

BMO Mutual Funds 2017

Annual Financial Statements

September 30, 2017

BMO U.S. Equity Fund

Independent Auditor's Report

To the Unitholders and Trustee of:

BMO Canadian Equity Fund
BMO Canadian Small Cap Equity Fund
BMO Resource Fund
BMO Mortgage and Short-Term Income Fund
BMO Money Market Fund
BMO Bond Fund
BMO Canadian Equity ETF Fund
BMO Asset Allocation Fund
BMO Dividend Fund
BMO Precious Metals Fund
BMO Monthly Income Fund
BMO Diversified Income Portfolio
BMO Global Infrastructure Fund
BMO Laddered Corporate Bond Fund
BMO Emerging Markets Bond Fund
BMO Core Plus Bond Fund
BMO Core Bond Fund
BMO Target Education Income Portfolio
BMO Target Education 2020 Portfolio
BMO Target Education 2025 Portfolio
BMO Target Education 2030 Portfolio
BMO Target Education 2035 Portfolio
BMO Tactical Global Bond ETF Fund
BMO Tactical Global Equity ETF Fund
BMO Global Balanced Fund
BMO U.S. Dividend Fund
BMO Retirement Income Portfolio
BMO Retirement Conservative Portfolio
BMO Retirement Balanced Portfolio
BMO Ascent Income Portfolio
BMO Ascent Conservative Portfolio
BMO Ascent Balanced Portfolio
BMO Ascent Growth Portfolio
BMO Ascent Equity Growth Portfolio
BMO LifeStage Plus 2020 Fund
BMO LifeStage Plus 2025 Fund
BMO LifeStage Plus 2030 Fund
BMO LifeStage Plus 2022 Fund
BMO LifeStage Plus 2026 Fund
BMO SelectTrust Fixed Income Portfolio
BMO FundSelect Income Portfolio
BMO FundSelect Balanced Portfolio
BMO FundSelect Growth Portfolio
BMO FundSelect Equity Growth Portfolio

BMO Fixed Income Yield Plus ETF Portfolio
BMO Balanced Yield Plus ETF Portfolio
BMO Fixed Income ETF Portfolio
BMO Income ETF Portfolio
BMO Conservative ETF Portfolio
BMO Balanced ETF Portfolio
BMO Growth ETF Portfolio
BMO Equity Growth ETF Portfolio
BMO World Bond Fund
BMO Emerging Markets Fund
BMO European Fund
BMO North American Dividend Fund
BMO U.S. Equity ETF Fund
BMO U.S. Equity Fund
BMO Global Dividend Fund
BMO International Equity ETF Fund
BMO Global Monthly Income Fund
BMO Preferred Share Fund
BMO Tactical Dividend ETF Fund
BMO Global Strategic Bond Fund
BMO U.S. High Yield Bond Fund
BMO Tactical Balanced ETF Fund
BMO Growth Opportunities Fund
BMO Global Equity Fund
BMO U.S. Equity Plus Fund
BMO U.S. Dollar Money Market Fund
BMO U.S. Dollar Equity Index Fund
BMO U.S. Dollar Monthly Income Fund
BMO U.S. Dollar Dividend Fund
BMO U.S. Dollar Balanced Fund
BMO Risk Reduction Equity Fund
BMO Risk Reduction Fixed Income Fund
BMO Covered Call Canadian Banks ETF Fund
BMO Covered Call Europe High Dividend
ETF Fund
BMO Fossil Fuel Free Fund
BMO Tactical Global Asset Allocation ETF Fund
BMO Tactical Global Growth ETF Fund
BMO Covered Call U.S. High Dividend
ETF Fund
BMO Women in Leadership Fund
BMO International Equity Fund
BMO Japan Fund

To the Shareholders of BMO Global Tax Advantage Funds Inc.:

BMO Global Dividend Class
BMO Canadian Equity Class
BMO Global Equity Class
BMO Global Energy Class
BMO Dividend Class
BMO Greater China Class
BMO International Value Class
BMO Global Low Volatility ETF Class
(formerly BMO Global Tactical ETF Class)
BMO SelectClass Income Portfolio
BMO SelectClass Balanced Portfolio
BMO SelectClass Growth Portfolio
BMO SelectClass Equity Growth Portfolio
BMO Income ETF Portfolio Class
BMO Balanced ETF Portfolio Class
BMO Growth ETF Portfolio Class
BMO Equity Growth ETF Portfolio Class
BMO U.S. Equity Class
BMO Asian Growth and Income Class
(collectively, the Funds or individually the Fund)

Independent Auditor's Report

We have audited the accompanying financial statements of each of the Funds, which comprise the statements of financial position, comprehensive income, changes in net assets attributable to holders of redeemable units/shares and cash flows as at and for the periods indicated in Note 1, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements of each of the Funds in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements of each of the Funds based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in each of our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements of each of the Funds present fairly, in all material respects, the financial position, financial performance and cash flows of each of the Funds as at and for the periods indicated in Note 1 in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario

December 18, 2017

BMO U.S. Equity Fund

STATEMENT OF FINANCIAL POSITION

(All amounts in thousands of Canadian dollars, except per unit data)

As at	September 30 2017	September 30 2016
ASSETS		
CURRENT ASSETS		
Cash	28,395	33,929
Investments		
Non-derivative financial assets	2,747,573	2,467,600
Derivative assets	—	7
Subscriptions receivable	279	516
Dividends receivable	1,510	1,063
Total assets	2,777,757	2,503,115
LIABILITIES		
CURRENT LIABILITIES		
Redemptions payable	3,151	1,845
Derivative liabilities	13	—
Accrued expenses	109	103
Total liabilities	3,273	1,948
Net assets attributable to holders of redeemable units	2,774,484	2,501,167
Net assets attributable to holders of redeemable units		
Series A Units	764,405	703,507
Series A Hedged Units	6,035	1,040
Advisor Series Units	14,411	14,104
Advisor Series Hedged Units	243	287
Series F Units	29,027	15,337
Series F Hedged Units	585	100
Series D Units	4,850	4,542
Series I Units	1,914,996	1,704,809
Series N Units	39,932	44,122
Series NBA Units	—	8,491
Series NBF Units	—	4,828
Net assets attributable to holders of redeemable units per unit		
Series A Units	\$ 25.22	\$ 22.58
Series A Hedged Units	\$ 11.82	\$ 9.97
Advisor Series Units	\$ 16.69	\$ 14.93
Advisor Series Hedged Units	\$ 11.82	\$ 9.80
Series F Units	\$ 24.68	\$ 21.56
Series F Hedged Units	\$ 12.13	\$ 10.00
Series D Units	\$ 13.79	\$ 12.23
Series I Units	\$ 21.33	\$ 18.23
Series N Units	\$ 11.03	\$ 9.65
Series NBA Units	\$ —	\$ 12.17
Series NBF Units	\$ —	\$ 12.21

STATEMENT OF COMPREHENSIVE INCOME

(All amounts in thousands of Canadian dollars, except per unit data)

For the periods ended	September 30 2017	September 30 2016
INCOME		
Interest income	0	0
Dividend income	44,865	69,940
Other changes in fair value of investments and derivatives		
Net realized gain	336,376	414,099
Change in unrealized appreciation (depreciation)	46,820	(279,141)
Net gain in fair value of investments and derivatives	428,061	204,898
Securities lending revenue (note 8)	111	470
Short-term penalty fees	—	2
Foreign exchange gain (loss)	864	(681)
Total other income (loss)	975	(209)
Total income	429,036	204,689
EXPENSES		
Management fees (note 6)	17,413	17,110
Variable administration fees (note 6)	0	(20)
Fixed administration fees (note 6)	2,352	2,277
Audit fees	0	0
Independent review committee fees (note 6)	3	3
Withholding taxes	6,594	10,045
Custodian Fees	0	0
Interest charges	—	2
Legal and filing fees	0	1
Fund Facts fees	1	1
Unitholder reporting costs	2	2
Commissions and other portfolio transaction costs (note 6)	1,615	2,626
Operating expenses absorbed by the Manager (note 6)	(8)	(5)
Total expenses	27,972	32,042
Increase in net assets attributable to holders of redeemable units	401,064	172,647

The accompanying notes are an integral part of these financial statements.

BMO U.S. Equity Fund

STATEMENT OF COMPREHENSIVE INCOME (cont'd)
 (All amounts in thousands of Canadian dollars, except per unit data)

For the periods ended	September 30 2017	September 30 2016
Increase (decrease) in net assets attributable to holders of redeemable units		
Series A Units	96,793	33,541
Series A Hedged Units	575	17
Advisor Series Units	2,048	523
Advisor Series Hedged Units	64	(1)
Series F Units	3,195	636
Series F Hedged Units	41	0
Premium Series Units	—	0
Series D Units	619	264
Series I Units	290,645	133,781
Series N Units	7,066	2,873
Series NBA Units	11	578
Series NBF Units	7	435
Increase (decrease) in net assets attributable to holders of redeemable units per unit (note 8)		
Series A Units	3.11	1.02
Series A Hedged Units	1.69	0.33
Advisor Series Units	2.16	0.54
Advisor Series Hedged Units	2.38	(0.06)
Series F Units	3.20	1.21
Series F Hedged Units	2.13	0.00
Premium Series Units	—	0.56
Series D Units	1.94	0.71
Series I Units	3.66	1.12
Series N Units	1.70	0.56
Series NBA Units	0.02	0.63
Series NBF Units	0.03	0.92

The accompanying notes are an integral part of these financial statements.

BMO U.S. Equity Fund

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS

(All amounts in thousands of Canadian dollars)

For the periods ended	September 30 2017	September 30 2016	For the periods ended	September 30 2017	September 30 2016
Series A Units			Advisor Series Units		
Net assets attributable to holders of redeemable units at beginning of period	703,507	760,268	Net assets attributable to holders of redeemable units at beginning of period	14,104	12,539
Increase in net assets attributable to holders of redeemable units	96,793	33,541	Increase in net assets attributable to holders of redeemable units	2,048	523
Distributions to holders of redeemable units from:			Distributions to holders of redeemable units from:		
Net realized gains on investments and derivatives	(16,149)	(88,572)	Net realized gains on investments and derivatives	(319)	(1,655)
Total distributions to holders of redeemable units	(16,149)	(88,572)	Total distributions to holders of redeemable units	(319)	(1,655)
Redeemable unit transactions			Redeemable unit transactions		
Proceeds from redeemable units issued	146,204	98,662	Proceeds from redeemable units issued	4,975	5,902
Reinvestments of distributions to holders of redeemable units	15,976	87,499	Reinvestments of distributions to holders of redeemable units	306	1,599
Redemption of redeemable units	(181,926)	(187,891)	Redemption of redeemable units	(6,703)	(4,804)
Net decrease from redeemable unit transactions	(19,746)	(1,730)	Net (decrease) increase from redeemable unit transactions	(1,422)	2,697
Net increase (decrease) in net assets attributable to holders of redeemable units	60,898	(56,761)	Net increase in net assets attributable to holders of redeemable units	307	1,565
Net assets attributable to holders of redeemable units at end of period	764,405	703,507	Net assets attributable to holders of redeemable units at end of period	14,411	14,104
Series A Hedged Units			Advisor Series Hedged Units		
Net assets attributable to holders of redeemable units at beginning of period	1,040	—	Net assets attributable to holders of redeemable units at beginning of period	287	—
Increase in net assets attributable to holders of redeemable units	575	17	Increase (decrease) in net assets attributable to holders of redeemable units	64	(1)
Distributions to holders of redeemable units from:			Distributions to holders of redeemable units from:		
Net realized gains on investments and derivatives	(4)	—	Net realized gains on investments and derivatives	(1)	—
Total distributions to holders of redeemable units	(4)	—	Total distributions to holders of redeemable units	(1)	—
Redeemable unit transactions			Redeemable unit transactions		
Proceeds from redeemable units issued	6,464	1,037	Proceeds from redeemable units issued	568	398
Reinvestments of distributions to holders of redeemable units	4	—	Reinvestments of distributions to holders of redeemable units	1	—
Redemption of redeemable units	(2,044)	(14)	Redemption of redeemable units	(676)	(110)
Net increase from redeemable unit transactions	4,424	1,023	Net (decrease) increase from redeemable unit transactions	(107)	288
Net increase in net assets attributable to holders of redeemable units	4,995	1,040	Net (decrease) increase in net assets attributable to holders of redeemable units	(44)	287
Net assets attributable to holders of redeemable units at end of period	6,035	1,040	Net assets attributable to holders of redeemable units at end of period	243	287

The accompanying notes are an integral part of these financial statements.

BMO U.S. Equity Fund

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS (cont'd)

(All amounts in thousands of Canadian dollars)

For the periods ended	September 30 2017	September 30 2016	For the periods ended	September 30 2017	September 30 2016
Series F Units			Premium Series Units		
Net assets attributable to holders of redeemable units at beginning of period	15,337	7,546	Net assets attributable to holders of redeemable units at beginning of period	—	1
Increase in net assets attributable to holders of redeemable units	3,195	636	Increase in net assets attributable to holders of redeemable units	—	0
Distributions to holders of redeemable units from:			Redeemable unit transactions		
Net realized gains on investments and derivatives	(291)	(1,116)	Redemption of redeemable units	—	(1)
Total distributions to holders of redeemable units	(291)	(1,116)	Net decrease from redeemable unit transactions	—	(1)
Redeemable unit transactions			Net decrease in net assets attributable to holders of redeemable units	—	(1)
Proceeds from redeemable units issued	15,163	10,384	Net assets attributable to holders of redeemable units at end of period	—	—
Reinvestments of distributions to holders of redeemable units	282	1,058			
Redemption of redeemable units	(4,659)	(3,171)			
Net increase from redeemable unit transactions	10,786	8,271			
Net increase in net assets attributable to holders of redeemable units	13,690	7,791			
Net assets attributable to holders of redeemable units at end of period	29,027	15,337			
Series F Hedged Units			Series D Units		
Net assets attributable to holders of redeemable units at beginning of period	100	—	Net assets attributable to holders of redeemable units at beginning of period	4,542	4,591
Increase in net assets attributable to holders of redeemable units	41	0	Increase in net assets attributable to holders of redeemable units	619	264
Distributions to holders of redeemable units from:			Distributions to holders of redeemable units from:		
Net realized gains on investments and derivatives	(0)	—	Net realized gains on investments and derivatives	(100)	(528)
Total distributions to holders of redeemable units	(0)	—	Total distributions to holders of redeemable units	(100)	(528)
Redeemable unit transactions			Redeemable unit transactions		
Proceeds from redeemable units issued	444	100	Proceeds from redeemable units issued	1,730	1,620
Reinvestments of distributions to holders of redeemable units	0	—	Reinvestments of distributions to holders of redeemable units	95	504
Net increase from redeemable unit transactions	444	100	Redemption of redeemable units	(2,036)	(1,909)
Net increase in net assets attributable to holders of redeemable units	485	100	Net (decrease) increase from redeemable unit transactions	(211)	215
Net assets attributable to holders of redeemable units at end of period	585	100	Net increase (decrease) in net assets attributable to holders of redeemable units	308	(49)
			Net assets attributable to holders of redeemable units at end of period	4,850	4,542

The accompanying notes are an integral part of these financial statements.

BMO U.S. Equity Fund

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS (cont'd)

(All amounts in thousands of Canadian dollars)

For the periods ended	September 30 2017	September 30 2016	For the periods ended	September 30 2017	September 30 2016
Series I Units			Series NBA Units		
Net assets attributable to holders of redeemable units at beginning of period	1,704,809	2,835,234	Net assets attributable to holders of redeemable units at beginning of period	8,491	9,842
Increase in net assets attributable to holders of redeemable units	290,645	133,781	Increase in net assets attributable to holders of redeemable units	11	578
Distributions to holders of redeemable units from:			Distributions to holders of redeemable units from:		
Net investment income	(0)	(75,734)	Net investment income	(18)	—
Net realized gains on investments and derivatives	—	(398,478)	Net realized gains on investments and derivatives	(206)	(1,245)
Return of capital	—	(638)	Return of capital	(205)	—
Total distributions to holders of redeemable units	(0)	(474,850)	Total distributions to holders of redeemable units	(429)	(1,245)
Redeemable unit transactions			Redeemable unit transactions		
Proceeds from redeemable units issued	513,177	137,795	Proceeds from redeemable units issued	3	3,123
Reinvestments of distributions to holders of redeemable units	—	474,850	Reinvestments of distributions to holders of redeemable units	422	1,236
Redemption of redeemable units	(593,635)	(1,402,001)	Redemption of redeemable units	(8,498)	(5,043)
Net decrease from redeemable unit transactions	(80,458)	(789,356)	Net decrease from redeemable unit transactions	(8,073)	(684)
Net increase (decrease) in net assets attributable to holders of redeemable units	210,187	(1,130,425)	Net decrease in net assets attributable to holders of redeemable units	(8,491)	(1,351)
Net assets attributable to holders of redeemable units at end of period	1,914,996	1,704,809	Net assets attributable to holders of redeemable units at end of period	(0)	8,491
Series N Units			Series NBF Units		
Net assets attributable to holders of redeemable units at beginning of period	44,122	58,425	Net assets attributable to holders of redeemable units at beginning of period	4,828	4,872
Increase in net assets attributable to holders of redeemable units	7,066	2,873	Increase in net assets attributable to holders of redeemable units	7	435
Distributions to holders of redeemable units from:			Distributions to holders of redeemable units from:		
Net realized gains on investments and derivatives	(1,023)	(6,672)	Net investment income	(86)	—
Total distributions to holders of redeemable units	(1,023)	(6,672)	Net realized gains on investments and derivatives	(109)	(585)
Redeemable unit transactions			Return of capital	(33)	—
Proceeds from redeemable units issued	2,193	2,626	Total distributions to holders of redeemable units	(228)	(585)
Reinvestments of distributions to holders of redeemable units	1,021	6,672	Redeemable unit transactions		
Redemption of redeemable units	(13,447)	(19,802)	Proceeds from redeemable units issued	3	3,041
Net decrease from redeemable unit transactions	(10,233)	(10,504)	Reinvestments of distributions to holders of redeemable units	224	580
Net decrease in net assets attributable to holders of redeemable units	(4,190)	(14,303)	Redemption of redeemable units	(4,834)	(3,515)
Net assets attributable to holders of redeemable units at end of period	39,932	44,122	Net (decrease) increase from redeemable unit transactions	(4,607)	106
			Net decrease in net assets attributable to holders of redeemable units	(4,828)	(44)
			Net assets attributable to holders of redeemable units at end of period	—	4,828

The accompanying notes are an integral part of these financial statements.

BMO U.S. Equity Fund

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS (cont'd) (All amounts in thousands of Canadian dollars)

For the periods ended	September 30 2017	September 30 2016
Total Fund		
Net assets attributable to holders of redeemable units at beginning of period	2,501,167	3,693,318
Increase in net assets attributable to holders of redeemable units	401,064	172,647
Distributions to holders of redeemable units from:		
Net investment income	(104)	(75,734)
Net realized gains on investments and derivatives	(18,202)	(498,851)
Return of capital	(238)	(638)
Total distributions paid to holders of redeemable units	(18,544)	(575,223)
Redeemable unit transactions		
Proceeds from redeemable units issued	690,924	264,688
Reinvestments of distributions to holders of redeemable units	18,331	573,998
Redemption of redeemable units	(818,458)	(1,628,261)
Net decrease from redeemable unit transactions	(109,203)	(789,575)
Net increase (decrease) in net assets attributable to holders of redeemable units	273,317	(1,192,151)
Net assets attributable to holders of redeemable units at end of period	2,774,484	2,501,167

The accompanying notes are an integral part of these financial statements.

BMO U.S. Equity Fund

STATEMENT OF CASH FLOWS

(All amounts in thousands of Canadian dollars)

For the periods ended	September 30 2017	September 30 2016
Cash flows from operating activities		
Increase in net assets attributable to holders of redeemable units	401,064	172,647
Adjustments for:		
Foreign exchange (gain) loss on cash	(237)	3
Net realized gain on sale of investments and derivatives	(336,376)	(414,099)
Change in unrealized (appreciation) depreciation of investments and derivatives	(46,820)	279,141
(Increase) decrease in dividends receivable	(447)	711
Increase (decrease) in accrued expenses	6	(21)
Purchases of investments	(1,886,542)	(1,814,374)
Proceeds from sale and maturity of investments	1,989,323	3,154,999
Cash inflows (outflows) on derivatives	462	(21)
Net cash from operating activities	120,433	1,378,986
Cash flows from financing activities		
Distributions paid to holders of redeemable units, net of reinvested distributions	(213)	(1,225)
Proceeds from issuances of redeemable units	685,262	261,652
Amounts paid on redemption of redeemable units	(811,253)	(1,645,627)
Net cash from financing activities	(126,204)	(1,385,200)
Foreign exchange gain (loss) on cash	237	(3)
Net decrease in cash	(5,771)	(6,214)
Cash at beginning of period	33,929	40,146
Cash at end of period	28,395	33,929
Supplementary Information		
Interest received, net of withholding taxes*	0	0
Dividends received, net of withholding taxes*	37,833	60,730
Interest expense paid*	—	0

*These items are from operating activities

The accompanying notes are an integral part of these financial statements.

BMO U.S. Equity Fund

SCHEDULE OF INVESTMENT PORTFOLIO

September 30, 2017 (All amounts in thousands of Canadian dollars, unless otherwise noted)

	Number of Shares or Units	Cost* (\$)	Fair Value (\$)		Number of Shares or Units	Cost* (\$)	Fair Value (\$)
EQUITIES				Industrials — 13.0%			
Consumer Discretionary — 9.1%				Information Technology — 20.0%			
Amazon.com, Inc.	23,748	22,635	28,486	Alliance Data Systems Corporation	76,416	22,100	21,124
Comcast Corporation, Class A	1,472,824	47,166	70,715	Alphabet Inc., Class C	78,567	78,073	94,024
Home Depot, Inc., The	108,075	15,550	22,056	Apple Inc.	632,426	68,019	121,618
Lear Corporation	245,410	27,491	52,999	Applied Materials, Inc.	1,013,966	43,685	65,903
Lowe's Companies, Inc.	534,502	52,583	53,314	Cadence Design Systems, Inc.	854,545	34,885	42,085
Wyndham Worldwide Corporation	200,923	19,008	26,427	Cisco Systems, Inc.	407,013	16,512	17,079
		184,433	253,997	Citrix Systems, Inc.	415,945	30,308	39,869
Consumer Staples — 9.2%				F5 Networks, Inc.	241,982	35,973	36,401
Conagra Brands, Inc.	499,902	25,657	21,045	Lam Research Corporation	108,539	18,345	25,060
CVS Health Corporation	572,541	53,739	58,094	Microsoft Corporation	871,820	51,617	81,031
Dr Pepper Snapple Group, Inc.	378,712	37,903	41,805	Texas Instruments Incorporated	89,775	9,598	10,041
PepsiCo, Inc.	464,496	63,377	64,582			409,115	554,235
Pinnacle Foods Inc.	90,643	6,738	6,466	Materials — 3.3%			
Wal-Mart Stores, Inc.	639,142	57,913	62,316	Berry Plastics Group, Inc.	654,988	40,598	46,298
		245,327	254,308	Steel Dynamics, Inc.	325,188	9,995	13,986
Energy — 5.1%				WestRock Company	459,560	33,189	32,530
Chevron Corporation	466,890	63,588	68,451			83,782	92,814
ConocoPhillips	533,580	33,161	33,322	Real Estate — 5.4%			
National Oilwell Varco, Inc.	593,800	29,620	26,473	Boston Properties, Inc.	197,443	32,620	30,273
Valero Energy Corporation	128,992	11,091	12,382	EPR Properties	138,549	13,756	12,056
		137,460	140,628	Equinix, Inc.	85,984	46,173	47,882
Financials — 14.7%				Essex Property Trust, Inc.	112,757	34,074	35,740
Allstate Corporation, The	405,653	37,241	46,521	Kilroy Realty Corporation	137,867	13,784	12,234
American International Group, Inc.	286,881	22,959	21,975	Liberty Property Trust	237,105	12,712	12,148
Bank of America Corporation	307,374	9,576	9,718			153,119	150,333
Citigroup Inc.	815,811	57,585	74,044	Utilities — 5.5%			
Northern Trust Corporation	171,808	18,419	19,707	Ameren Corporation	616,136	39,250	44,467
PNC Financial Services Group, Inc.	90,568	14,577	15,230	American Electric Power Company, Inc.	575,470	52,653	50,435
Progressive Corporation, The	776,705	44,169	46,925	CenterPoint Energy, Inc.	377,875	11,933	13,772
Prudential Financial, Inc.	51,575	6,578	6,842	Entergy Corporation	199,650	19,875	19,022
S&P Global Inc.	125,520	23,735	24,481	Exelon Corporation	549,446	26,338	25,826
Synchrony Financial	905,475	37,895	35,080			150,049	153,522
Unum Group	482,051	29,769	30,754	Total Investment Portfolio — 99.0%			
Wells Fargo & Company	1,104,184	66,676	75,983			2,319,391	2,747,573
		369,179	407,260	Total Unrealized Loss on Forward Currency Contracts — (0.0)%			
Health Care — 13.7%				Other Assets Less Liabilities — 1.0%			
AbbVie Inc.	672,816	62,255	74,598	NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS - 100.0%			
Amgen Inc.	179,888	36,202	41,850	2,774,484			
Baxter International Inc.	126,009	9,906	9,866	+ Where applicable, distributions received from holdings as a return of capital are used to reduce the adjusted cost base of the securities in the portfolio.			
Celgene Corporation	395,892	62,791	72,031				
Cigna Corporation	91,349	20,325	21,308				
Eli Lilly and Company	268,445	26,585	28,652				
Hill-Rom Holdings, Inc.	80,138	7,475	7,399				
Johnson & Johnson	209,605	25,650	34,002				
Merck & Co., Inc.	500,186	38,412	39,962				
Pfizer Inc.	1,135,372	43,754	50,575				
		333,355	380,243				

BMO U.S. Equity Fund

SCHEDULE OF INVESTMENT PORTFOLIO (cont'd)

September 30, 2017 (All amounts in thousands of Canadian dollars, unless otherwise noted)

UNREALIZED LOSS ON FORWARD CURRENCY CONTRACTS

Settlement Date	Currency Buy	Position (000s)	Currency Sell	Position (000s)	Contract Rate	Counterparty	Credit Rating*	Unrealized Loss
31-Oct-17	CAD	579	USD	(465)	1.2449	Canadian Imperial Bank of Commerce	A-1	(1)
31-Oct-17	CAD	227	USD	(182)	1.2452	Canadian Imperial Bank of Commerce	A-1	(1)
31-Oct-17	CAD	6,005	USD	(4,823)	1.2452	Canadian Imperial Bank of Commerce	A-1	(11)
Total Unrealized Loss on Forward Currency Contracts								(13)

* Credit Rating provided by Standard & Poor's.

BMO U.S. Equity Fund

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in thousands of Canadian dollars, except per unit data)

September 30, 2017

1. The Mutual Fund

BMO U.S. Equity Fund (the “Fund”) is an open-ended mutual fund established under the laws of the province of Ontario by Declaration of Trust. The Master Declaration of Trust was amended on October 23, 2008 and November 3, 2009 to permit certain funds to offer a multi-series structure. In addition to the existing Series A units, certain Funds are permitted to offer Series A Hedged, Advisor Series, Advisor Series Hedged, Series T4, Series T5, Series T6, Series M, Series F, Series F Hedged, Series F2, Series F4, Series F6, Premium Series, Series D, Series H, Series I, Series N, Series NBA, Series NBF, Series O, Series L, Series R, Series S and/or Classic Series units. Each series is intended for different kinds of investors and has different management fees and fixed administration fees. Refer to Note 8 for the series issued for this Fund as well as the management and administration fee rates for each series.

BMO Investments Inc. (“the Manager”) is the Manager and Trustee of the Fund. The Manager is a wholly owned subsidiary of Bank of Montreal. The address of the Fund’s registered office is 100 King Street West, Toronto, Ontario, M5X 1A1.

The Statement of Financial Position of each of the Funds are as at September 30, 2017 and September 30, 2016. The Statement of Comprehensive Income, Statement of Changes Attributable to Holders of Redeemable Units, Statement of Cash Flows and related notes are for the periods ended September 30, 2017 and September 30, 2016. Financial information for a Fund established during the period(s) is presented from the date of inception as noted in Note 8. Financial information provided for a series established during the period(s) is presented from the inception date as noted in Note 8.

Certain comparative figures in the Statement of Cash Flows have been revised to appropriately reflect the exclusion of non-cash items from “Proceeds from issuances of redeemable units” and “Amounts paid on redemption of redeemable units” arising from switches between series within a Fund. There is no net impact on cash flows from financing activities within each Fund. The amounts revised are disclosed in Note 8, where applicable.

These financial statements were authorized for issuance by the Board of Directors of the Manager on December 5, 2017.

2. Basis of preparation and presentation

These audited financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

Certain prior period balances have been reclassified to conform with the current period presentation.

3. Summary of significant accounting policies

Financial instruments

The Fund records financial instruments at fair value. Investment transactions are accounted for on the trade date. The Fund’s investments are either designated at fair value through profit or loss (“FVTPL”) at inception or classified as held for trading. The changes in the investment fair values and related transaction costs are recorded in the Fund’s Statement of Comprehensive Income.

Financial assets and financial liabilities held for trading are those acquired or incurred principally for the purpose of selling or repurchasing in the near future, or on initial recognition, are part of a portfolio of identified financial instruments that the Fund manages together and that have a recent actual pattern of short-term profit taking. The Fund classifies all derivatives and short positions as held for trading. The Fund does not designate any derivatives as hedges in a hedging relationship.

The Fund designates all other investments at FVTPL, as they have reliably measurable fair values and are part of a group of financial assets or financial liabilities that are managed and have their performance evaluated on a fair value basis in accordance with the Fund’s investment strategy.

The Fund’s outstanding redeemable units, which are puttable instruments, are entitled to a contractual obligation of annual distribution of any net income and net realized capital gains by the Fund. This annual distribution can be in cash at the option of the unitholders, and therefore the ongoing redemption feature is not the redeemable units’ only contractual obligation. The Fund may issue multiple series of redeemable units, which are equally subordinated but are not identical. As a result, the Fund’s obligations for net assets attributable to holders of redeemable units are classified as financial liabilities and presented at the redemption amounts.

BMO U.S. Equity Fund

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

(All amounts in thousands of Canadian dollars, except per unit data)

September 30, 2017

All other financial assets and financial liabilities are measured at amortized cost. Under this method, financial assets and financial liabilities reflect the amount required to be received, paid or discounted, when appropriate, at the contract's effective interest rate.

The Manager has determined that the Fund meets the definition of "investment entity" and as a result, the Fund measures subsidiaries, if any, at FVTPL.

Cost of investments

The cost of investments represents the amount paid for each security and is determined on an average cost basis.

Fair value measurement

Investments are recorded at their fair value with the change between this amount and their average cost being recorded as "Change in unrealized appreciation (depreciation)" in the Statement of Comprehensive Income.

For exchange-traded securities, close prices are considered to be fair value if they fall within the bid-ask spread. In circumstances where the close price is not within the bid-ask spread, the Manager determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

Procedures are in place to fair value securities traded in countries outside of North America daily, to avoid stale prices and to take into account, among other things, any significant events occurring after the close of a foreign market.

For bonds, debentures, asset-backed securities and other debt securities, fair value is represented by bid prices provided by independent security pricing services. Short-term investments, if any, are held at amortized cost which approximates fair value.

Unlisted warrants, if any, are valued based on a pricing model which considers factors such as the market value of the underlying security, strike price and terms of the warrant.

Mutual fund units held as investments are valued at their respective Net Asset Value ("NAV") on each Valuation Date (the "Valuation Date" is each day on which the Toronto Stock Exchange is open for trading), as these values are the most readily and regularly available.

For securities where market quotes are not available, unreliable or not considered to reflect the current value, the Manager may determine another value which it considers to be fair and reasonable, or use a valuation technique that, to the extent possible, makes maximum use of inputs and assumptions based on observable market data including volatility, comparable companies, NAV (for exchange-traded funds) and other applicable rates or prices. These estimation techniques include discounted cash flows, internal models that utilize observable data or comparisons with other securities that are substantially similar. In limited circumstances, the Manager may use internal models where the inputs are not based on observable market data.

Derivative instruments

Derivative instruments are financial contracts that derive their value from changes in the underlying interest rates, foreign exchange rates or other financial or commodity prices or indices.

Derivative instruments are either regulated exchange-traded contracts or negotiated over-the-counter contracts. The Fund may use these instruments for trading purposes, as well as to manage the Fund's risk exposures.

Derivatives are measured at fair value. Realized gains and losses are included in "Net realized gain(loss)" in the Statement of Comprehensive Income and unrealized gains and losses are included in "Change in unrealized appreciation (depreciation)" in the Statement of Comprehensive Income.

Forward currency contracts

A forward currency contract is an agreement between two parties (the Fund and the counterparty) to purchase or sell a currency against another currency at a set price on a future date. The Fund may enter into forward currency contracts for hedging purposes, which can include the economic hedging of all or a portion of the currency exposure of an investment or group of investments, either directly or indirectly. The Fund may also enter into these contracts for non-hedging purposes, which can include increasing the exposure to a foreign currency, or shifting the exposure to foreign currency fluctuations from one country to another. The value of forward currency contracts entered into by the Fund is recorded as the difference between the value of the contract on the Valuation Date and the value on the date the contract originated.

BMO U.S. Equity Fund

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
(All amounts in thousands of Canadian dollars, except per unit data)
September 30, 2017

Option contracts

The Fund may engage in option contract transactions by purchasing (long positions) or writing (short positions) call or put option contracts. These contracts have different risk exposures for the Fund, whereas the risk for long positions will be limited to the premium paid to purchase the option contracts, the risk exposure for the short positions are potentially unlimited until closed or expired.

Purchased option contracts

The premium paid for purchasing an option is recorded as an asset in the Statement of Financial Position. The option contract is valued on each Valuation Date at an amount equal to the fair value of the option that would have the effect of closing the position. The change in the difference between the premium and the fair value is shown as "Change in unrealized appreciation (depreciation)" in the Statement of Comprehensive Income.

When a purchased option expires, the Fund will realize a loss equal to the premium paid. When a purchased option is closed, the gain or loss the Fund will realize will be the difference between the proceeds and the premium paid. When a purchased call option is exercised, the premium paid is added to the cost of acquiring the underlying security. When a purchased put option is exercised, the premium paid is subtracted from the proceeds from the sale of the underlying security that had to be sold.

Written option contracts

The premium received from writing a call or put option is recorded as a liability in the Statement of Financial Position.

When a written option expires, the Fund will realize a gain equal to the premium received. When a written option is closed, the Fund will realize a gain or loss equal to the difference between the cost at which the contract was closed and the premium received. When a written call option is exercised, the premium received is added to the proceeds from the sale of the underlying investments to determine the realized gain or loss. When a written put option is exercised, the premium received will be subtracted from the cost of the underlying investment the Fund had to purchase.

The gain or loss that the Fund realizes when a purchased or written option is expired or closed is

recorded as "Net realized gain (loss)" in the Statement of Comprehensive Income.

Futures contracts

Futures contracts are financial agreements to purchase or sell a financial instrument at a contracted price on a specified future date. Futures contracts are valued at the gain or loss that would arise as a result of closing the position at the Valuation date. Any difference between the notional value on each Valuation Date is recorded as "Net realized gain (loss)" in the Statement of Comprehensive Income. Treasury bills or cash are held as margin against futures contracts.

Credit default swap contracts

A credit default swap contract is an agreement to transfer credit risk from one party, a buyer of protection, to another party, a seller of protection. The Fund, as a seller of protection, would be required to pay a notional or other agreed upon value to the buyer of protection in the event of a default by a third-party. In return, the Fund would receive from the counterparty a periodic stream of payments over the term of the contract provided that no event of default occurs. If no default occurs, the Fund would keep the stream of payments and would have no payment obligations.

In connection with the agreement, securities or cash may be identified as collateral or margin in accordance with the terms of the agreement to provide assets of value in the event of default or bankruptcy/insolvency.

The Fund, as a buyer of protection, would receive a notional or other agreed upon value from the seller of protection in the event of a default by a third-party. In return, the Fund would be required to pay to the counterparty a periodic stream of payments over the term of the contract provided that no event of default occurs.

Credit default swap contracts are fair valued daily based upon quotations from independent security pricing sources. Premiums paid or received, if any, are included in "Net realized gain (loss)" in the Statement of Comprehensive Income. Net periodic payments are accrued daily and recorded as "Interest income" in the Statement of Comprehensive Income. When credit default swap contracts expire or are closed out, gains or losses are recorded as "Net realized gain (loss)" in the Statement of Comprehensive Income.

BMO U.S. Equity Fund

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
(All amounts in thousands of Canadian dollars, except per unit data)
September 30, 2017

Interest rate swap contracts

Interest rate swap contracts are agreements between two parties to exchange periodic interest payments based on a notional principal amount. The net periodic payments received or paid from interest rate swap contracts are recorded as "Interest income" in the Statement of Comprehensive Income. Payments received or paid when the Fund enters into the contract are recorded as a liability or asset in the Statement of Financial Position. When the contract is terminated or expires, the payments received or paid are recorded as "Net realized gain (loss)" in the Statement of Comprehensive Income. Payments received or paid upon early termination are recorded as "Net realized gain (loss)" in the Statement of Comprehensive Income.

Interest rate swap agreements are valued based upon quotations from independent sources. The change in value is shown as "Change in unrealized appreciation (depreciation)" in the Statement of Comprehensive Income.

The Fund enters into interest rate swap agreements to manage the exposure to interest rates.

Income recognition

Dividend income and distribution from investment trusts are recognized on the ex-dividend and ex-distribution date, respectively.

Interest income from interest bearing investments is recognized in the Statement of Comprehensive Income using the effective interest rate. Interest receivable shown in the Statement of Financial Position is accrued based on the interest bearing investments' stated rates of interest.

Interest on inflation-indexed bonds is paid based on a principal value, which is adjusted for inflation. The inflation adjustment of the principal value is recognized as part of interest income in the Statement of Comprehensive Income. If held to maturity, the Fund will receive, in addition to a coupon interest payment, a final payment equal to the sum of the par value and the inflation compensation accrued from the original issue date. Interest is accrued on each Valuation Date based on the inflation adjusted par

value at that time and is included in "Interest income" in the Statement of Comprehensive Income.

Foreign currency translation

The fair value of investments and other assets and liabilities in foreign currencies are translated into the Fund's functional currency at the rates of exchange prevailing at the period-end date. Purchases and sales of investments, and income and expenses are translated at the rates of exchange prevailing on the respective dates of such transactions. Foreign exchange gains (losses) on completed transactions are included in "Net realized gain (loss)" in the Statement of Comprehensive Income and unrealized foreign exchange gains (losses) are included in "Change in unrealized appreciation (depreciation)" in the Statement of Comprehensive Income. Foreign exchange gains (losses) relating to cash, receivables and payables are included in "Foreign exchange gain (loss)" in the Statement of Comprehensive Income.

Securities lending

A Fund may engage in securities lending pursuant to the terms of an agreement with BNY Mellon (the "security lending agent"). The aggregate market value of all securities loaned by the Fund cannot exceed 50% of the NAV of the Fund. The Fund will receive collateral of at least 102% of the value of securities on loan. Collateral will generally be comprised of obligations of or guarantee by the Government of Canada or a province thereof, or by the United States government or its agencies, but it may include obligations of other governments with appropriate credit ratings. Further, the program entered into provides for 100% indemnification by the securities lending agent and parties related to the Fund's custodian, to the Fund for any defaults by borrowers.

For those Funds participating in the program, aggregate values of securities on loan, the collateral held as at September 30, 2017 and September 30, 2016, and information about the security lending income earned by the Fund are disclosed in Note 8.

Income from securities lending, where applicable, is included in the Statement of Comprehensive Income and is recognized when earned. The breakdown of the securities lending income is disclosed in Note 8, where applicable.

BMO U.S. Equity Fund

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

(All amounts in thousands of Canadian dollars, except per unit data)

September 30, 2017

Short-term trading penalty

To discourage excessive trading, the Fund may, at the Manager's sole discretion, charge a short-term trading penalty. This penalty is paid directly to the Fund and is included in "Short-term penalty fees" in the Statement of Comprehensive Income.

Cash

Cash is comprised of cash and deposits with banks which include bankers' acceptances and overnight demand deposits. Cash is recorded at fair value. The carrying amount of cash approximates its fair value because it is short-term in nature.

Other assets and other liabilities

Receivable for investments sold, dividends receivable, distribution receivable from investment trusts, and subscriptions receivable are initially recorded at fair value and subsequently measured at amortized cost. Similarly, payable for investments purchased, redemptions payable, distributions payable and accrued expenses are measured at amortized cost. Other assets and liabilities are short-term in nature, and are carried at cost or amortized cost.

Increase or decrease in net assets attributable to holders of redeemable units

"Increase (decrease) in net assets attributable to holders of redeemable units per unit" of a series in the Statement of Comprehensive Income represents the increase (decrease) in net assets attributable to holders of redeemable units ("Net Assets") of the series divided by the weighted average number of units of the series outstanding during the period.

Taxation

The Fund qualifies as a unit trust under the provisions of the Income Tax Act (Canada). Distributions of all net taxable income and sufficient amounts of net realized capital gains for each taxation year will be paid to unitholders so that the Fund will not be subject to income tax. As a result, the Fund has determined that it is in substance not taxable and therefore does not record income taxes in the Statement of Comprehensive Income nor does it recognize any deferred tax assets or liabilities in the Statement of Financial Position.

The Fund may incur withholding taxes imposed by certain countries on investment income and capital gains. Such income and capital gains are recorded on a gross basis with the related withholding taxes shown as

a separate expense in the Statement of Comprehensive Income.

Investments in subsidiaries, joint ventures and associates

Subsidiaries are entities over which the Fund has control through its exposure or rights to variable returns from its investment and has the ability to affect those returns through its power over the entity. The Manager has determined that the Fund is an investment entity and as such, it accounts for subsidiaries, if any, at fair value. Joint ventures are those where the Fund exercises joint control through an agreement with other shareholders, and associates are investments in which the Fund exerts significant influence over operating, investing, and financing decisions (such as entities in which the Fund owns 20% - 50% of voting shares), all of which, if any, have been designated at FVTPL.

Unconsolidated structured entities

During the periods, the Fund had no sponsored unconsolidated structured entities. The Manager has determined that the underlying funds in which the Fund may invest in are unconsolidated structured entities. This determination is based on the fact that decision making about the underlying funds is not governed by the voting right or other similar right held by the Fund. Similarly, investments in securitizations, asset-backed securities and mortgage-backed securities are determined to be interests in unconsolidated structured entities.

The Fund may invest in underlying funds whose investment objectives range from achieving short-term to long-term income and capital growth potential. Underlying funds may use leverage in a manner consistent with their respective investment objectives and as permitted by Canadian securities regulatory authorities. Underlying funds finance their operations by issuing redeemable units which are puttable at the holders' option and entitles the holder to a proportionate stake in the respective fund's Net Assets. The change in fair value of each of the underlying funds during the periods is included in "Change in unrealized appreciation (depreciation)" in the Statement of Comprehensive Income.

Mortgage-related securities are created from pools of residential or commercial mortgage loans, including mortgage loans made by savings and loan institutions, mortgage bankers, commercial banks and others. Asset-backed securities are created from many types

BMO U.S. Equity Fund

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

(All amounts in thousands of Canadian dollars, except per unit data)

September 30, 2017

of assets, including auto loans, credit card receivables, home equity loans and student loans.

The Fund does not provide and has not committed to providing any additional significant financial or other support to the unconsolidated structured entities other than its investment in the unconsolidated structured entities.

Additional information on the Fund's interest in unconsolidated structured entities, where applicable, is provided in Note 8.

Offsetting of financial assets and financial liabilities

Financial instruments are presented at net or gross amounts in the Statement of Financial Position depending on the existence of intention and legal right to offset opposite positions of such instruments held with the same counterparties. Amounts offset in the Statement of Financial Position are transactions for which the Fund has legally enforceable rights to offset and intends to settle the positions on a net basis. Amounts not offset in the Statement of Financial Position relate to transactions where a master netting arrangement or similar agreement is in place with a right to offset only in the event of default, insolvency or bankruptcy, or where the Fund has no intention of settling on a net basis.

Accounting standards issued but not yet adopted

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments, which addresses classification and measurement, impairment and hedge accounting.

The new standard requires assets to be carried at amortized cost, FVTPL or fair value through other comprehensive income based on the entity's business model for managing financial assets and the contractual cash flow characteristics of the financial asset. The classification and measurement of liabilities remains generally unchanged with the exception of liabilities recorded at FVTPL. For these liabilities, fair value changes attributable to changes in the entity's own credit risk are to be presented in other comprehensive income unless they affect amounts recorded in income.

The new standard is effective for the Fund for its fiscal year beginning October 1, 2018. The Manager is in the process of assessing the impact of adopting this standard but does not expect that the adoption of this standard to have a significant impact to the Fund's financial statements.

Fund mergers

The Manager has adopted the purchase method of accounting for certain fund mergers which occurred during the periods. Under this method, one of the Funds in each merger is identified as the acquiring fund, and is referred to as the "Continuing Fund", and the other fund involved in the merger is referred to as the "Terminated Fund". This identification is based on the comparison of the relative net asset values of the funds as well as consideration of the continuation of such aspects of the Continuing Fund as: investment advisors, investment objectives and practices, type of portfolio securities, and management fees and expenses. Where applicable, refer to Note 8 for the details of the merger transactions.

4. Critical accounting judgements and estimates

The preparation of financial statements requires the use of judgement in applying the Fund's accounting policies and to make estimates and assumptions about the future. The following discusses the most significant accounting judgements and estimates that the Manager has made in preparing the Fund's financial statements:

Accounting judgements:

Functional and presentation currency

The Fund's unitholders are mainly Canadian residents, with the subscriptions and redemptions of the redeemable units denominated in Canadian dollars. The Fund invests in Canadian and U.S. dollars and other foreign denominated securities, as applicable. The performance of the Fund is measured and reported to the investors in Canadian dollars. The Manager considers the Canadian dollar as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The financial statements are presented in Canadian dollars, which is the Fund's functional and presentation currency.

Classification and measurement of financial instruments and application of fair value option

In classifying and measuring financial instruments held by the Fund, the Manager is required to make significant judgements about whether or not the business of the Fund is to invest on a total return basis for the purpose of applying the fair value options for financial assets.

BMO U.S. Equity Fund

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
(All amounts in thousands of Canadian dollars, except per unit data)
September 30, 2017

Accounting estimates:

Fair value measurement of securities not quoted in an active market

The Fund has established policies and control procedures that are intended to ensure these estimates are well controlled, independently reviewed, and consistently applied from period to period. The estimates of the value of the Fund's assets and liabilities are believed to be appropriate as at the reporting date.

The Fund may hold financial instruments that are not quoted in active markets. Note 3 discusses the policies used by the Fund for the estimates used in determining fair value.

5. Units and unit transactions

The redeemable units of the Fund are classified as liabilities.

The units have no par value and are entitled to distributions, if any. Upon redemption, a unit is entitled to a proportionate share of the Fund's NAV. The Fund is required to pay distributions in an amount not less than the amount necessary to ensure the Fund will not be liable for income taxes on realized capital gains, dividends and interest. The Fund has no restrictions or specific capital requirements on the subscriptions and redemptions of units except as disclosed in Note 8. The relevant movements in redeemable units are shown in the Statement of Changes in Net Assets Attributable to Holders of Redeemable Units.

In accordance with its investment objectives and strategies, and the risk management practices outlined in Note 7, the Fund endeavours to invest the subscriptions received in appropriate investments, while maintaining sufficient liquidity to meet redemptions, with such liquidity being augmented by short-term borrowings or disposal of investments where necessary.

Redeemable units of the Fund are offered for sale on a continuous basis and may be purchased or redeemed on any Valuation Date at the NAV per unit of a particular series. The NAV per unit of a series for the purposes of subscription or redemption is computed by dividing the NAV of the Fund attributable to the series (that is, the total fair value of the assets attributable to the series less the liabilities attributable to the series) by the total number of units of the series of the Fund outstanding at such time on each Valuation Date, in

accordance with Part 14 of National Instrument ("NI") 81-106 Investment Fund Continuous Disclosure for the purpose of processing unitholder transactions. Net Assets are determined in accordance with IFRS and may differ to the Funds' NAV. Where a Funds' NAV is not equal to its Net Assets, a reconciliation is shown in Note 8.

Expenses directly attributable to a series are charged to that series. Other expenses, income, realized and unrealized gains and losses from investment transactions are allocated proportionately to each series based upon the relative NAV of each series. The gain (loss) of certain forwards in Funds with Hedged Series is allocated only to the hedged series.

6. Related party transactions

(a) Management fees

The Manager is responsible for the day-to-day management of the Fund and its investment portfolio in compliance with the Fund's constating documents. The Manager provides key management personnel to the Fund, monitors and evaluates the performance of the Fund, pays for the investment management services of the investment advisors and provides all related administrative services required by the Fund. As compensation for its services, the Manager is entitled to receive a fee payable monthly, calculated at the maximum annual rates included in Note 8.

(b) Fixed administration fees

The Manager pays certain operating expenses of each Fund except for BMO FundSelect Balanced Portfolio (Series NBA only), BMO FundSelect Growth Portfolio (Series NBA only), BMO FundSelect Equity Growth Portfolio (Series NBA only), BMO Covered Call Canadian Banks ETF Fund, BMO Covered Call U.S. High Dividend ETF Fund, BMO Covered Call Europe High Dividend ETF Fund, BMO Fossil Fuel Free Fund, BMO Tactical Global Asset Allocation ETF Fund, BMO Tactical Global Growth ETF Fund, BMO Women in Leadership Fund, BMO International Value Fund and BMO Japan Fund (the "Variable Operating Expense Series"), including audit and legal fees and expenses; custodian and transfer agency fees; costs attributable to the issue, redemption and change of securities, including the cost of the securityholder record keeping system; expenses incurred in respect of preparing and distributing prospectuses, financial reports and other types of reports, statements and communications to securityholders; fund accounting and valuation costs; filing fees, including those incurred by the Manager

BMO U.S. Equity Fund

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

(All amounts in thousands of Canadian dollars, except per unit data)
September 30, 2017

(collectively the "Administration Expenses"). In return, the Fund pays a fixed administration fee to the Manager. The fixed administration fee is calculated daily as a fixed annual percentage of the average NAV of the Fund. Refer to Note 8 for the fixed administration fee rates charged to the Fund, where applicable.

(c) Fund expenses

The Fund also pays certain operating expenses directly ("Fund Expenses"), including expenses incurred in respect of preparing and distributing fund facts; interest or other borrowing expenses; all reasonable costs and expenses incurred in relation to compliance with NI 81-107, including compensation and expenses payable to Independent Review Committee ("IRC") members and any independent counsel or other advisors employed by the IRC, the costs of the orientation and continuing education of IRC members and the costs and expenses associated with IRC meetings; taxes of all kinds to which the Fund is or might be subject; and costs associated with compliance with any new governmental or regulatory requirement introduced after December 1, 2007.

The Manager may, in some years and in certain cases, absorb a portion of management fees, fixed administration fees or certain specified expenses of the Fund or series of the Fund. The decision to absorb these expenses is reviewed periodically and determined at the discretion of the Manager, without notice to unitholders.

(d) Variable administration fees

The Variable Operating Expense Series pay all of its operating expenses directly. These operating expenses include Administration Expenses and Fund Expenses.

(e) Commissions and other portfolio transaction costs

The Fund may execute trades with and through BMO Nesbitt Burns Inc., an affiliate of the Manager, based on established standard brokerage agreements at market prices. These fees are included in "Commissions and other portfolio transaction costs" in the Statement of Comprehensive Income. Refer to Note 8 for related party fees charged to the Fund during the period(s) ended September 30, 2017 and September 30, 2016, where applicable.

(f) Initial investments

In order to establish a new Fund, the Manager makes an initial investment in the Fund. Pursuant to the policies of the Canadian Securities Administrators, an initial investor cannot redeem its investments until an

additional \$500 has been received from other investors with respect to the same class of units. Refer to Note 8 for the investment in units of the Fund held by the Manager as at September 30, 2017 and September 30, 2016, where applicable.

(g) Other related party transactions

From time to time, the Manager may on behalf of the Fund enter into transactions or arrangements with or involving subsidiaries and affiliates of Bank of Montreal or certain other persons or companies that are related or connected to the Manager of the Fund. These transactions or arrangements may include transactions or arrangements with or involving subsidiaries and affiliates of Bank of Montreal, BMO Investments Inc., BMO Nesbitt Burns Inc., BMO Asset Management Corp., BMO Private Investment Counsel Inc., BMO Asset Management Inc., BMO InvestorLine Inc., Pyrford International Limited, LGM Investments Limited, BMO Trust Company, F&C Management Limited, BMO Global Asset Management (Asia) Limited, Taplin, Canida & Habacht LLC, BMO Capital Markets Corp., or other investment funds offered by Bank of Montreal, and may involve the purchase or sale of portfolio securities through or from a subsidiary or affiliates of Bank of Montreal, the purchase or sale of securities issued or guaranteed by a subsidiary or affiliates of Bank of Montreal, the purchase or redemption of units or shares of other Bank of Montreal investment funds or the provision of services to the Manager.

7. Financial instruments risks

The Fund's activities expose it to a variety of risks associated with the financial instruments, as follows: market risk (including currency risk, interest rate risk and other market risk), credit risk and liquidity risk. The concentration table groups securities by asset type, geographic location and/or market segment. The Fund's risk management practice outlines the monitoring of compliance to investment guidelines.

The Manager manages the potential effects of these financial risks on the Fund's performance by employing and overseeing professional and experienced portfolio managers that regularly monitor the Fund's positions, market events and diversify investment portfolios within the constraints of the investment guidelines.

Where the Fund invests in other investment fund(s), it may be indirectly exposed to the financial instruments

BMO U.S. Equity Fund

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
(All amounts in thousands of Canadian dollars, except per unit data)
September 30, 2017

risks of the underlying fund(s), depending on the investment objectives and the type of securities held by the underlying fund(s). The decision to buy or sell an underlying fund is based on the investment guidelines and positions, rather than the exposure of the underlying fund(s).

(a) Currency risk

Currency risk is the risk that the value of financial instruments denominated in currencies, other than the functional currency of the Fund, will fluctuate due to changes in foreign exchange rates. Investments in foreign markets are exposed to currency risk as the prices denominated in foreign currencies are converted to the Fund's functional currency in determining fair value. The Fund may enter into forward currency contracts for hedging purposes to reduce foreign currency exposure or to establish exposure to foreign currencies. The Fund's exposure to currency risk, if any, is further disclosed in Note 8.

(b) Interest rate risk

Interest rate risk is the risk that the fair value of the Fund's interest bearing investments will fluctuate due to changes in market interest rates. The Fund's exposure to interest rate risk is concentrated in its investment in debt securities (such as bonds, money market investments, short-term investments and debentures) and interest rate derivative instruments, if any. Other assets and liabilities are short-term in nature and/or non-interest bearing. The Fund's exposure to interest rate risk, if any, is further discussed in Note 8.

(c) Other market risk

Other market risk is the risk that the fair value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in a market. Other assets and liabilities are monetary items that are short-term in nature, as such they are not subject to other

market risk. The Fund's exposure to other market risk, if any, is further discussed in Note 8.

(d) Credit risk

Credit risk is the risk that a loss could arise from a security issuer or counterparty to a financial instrument not being able to meet its financial obligations. The fair value of debt securities includes consideration of the credit worthiness of the debt issuer. Credit risk exposure for over-the-counter derivative instruments is based on the Fund's unrealized gain of the contractual obligations with the counterparty as at the reporting date. The credit exposure of other assets is represented by its carrying amount. The Fund's exposure to credit risk, if any, is further discussed in Note 8.

The Fund may enter into securities lending transactions with approved counterparties. Credit risk associated with these transactions is considered minimal as all counterparties have a sufficient approved credit rating and the market value of collateral held by the Fund must be at least 102% of the fair value of securities loaned, as disclosed in Note 8.

(e) Liquidity risk

The Fund's exposure to liquidity risk is concentrated in the daily cash redemptions of units. The Fund primarily invests in securities that are traded in active markets and can be readily disposed. In addition, the Fund retains sufficient cash and cash equivalent positions to maintain liquidity. The Fund may, from time to time, enter into over-the-counter derivative contracts or invest in unlisted securities, which are not traded in an organized market and may be illiquid. Securities for which a market quotation could not be obtained and may be illiquid are identified on the Schedule of Investment Portfolio. The proportion of illiquid securities to the NAV of the Fund is monitored by the Manager to ensure it does not exceed the regulatory limit and does not significantly affect the liquidity required to meet the Fund's financial obligations.

BMO U.S. Equity Fund

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
(All amounts in thousands of Canadian dollars, except per unit data)
September 30, 2017

8. Fund specific information

(a) Fund and Series information and change in units

The Fund is authorized to issue an unlimited number of units in each of Series A Units, Series A Hedged, Advisor Series Units, Advisor Series Hedged, Series F Units, Series F Hedged, Premium Series Units, Series D Units, Series I Units, Series N Units, Series NBA Units and Series NBF Units, which are redeemable at the unitholders' option.

Series	Inception date
Series A	October 22, 1996
Series A Hedged	April 19, 2016
Advisor Series	March 28, 2013
Advisor Series Hedged	April 19, 2016
Series F	October 24, 2008
Series F Hedged	April 19, 2016
Premium Series	*
Series D	April 7, 2014
Series I	March 5, 2008
Series N	April 17, 2015
Series NBA	December 12, 2013
Series NBF	December 12, 2013

* This series was not offered for distribution and was terminated as at the close of business on October 30, 2015.

Series A Units are offered on a no-load basis and are available to all investors.

Advisor Series Units are available to all investors through authorized dealers and brokers.

Series F Units are available for purchase by investors who are enrolled in dealer-sponsored wrap programs or flat fee accounts. Instead of paying a commission on each transaction, these investors pay an annual fee to the Manager based on the value of their assets.

Series A Hedged Units, Advisor Series Hedged Units and Series F Hedged Units ("the Hedged Series") have the same features as Series A Units, Advisor Series Units and Series F Units, respectively, except that the Hedged Series seek to reflect the performance of the Fund after hedging substantially all of the foreign currency exposure. The Hedged Series units are designed for investors who want exposure to foreign investments but seek to eliminate the impact of foreign currency investments relating to the Canadian dollar on their investments.

Premium Series Units are intended for investors who participate in the BMO Mutual Funds Premium Wealth Program. The minimum investment for Premium Series is \$100 per Fund. No management fees are charged to the Fund with respect to Premium Series. Instead, each investor is charged a management fee directly by the Manager and payable to the Manager for providing general management services. Each investor would be eligible for management fee reductions depending on their account balance. In addition to the management fee, each investor may pay a dealer service fee, which is payable to their dealer. In certain circumstances, the minimum initial investment for Premium Series of each Fund may be reduced to \$10.

Series D Units are available to investors who have an account with a discount brokerage. A reduced trailing commission is paid to discount brokerages in respect to Series D Units which means a lower management fee can be charged.

Series I Units are available only to institutional investors and other investment funds as determined by the Manager from time to time and on a case-by-case basis, and who have entered into an agreement with the Manager. No management fees and fixed administration fees are charged to the Fund in respect of the Series I Units as each investor or dealer negotiates a separate fee with the Manager.

Series N Units are available to investors who participate in a separate managed account or discretionary management program through a dealer who has entered into an agreement with the Manager. No management fees are charged in respect to Series N Units. Instead, the investor pays the dealer the fee set by the dealer, a portion of which is paid to the Manager by the dealer.

As at the close of business on October 20, 2016, Series NBA Units and Series NBF Units were terminated. Prior to termination, Series NBA and Series NBF Units could only be purchased through sales representatives of BMO Nesbitt Burns Inc., an affiliate of the Manager.

The number of units of each series that have been issued and are outstanding are shown in the table below.

BMO U.S. Equity Fund

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
 (All amounts in thousands of Canadian dollars, except per unit data)
 September 30, 2017

For the periods ended (in thousands of units)	Sep. 30, 2017	Sep. 30, 2016
Series A		
Units issued and outstanding, beginning of period	31,157	31,405
Issued	5,950	4,269
Issued on reinvestment of distributions	663	3,800
Redeemed during the period	(7,458)	(8,317)
Units issued and outstanding, end of period	30,312	31,157

Series A Hedged		
Units issued and outstanding, beginning of period	104	—
Issued	589	106
Issued on reinvestment of distributions	1	—
Redeemed during the period	(183)	(2)
Units issued and outstanding, end of period	511	104

Advisor Series		
Units issued and outstanding, beginning of period	945	784
Issued	310	379
Issued on reinvestment of distributions	19	105
Redeemed during the period	(410)	(323)
Units issued and outstanding, end of period	864	945

Advisor Series Hedged		
Units issued and outstanding, beginning of period	29	—
Issued	53	40
Issued on reinvestment of distributions	0	—
Redeemed during the period	(61)	(11)
Units issued and outstanding, end of period	21	29

For the periods ended (in thousands of units)	Sep. 30, 2017	Sep. 30, 2016
Series F		
Units issued and outstanding, beginning of period	711	331
Issued	651	478
Issued on reinvestment of distributions	12	49
Redeemed during the period	(198)	(147)
Units issued and outstanding, end of period	1,176	711

Series F Hedged		
Units issued and outstanding, beginning of period	10	—
Issued	38	10
Issued on reinvestment of distributions	0	—
Units issued and outstanding, end of period	48	10

Premium Series		
Units issued and outstanding, beginning of period	—	0
Redeemed during the period	—	(0)
Units issued and outstanding, end of period	—	—

Series D		
Units issued and outstanding, beginning of period	371	355
Issued	129	131
Issued on reinvestment of distributions	8	41
Redeemed during the period	(156)	(156)
Units issued and outstanding, end of period	352	371

Series I		
Units issued and outstanding, beginning of period	93,527	137,995
Issued	25,064	7,501
Issued on reinvestment of distributions	—	25,299
Redeemed during the period	(28,816)	(77,268)
Units issued and outstanding, end of period	89,775	93,527

BMO U.S. Equity Fund

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
 (All amounts in thousands of Canadian dollars, except per unit data)
 September 30, 2017

For the periods ended (in thousands of units)	Sep. 30, 2017	Sep. 30, 2016
Series N		
Units issued and outstanding, beginning of period	4,570	5,769
Issued	219	266
Issued on reinvestment of distributions	99	690
Redeemed during the period	(1,266)	(2,155)
Units issued and outstanding, end of period	3,622	4,570
Series NBA		
Units issued and outstanding, beginning of period	698	761
Issued	—	251
Issued on reinvestment of distributions	38	101
Redeemed during the period	(736)	(415)
Units issued and outstanding, end of period	—	698
Series NBF		
Units issued and outstanding, beginning of period	395	381
Issued	—	257
Issued on reinvestment of distributions	21	47
Redeemed during the period	(416)	(290)
Units issued and outstanding, end of period	—	395

Revision of comparative information

The adjustment to exclude non-cash subscriptions and redemptions arising from switches between series within a Fund in the Statement of Cash Flows in the prior period amounted to \$3,388.

(b) Reconciliation of NAV to Net Assets

As at September 30, 2017 and September 30, 2016, there were no differences between the Fund's NAV per unit and its Net Assets per unit calculated for each series in accordance with IFRS.

(c) Increase (decrease) in net assets attributable to holders of redeemable units per unit

The increase (decrease) in net assets attributable to holders of redeemable units per unit is calculated as follows:

For the periods ended	Sep. 30, 2017	Sep. 30, 2016
Series A Units		
Increase in net assets attributable to holders of redeemable units	96,793	33,541
Weighted average units outstanding during the period	31,093	32,839
Increase in net assets attributable to holders of redeemable units per unit	3.11	1.02
Series A Hedged Units		
Increase in net assets attributable to holders of redeemable units	575	17
Weighted average units outstanding during the period	340	51
Increase in net assets attributable to holders of redeemable units per unit	1.69	0.33
Advisor Series Units		
Increase in net assets attributable to holders of redeemable units	2,048	523
Weighted average units outstanding during the period	947	962
Increase in net assets attributable to holders of redeemable units per unit	2.16	0.54
Advisor Series Hedged Units		
Increase (decrease) in net assets attributable to holders of redeemable units	64	(1)
Weighted average units outstanding during the period	27	20
Increase (decrease) in net assets attributable to holders of redeemable units per unit	2.38	(0.06)
Series F Units		
Increase in net assets attributable to holders of redeemable units	3,195	636
Weighted average units outstanding during the period	998	523
Increase in net assets attributable to holders of redeemable units per unit	3.20	1.21

BMO U.S. Equity Fund

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
 (All amounts in thousands of Canadian dollars, except per unit data)
 September 30, 2017

For the periods ended	Sep. 30, 2017	Sep. 30, 2016
Series F Hedged Units		
Increase in net assets attributable to holders of redeemable units	41	0
Weighted average units outstanding during the period	19	10
Increase in net assets attributable to holders of redeemable units per unit	2.13	0.00
Premium Series Units		
Increase in net assets attributable to holders of redeemable units	—	0
Weighted average units outstanding during the period	—	0
Increase in net assets attributable to holders of redeemable units per unit	—	0.56
Series D Units		
Increase in net assets attributable to holders of redeemable units	619	264
Weighted average units outstanding during the period	319	374
Increase in net assets attributable to holders of redeemable units per unit	1.94	0.71
Series I Units		
Increase in net assets attributable to holders of redeemable units	290,645	133,781
Weighted average units outstanding during the period	79,320	119,258
Increase in net assets attributable to holders of redeemable units per unit	3.66	1.12
Series N Units		
Increase in net assets attributable to holders of redeemable units	7,066	2,873
Weighted average units outstanding during the period	4,168	5,100
Increase in net assets attributable to holders of redeemable units per unit	1.70	0.56
Series NBA Units		
Increase in net assets attributable to holders of redeemable units	11	578
Weighted average units outstanding during the period	534	910
Increase in net assets attributable to holders of redeemable units per unit	0.02	0.63

For the periods ended	Sep. 30, 2017	Sep. 30, 2016
Series NBF Units		
Increase in net assets attributable to holders of redeemable units	7	435
Weighted average units outstanding during the period	288	475
Increase in net assets attributable to holders of redeemable units per unit	0.03	0.92

(d) Income taxes

The Fund did not have any available capital and non-capital losses carried forward for income tax purposes as of the tax year-ended December 2016.

(e) Related party transactions

Management fees

The Manager is entitled to receive the following fees payable monthly, calculated at the following maximum annual rates:

Series	Management Fees (%)	Fixed Administration Fees (%)
Series A	2.000	0.250
Series A Hedged	2.000	0.250
Advisor Series	2.000	0.250
Advisor Series Hedged	2.000	0.250
Series F	0.500 ⁺	0.250
Series F Hedged	0.500 ⁺	0.250
Premium Series	—	0.250
Series D	0.850	0.250
Series I	*	*
Series N	—	0.250
Series NBA	1.500	—
Series NBF	0.500	—

* Negotiated and paid by each Series I investor directly to the Manager.

⁺ Effective February 1, 2017, the management fee rate was reduced from 0.600% to 0.500%.

The outstanding accrued management fees due to the Manager are included in "Accrued expenses" in the Statement of Financial Position and as at September 30, 2017 amounted to \$95 (September 30, 2016 — \$88).

BMO U.S. Equity Fund

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
 (All amounts in thousands of Canadian dollars, except per unit data)
 September 30, 2017

Administration services

The related party fees charged relating to administration services are as follows:

	Sep. 30, 2017 (\$)	Sep. 30, 2016 (\$)
Administration services	2,352	2,257

The outstanding accrued administration services due to the Manager are included in "Accrued expenses" in the Statement of Financial Position and as at September 30, 2017 amounted to \$13 (September 30, 2016 — \$15).

Expenses

The Manager pays the administration and operating expenses of the Series I Units.

Brokerage commissions and soft dollars

Brokerage commissions paid (excluding transaction costs) on security transactions and amounts paid to related parties of the Manager for brokerage services provided to the Fund for the periods are as follows:

For the periods ended	Sep. 30, 2017 (\$)	Sep. 30, 2016 (\$)
Total brokerage amounts paid	1,571	2,562
Total brokerage amounts paid to related parties	—	—

The ascertainable soft dollar value of services received, and as a percentage of total brokerage commissions paid, under the soft dollar arrangement entered into by the portfolio advisor for the periods ended is as follows:

For the periods ended	Sep. 30, 2017	Sep. 30, 2016
Total soft dollars (\$)	614	1,115
Total soft dollars as a percentage of total commissions (%)	39.1	43.5

Units held by the Manager

The Manager held the following units of the Fund:

As at Sep. 30, 2017

Series	Number of Units	Value of Units (\$)
Advisor Series Hedged	10,016	119
Series F Hedged	10,004	122

As at Sep. 30, 2016

Series	Number of Units	Value of Units (\$)
Series A Hedged	10,000	100
Advisor Series Hedged	10,000	98
Series F Hedged	10,000	100

(f) Financial instruments risks

The Fund's objective is to increase the value of investments over the long-term by investing in equities of well-established U.S. companies that may be undervalued by the marketplace.

No changes affecting the overall level of risk of investing in the Fund were made during the period.

Currency risk

The Fund's exposure to currency risk is summarized in the tables below. Amounts shown are based on the carrying value of monetary and non-monetary assets (including derivatives and the underlying principle (notional) amount of forward currency contracts, if any). The Fund may enter into forward currency contracts for hedging purposes to reduce foreign currency exposure to foreign currencies in respect of Series A Hedged Units, Advisor Series Hedged Units and Series F Hedged Units only.

As at Sep. 30, 2017

Currencies	Cash and other current receivables & payables (\$)	Invest- ments (monetary & non- monetary) (\$)	Forward currency contracts (\$)	Net currency exposure (\$)	As a % of Net Assets (%)
U.S. Dollar	16,253	2,747,573	—	2,763,826	99.6

All amounts in Canadian dollars

As at Sep. 30, 2016

Currencies	Cash and other current receivables & payables (\$)	Invest- ments (monetary & non- monetary) (\$)	Forward currency contracts (\$)	Net currency exposure (\$)	As a % of Net Assets (%)
U.S. Dollar	2,356	2,467,600	(1,396)	2,468,560	98.7

All amounts in Canadian dollars

BMO U.S. Equity Fund

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
 (All amounts in thousands of Canadian dollars, except per unit data)
 September 30, 2017

As at September 30, 2017 and September 30, 2016, if the Canadian dollar had strengthened or weakened by 5% in relation to all foreign currencies, with all variables held constant, the Net Assets of the Fund could possibly have increased or decreased, respectively, by approximately \$138,191 (September 30, 2016 — \$123,428). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

Interest rate risk

As at September 30, 2017 and September 30, 2016, the Fund did not have significant exposure to interest rate risk.

Other market risk

The Fund has a significant exposure to other market risk arising from its investment in equity securities. Using historical correlation between the Fund's return and the return of its benchmark, if the benchmark, S&P 500 Total Return Index (C\$), had increased or decreased by 10%, with all other variables held constant, the Net Assets of the Fund would have increased or decreased, respectively, by \$266,656 (September 30, 2016 — \$239,808). Historical correlation may not be representative of future correlation, and accordingly, actual results may differ and the difference could be material.

Credit risk

As at September 30, 2017 and September 30, 2016, the Fund did not have significant exposure to credit risk.

Securities lending

The Fund had assets involved in securities lending transactions outstanding as at September 30, 2017 and September 30, 2016 as follows:

	Aggregate value of securities on loan (\$)	Aggregate value of collateral received for the loan (\$)
Sep. 30, 2017	—	—
Sep. 30, 2016	163,188	171,679

There were no assets involved in securities lending transactions as at September 30, 2017.

The table below is a reconciliation of the gross amount generated from securities lending transactions to the security lending revenue for the periods ended September 30, 2017 and September 30, 2016:

For the periods ended	Sep. 30, 2017		Sep. 30, 2016	
	Amount	% of Gross Securities Lending Revenue	Amount	% of Gross Securities Lending Revenue
Gross securities lending revenue	155	100.0	616	100.0
Withholding taxes	9	5.7	124	20.5
	146	94.3	493	79.9
Payment to securities lending agents	44	28.3	147	24.0
Net securities lending revenue*	102	66.0	346	56.2

* Amount shown on the Statement of Comprehensive Income is gross of withholding taxes of \$9 (September 30, 2016 — \$124).

Concentration risk

The Fund's concentration risk is summarized in the following table:

As at	Sep. 30, 2017	Sep. 30, 2016
Equities		
Consumer Discretionary	9.1%	13.3%
Consumer Staples	9.2%	10.5%
Energy	5.1%	3.8%
Financials	14.7%	14.5%
Health Care	13.7%	12.4%
Industrials	13.0%	11.6%
Information Technology	20.0%	21.1%
Materials	3.3%	2.3%
Real Estate	5.4%	2.5%
Telecommunication Services	—%	2.8%
Utilities	5.5%	3.9%
Other Assets Less Liabilities	1.0%	1.3%
	100.0%	100.0%

BMO U.S. Equity Fund

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
 (All amounts in thousands of Canadian dollars, except per unit data)
 September 30, 2017

(g) Financial assets and financial liabilities

Categories of financial assets and financial liabilities

The categories of financial assets and financial liabilities, except cash, are summarized in the following table:

As at	Sep. 30, 2017	Sep. 30, 2016
Financial assets designated at FVTPL	2,747,573	2,467,600
Financial assets held for trading	—	7
Loans and receivables	1,789	1,579
Financial liabilities held for trading	13	—
Financial liabilities measured at amortized cost	3,260	1,948

Net gains and losses on financial assets and financial liabilities

For the periods ended	Sep. 30, 2017	Sep. 30, 2016
Net realized gains (losses) on financial assets		
Held for trading	462	—
Designated at FVTPL	380,779	484,060
	381,241	484,060

Net realized gains (losses) on financial liabilities

Held for trading	—	(21)
------------------	---	------

Total net realized gains (losses) on financial assets and financial liabilities

	381,241	484,039
--	---------	---------

Change in unrealized gains (losses) on financial assets

Held for trading	—	7
Designated at FVTPL	46,840	(279,148)
	46,840	(279,141)

Change in unrealized gains (losses) on financial liabilities

Held for trading	(20)	—
------------------	------	---

Total change in unrealized gains (losses) on financial assets and financial liabilities

	46,820	(279,141)
--	--------	-----------

(h) Fair value hierarchy

The Fund classifies its financial instruments into three levels based on the inputs used to value the financial instruments. Level 1 securities are valued based on quoted prices in active markets for identical securities. Level 2 securities are valued based on significant observable market inputs, such as quoted prices from

similar securities and quoted prices in inactive markets or based on observable inputs to models. Level 3 securities are valued based on significant unobservable inputs that reflect the Manager's determination of assumptions that market participants might reasonably use in valuing the securities. The tables below show the relevant disclosure.

As at Sep. 30, 2017

Financial assets	Level 1	Level 2	Level 3	Total
Equity Securities	2,747,573	—	—	2,747,573

Financial liabilities

Derivatives	—	(13)	—	(13)
-------------	---	------	---	------

As at Sep. 30, 2016

Financial assets	Level 1	Level 2	Level 3	Total
Equity Securities	2,467,600	—	—	2,467,600
Derivatives	—	7	—	7
Total	2,467,600	7	—	2,467,607

Transfers between levels

There were no transfers between the levels during the periods.

Management's Responsibility for Financial Reporting

The accompanying financial statements have been prepared by management of BMO Investments Inc. Management is responsible for the information and representations made in these financial statements.

Management has maintained appropriate processes to ensure that relevant and reliable financial information is produced. The financial statements have been produced in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and include certain amounts based on estimates and judgments. The significant accounting policies which management believes are appropriate for the BMO Mutual Funds are described in Note 3 to the financial statements.

The Trustee of each of the Trusts is responsible for reviewing and approving the financial statements and overseeing management's performance of its financial reporting responsibilities. The Trustee reviews the financial statements, adequacy of internal controls, the audit process and financial reporting with management and the external auditors.

The Board of Directors of BMO Global Tax Advantage Funds Inc. is responsible for reviewing and approving the financial statements and overseeing management's performance of its financial reporting responsibilities. The Audit Committee of the Board of Directors reviews the financial statements, adequacy of internal controls, the audit process and financial reporting with management and the external auditors. The Audit Committee reports to the Board of Directors prior to the Board approval of the financial statements.

PricewaterhouseCoopers LLP are the external auditors of the BMO Mutual Funds. The auditors have been appointed by the respective Boards and cannot be changed without the prior approval of the Independent Review Committee and 60 days notice to the Securityholders. They have audited the financial statements in accordance with generally accepted auditing standards in Canada to enable them to express their opinion on the financial statements. Their report is included as an integral part of the financial statements.

Kevin Gopaul
Head, BMO Global Asset Management Canada
BMO Investments Inc.
December 5, 2017

R.J. Schauer
Chief Financial Officer
BMO Mutual Funds
December 5, 2017

www.bmo.com/mutualfunds and www.bmo.com/gam/ca

BMO Investments Inc.

First Canadian Place, 43rd Floor, 100 King Street West

Toronto, ON M5X 1A1

If you have any questions, please give us a call as follows:

- If you purchased BMO Mutual Funds through a BMO Bank of Montreal branch or BMO Online Banking, please call 1-800-665-7700.
- If you purchased BMO Mutual Funds through a full-service or discount broker, please call 1-800-668-7327 or email clientservices.mutualfunds@bmo.com.

Independent Auditor

PricewaterhouseCoopers LLP

PwC Tower

18 York Street, Suite 2600

Toronto, Ontario M5J 0B2



BMO (M-bar roundel symbol) registered trademark, and BMO (M-bar roundel symbol) Mutual Funds are owned by Bank of Montreal, used under license. BMO Mutual Funds are offered by BMO Investments Inc., a financial services firm and separate legal entity from Bank of Montreal.