

Annual Management Report of Fund Performance

BMO Private Canadian Income 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 BMO Asset Management Inc. (“BMO AM Inc.” or the “sub-advisor”) as the sub-advisor of BMO Private Canadian Income Equity Portfolio (the “Portfolio”).

Investment Objective and Strategies

The Portfolio's investment objective is to provide a higher than average income stream primarily from income, royalties and distributions or dividends of equity securities of Canadian issuers.

To achieve the Portfolio's objectives, the sub-advisor primarily employs bottom-up security selection for its holdings that is based on quantitative and traditional fundamental analyses, including assessment of the company's projected earnings growth, quality of management, and identification of reasonable stock price valuations relative to other companies in the same industry.

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 7.44%, after expenses. The Portfolio's benchmark is the S&P/TSX Composite Dividend Index, which generated a 9.63% total return over the same 12-month period.

Canadian equities were volatile over the period. The S&P/TSX Composite Index traded largely range-bound in the first quarter of 2023. The subsequent interest in artificial intelligence proved less helpful for the Canadian market compared to the U.S. market because of its lack of exposure to technology companies. Financials also contributed to this volatility as Canadian banks suffered from the instability caused by Silicon Valley Bank. The S&P/TSX Composite Index gained over the period, led by the Financials, Information Technology and Industrials sectors.

Stock selection within the Financials, Utilities and Materials sectors detracted from the Portfolio's performance. Underweight exposure to the Information Technology sector also detracted from the Portfolio's performance as investors favoured durable growth



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companies and those exposed to artificial intelligence. The Portfolio's position in Northland Power Inc. detracted from performance. Its stock was weaker amid rising project costs and lower investment returns associated with its development program. The company also faced negative sentiment around Utilities stocks, which are sensitive to interest rates. A holding in Franco-Nevada Corp. also detracted from performance following the shutdown of a key Panamanian mine on which it collects a royalty stream. A position in Allied Properties REIT was another detractor from the Portfolio's performance. Its stock price was affected by poor investor sentiment towards office fundamentals, the higher interest rate sensitivity of Real Estate and its business model.

Stock selection within the Consumer Staples, Consumer Discretionary and Communication Services sectors contributed to the Portfolio's performance. From a sector allocation perspective, underweight positions in the Energy and Materials sectors contributed to performance as investors grew more concerned about the impact of a possible global recession on commodity demand. An overweight allocation to the Industrials sector also contributed to the Portfolio's performance. Top individual contributors to the Portfolio's performance included positions in WSP Global Inc., Brookfield Corp. and Element Fleet Management Corp. WSP Global Inc. was rewarded for making progress on its growth strategy, completing acquisitions and posting good results in an uncertain economic environment. Brookfield Corp. benefitted from the decline in government bond yields in the back half of the year and continued interest in alternative assets. Element Fleet Management Corp.'s stock appreciated as a result of strong business execution, new customer wins and the ongoing normalization of the auto supply chain.

The sub-advisor added a new holding in Canadian Natural Resources Ltd., a leading energy producer in Canada. It was added based on the company's portfolio of long-life, low-decline oil reserves, its low-cost producer status, its capital allocation discipline and its strong, consistent history of dividend growth through the commodity cycle. A new position in Tourmaline Oil Corp., a leading natural gas producer, was also added to the Portfolio. It was introduced on the strength of its production footprint in leading basins in Western Canada, its low-cost status, balance sheet strength and history of unlocking value for shareholders. The sub-advisor also added Restaurant Brands International Inc.

based on its generation of high levels of free cash. The company appears well positioned to generate attractive returns based on a reinvigorated business strategy, a change in leadership and an enhanced capital return profile.

Allied Properties REIT was eliminated from the Portfolio given the poor outlook for office space on the back of weaker demand and new supply coming to the market. A holding in Algonquin Power & Utilities Corp. was sold based on the sub-advisor's view that global economic conditions would continue to weigh on the company's stock. In addition, the sub-advisor's confidence level in the company's management team has diminished.

The Portfolio's positions in Dollarama Inc., Manulife Financial Corp. and The Bank of Nova Scotia were trimmed to reduce risk as pricing strength led to better risk/reward opportunities.

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

December 2023 marked a change in messaging from the U.S. Federal Reserve Board, as it signalled that interest rate decreases are in its outlook for 2024. This drove bond yields sharply lower and is expected to be supportive of higher-risk assets and equities.

The sub-advisor believes that the equity market is likely to remain volatile as investors work to determine the ultimate paths of the real economy, inflation, interest rates, credit and earnings.

Dividend and dividend-growth strategies have underperformed on a relative basis throughout this round of policy rate increases by major central banks. However, as yield expectations taper, the sub-advisor believes that dividend-paying and growing stocks should come back into focus for investors.

The Portfolio continues to focus on investing in high-quality, sustainable businesses with safe and growing dividend streams that the sub-advisor believes will be attractive to investors as interest rates ease.

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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.

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	351	250
Brokerage Commissions paid to BMO Nesbitt Burns Inc.	38	2

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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 Dec. 31, 2023 (\$000s)	Period ended Dec. 31, 2022 (\$000s)
Unitholder Services	229	225

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 Income 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	\$	11.42	12.25	10.02	10.37	8.71
Increase (decrease) from operations:						
Total revenue	\$	0.38	0.33	0.31	0.30	0.29
Total expenses ⁽²⁾	\$	(0.01)	(0.00)	(0.01)	(0.00)	(0.00)
Realized gains (losses) for the period	\$	0.03	0.29	0.14	(0.31)	0.08
Unrealized gains (losses) for the period	\$	0.43	(1.10)	2.08	0.04	1.57
Total increase (decrease) from operations ⁽³⁾	\$	0.83	(0.48)	2.52	0.03	1.94
Distributions:						
From income (excluding dividends)	\$	0.02	0.00	0.00	—	—
From dividends	\$	0.35	0.33	0.30	0.30	0.29
From capital gains	\$	—	—	—	—	—
Return of capital	\$	0.00	0.00	0.00	0.00	0.00
Total Annual Distributions ⁽⁴⁾	\$	0.37	0.33	0.30	0.30	0.29
Net assets, end of period	\$	11.88	11.42	12.25	10.02	10.37

⁽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⁾	\$	2,935,100	2,771,278	3,083,116	2,413,094	2,271,621
Number of units outstanding (000s) ⁽¹⁾		247,089	242,641	251,730	240,751	219,037
Management expense ratio ⁽²⁾	%	0.02	0.02	0.02	0.02	0.02
Management expense ratio before waivers or management absorptions ⁽²⁾	%	0.13	0.13	0.13	0.13	0.13
Trading expense ratio ⁽³⁾	%	0.01	0.01	0.01	0.02	0.01
Portfolio turnover rate ⁽⁴⁾	%	5.37	2.82	5.89	6.11	7.72
Net asset value per unit	\$	11.88	11.42	12.25	10.02	10.37

⁽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

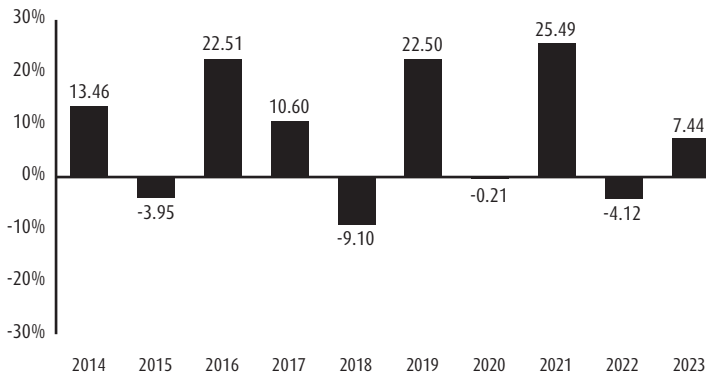
General

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 S&P/TSX Composite Dividend Index and the S&P/TSX Composite Index. The S&P/TSX Composite Dividend Index aims to provide a broad-based benchmark of Canadian dividend-paying stocks. The index includes all stocks in the S&P/TSX Composite with positive annual dividend yields as of the latest rebalancing of the S&P/TSX Composite Index. 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 Income Equity Portfolio‡	7.44	8.94	9.59	7.81
S&P/TSX Composite Dividend Index*	9.63	11.87	11.49	7.74
S&P/TSX Composite Index*	11.75	9.59	11.30	7.62

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

* The Portfolio's benchmark is the S&P/TSX Composite Dividend Index. Prior to January 1, 2018, it was the S&P/TSX Composite Index. The S&P/TSX Composite Index continues to be disclosed because it is an appropriate broad-based market index to compare the Portfolio's performance against.

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, 2023

Portfolio Allocation	% of Net Asset Value	Top 25 Holdings Issuer	% of Net Asset Value
Financials	34.3	Royal Bank of Canada	8.6
Industrials	21.9	Toronto-Dominion Bank, The,	7.5
Energy	12.1	Brookfield Corporation, Class A	6.0
Utilities	6.9	Waste Connections, Inc.	4.9
Materials	6.0	Canadian National Railway Company	4.6
Consumer Discretionary	4.8	Canadian Pacific Kansas City Limited	4.0
Consumer Staples	4.6	Intact Financial Corporation	3.8
Communication Services	4.1	Bank of Nova Scotia, The,	3.7
Real Estate	2.7	Enbridge Inc.	3.7
Money Market Investments	1.2	Alimentation Couche-Tard Inc.	3.6
Information Technology	1.1	WSP Global Inc.	3.6
Cash/Receivables/Payables	0.3	Brookfield Infrastructure Partners L.P.	3.5
Total portfolio allocation	100.0	Dollarama Inc.	3.5
		Canadian Natural Resources Limited	3.0
		Rogers Communications Inc., Class B	2.9
		Element Fleet Management Corp.	2.7
		Franco-Nevada Corporation	2.2
		TC Energy Corporation	2.2
		Nutrien Ltd.	2.2
		Thomson Reuters Corporation	2.1
		Fortis Inc.	2.1
		Manulife Financial Corporation	1.7
		CCL Industries Inc., Class B	1.6
		iA Financial Corporation Inc.	1.5
		Pembina Pipeline Corporation	1.5
		Top holdings as a percentage of total net asset value	86.7
		Total Net Asset Value	\$2,935,100,349

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

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