

BMO Mutual Funds 2017

Semi-Annual Financial Statements

March 31, 2017

BMO U.S. Equity Fund

NOTICE OF NO AUDITOR REVIEW OF THE SEMI-ANNUAL FINANCIAL STATEMENTS

BMO Investments Inc., the Manager of the Fund, appoints independent auditors to audit the Fund's Annual Financial Statements. Under Canadian securities laws (National Instrument 81-106), if an auditor has not reviewed the Semi-Annual Financial Statements, this must be disclosed in an accompanying notice.

The Fund's independent auditors have not performed a review of these Semi-Annual Financial Statements in accordance with standards established by the Chartered Professional Accountants of Canada.

BMO U.S. Equity Fund

(unaudited)

STATEMENT OF FINANCIAL POSITION

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

As at	March 31 2017	September 30 2016
ASSETS		
CURRENT ASSETS		
Cash	43,085	33,929
Investments		
Non-derivative financial assets	2,419,219	2,467,600
Derivative assets	24	7
Receivable for investments sold	171,590	—
Subscriptions receivable	784	516
Dividends receivable	2,334	1,063
Total assets	2,637,036	2,503,115
LIABILITIES		
CURRENT LIABILITIES		
Payable for investments purchased	170,650	—
Redemptions payable	1,643	1,845
Accrued expenses	1,695	103
Total liabilities	173,988	1,948
Net assets attributable to holders of redeemable units	2,463,048	2,501,167
Net assets attributable to holders of redeemable units		
Series A Units	801,809	703,507
Series A Hedged Units	4,740	1,040
Advisor Series Units	17,172	14,104
Advisor Series Hedged Units	256	287
Series F Units	23,909	15,337
Series F Hedged Units	152	100
Series D Units	4,062	4,542
Series I Units	1,564,252	1,704,809
Series N Units	46,696	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	\$ 24.92	\$ 22.58
Series A Hedged Units	\$ 11.09	\$ 9.97
Advisor Series Units	\$ 16.48	\$ 14.93
Advisor Series Hedged Units	\$ 11.06	\$ 9.80
Series F Units	\$ 24.17	\$ 21.56
Series F Hedged Units	\$ 11.24	\$ 10.00
Series D Units	\$ 13.54	\$ 12.23
Series I Units	\$ 20.81	\$ 18.23
Series N Units	\$ 10.77	\$ 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	March 31 2017	March 31 2016
INCOME		
Interest income	0	0
Dividend income	24,560	40,593
Other changes in fair value of investments and derivatives		
Net realized gain	239,722	213,044
Change in unrealized appreciation (depreciation)	80,507	(175,320)
Net gain in fair value of investments and derivatives	344,789	78,317
Securities lending revenue (note 8)	72	353
Short-term penalty fees	—	2
Foreign exchange loss	(132)	(637)
Total other loss	(60)	(282)
Total income	344,729	78,035
EXPENSES		
Management fees (note 6)	8,338	8,886
Variable administration fees (note 6)	0	(9)
Fixed administration fees (note 6)	1,129	1,187
Audit fees	0	0
Independent review committee fees (note 6)	1	1
Withholding taxes	3,549	5,788
Custodian fees, interest and bank charges	0	2
Legal and filing fees	0	2
Fund Facts fees	1	0
Unitholder reporting costs	2	1
Commissions and other portfolio transaction costs (note 6)	1,041	1,368
Operating expenses absorbed by the Manager (note 6)	(2)	(4)
Total expenses	14,059	17,222
Increase in net assets attributable to holders of redeemable units	330,670	60,813

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

BMO U.S. Equity Fund

(unaudited)

STATEMENT OF COMPREHENSIVE INCOME (cont'd)

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

For the periods ended	March 31	March 31
	2017	2016
Increase (decrease) in net assets attributable to holders of redeemable units		
Series A Units	87,744	5,890
Series A Hedged Units	222	—
Advisor Series Units	1,796	(36)
Advisor Series Hedged Units	45	—
Series F Units	2,642	30
Series F Hedged Units	13	—
Premium Series Units	—	0
Series D Units	529	58
Series I Units	231,554	54,010
Series N Units	6,107	698
Series NBA Units	11	79
Series NBF Units	7	84
Increase (decrease) in net assets attributable to holders of redeemable units per unit (note 8)		
Series A Units	2.86	0.18
Series A Hedged Units	0.99	—
Advisor Series Units	1.85	(0.04)
Advisor Series Hedged Units	1.37	—
Series F Units	2.91	0.07
Series F Hedged Units	1.24	—
Premium Series Units	—	0.56
Series D Units	1.66	0.16
Series I Units	2.65	0.40
Series N Units	1.35	0.13
Series NBA Units	0.02	0.09
Series NBF Units	0.03	0.20

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

BMO U.S. Equity Fund

(unaudited)

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

(All amounts in thousands of Canadian dollars)

For the periods ended	March 31 2017	March 31 2016	For the periods ended	March 31 2017	March 31 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	87,744	5,890	Increase (decrease) in net assets attributable to holders of redeemable units	1,796	(36)
Distributions to holders of redeemable units from:			Distributions to holders of redeemable units from:		
Net realized gains on investments and derivatives	(16,150)	(88,572)	Net realized gains on investments and derivatives	(320)	(1,654)
Total distributions to holders of redeemable units	(16,150)	(88,572)	Total distributions to holders of redeemable units	(320)	(1,654)
Redeemable unit transactions			Redeemable unit transactions		
Proceeds from redeemable units issued	105,067	74,881	Proceeds from redeemable units issued	3,623	4,769
Reinvestments of distributions to holders of redeemable units	15,976	87,504	Reinvestments of distributions to holders of redeemable units	306	1,599
Redemption of redeemable units	(94,335)	(100,655)	Redemption of redeemable units	(2,337)	(2,600)
Net increase from redeemable unit transactions	26,708	61,730	Net increase from redeemable unit transactions	1,592	3,768
Net increase (decrease) in net assets attributable to holders of redeemable units	98,302	(20,952)	Net increase in net assets attributable to holders of redeemable units	3,068	2,078
Net assets attributable to holders of redeemable units at end of period	801,809	739,316	Net assets attributable to holders of redeemable units at end of period	17,172	14,616
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	222	—	Increase in net assets attributable to holders of redeemable units	45	—
Distributions to holders of redeemable units from:			Distributions to holders of redeemable units from:		
Net realized gains on investments and derivatives	(3)	—	Net realized gains on investments and derivatives	(1)	—
Total distributions to holders of redeemable units	(3)	—	Total distributions to holders of redeemable units	(1)	—
Redeemable unit transactions			Redeemable unit transactions		
Proceeds from redeemable units issued	3,959	—	Proceeds from redeemable units issued	335	—
Reinvestments of distributions to holders of redeemable units	3	—	Reinvestments of distributions to holders of redeemable units	0	—
Redemption of redeemable units	(481)	—	Redemption of redeemable units	(410)	—
Net increase from redeemable unit transactions	3,481	—	Net decrease from redeemable unit transactions	(75)	—
Net increase in net assets attributable to holders of redeemable units	3,700	—	Net decrease in net assets attributable to holders of redeemable units	(31)	—
Net assets attributable to holders of redeemable units at end of period	4,740	—	Net assets attributable to holders of redeemable units at end of period	256	—

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

BMO U.S. Equity Fund

(unaudited)

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	March 31 2017	March 31 2016	For the periods ended	March 31 2017	March 31 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	2,642	30	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	8,717	5,520	Net assets attributable to holders of redeemable units at end of period	—	0
Reinvestments of distributions to holders of redeemable units	282	1,058			
Redemption of redeemable units	(2,778)	(2,078)			
Net increase from redeemable unit transactions	6,221	4,500			
Net increase in net assets attributable to holders of redeemable units	8,572	3,414			
Net assets attributable to holders of redeemable units at end of period	23,909	10,961			
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	13	—	Increase in net assets attributable to holders of redeemable units	529	58
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	39	—	Proceeds from redeemable units issued	619	1,082
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	39	—	Redemption of redeemable units	(1,623)	(1,306)
Net increase in net assets attributable to holders of redeemable units	52	—	Net (decrease) increase from redeemable unit transactions	(909)	280
Net assets attributable to holders of redeemable units at end of period	152	—	Net decrease in net assets attributable to holders of redeemable units	(480)	(190)
			Net assets attributable to holders of redeemable units at end of period	4,062	4,401

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BMO U.S. Equity Fund

(unaudited)

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	March 31 2017	March 31 2016	For the periods ended	March 31 2017	March 31 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	231,554	54,010	Increase in net assets attributable to holders of redeemable units	11	79
Distributions to holders of redeemable units from:			Distributions to holders of redeemable units from:		
Net investment income	—	(50,484)	Net investment income	(18)	—
Net realized gains on investments and derivatives	—	(312,957)	Net realized gains on investments and derivatives	(206)	(1,245)
Return of capital	—	(638)	Return of capital	(206)	—
Total distributions to holders of redeemable units	—	(364,079)	Total distributions to holders of redeemable units	(430)	(1,245)
Redeemable unit transactions			Redeemable unit transactions		
Proceeds from redeemable units issued	17,888	64,866	Proceeds from redeemable units issued	3	1,750
Reinvestments of distributions to holders of redeemable units	—	364,079	Reinvestments of distributions to holders of redeemable units	422	1,237
Redemption of redeemable units	(389,999)	(704,639)	Redemption of redeemable units	(8,497)	(975)
Net decrease from redeemable unit transactions	(372,111)	(275,694)	Net (decrease) increase from redeemable unit transactions	(8,072)	2,012
Net decrease in net assets attributable to holders of redeemable units	(140,557)	(585,763)	Net (decrease) increase in net assets attributable to holders of redeemable units	(8,491)	846
Net assets attributable to holders of redeemable units at end of period	1,564,252	2,249,471	Net assets attributable to holders of redeemable units at end of period	—	10,688
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	6,107	698	Increase in net assets attributable to holders of redeemable units	7	84
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			Redeemable unit transactions		
Proceeds from redeemable units issued	1,823	1,307	Return of capital	(33)	—
Reinvestments of distributions to holders of redeemable units	1,021	6,672	Total distributions to holders of redeemable units	(228)	(585)
Redemption of redeemable units	(5,354)	(17,657)	Redeemable unit transactions		
Net decrease from redeemable unit transactions	(2,510)	(9,678)	Proceeds from redeemable units issued	3	1,226
Net increase (decrease) in net assets attributable to holders of redeemable units	2,574	(15,652)	Reinvestments of distributions to holders of redeemable units	224	580
Net assets attributable to holders of redeemable units at end of period	46,696	42,773	Redemption of redeemable units	(4,834)	(653)
			Net (decrease) increase from redeemable unit transactions	(4,607)	1,153
			Net (decrease) increase in net assets attributable to holders of redeemable units	(4,828)	652
			Net assets attributable to holders of redeemable units at end of period	—	5,524

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

BMO U.S. Equity Fund

(unaudited)

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	March 31 2017	March 31 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	330,670	60,813
Distributions to holders of redeemable units from:		
Net investment income	(104)	(50,484)
Net realized gains on investments and derivatives	(18,203)	(413,329)
Return of capital	(239)	(638)
Total distributions paid to holders of redeemable units	(18,546)	(464,451)
Redeemable unit transactions		
Proceeds from redeemable units issued	142,076	155,401
Reinvestments of distributions to holders of redeemable units	18,329	463,233
Redemption of redeemable units	(510,648)	(830,564)
Net decrease from redeemable unit transactions	(350,243)	(211,930)
Net decrease in net assets attributable to holders of redeemable units	(38,119)	(615,568)
Net assets attributable to holders of redeemable units at end of period	2,463,048	3,077,750

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

BMO U.S. Equity Fund

(unaudited)

STATEMENT OF CASH FLOWS

(All amounts in thousands of Canadian dollars)

For the periods ended	March 31 2017	March 31 2016
Cash flows from operating activities		
Increase in net assets attributable to holders of redeemable units	330,670	60,813
Adjustments for:		
Foreign exchange loss on cash	2	22
Net realized gain on sale of investments and derivatives	(239,722)	(213,044)
Change in unrealized (appreciation) depreciation of investments and derivatives	(80,507)	175,320
(Increase) decrease in dividends receivable	(1,271)	380
Increase in accrued expenses	1,592	1,532
Purchases of investments	(733,385)	(950,929)
Proceeds from sale and maturity of investments	1,101,163	1,628,069
Cash outflows on derivatives	(125)	—
Net cash from operating activities	378,417	702,163
Cash flows from financing activities		
Distributions paid to holders of redeemable units, net of reinvested distributions	(217)	(1,218)
Proceeds from issuances of redeemable units	138,944	153,386
Amounts paid on redemption of redeemable units	(507,986)	(843,722)
Net cash from financing activities	(369,259)	(691,554)
Foreign exchange loss on cash	(2)	(22)
Net increase in cash	9,158	10,609
Cash at beginning of period	33,929	40,146
Cash at end of period	43,085	50,733
Supplementary Information		
Interest received, net of withholding taxes*	0	0
Dividends received, net of withholding taxes*	19,749	35,297
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

(unaudited)

SCHEDULE OF INVESTMENT PORTFOLIO (cont'd)

March 31, 2017 (All amounts in thousands of Canadian dollars, unless otherwise noted)

	Number of Shares or Units	Cost ⁺ (\$)	Fair Value (\$)
PG&E Corporation.....	494,394.....	39,707.....	43,630
.....	112,675.....	125,256
Total Investment Portfolio — 98.2%	1,957,387 ..	1,957,387 ..	2,419,219
Total Unrealized Gain on Forward Currency Contracts — 0.0%			24
Other Assets Less Liabilities — 1.8%			43,805
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS - 100.0%			2,463,048

+ 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.

BMO U.S. Equity Fund

(unaudited)

SCHEDULE OF INVESTMENT PORTFOLIO (cont'd)

March 31, 2017 (All amounts in thousands of Canadian dollars, unless otherwise noted)

Settlement Date	Currency Buy	Position (000s)	Currency Sell	Position (000s)	Contract Rate	Counterparty	Credit Rating*	Unrealized Gain
UNREALIZED GAIN ON FORWARD CURRENCY CONTRACTS								
28-Apr-17	CAD	126	USD	(94)	1.3359	CIBC	A-1	1
28-Apr-17	CAD	249	USD	(187)	1.3359	CIBC	A-1	1
28-Apr-17	CAD	4,564	USD	(3,417)	1.3359	CIBC	A-1	22
Total Unrealized Gain on Forward Currency Contracts								24

* Credit Rating provided by Standard & Poor's.

BMO U.S. Equity Fund

(unaudited)

NOTES TO THE FINANCIAL STATEMENTS

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

March 31, 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 Fund’s series and their respective launch date(s) 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 First Canadian Place, 43rd Floor, 100 King Street West, Toronto, Ontario, M5X 1A1.

The Statement of Financial Position of each of the Funds are as at March 31, 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 March 31, 2017 and March 31, 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 launch 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 May 10, 2017.

These financial statements should be read in conjunction with the annual financial statements for the period ended September 30, 2016 which have been prepared in accordance with International Financial Reporting Standards (“IFRS”).

2. Basis of preparation and presentation

These unaudited interim financial statements have been prepared in accordance with IFRS and in accordance with International Accounting Standard (“IAS”) 34 – Interim Financial Reporting, as issued by the International Accounting Standards Board (“IASB”).

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 has issued multiple series of redeemable units, which are equally subordinated but are not identical and consequently, do not meet the conditions to be classified as equity. As a result, the Fund’s obligations for net assets attributable to holders of

BMO U.S. Equity Fund

(unaudited)

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

March 31, 2017

redeemable units are classified as financial liabilities and presented at the redemption amounts.

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 Fund 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 Fund uses internal models where the inputs are not based on observable market data.

Derivative instruments

Derivative instruments are financial contracts that derive their value from underlying changes in 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 and unrealized gains and losses are recorded 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

(unaudited)

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

March 31, 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.

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.

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

BMO U.S. Equity Fund

(unaudited)

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

March 31, 2017

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 distributions 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 March 31, 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.

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.

BMO U.S. Equity Fund

(unaudited)

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

March 31, 2017

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 invests 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 invests 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 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.

BMO U.S. Equity Fund

(unaudited)

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

March 31, 2017

Offsetting of financial assets and financial liabilities

Financial instruments are presented at net or gross amounts on 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 adoption 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 Fund has made in preparing its 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.

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

BMO U.S. Equity Fund

(unaudited)

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

March 31, 2017

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 on 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 Day, 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 are 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 and BMO Women in Leadership 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 (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.

(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

BMO U.S. Equity Fund

(unaudited)

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

March 31, 2017

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 March 31, 2017 and March 31, 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 March 31, 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 AM Corp., BMO Private Investment Counsel Inc., BMO Asset Management Inc., BMO InvestorLine, Pyrford International Limited, Money Inc., LGM (Bermuda) Limited, BMO Trust Company, F&C Management Limited, BMO Global Asset Management (Asia) Limited, Talpin, 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 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

BMO U.S. Equity Fund

(unaudited)

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

March 31, 2017

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

(unaudited)

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

March 31, 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, Advisor Series Units, Series F Units, Premium Series Units, Series D Units, Series I Units, Series N Units, Series NBA Units, Series NBF Units, Series A Hedged, Advisor Series Hedged, and Series F Hedged, which are redeemable at the unitholders' option.

Series	Launch date
Series A	January 7, 1997
Series A Hedged	May 2, 2016
Advisor Series	April 1, 2013
Advisor Series Hedged	May 2, 2016
Series F	November 3, 2008
Series F Hedged	May 2, 2016
Premium Series	*
Series D	April 8, 2014
Series I	March 5, 2008
Series N	April 20, 2015
Series NBA	December 15, 2013
Series NBF	December 15, 2013

* This series was not offered for distribution and was terminated as at the close of business on October 31, 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, Series F Hedged Units and Advisor Series Hedged Units ("the Hedged Series") have the same features as Series A Units, Series F Units and Advisor Series 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, the Series NBA Units and the 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

(unaudited)

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
 (All amounts in thousands of Canadian dollars, except per unit data)
 March 31, 2017

For the periods ended (in thousands of units)	Mar. 31, 2017	Mar. 31, 2016
Series A		
Units issued and outstanding, beginning of period	31,157	31,405
Issued	4,307	3,183
Issued on reinvestment of distributions	662	3,800
Redeemed during the period	(3,945)	(4,332)
Units issued and outstanding, end of period	32,181	34,056

Series A Hedged

Units issued and outstanding, beginning of period	104	—
Issued	369	—
Issued on reinvestment of distributions	0	—
Redeemed during the period	(45)	—
Units issued and outstanding, end of period	428	—

Advisor Series

Units issued and outstanding, beginning of period	945	784
Issued	228	300
Issued on reinvestment of distributions	19	105
Redeemed during the period	(150)	(171)
Units issued and outstanding, end of period	1,042	1,018

Advisor Series Hedged

Units issued and outstanding, beginning of period	29	—
Issued	32	—
Issued on reinvestment of distributions	0	—
Redeemed during the period	(38)	—
Units issued and outstanding, end of period	23	—

For the periods ended (in thousands of units)	Mar. 31, 2017	Mar. 31, 2016
Series F		
Units issued and outstanding, beginning of period	711	331
Issued	387	248
Issued on reinvestment of distributions	12	49
Redeemed during the period	(121)	(95)
Units issued and outstanding, end of period	989	533

Series F Hedged

Units issued and outstanding, beginning of period	10	—
Issued	4	—
Issued on reinvestment of distributions	0	—
Units issued and outstanding, end of period	14	—

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	47	86
Issued on reinvestment of distributions	7	41
Redeemed during the period	(125)	(105)
Units issued and outstanding, end of period	300	377

Series I

Units issued and outstanding, beginning of period	93,527	137,995
Issued	930	3,445
Issued on reinvestment of distributions	—	18,912
Redeemed during the period	(19,304)	(37,285)
Units issued and outstanding, end of period	75,153	123,067

BMO U.S. Equity Fund

(unaudited)

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
 (All amounts in thousands of Canadian dollars, except per unit data)
 March 31, 2017

For the periods ended (in thousands of units)	Mar. 31, 2017	Mar. 31, 2016
Series N		
Units issued and outstanding, beginning of period	4,570	5,769
Issued	185	127
Issued on reinvestment of distributions	99	689
Redeemed during the period	(520)	(1,926)
Units issued and outstanding, end of period	4,334	4,659
Series NBA		
Units issued and outstanding, beginning of period	698	761
Issued	—	134
Issued on reinvestment of distributions	38	100
Redeemed during the period	(736)	(78)
Units issued and outstanding, end of period	—	917
Series NBF		
Units issued and outstanding, beginning of period	395	381
Issued	—	101
Issued on reinvestment of distributions	21	47
Redeemed during the period	(416)	(53)
Units issued and outstanding, end of period	—	476

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 \$1,863.

(b) Reconciliation of NAV to Net Assets

As at March 31, 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	Mar. 31, 2017	Mar. 31, 2016
Series A Units		
Increase in net assets attributable to holders of redeemable units	87,744	5,890
Weighted average units outstanding during the period	30,640	33,108
Increase in net assets attributable to holders of redeemable units per unit	2.86	0.18
Series A Hedged Units		
Increase in net assets attributable to holders of redeemable units	222	—
Weighted average units outstanding during the period	224	—
Increase in net assets attributable to holders of redeemable units per unit	0.99	—
Advisor Series Units		
Increase (decrease) in net assets attributable to holders of redeemable units	1,796	(36)
Weighted average units outstanding during the period	970	948
Increase (decrease) in net assets attributable to holders of redeemable units per unit	1.85	(0.04)
Advisor Series Hedged Units		
Increase in net assets attributable to holders of redeemable units	45	—
Weighted average units outstanding during the period	33	—
Increase in net assets attributable to holders of redeemable units per unit	1.37	—
Series F Units		
Increase in net assets attributable to holders of redeemable units	2,642	30
Weighted average units outstanding during the period	907	454
Increase in net assets attributable to holders of redeemable units per unit	2.91	0.07

BMO U.S. Equity Fund

(unaudited)

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
 (All amounts in thousands of Canadian dollars, except per unit data)
 March 31, 2017

For the periods ended	Mar. 31, 2017	Mar. 31, 2016
Series F Hedged Units		
Increase in net assets attributable to holders of redeemable units	13	—
Weighted average units outstanding during the period	11	—
Increase in net assets attributable to holders of redeemable units per unit	1.24	—
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	529	58
Weighted average units outstanding during the period	319	374
Increase in net assets attributable to holders of redeemable units per unit	1.66	0.16
Series I Units		
Increase in net assets attributable to holders of redeemable units	231,554	54,010
Weighted average units outstanding during the period	87,346	134,637
Increase in net assets attributable to holders of redeemable units per unit	2.65	0.40
Series N Units		
Increase in net assets attributable to holders of redeemable units	6,107	698
Weighted average units outstanding during the period	4,517	5,580
Increase in net assets attributable to holders of redeemable units per unit	1.35	0.13
Series NBA Units		
Increase in net assets attributable to holders of redeemable units	11	79
Weighted average units outstanding during the period	534	873
Increase in net assets attributable to holders of redeemable units per unit	0.02	0.09

For the periods ended	Mar. 31, 2017	Mar. 31, 2016
Series NBF Units		
Increase in net assets attributable to holders of redeemable units	7	84
Weighted average units outstanding during the period	288	421
Increase in net assets attributable to holders of redeemable units per unit	0.03	0.20

(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 for the period ended March 31, 2017 amounted to \$1,492 (September 30, 2016 — \$88).

BMO U.S. Equity Fund

(unaudited)

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
 (All amounts in thousands of Canadian dollars, except per unit data)
 March 31, 2017

Administration services

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

	Mar. 31, 2017 (\$)	Mar. 31, 2016 (\$)
Administration services	1,129	1,178

The outstanding accrued administration services due to the Manager are included in "Accrued expenses" in the Statement of Financial Position and for the period ended March 31, 2017 amounted to \$202 (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	Mar. 31, 2017 (\$)	Mar. 31, 2016 (\$)
Total brokerage amounts paid	1,014	1,337
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	Mar. 31, 2017	Mar. 31, 2016
Total soft dollars (\$)	480	404
Total soft dollars as a percentage of total commissions (%)	47.4	30.2

Units held by the Manager

The Manager held the following units of the Fund:

As at Mar. 31, 2017

Series	Number of Units	Value of Units (\$)
Advisor Series Hedged	10,016	111
Series F Hedged	10,004	112

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 Mar. 31, 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	3,979	2,419,219	(4,915)	2,418,283	98.2

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

(unaudited)

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
 (All amounts in thousands of Canadian dollars, except per unit data)
 March 31, 2017

As at March 31, 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 \$120,914 (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 March 31, 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 \$237,144 (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 March 31, 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 March 31, 2017 and September 30, 2016 as follows:

	Aggregate value of securities on loan (\$)	Aggregate value of collateral received for the loan (\$)
Mar. 31, 2017	92,727	97,647
Sep. 30, 2016	163,188	171,679

The table below is a reconciliation of the gross amount generated from securities lending transactions to the security lending revenue for the periods ended March 31, 2017 and March 31, 2016:

For the periods ended	Mar. 31, 2017		Mar. 31, 2016	
	Amount	% of Gross Security Lending Revenue	Amount	% of Gross Security Lending Revenue
Gross security lending revenue	99	100.0	455	100.0
Payments to security lending agents	27	27.3	102	22.7
Security lending revenue, before withholding taxes	72	72.7	353	77.3
Withholding taxes	9	8.9	111	24.8
Net security lending revenue	63	63.8	242	52.5

Concentration risk

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

As at	Mar. 31, 2017	Sep. 30, 2016
Equities		
Consumer Discretionary	10.1%	13.3%
Consumer Staples	10.5%	10.5%
Energy	4.6%	3.8%
Financials	16.3%	14.5%
Health Care	11.3%	12.4%
Industrials	10.9%	11.6%
Information Technology	20.2%	21.1%
Materials	3.1%	2.3%
Real Estate	5.4%	2.5%
Telecommunication Services	0.7%	2.8%
Utilities	5.1%	3.9%
Other Assets Less Liabilities	1.8%	1.3%
	100.0%	100.0%

(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	Mar. 31, 2017	Sep. 30, 2016
Financial assets designated at FVTPL	2,419,219	2,467,600
Financial assets held for trading	24	7
Loans and receivables	174,708	1,579
Financial liabilities measured at amortized cost	173,988	1,948

BMO U.S. Equity Fund

(unaudited)

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
 (All amounts in thousands of Canadian dollars, except per unit data)
 March 31, 2017

Net gains and losses on financial assets and financial liabilities		
	Mar. 31, 2017	Mar. 31, 2016
For the periods ended		
Net realized gains (losses) on financial assets		
Designated at FVTPL	264,407	253,637
	264,407	253,637
Net realized gains (losses) on financial liabilities		
Held for trading	(125)	—
Total net realized gains (losses) on financial assets and financial liabilities	264,282	253,637
Change in unrealized gains (losses) on financial assets		
Held for trading	17	—
Designated at FVTPL	80,490	(175,320)
	80,507	(175,320)
Total change in unrealized gains (losses) on financial assets and financial liabilities	80,507	(175,320)

(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 Mar. 31, 2017

Financial assets	Level 1	Level 2	Level 3	Total
Derivatives	—	24	—	24
Equity Securities	2,419,219	—	—	2,419,219
Total	2,419,219	24	—	2,419,243

As at Sep. 30, 2016

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

Transfers between levels

There were no transfers between the levels during the periods.

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