

Annual Management Report of Fund Performance

BMO Private Canadian Core 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 Core Equity Portfolio (the “Portfolio”).

The Portfolio utilizes two distinct investment strategies (managed by different portfolio management teams of BMO AM Inc.) to achieve its investment objectives. The Quantitative Investments team uses a quantitative framework to incorporate fundamental insights, as it believes that fundamentally strong, attractively valued companies with growing investor interest will outperform over the long run. The Fundamental Equity team believes in identifying high-quality, under-followed companies with high growth potential which, when combined with a disciplined portfolio construction methodology and a unique risk management approach, will lead to superior performance over the long term.

Investment Objective and Strategies

The Portfolio's investment objective is to provide long-term capital appreciation through investing primarily in equity securities of large 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 11.67%, after expenses. The Portfolio's benchmark is the S&P/TSX Composite Index (the “S&P/TSX”), which generated a 11.75% total return over the same 12-month period.

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Canadian equities were volatile over the period. The S&P/TSX 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 gained over the period, led by the Financials, Information Technology and Industrials sectors.

Fundamental Equity Component

Security selection within the Industrials and Consumer Discretionary sectors detracted from the Fundamental Equity component's performance. Lack of exposure to life insurance companies was a detractor from the component's performance as they outperformed the market. Underweight exposure to higher-volatility stocks also detracted from the component's performance. A holding in TELUS International (CDA) Inc. detracted from performance. Its shares were negatively affected by a reduced outlook for revenue and profitability as the result of a significant drop in sales from a key customer and a general slowdown in consolidated sales amid macroeconomic uncertainty. Pet Valu Holdings Ltd. was another detractor from performance amid investor concerns about the company making growth investments that temporarily impacted profitability. At the same time, macroeconomic uncertainty negatively affected discretionary sales, and a new online competitor entered the Canadian market. Boralex Inc. detracted from the component's performance as it was negatively impacted by higher interest rates and concerns around funding long-term growth initiatives.

Stock selection within the Energy sector contributed to the component's performance, as did underweight allocations to Energy, Materials and Communication Services sectors. Top individual contributors to the component's performance included Constellation Software Inc., Cameco Corp. and Colliers International Group Inc. Constellation Software Inc. continued to execute well on its acquisition growth strategy, while Cameco Corp. benefitted from a sharp rise in the price of uranium and its acquisition of Westinghouse Electric Co. After experiencing much volatility throughout the year, Colliers International Group Inc.'s stock price rebounded in the fourth quarter of 2023 as interest rates fell and Real Estate sector sentiment improved.

The sub-advisor added a new holding in ARC Resources Ltd. to the Fundamental Equity component based on the company's conservative management and consistent execution on past projects and acquisitions. The company is engaged in an organic growth project that should come online in 2025, which the sub-advisor believes should drive a significant increase in free cash flow per share. Longer-term growth in production and significant return of capital potential, combined with an attractive valuation, made the stock attractive, in the sub-advisor's view. An existing holding in Colliers International Group Inc. was increased. The company has growing exposure to recurring revenue businesses that improve the predictability of the overall business while also providing attractive long-term growth opportunities.

Tricon Residential Inc. was eliminated from the component as its profitability and growth potential had been negatively impacted by higher interest rates. Most of the proceeds from the sale were directed into Colliers International Group Inc., which is relatively less dependent on interest rates. Canadian Natural Resources Ltd. was trimmed after strong performance to help fund the purchase of ARC Resources Ltd.

Quantitative Investments Component

Security selection in the Financials and Utilities sectors detracted from the Quantitative Investments component's performance. The largest individual detractors from performance included Northland Power Inc. and The Toronto-Dominion Bank. Northland Power Inc.'s stock declined as investors were concerned about the financing and execution risks of its long-term offshore wind projects against a backdrop of rising interest rates, supply chain issues and cost inflation. The Toronto-Dominion Bank reported higher-than-expected loan loss provisions and faced U.S. anti-money laundering issues. Given regulatory uncertainties, the company also stepped back from its First Horizon National Corp. deal and deployed significant capital on share buybacks instead.

Security selection within the Energy, Materials and Industrials sectors contributed to the component's performance. Top individual contributors to performance included holdings in Cameco Corp., Stantec Inc. and Russel Metals Inc. Cameco Corp. outperformed on the resurgence of nuclear power generation for energy security and energy transition, its Westinghouse Electric Co acquisition and a positive

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update on its tax dispute. Stantec Inc. and Russel Metals Inc. outperformed as the North American industrial recovery brought upward earnings revisions to the businesses. Eliminating the component's position in First Quantum Minerals Ltd. at a 5.8% profit instead of holding it to a 61.4% loss also contributed to performance.

The sub-advisor added a new holding in Quebecor Inc. to the Quantitative Investments component. The company is growing from a major cable and wireless operator in Quebec to a national telecommunications operator after its Freedom Mobile acquisition doubled its mobile subscriber base. The sub-advisor is optimistic about the likelihood of the company's successful national expansion given the scope of its acquired assets, enhanced network access, and the CRTC wireless mobile virtual network operator framework.

An existing position in Stantec Inc. was increased. The company receives more than 50% of its revenue from the United States, where activity levels are improving. It has improved its margins and has further potential as higher activity helps to raise utilization and earnings.

A holding in Brookfield Asset Management Inc. was eliminated in favour of Brookfield Corp. While Brookfield Asset Management Inc. offers asset-light portfolio services with an attractive income, the sub-advisor believes that Brookfield Corp. is the better investment opportunity with complete capital allocation tools. The component's position in Franco-Nevada Corp. was trimmed as its stock trades at a significant premium to the sector. The sub-advisor views precious metals senior producers as more attractive given the elevated gold price and easing inflationary pressures.

A holding in First Quantum Minerals Ltd., a global copper producer, was sold based on environmental, social and governance ("ESG") concerns. The company's Cobre Panama mine accounted for over half of its net asset value, and it needs government approval to renew its mining contract. However, resentment over the foreign control over the Panama Canal, insufficient benefits accruing to the local communities through tax avoidance strategies, and the environmental impacts in the biodiverse Mesoamerican Biological Corridor led to protests calling for the nationalization of this highly profitable mine. The sub-advisor was disappointed that

the company downplayed the political process while hesitating to implement industry best practices for human rights. As the sub-advisor became concerned about geopolitical risks, the holding was exited prior to the stock declining by approximately 50% in three days from October 30 to November 1 on the legal battle over its Cobre Panama contract.

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

Fundamental Equity Component

The sub-advisor believes that the outlook for Canadian equities has improved, but that investors should be selective as the overall economic outlook remains uncertain. The equity market rebound near the end of the period was largely driven by the U.S. Federal Reserve Board's potential shift toward lower interest rates in 2024. This increased the probability of bringing down inflation while avoiding a deep recession, which encouraged broad-based risk-taking by investors. While valuations became relatively less attractive than they were before the rebound, the sub-advisor believes that there are opportunities for further gains in certain areas of the market. These are the areas where the sub-advisor has been concentrating the component's exposure, seeking high-quality companies with the strongest long-term fundamentals.

Quantitative Investments Component

Financial markets have started 2024 with expectations of falling interest rates and moderating inflation, without triggering a deep recession. While the sub-advisor has a positive view on business fundamentals, the market is pricing in interest rate decreases that the sub-advisor believes are too optimistic for central banks to take. Focusing on quality rather than speculating on highly indebted stocks should deliver better risk-adjusted returns, in the sub-advisor's view.

As such, the sub-advisor is focused on companies with high-quality earnings, attractive valuations and growing investor interest with tight control of volatility and downside risk. The sub-advisor believes that this diversified investment approach should add value throughout the complete market cycle.

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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	422	480
Brokerage Commissions paid to BMO Nesbitt Burns Inc.	43	53

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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	162	164

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				
		2023	2022	2021	2020	2019
Net assets, beginning of period	\$	20.08	22.23	18.88	19.72	16.58
Increase (decrease) from operations:						
Total revenue	\$	0.63	0.55	0.50	0.54	0.47
Total expenses ⁽²⁾	\$	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
Realized gains (losses) for the period	\$	0.63	0.76	2.24	(0.39)	0.35
Unrealized gains (losses) for the period	\$	1.07	(2.89)	2.10	(0.35)	2.73
Total increase (decrease) from operations ⁽³⁾	\$	2.32	(1.59)	4.83	(0.21)	3.54
Distributions:						
From income (excluding dividends)	\$	0.01	—	0.00	—	—
From dividends	\$	0.64	0.58	0.54	0.51	0.43
From capital gains	\$	0.19	0.02	0.91	—	—
Return of capital	\$	0.00	0.00	0.01	0.00	0.00
Total Annual Distributions ⁽⁴⁾	\$	0.84	0.60	1.46	0.51	0.43
Net assets, end of period	\$	21.58	20.08	22.23	18.88	19.72

⁽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⁾	\$	1,239,985	1,168,348	1,456,686	1,140,572	1,080,765
Number of units outstanding (000s) ⁽¹⁾		57,464	58,177	65,536	60,403	54,795
Management expense ratio ⁽²⁾	%	0.03	0.03	0.02	0.03	0.03
Management expense ratio before waivers or management absorptions ⁽²⁾	%	0.14	0.14	0.13	0.14	0.14
Trading expense ratio ⁽³⁾	%	0.04	0.04	0.04	0.03	0.02
Portfolio turnover rate ⁽⁴⁾	%	28.96	28.24	53.49	22.13	19.30
Net asset value per unit	\$	21.58	20.08	22.23	18.88	19.72

⁽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

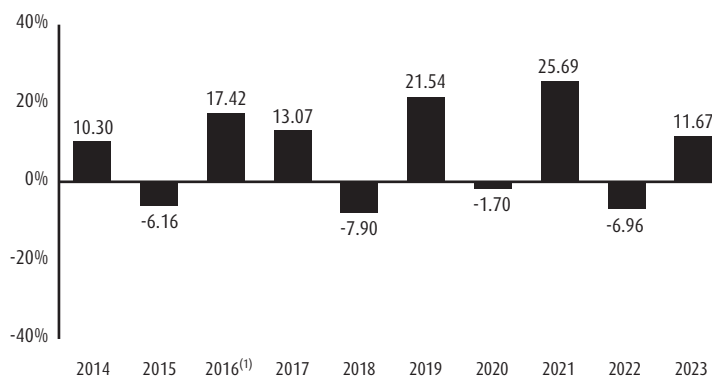
General

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.



⁽¹⁾ On July 8, 2016, BMO Private Canadian Growth Equity Portfolio merged into the Portfolio, which changed its name to BMO Private Canadian Core Equity Portfolio at the time of the merger.

Annual Compound Returns

This chart compares the historical annual compound returns of the Portfolio with the S&P/TSX. The S&P/TSX 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 Core Equity Portfolio ^{‡*}	11.67	9.30	9.30	7.04
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.

* On July 8, 2016, BMO Private Canadian Growth Equity Portfolio merged into the Portfolio, which changed its name to BMO Private Canadian Core Equity Portfolio at the time of the merger.

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	29.9	Royal Bank of Canada	7.9
Industrials	15.7	Toronto-Dominion Bank, The,	6.6
Energy	15.2	Canadian Pacific Kansas City Limited	4.6
Materials	10.0	Shopify Inc., Class A	4.3
Information Technology	9.5	Canadian Natural Resources Limited	4.1
Utilities	4.1	Constellation Software Inc.	3.6
Consumer Staples	3.9	Brookfield Corporation, Class A	2.8
Consumer Discretionary	3.8	Agnico Eagle Mines Limited	2.8
Communication Services	3.6	Waste Connections, Inc.	2.7
Real Estate	2.2	Intact Financial Corporation	2.6
Cash/Receivables/Payables	1.0	Bank of Nova Scotia, The,	2.2
Health Care	0.7	Alimentation Couche-Tard Inc.	2.1
Money Market Investments	0.4	Element Fleet Management Corp.	1.9
Total portfolio allocation	100.0	Brookfield Infrastructure Partners L.P.	1.9
		TELUS Corporation	1.8
		Cameco Corporation	1.6
		Dollarama Inc.	1.5
		Franco-Nevada Corporation	1.5
		Pembina Pipeline Corporation	1.5
		Teck Resources Limited, Class B	1.4
		Enbridge Inc.	1.4
		Suncor Energy Inc.	1.3
		Bank of Montreal	1.3
		Canadian National Railway Company	1.2
		WSP Global Inc.	1.2
		Top holdings as a percentage of total net asset value	65.8
		Total Net Asset Value	\$1,239,984,626

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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This document may contain forward-looking statements relating to anticipated future events, results, circumstances, performance or expectations that are not historical facts but instead represent our beliefs regarding future events. By their nature, forward-looking statements require us to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that predictions and other forward-looking statements will not prove to be accurate. We caution readers of this document not to place undue reliance on our forward-looking statements as a number of factors could cause actual future results, conditions, actions or events to differ materially from the targets, expectations, estimates or intentions expressed or implied in the forward-looking statements. Actual results may differ materially from management expectations as projected in such forward-looking statements for a variety of reasons, including but not limited to market and general economic conditions, interest rates, regulatory and statutory developments, the effects of competition in the geographic and business areas in which the Portfolio may invest and the risks detailed from time to time in the simplified prospectus of the BMO Private Portfolios. We caution that the foregoing list of factors is not exhaustive and that when relying on forward-looking statements to make decisions with respect to investing in the Portfolio, investors and others should carefully consider these factors, as well as other uncertainties and potential events, and the inherent uncertainty of forward-looking statements. Due to the potential impact of these factors, BMO Private Investment Counsel Inc. does not undertake, and specifically disclaims, any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless required by applicable law.

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