

# Annual Management Report of Fund Performance

## BMO Private Emerging Markets 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 [contact.centre@bmo.com](mailto: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/](http://www.bmo.com/privatewealth/regulatory-documents/bpic/) or SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca). You may also contact us using one of these methods to request a copy of the Portfolio's interim financial report, proxy voting policies and procedures, proxy voting disclosure record and/or quarterly portfolio disclosure.

## Management Discussion of Fund Performance

*BMO Private Investment Counsel Inc. (“BPIC” or the “Manager”), the manager and portfolio manager, is responsible for the management of the overall business, investments and operations of the BMO Private Portfolios and has engaged ARGA Investment Management, LP (“ARGA”) and Columbia Management Investment Advisers, LLC (“CMIA”) as the sub-advisors (each, a “sub-advisor” and collectively, the “sub-advisors”) of BMO Private Emerging Markets Equity Portfolio (the “Portfolio”).*

### Investment Objective and Strategies

The Portfolio's investment objective is to achieve long-term growth through capital appreciation by primarily investing in securities of companies in emerging markets or companies with a connection to emerging markets.

To achieve the Portfolio's objectives, the portfolio manager and the sub-advisors primarily employ bottom-up security selection to select attractively priced companies that show exceptional characteristics with strong competitive positions that are likely to appreciate steadily over the long-term. This process is based on quantitative and traditional fundamental analyses that consider the company's balance sheet and earnings as well as the quality of the company's management.

### 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 changed from “Medium to High” to “Medium”. 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 17.40% in C\$ (8.23% in US\$), after expenses. The Portfolio's benchmark is the MSCI Emerging Markets Index, which generated a 17.26% total return in C\$ (7.50% in US\$) over the same 12-month period.

Emerging markets equities generated a positive return overall for the 12-month period ended December 31, 2024, outpacing many international developed markets, but lagging the United States. Positive sentiment was a result of strong performance of the Information Technology sector given investor optimism around artificial intelligence (“AI”), a recovery in Chinese equities and some central banks



## BMO Private Emerging Markets Equity Portfolio

---

lowering interest rates. Emerging markets equities declined late in the year following Donald Trump's victory in the U.S. presidential election and amid concerns around tariffs, particularly in China and Mexico.

China's equity market was among the top performers after it announced a stimulus package including monetary easing and supportive policies targeting the property sector. Taiwanese equities were strong, led by Information Technology sector stocks. South Korean equities underperformed, dragged down by lower car exports as wage negotiations disrupted production. The Indian equity market rose amid encouraging economic data and strong industrial production.

In Latin America, Brazilian equities declined amid falling oil prices, concerns about the fiscal deficit and questions around continued monetary easing in the face of high inflation. Mexican equities lagged amid uncertainty related to policy direction following the landslide victory for the governing Morena party's candidate, Claudia Sheinbaum.

### *CMIA Component*

Sector allocation and stock selection in the Materials, Information Technology and Consumer Staples sectors contributed to the CMIA component's performance. Stock selection in Taiwan, South Korea and China contributed to performance, as did a slight underweight allocation to South Korea. Top individual contributors to the component's performance included holdings in Trip.com Group Ltd., Eastroc Beverage Group Co. Ltd. and Max Healthcare Institute Ltd. Trip.com Group Ltd.'s shares rose amid positive sentiment in China and rising travel bookings. Eastroc Beverage Group Co. Ltd. benefitted from its shift to a more diversified beverages model. Max Healthcare Institute Ltd. benefitted from its concentrated cluster-based approach, industry-high margins and operational efficiency.

Allocations to the Financials and Utilities sectors detracted from the CMIA component's performance, as did security selection in the Financials sector. Selection within India and Hong Kong and an overweight allocation to Ireland detracted from performance. Individual detractors from the component's performance included holdings in Indusind Bank Ltd., Samsung Electronics Co. Ltd. and PDD Holdings Inc. Indusind Bank Ltd. was affected by weak net interest margins and earnings, a deterioration

in asset quality and high credit costs. Samsung Electronics Co. Ltd. was negatively impacted by waning optimism around AI and geopolitical concerns, and underwhelming results from major semiconductor players. PDD Holdings Inc. reported lacklustre revenue from sluggish consumption and increased competition.

The sub-advisor added to the CMIA component a new holding in Meituan because the company platform's food delivery should benefit if China's economy recovers. A position in Xiaomi Corp. was purchased based on the sub-advisor's strong earnings outlook for the company. A holding in Bharti Airtel Ltd. was also added to the component as the company should benefit from infrastructure investment, rising wealth creation and markets share gains.

An existing CMIA component position in Tencent Holdings Ltd. was increased based on a positive view of the gaming industry and recovering advertising revenues. A component holding in MercadoLibre Inc. was increased given its dominant position, with declining costs and higher advertising penetration. A holding in SK Hynix Inc. was also increased as the company benefits from increasing high bandwidth memory demand from AI.

A position in Localiza Rent a Car SA was eliminated from the component based on concerns over higher depreciation costs given a slowing auto market. A holding in Baidu Inc. was sold amid uncertainties in the macroeconomic environment. A component holding in Larsen & Toubro Ltd. was eliminated due to slowing growth in new orders. CMIA component holdings in Samsung Electronics Co. Ltd., ICICI Bank Ltd. and PDD Holdings Inc. were trimmed.

### *ARGA Component*

Security selection contributed to the ARGA component's performance, as did an overweight exposure to China. Allocation to the Materials sector also contributed to performance as the outlook for Chinese chemical company holdings improved. Top individual contributors to the component's performance were holdings in Trip.com Group Ltd., Gree Electric Appliances Inc. of Zhuhai and Sunny Optical Technology Group Co. Ltd. Trip.com Group Ltd. benefitted from a recovery in Chinese outbound travel. Gree Electric Appliances Inc. of Zhuhai benefitted from rising air conditioning penetration

## BMO Private Emerging Markets Equity Portfolio

---

rates, which supported its revenue growth. Sunny Optical Technology Group Co. Ltd. saw its fundamentals recover on improved smartphone shipments.

Security selection also detracted from the ARGA component's performance, particularly in the Information Technology sector. Exposure to Brazil also detracted from performance amid high interest rates in Brazil and a challenging consumer environment. The largest individual detractors from the component's performance were holdings in Banco Bradesco SA and Sendas Distribuidora SA and an underweight position in Taiwan Semiconductor Manufacturing Co. Ltd. ("TSMC"). Banco Bradesco SA lost ground amid concerns over weak profitability resulting from high credit losses and weak net interest margins. Sendas Distribuidora SA experienced earnings pressures as a result of elevated financing costs, food price deflation and above-average store openings. TSMC continued to execute well and widen its leadership position in logic nodes.

A position in HDFC Bank Ltd. was added to the ARGA component. The sub-advisor believes that the bank is well positioned to capitalize on the growth opportunity in under-penetrated Indian retail banking through branch expansion and cross-selling. A new holding in Yageo Corp. was added to the component as ARGA forecasts sales growth of 6% for the company, driven by higher multilayer ceramic capacitors in electric vehicles and cyclical auto demand recovery. A holding in Beijing New Building Materials PLC was added to the component based on the company's new waterproofing business, for which the sub-advisor forecasts a 4% normalized revenue growth.

An existing component position in Credicorp Ltd., Peru's leading financial institution, was increased based on the company's leading market position and strong balance sheet. These elements should allow the company to weather the sub-advisor's forecast of 9.5 billion Peruvian sol in credit costs for 2024-2025. An ARGA component position in Tencent Holdings Ltd. was increased based on the sub-advisor's anticipation of increased free cash flow for the company. A position in Banco Bradesco SA was increased as the company's share price declined. The sub-advisor forecasts improved asset quality and risk-adjusted interest margins as the bank moves beyond problematic consumer loan vintages.

Holdings in China Resources Power Holdings Co. Ltd., State Bank of India and JBS SA were eliminated from the ARGA component in favour of more attractively valued opportunities after their share prices rebounded. The component's position in SK Hynix Inc. was trimmed as dynamic random access memory prices have improved amid industry production cuts and AI server high bandwidth memory demand.

*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

#### *CMIA Component*

The markets have been volatile following Donald Trump's victory in the U.S. presidential election in November, with concerns over potential tariffs on emerging markets, a slower pace of U.S. interest rate cuts, a stronger U.S. dollar and geopolitical instability. Despite the slower pace of U.S. interest rate cuts, many emerging market economies are experiencing lower inflationary pressure, which, given relatively high policy interest rates, provides these central banks with the capacity to cut interest rates if inflation remains on its downward trajectory.

In China, recent announcements of fiscal support and monetary stimulus have drastically improved sentiment. In South Korea, its program focused on improving corporate value could provide a positive boost. India continues its reform agenda under the new coalition government, focusing on infrastructure investment and expanding its manufacturing sector. In Europe, Poland's economy is in a good place, with low unemployment and debt levels and foreign investment high.

#### *ARGA Component*

In the sub-advisor's view, the valuations of the current ARGA component holdings are poised to generate strong returns over time. The prolonged period of value underperformance, regulatory changes and geopolitics have led to many underpriced companies, creating substantial value opportunities. The sub-advisor's fundamental research confirms this opportunity across sectors and geographies. Emerging markets valuation spreads continue to exceed long-term averages. Historically, wide spreads have signalled subsequent value outperformance.

# BMO Private Emerging Markets Equity Portfolio

---

## 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 ARGA and CMIA to provide investment advice and make investment decisions for the Portfolio’s investment portfolio. Each sub-advisor receives a sub-advisory fee based on assets under management, which is paid quarterly. The sub-advisors are paid by BPIC, and BPIC charges a portion of the sub-advisory fee as an expense to the Portfolio.

### *Buying and Selling Securities*

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

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

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

(each, a “Related Party Transaction”).

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

### *Wealth Management Fee*

Units of the Portfolio are only available through the wealth management service offered by BMO Financial Group. The trustee, a related party, and the Manager receive an annual fee from each investor for the wealth management service offered by BMO Financial Group. A tiered schedule is applied to calculate the annual fee for this service. The fee schedule starts at 1.95% and declines to 0.20% (depending on the nature and size of the investor’s investment portfolio), and is calculated as a percentage of the assets under management. The actual wealth management fee payable by each investor is set out in BPIC’s *Investment Management Fee Schedule* that is provided to the investor when the investor enters into an investment management agreement with the trustee and BPIC. The wealth management fee is paid directly by the investor to the trustee and the Manager. The trustee may compensate

## BMO Private Emerging Markets Equity Portfolio

---

financial institutions and securities registrants within BMO Financial Group for client referrals to the wealth management service.

### *Unitholder Services*

The Portfolio is provided with certain facilities and services by related parties. BPIC is the registrar of the Portfolio. The trustee and BPIC are paid by the Portfolio for fees relating to the custodial and administrative services they provide, respectively. Administrative services include fund accounting, record keeping and purchases/redemption order processing.

The fees charged to the Portfolio during the periods were as follows:

	<b>Period ended Dec. 31, 2024 (\$000s)</b>	<b>Period ended Dec. 31, 2023 (\$000s)</b>
Unitholder Services	171	167

### 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 Emerging Markets 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 <sup>(1)</sup>		Years ended December 31				
		2024	2023	2022	2021	2020
Net assets, beginning of period	\$	12.34	11.91	14.63	18.24	16.82
<b>Increase (decrease) from operations:</b>						
Total revenue	\$	0.40	0.33	0.25	0.35	0.40
Total expenses <sup>(2)</sup>	\$	(0.15)	(0.21)	(0.19)	(0.22)	(0.21)
Realized gains (losses) for the period	\$	0.25	(0.58)	(1.47)	(0.81)	0.72
Unrealized gains (losses) for the period	\$	1.66	1.05	(1.00)	(2.84)	0.93
<b>Total increase (decrease) from operations <sup>(3)</sup></b>	<b>\$</b>	<b>2.16</b>	<b>0.59</b>	<b>(2.41)</b>	<b>(3.52)</b>	<b>1.84</b>
<b>Distributions:</b>						
From income (excluding dividends)	\$	—	—	—	—	—
From dividends	\$	0.30	0.22	0.13	0.14	0.24
From capital gains	\$	—	—	—	—	0.40
Return of capital	\$	0.00	0.00	0.00	0.00	0.00
<b>Total Annual Distributions <sup>(4)</sup></b>	<b>\$</b>	<b>0.30</b>	<b>0.22</b>	<b>0.13</b>	<b>0.14</b>	<b>0.64</b>
<b>Net assets, end of period</b>	<b>\$</b>	<b>14.19</b>	<b>12.34</b>	<b>11.91</b>	<b>14.63</b>	<b>18.24</b>

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

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

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

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

Ratios and Supplemental Data		Years ended December 31				
		2024	2023	2022	2021	2020
Total net asset value (000s) <sup>(1)</sup>	\$	321,599	272,585	266,723	295,266	333,559
Number of units outstanding (000s) <sup>(1)</sup>		22,665	22,095	22,403	20,181	18,289
Management expense ratio <sup>(2)</sup>	%	0.62	0.75	0.90	0.95	0.95
Management expense ratio before waivers or management absorptions <sup>(2)</sup>	%	0.79	0.93	1.07	1.11	1.12
Trading expense ratio <sup>(3)</sup>	%	0.14	0.39	0.22	0.13	0.12
Portfolio turnover rate <sup>(4)</sup>	%	50.77	196.12	90.82	40.52	50.14
Net asset value per unit	\$	14.19	12.34	11.91	14.63	18.24

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

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

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

<sup>(4)</sup> The portfolio turnover rate indicates how actively the Portfolio's sub-advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Portfolio buying and selling all of the securities in its portfolio once in the course of the year. The higher a portfolio turnover rate in a year, the greater the trading costs payable by the portfolio in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a portfolio.

# BMO Private Emerging Markets Equity Portfolio

## Past Performance

### General

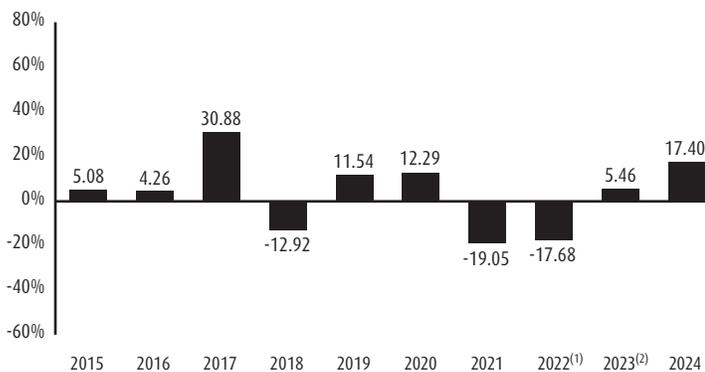
The Portfolio's performance information assumes that all distributions made by the Portfolio in the periods shown were reinvested in additional units of the Portfolio and is based on the net asset value of the Portfolio. The reinvestment of distributions increases returns.

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.

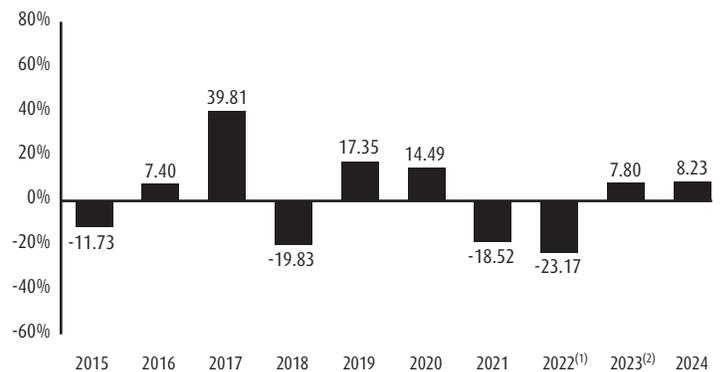
### Year-by-Year Returns

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 Emerging Markets Equity Portfolio (C\$)**



**BMO Private Emerging Markets Equity Portfolio (US\$)**



<sup>(1)</sup> On May 13, 2022, CMA 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.

<sup>(2)</sup> On July 28, 2023, ARGA replaced Comgest 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 MSCI Emerging Markets Index, which is a free float-adjusted market capitalization weighted index that measures equity market performance (total return) in global emerging markets.

	1 yr %	3 yrs %	5 yrs %	10 yrs %
BMO Private Emerging Markets Equity Portfolio (C\$)†*	17.40	0.64	-1.52	2.58
MSCI Emerging Markets Index (C\$)	17.26	2.40	3.86	5.91
	1 yr %	3 yrs %	5 yrs %	10 yrs %
BMO Private Emerging Markets Equity Portfolio (US\$)†*	8.23	-3.58	-3.51	0.42
MSCI Emerging Markets Index (US\$)	7.50	-1.92	1.70	3.64

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

\* On May 13, 2022, a second Portfolio sub-advisor was appointed and the Portfolio's investment strategies were changed.

\* On July 28, 2023, ARGA replaced Comgest as a 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.*



**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

BMO Private Wealth is a brand name for a business group consisting of Bank of Montreal and certain of its affiliates in providing private wealth management products and services. Not all products and services are offered by all legal entities within BMO Private Wealth. Banking services are offered through Bank of Montreal. Investment management, wealth planning, tax planning, and philanthropy planning services are offered through BMO Nesbitt Burns Inc. and BMO Private Investment Counsel Inc. Estate, trust, and custodial services are offered through BMO Trust Company. BMO Private Wealth legal entities do not offer tax advice.

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.

“BMO (M-bar roundel symbol)” is a registered trademark of Bank of Montreal, used under license.

[www.bmo.com/privatewealth/](http://www.bmo.com/privatewealth/)

For more information please call 1-800-361-1392



Private Wealth