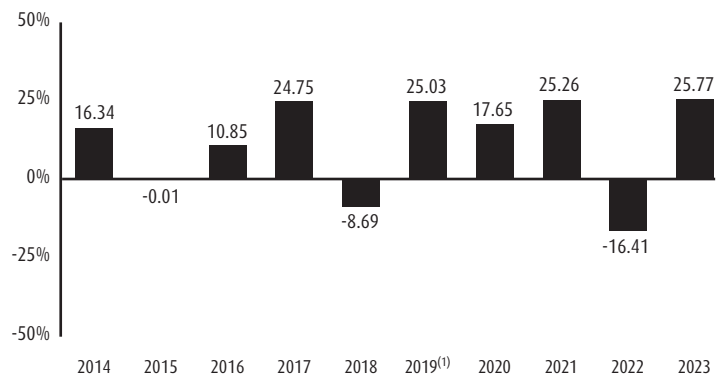
Year-by-Year Returns

The following bar charts show the performance for each of the financial years shown, and illustrate how the performance has changed from year to year. The bar charts show 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. Equity Portfolio (C\$)



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



⁽¹⁾ On July 19, 2019, Vontobel was appointed as an additional sub-advisor for the Portfolio and the Portfolio's investment strategies were changed. Accordingly, the Portfolio's performance prior to this date would have been different under the current two sub-advisors and investment strategies.

Annual Compound Returns

These charts compare the historical annual compound returns of the Portfolio with the S&P 500 Index, which reflects changes in the performance of 500 widely-held U.S. common stocks.

	1 yr %	3 yrs %	5 yrs %	10 yrs %
BMO Private U.S. Equity Portfolio (C\$)††*	23.10	11.10	13.46	13.50
S&P 500 Index (C\$)	23.22	11.28	14.93	14.49
	1 yr %	3 yrs %	5 yrs %	10 yrs %
BMO Private U.S. Equity Portfolio (US\$)††*	25.77	9.61	14.14	11.02
S&P 500 Index (US\$)	26.29	10.00	15.69	12.03

† The Portfolio's return is after the deduction of expenses, while the benchmark does not include any costs of investing.

† On July 19, 2019, an additional Portfolio sub-advisor was appointed and the Portfolio's investment strategies were changed.

* On December 16, 2021, CMIA replaced BMO Asset Management Corp. as sub-advisor of the Portfolio.

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.

BMO Private U.S. Equity Portfolio

Summary of Investment Portfolio

as at December 31, 2023

Portfolio Allocation	% of Net Asset Value	Top 25 Holdings Issuer	% of Net Asset Value
U.S. Equity Fund	33.4	BMO S&P 500 Index ETF, Listed USD Units ⁺	33.4
Information Technology	16.5	Microsoft Corporation	4.3
Health Care	10.7	Alphabet Inc.	3.3
Financials	10.3	Amazon.com, Inc.	2.9
Consumer Staples	7.4	Apple Inc.	2.1
Consumer Discretionary	6.4	UnitedHealth Group Incorporated	2.0
Communication Services	5.5	Adobe Inc.	1.9
Industrials	4.7	Mastercard Incorporated, Class A	1.7
Energy	1.5	Intercontinental Exchange, Inc.	1.5
Materials	1.4	Mondelez International, Inc., Class A	1.4
Cash/Receivables/Payables	1.3	Coca-Cola Company, The,	1.4
Real Estate	0.6	Cash/Receivables/Payables	1.3
Utilities	0.3	Walmart Inc.	1.3
Total portfolio allocation	100.0	CME Group Inc., Class A	1.2
		Visa Inc., Class A	1.2
		Meta Platforms Inc., Class A	1.1
		Thermo Fisher Scientific Inc.	1.1
		Abbott Laboratories	1.1
		Intuit Inc.	1.1
		Boston Scientific Corporation	1.1
		RB Global Inc.	1.0
		PepsiCo, Inc.	1.0
		Casey's General Stores, Inc.	1.0
		NVIDIA Corporation	0.9
		Becton, Dickinson and Company	0.8
		Top holdings as a percentage of total net asset value	71.1
		Total Net Asset Value	\$5,731,358,206

⁺ The prospectus and other information about the underlying exchange traded fund(s) held in the Portfolio are available at www.sedarplus.ca and www.bmo.com/etflegal.

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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www.bmo.com/privatewealth/
For more information please call 1-855-852-1026