

# BMO Mutual Funds 2024

Annual Financial Statements

September 30, 2024

**BMO U.S. Equity Fund**

# Independent auditor's report

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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 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 Emerging Markets Bond Fund  
BMO Core Plus Bond Fund  
BMO Core Bond Fund  
BMO Target Education Income Portfolio  
BMO Target Education 2025 Portfolio  
BMO Target Education 2030 Portfolio  
BMO Target Education 2035 Portfolio  
BMO Tactical Global Equity ETF Fund  
BMO Sustainable Global Balanced Fund  
BMO U.S. Dividend Fund  
BMO Retirement Income Portfolio  
BMO Retirement Conservative Portfolio  
BMO Retirement Balanced Portfolio  
BMO SIA Focused Canadian Equity Fund  
BMO SIA Focused North American Equity Fund  
BMO Ascent™ Income Portfolio  
BMO Ascent™ Conservative Portfolio  
BMO Ascent™ Balanced Portfolio  
BMO Ascent™ Growth Portfolio  
BMO Ascent™ Equity Growth Portfolio  
BMO LifeStage Plus 2025 Fund  
BMO LifeStage Plus 2030 Fund  
BMO LifeStage Plus 2026 Fund  
BMO SelectTrust® Fixed Income Portfolio  
BMO Managed Income Portfolio (formerly BMO FundSelect® Income Portfolio)  
BMO Managed Balanced Portfolio (formerly BMO FundSelect® Balanced Portfolio)  
BMO Managed Growth Portfolio (formerly BMO FundSelect® Growth Portfolio)  
BMO Managed Equity Growth Portfolio (formerly BMO FundSelect® Equity Growth 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 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 Sustainable Opportunities Global Equity 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  
BMO Covered Call Canada High Dividend ETF Fund  
BMO Concentrated Global Equity Fund  
BMO Crossover Bond Fund  
BMO Sustainable Global Multi-Sector Bond Fund  
BMO U.S. Small Cap Fund  
BMO Multi-Factor Equity Fund  
BMO Low Volatility Canadian Equity ETF Fund  
BMO USD Balanced ETF Portfolio  
BMO USD Conservative ETF Portfolio  
BMO USD Income ETF Portfolio  
BMO Target Education 2040 Portfolio  
BMO Sustainable Income Portfolio  
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BMO Sustainable Balanced Portfolio  
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BMO Low Volatility U.S. Equity ETF Fund  
BMO Sustainable Opportunities Canadian Equity Fund  
BMO Sustainable Bond Fund  
BMO Clean Energy ETF Fund  
BMO Nasdaq 100 Equity ETF Fund  
BMO U.S. All Cap Equity Fund  
BMO Brookfield Global Real Estate Tech Fund  
BMO Brookfield Global Renewables Infrastructure Fund  
BMO U.S. Corporate Bond Fund  
BMO Canadian Banks ETF Fund  
BMO Global Enhanced Income Fund  
BMO Global Quality ETF Fund  
BMO ARK Genomic Revolution Fund  
BMO ARK Innovation Fund  
BMO ARK Next Generation Internet Fund  
BMO Canadian Income & Growth Fund  
BMO Global Innovators Fund  
BMO Global Income & Growth Fund  
BMO Strategic Equity Yield Fund  
BMO Aggregate Bond ETF Fund  
BMO Corporate Bond ETF Fund  
BMO Premium Yield ETF Fund  
BMO Global Energy Fund (formerly BMO Global Energy Class)  
BMO Global Low Volatility ETF Fund (formerly BMO Global Low Volatility ETF Class)  
BMO Greater China Fund (formerly BMO Greater China Class)  
BMO Covered Call Energy ETF Fund  
BMO Covered Call Utilities ETF Fund  
BMO Managed Conservative Portfolio  
BMO Global Climate Transition Fund  
BMO Global Dividend Opportunities Fund (formerly BMO Global Dividend Class)  
BMO Global Health Care Fund  
BMO Global REIT Fund  
BMO Sustainable Equity Growth Portfolio  
BMO Ultra Short-Term Bond ETF Fund  
BMO U.S. Equity Growth MFR Fund  
BMO U.S. Equity Value MFR Fund  
BMO Strategic Fixed Income Yield Fund  
BMO Inflation Opportunities Fund (individually, a Fund)

# Independent auditor's report

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## Our opinion

In our opinion, the accompanying September 30, 2024 financial statements of each Fund present fairly, in all material respects, the financial position of each Fund, its financial performance and its cash flows as at and for the periods indicated in note 1 in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

## What we have audited

The financial statements of each Fund comprise:

- the statements of financial position as at the period-end dates indicated in note 1;
- the statements of comprehensive income for the periods indicated in note 1;
- the statements of changes in net assets attributable to holders of redeemable units for the periods indicated in note 1;
- the statements of cash flows for the periods indicated in note 1; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

## Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

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

## Independence

We are independent of each Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

## Other information

Management is responsible for the other information of each Fund. The other information comprises the 2024 Annual Management Report of Fund Performance of each Fund.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of each Fund, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements of each Fund or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements of each Fund in accordance with IFRS Accounting 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.

In preparing the financial statements, management is responsible for assessing the ability of each Fund to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate any Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the financial reporting process of each Fund.

## Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole for each Fund are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements of each Fund.

# Independent auditor's report

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As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of each Fund, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 internal control of each Fund.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of each Fund to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements of each Fund or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause any Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of each Fund, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Derek Hatoum.

*PricewaterhouseCoopers LLP*

**Chartered Professional Accountants, Licensed Public Accountants**  
**Toronto, Ontario**  
**December 20, 2024**

# BMO U.S. Equity Fund

## STATEMENT OF FINANCIAL POSITION

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

As at	September 30 2024	September 30 2023
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	13,000	11,714
Investments		
Non-derivative financial assets	1,120,778	908,454
Subscriptions receivable	328	306
Dividends receivable	2,257	614
<b>Total assets</b>	<b>1,136,363</b>	<b>921,088</b>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Payable for investments purchased	1,924	—
Redemptions payable	916	1,065
Derivative liabilities	39	38
Accrued expenses	1,549	1,663
<b>Total liabilities</b>	<b>4,428</b>	<b>2,766</b>
<b>Net assets attributable to holders of redeemable units</b>	<b>1,131,935</b>	<b>918,322</b>
<b>Net assets attributable to holders of redeemable units</b>		
Series A Units	821,963	671,173
Series A (Hedged) Units	7,794	6,214
Advisor Series Units	76,008	60,289
Advisor Series (Hedged) Units	972	533
Series F Units	128,176	98,892
Series F (Hedged) Units	510	697
Series I Units	44,665	38,136
Series N Units	22,513	19,812
Classic Series Units	29,334	22,576
<b>Net assets attributable to holders of redeemable units per unit</b>		
Series A Units	\$ 41.56	\$ 31.66
Series A (Hedged) Units	\$ 19.03	\$ 14.39
Advisor Series Units	\$ 28.18	\$ 21.47
Advisor Series (Hedged) Units	\$ 19.05	\$ 14.43
Series F Units	\$ 47.26	\$ 35.44
Series F (Hedged) Units	\$ 22.68	\$ 16.86
Series I Units	\$ 34.36	\$ 25.58
Series N Units	\$ 20.73	\$ 15.46
Classic Series Units	\$ 12.86	\$ 9.78

## STATEMENT OF COMPREHENSIVE INCOME

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

For the periods ended	September 30 2024	September 30 2023
<b>INCOME</b>		
Interest income	159	16
Dividend income	16,726	18,242
Other changes in fair value of investments and derivatives		
Net realized gain	83,517	152,713
Change in unrealized appreciation	220,366	8,176
<b>Net gain in fair value of investments and derivatives</b>	<b>320,768</b>	<b>179,147</b>
Securities lending revenue (note 8)	5	3
Foreign exchange gain (loss)	254	(364)
<b>Total other income (loss)</b>	<b>259</b>	<b>(361)</b>
<b>Total income</b>	<b>321,027</b>	<b>178,786</b>
<b>EXPENSES</b>		
Management fees (note 6)	19,853	16,906
Fixed administration fees (note 6)	2,792	2,330
Independent review committee fees (note 6)	2	1
Withholding taxes	2,017	2,227
Interest expense	—	1
Fund facts fees	1	1
Unitholder reporting costs	1	1
Commissions and other portfolio transaction costs (note 6)	113	233
Operating expenses absorbed by the Manager (note 6)	(811)	(0)
<b>Total expenses</b>	<b>23,968</b>	<b>21,700</b>
<b>Increase in net assets attributable to holders of redeemable units</b>	<b>297,059</b>	<b>157,086</b>
<b>Increase (decrease) in net assets attributable to holders of redeemable units</b>		
Series A Units	215,081	102,972
Series A (Hedged) Units	1,980	996
Advisor Series Units	19,467	2,964
Advisor Series (Hedged) Units	167	95
Series F Units	34,067	11,258
Series F (Hedged) Units	206	105
Series D Units	—	26
Series I Units	12,183	35,784
Series N Units	6,473	3,391
Classic Series Units	7,435	(505)

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

# BMO U.S. Equity Fund

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

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For the periods ended	September 30 2024	September 30 2023
<b>Increase (decrease) in net assets attributable to holders of redeemable units per unit (note 8)</b>		
Series A Units	10.38	4.44
Series A (Hedged) Units	4.62	2.12
Advisor Series Units	7.01	2.11
Advisor Series (Hedged) Units	4.65	2.20
Series F Units	12.30	5.03
Series F (Hedged) Units	6.09	2.64
Series D Units	—	3.70
Series I Units	9.04	5.06
Series N Units	5.53	2.48
Classic Series Units	3.22	(0.80)

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*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 2024	September 30 2023
<b>Series A Units</b>		
<b>Net assets attributable to holders of redeemable units at beginning of period</b>	671,173	674,733
Increase in net assets attributable to holders of redeemable units	215,081	102,972
<b>Distributions to holders of redeemable units from:</b>		
Net realized gains on investments and derivatives	(8,867)	(26,940)
<b>Total distributions to holders of redeemable units</b>	(8,867)	(26,940)
<b>Redeemable unit transactions</b>		
Proceeds from redeemable units issued	71,244	38,895
Reinvestments of distributions to holders of redeemable units	8,805	26,761
Redemption of redeemable units	(135,473)	(145,248)
<b>Net decrease from redeemable unit transactions</b>	(55,424)	(79,592)
<b>Net increase (decrease) in net assets attributable to holders of redeemable units</b>	150,790	(3,560)
<b>Net assets attributable to holders of redeemable units at end of period</b>	821,963	671,173

### Series A (Hedged) Units

<b>Net assets attributable to holders of redeemable units at beginning of period</b>	6,214	5,884
Increase in net assets attributable to holders of redeemable units	1,980	996
<b>Redeemable unit transactions</b>		
Proceeds from redeemable units issued	546	679
Redemption of redeemable units	(946)	(1,345)
<b>Net decrease from redeemable unit transactions</b>	(400)	(666)
<b>Net increase in net assets attributable to holders of redeemable units</b>	1,580	330
<b>Net assets attributable to holders of redeemable units at end of period</b>	7,794	6,214

For the periods ended	September 30 2024	September 30 2023
<b>Advisor Series Units</b>		
<b>Net assets attributable to holders of redeemable units at beginning of period</b>	60,289	23,912
Increase in net assets attributable to holders of redeemable units	19,467	2,964
<b>Distributions to holders of redeemable units from:</b>		
Net realized gains on investments and derivatives	(796)	(930)
<b>Total distributions to holders of redeemable units</b>	(796)	(930)
<b>Redeemable unit transactions</b>		
Proceeds from redeemable units issued	6,665	2,865
Proceeds from units issued on merger	—	34,788
Reinvestments of distributions to holders of redeemable units	771	901
Redemption of redeemable units	(10,388)	(4,211)
<b>Net (decrease) increase from redeemable unit transactions</b>	(2,952)	34,343
<b>Net increase in net assets attributable to holders of redeemable units</b>	15,719	36,377
<b>Net assets attributable to holders of redeemable units at end of period</b>	76,008	60,289

### Advisor Series (Hedged) Units

<b>Net assets attributable to holders of redeemable units at beginning of period</b>	533	608
Increase in net assets attributable to holders of redeemable units	167	95
<b>Redeemable unit transactions</b>		
Proceeds from redeemable units issued	364	12
Redemption of redeemable units	(92)	(182)
<b>Net increase (decrease) from redeemable unit transactions</b>	272	(170)
<b>Net increase (decrease) in net assets attributable to holders of redeemable units</b>	439	(75)
<b>Net assets attributable to holders of redeemable units at end of period</b>	972	533

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 2024	September 30 2023	For the periods ended	September 30 2024	September 30 2023
<b>Series F Units</b>			<b>Series D Units</b>		
<b>Net assets attributable to holders of redeemable units at beginning of period</b>	98,892	67,666	<b>Net assets attributable to holders of redeemable units at beginning of period</b>	—	177
Increase in net assets attributable to holders of redeemable units	34,067	11,258	Increase in net assets attributable to holders of redeemable units	—	26
<b>Distributions to holders of redeemable units from:</b>			<b>Distributions to holders of redeemable units from:</b>		
Net realized gains on investments and derivatives	(1,305)	(2,358)	Net realized gains on investments and derivatives	—	(1)
<b>Total distributions to holders of redeemable units</b>	(1,305)	(2,358)	<b>Total distributions to holders of redeemable units</b>	—	(1)
<b>Redeemable unit transactions</b>			<b>Redeemable unit transactions</b>		
Proceeds from redeemable units issued	13,420	5,411	Reinvestments of distributions to holders of redeemable units	—	1
Proceeds from units issued on merger	—	22,883	Redemption of redeemable units	—	(203)
Reinvestments of distributions to holders of redeemable units	1,184	2,155	<b>Net decrease from redeemable unit transactions</b>	—	(202)
Redemption of redeemable units	(18,082)	(8,123)	<b>Net decrease in net assets attributable to holders of redeemable units</b>	—	(177)
<b>Net (decrease) increase from redeemable unit transactions</b>	(3,478)	22,326	<b>Net assets attributable to holders of redeemable units at end of period</b>	—	—
<b>Net increase in net assets attributable to holders of redeemable units</b>	29,284	31,226			
<b>Net assets attributable to holders of redeemable units at end of period</b>	128,176	98,892			
<b>Series F (Hedged) Units</b>			<b>Series I Units</b>		
<b>Net assets attributable to holders of redeemable units at beginning of period</b>	697	608	<b>Net assets attributable to holders of redeemable units at beginning of period</b>	38,136	321,714
Increase in net assets attributable to holders of redeemable units	206	105	Increase in net assets attributable to holders of redeemable units	12,183	35,784
<b>Distributions to holders of redeemable units from:</b>			<b>Distributions to holders of redeemable units from:</b>		
Net realized gains on investments and derivatives			Net realized gains on investments and derivatives	(475)	(56,536)
<b>Total distributions to holders of redeemable units</b>			<b>Total distributions to holders of redeemable units</b>	(475)	(56,536)
<b>Redeemable unit transactions</b>			<b>Redeemable unit transactions</b>		
Proceeds from redeemable units issued	25	41	Proceeds from redeemable units issued	9,583	5,794
Redemption of redeemable units	(418)	(57)	Reinvestments of distributions to holders of redeemable units	475	56,536
<b>Net decrease from redeemable unit transactions</b>	(393)	(16)	Redemption of redeemable units	(15,237)	(325,156)
<b>Net (decrease) increase in net assets attributable to holders of redeemable units</b>	(187)	89	<b>Net decrease from redeemable unit transactions</b>	(5,179)	(262,826)
<b>Net assets attributable to holders of redeemable units at end of period</b>	510	697	<b>Net increase (decrease) in net assets attributable to holders of redeemable units</b>	6,529	(283,578)
			<b>Net assets attributable to holders of redeemable units at end of period</b>	44,665	38,136

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 2024	September 30 2023	For the periods ended	September 30 2024	September 30 2023
<b>Series N Units</b>			<b>Total Fund</b>		
<b>Net assets attributable to holders of redeemable units at beginning of period</b>	19,812	19,507	<b>Net assets attributable to holders of redeemable units at beginning of period</b>	918,322	1,114,809
Increase in net assets attributable to holders of redeemable units	6,473	3,391	Increase in net assets attributable to holders of redeemable units	297,059	157,086
<b>Distributions to holders of redeemable units from:</b>			<b>Distributions to holders of redeemable units from:</b>		
Net realized gains on investments and derivatives	(259)	(914)	Net realized gains on investments and derivatives	(12,001)	(87,679)
<b>Total distributions to holders of redeemable units</b>	(259)	(914)	<b>Total distributions to holders of redeemable units</b>	(12,001)	(87,679)
<b>Redeemable unit transactions</b>			<b>Redeemable unit transactions</b>		
Proceeds from redeemable units issued	376	1,743	Proceeds from redeemable units issued	102,223	55,442
Reinvestments of distributions to holders of redeemable units	257	908	Proceeds from units issued on merger	—	80,759
Redemption of redeemable units	(4,146)	(4,823)	Reinvestments of distributions to holders of redeemable units	11,789	87,262
<b>Net decrease from redeemable unit transactions</b>	(3,513)	(2,172)	Redemption of redeemable units	(185,457)	(489,357)
<b>Net increase in net assets attributable to holders of redeemable units</b>	2,701	305	<b>Net decrease from redeemable unit transactions</b>	(71,445)	(265,894)
<b>Net assets attributable to holders of redeemable units at end of period</b>	22,513	19,812	<b>Net increase (decrease) in net assets attributable to holders of redeemable units</b>	213,613	(196,487)
<b>Classic Series Units</b>			<b>Net assets attributable to holders of redeemable units at end of period</b>		
<b>Net assets attributable to holders of redeemable units at beginning of period</b>	22,576	—		1,131,935	918,322
Increase (decrease) in net assets attributable to holders of redeemable units	7,435	(505)			
<b>Distributions to holders of redeemable units from:</b>					
Net realized gains on investments and derivatives	(299)	—			
<b>Total distributions to holders of redeemable units</b>	(299)	—			
<b>Redeemable unit transactions</b>					
Proceeds from redeemable units issued	—	2			
Proceeds from units issued on merger	—	23,088			
Reinvestments of distributions to holders of redeemable units	297	—			
Redemption of redeemable units	(675)	(9)			
<b>Net (decrease) increase from redeemable unit transactions</b>	(378)	23,081			
<b>Net increase in net assets attributable to holders of redeemable units</b>	6,758	22,576			
<b>Net assets attributable to holders of redeemable units at end of period</b>	29,334	22,576			

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 2024	September 30 2023
<b>Cash flows from operating activities</b>		
Increase in net assets attributable to holders of redeemable units	297,059	157,086
Adjustments for:		
Foreign exchange gain on cash	(11)	(53)
Net realized gain on sale of investments and derivatives	(83,517)	(152,713)
Change in unrealized appreciation of investments and derivatives	(220,366)	(8,176)
Increase in dividends receivable	(1,643)	(92)
(Decrease) increase in accrued expenses	(114)	1,521
Non-cash dividends	(2,822)	(2,628)
Purchases of investments	(421,266)	(509,941)
Proceeds from sale and maturity of investments <sup>c</sup>	517,620	898,245
Cash (outflows) inflows on derivatives	(48)	37
<b>Net cash from operating activities</b>	<b>84,892</b>	<b>383,286</b>
<b>Cash flows from financing activities</b>		
Distributions paid to holders of redeemable units, net of reinvested distributions	(212)	(417)
Proceeds from issuances of redeemable units <sup>a</sup>	93,600	51,671
Proceeds from units issued on merger	—	6,742
Amounts paid on redemption of redeemable units <sup>c,+</sup>	(177,005)	(444,799)
<b>Net cash used in financing activities</b>	<b>(83,617)</b>	<b>(386,803)</b>
Foreign exchange gain on cash	11	53
Net increase (decrease) in cash	1,275	(3,517)
Cash at beginning of period	11,714	15,178
<b>Cash at end of period</b>	<b>13,000</b>	<b>11,714</b>

### Supplementary Information

Interest received, net of withholding taxes <sup>c</sup>	159	16
Dividends received, net of withholding taxes <sup>c</sup>	10,244	13,295
Interest expense paid <sup>c</sup>	—	1

<sup>c</sup> Excludes in-kind transactions of \$— and \$40,506 for the periods ended September 30, 2024 and September 30, 2023.

<sup>+</sup> Excludes switches between series, as applicable.

<sup>a</sup> 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

As at September 30, 2024 (All amounts in thousands of Canadian dollars, unless otherwise noted)

	Number of Shares or Units	Cost* (\$)	Fair Value (\$)
<b>EQUITIES</b>			
<b>Communication Services — 9.0%</b>			
Alphabet Inc., Class A.....	118,925	12,675	26,675
Alphabet Inc., Class C.....	123,775	10,763	27,988
Comcast Corporation, Class A.....	93,958	3,900	5,308
Meta Platforms, Inc., Class A.....	43,315	12,876	33,534
Verizon Communications Inc.....	132,233	6,873	8,032
.....		47,087	101,537
<b>Consumer Discretionary — 12.5%</b>			
Amazon.com, Inc.....	211,619	30,857	53,329
Booking Holdings Inc.....	3,321	9,332	18,919
D.R. Horton, Inc.....	32,446	5,843	8,371
Deckers Outdoor Corporation.....	22,878	5,137	4,934
Expedia, Inc.....	54,580	7,890	10,926
Lennar Corporation, Class A.....	6,816	1,084	1,728
MGM Resorts International.....	51,317	2,961	2,713
PulteGroup, Inc.....	29,806	3,606	5,786
Tapestry, Inc.....	57,559	2,761	3,657
Tesla Inc.....	14,724	5,432	5,210
TJX Companies, Inc., The.....	107,200	17,048	17,041
Ulta Beauty, Inc.....	16,253	8,195	8,553
.....		100,146	141,167
<b>Consumer Staples — 6.8%</b>			
Coca-Cola Company, The.....	176,575	14,989	17,161
Coca-Cola Consolidated, Inc.....	7,250	12,695	12,908
Colgate-Palmolive Company.....	111,363	10,861	15,635
Kroger Co., The.....	38,872	1,883	3,013
Procter & Gamble Company, The.....	20,271	3,531	4,748
Sysco Corporation.....	14,968	1,548	1,580
Walmart Inc.....	203,121	10,788	22,183
.....		56,295	77,228
<b>Energy — 2.4%</b>			
Chevron Corporation.....	16,536	3,796	3,293
Diamondback Energy, Inc.....	20,183	5,124	4,706
Exxon Mobil Corporation.....	119,966	15,590	19,019
.....		24,510	27,018
<b>Financials — 13.5%</b>			
American Express Company.....	48,823	12,402	17,907
Arch Capital Group Ltd.....	31,918	3,629	4,829
Berkshire Hathaway Inc., Class B.....	6,122	2,156	3,811
Capital One Financial Corporation.....	18,173	2,157	3,680
Citigroup Inc.....	184,364	11,275	15,609
Citizens Financial Group, Inc.....	292,608	13,642	16,253
Discover Financial Services.....	38,690	4,102	7,341
Everest Group, Ltd.....	24,667	8,989	13,072
Globe Life Inc.....	52,793	7,135	7,562
Hartford Financial Services Group, Inc., The.....	93,544	12,405	14,879
Loews Corporation.....	59,573	6,360	6,369
Mastercard Incorporated, Class A.....	30,254	14,030	20,205
PayPal Holdings, Inc.....	118,834	11,730	12,541
State Street Corporation.....	55,788	5,766	6,675

	Number of Shares or Units	Cost* (\$)	Fair Value (\$)
Wells Fargo & Company.....	28,791	2,078	2,200
.....		117,856	152,933
<b>Health Care — 11.6%</b>			
Bristol-Myers Squibb Company.....	83,084	5,783	5,814
Cardinal Health, Inc.....	72,170	7,148	10,787
Cigna Group, The.....	22,603	9,520	10,591
CVS Health Corporation.....	134,916	12,585	11,474
DexCom, Inc.....	36,700	5,977	3,328
Elevance Health, Inc.....	11,107	5,895	7,811
Eli Lilly and Company.....	9,903	1,728	11,866
Gilead Sciences, Inc.....	78,987	7,810	8,956
Incyte Corporation.....	112,702	10,123	10,075
McKesson Corporation.....	6,151	4,045	4,113
Merck & Co., Inc.....	68,726	7,625	10,555
Neurocrine Biosciences, Inc.....	35,700	5,582	5,563
UnitedHealth Group Incorporated.....	17,594	9,162	13,912
Vertex Pharmaceuticals Incorporated.....	25,320	9,629	15,926
.....		102,612	130,771
<b>Industrials — 8.7%</b>			
Amentum Holdings, Inc.....	54,205	1,922	2,364
Cintas Corporation.....	57,820	8,225	16,100
Cummins Inc.....	37,554	14,304	16,445
FedEx Corporation.....	22,892	7,701	8,473
Honeywell International Inc.....	25,883	7,044	7,236
Jacobs Solutions Inc.....	54,205	9,559	9,596
Rollins, Inc.....	210,937	13,699	14,430
Trane Technologies Public Limited Company.....	11,006	4,981	5,786
Uber Technologies Inc.....	113,364	11,369	11,524
W.W. Grainger, Inc.....	1,213	586	1,704
Waste Management, Inc.....	19,276	4,725	5,412
.....		84,115	99,070
<b>Information Technology — 29.3%</b>			
Apple Inc.....	216,442	14,901	68,205
Applied Materials, Inc.....	24,107	3,606	6,587
Arista Networks, Inc.....	6,532	1,933	3,391
Autodesk, Inc.....	8,067	2,651	3,006
Broadcom Inc.....	74,065	4,867	17,279
Cisco Systems, Inc.....	229,143	14,551	16,493
F5, Inc.....	50,133	10,317	14,930
Microsoft Corporation.....	106,869	15,030	62,193
Motorola Solutions, Inc.....	2,800	1,690	1,703
NVIDIA Corporation.....	488,706	23,259	80,266
NXP Semiconductors N.V.....	45,339	11,575	14,717
QUALCOMM Incorporated.....	56,165	8,280	12,917
Salesforce, Inc.....	52,761	14,658	19,531
ServiceNow, Inc.....	8,609	6,848	10,414
.....		134,166	331,632
<b>Materials — 1.4%</b>			
Ecolab Inc.....	21,869	7,161	7,552
PPG Industries, Inc.....	47,345	8,483	8,482
.....		15,644	16,034

# BMO U.S. Equity Fund

## SCHEDULE OF INVESTMENT PORTFOLIO (cont'd)

As at September 30, 2024 (All amounts in thousands of Canadian dollars, unless otherwise noted)

	Number of Shares or Units	Cost* (\$)	Fair Value (\$)
<b>Real Estate — 1.0%</b>			
Equinix, Inc.	3,184	3,420	3,822
Simon Property Group, Inc.	35,324	6,446	8,075
		9,866	11,897
<b>Utilities — 2.8%</b>			
Edison International	121,664	12,336	14,330
NiSource Inc.	46,410	1,602	2,175
NRG Energy, Inc.	71,071	7,797	8,757
Vistra Corp.	38,856	4,147	6,229
		25,882	31,491
<b>Total Investment Portfolio — 99.0%</b>	<b>718,179</b>	<b>1,120,778</b>	
Total Unrealized Loss on Forward Currency Contracts — (0.0)%			(39)
Other Assets Less Liabilities — 1.0%			11,196
<b>NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS — 100.0%</b>			<b>1,131,935</b>

\* 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.

### 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-24	CAD	7,711	USD	(5,730)	1.3458	Bank of Montreal***	A-1	(33)
31-Oct-24	CAD	961	USD	(714)	1.3458	Bank of Montreal***	A-1	(4)
31-Oct-24	CAD	505	USD	(375)	1.3458	Bank of Montreal***	A-1	(2)
<b>Total Unrealized Loss on Forward Currency Contracts</b>								<b>(39)</b>

\*\* Credit Rating provided by Standard & Poor's.

# These forward currency contracts are held only in the Hedged Series (note 3).

\*\*\* The counterparty is an affiliate of the Manager.

# BMO U.S. Equity Fund

## NOTES TO THE FINANCIAL STATEMENTS

(All amounts in thousands of Canadian dollars, except per unit data)  
September 30, 2024

### 1. The 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) Units, Advisor Series Units, Advisor Series (Hedged) Units, ETF Series Units, Active ETF Series Units, Series T4 Units, Series T5 Units, Series T6 Units, Series T8 Units, Series M Units, Series F Units, Series F (Hedged) Units, Series F2 Units, Series F4 Units, Series F6 Units, Series G Units, Series I Units, Series I (Unhedged) Units, Series N Units, Series NBA Units, Series O Units, Series R Units, Series S Units 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, 43rd Floor, Toronto, Ontario, M5X 1A1.

The Statement of Financial Position and related notes for the Fund are as at September 30, 2024 and September 30, 2023, as applicable. The Statement of Comprehensive Income, Statement of Changes in Net Assets Attributable to Holders of Redeemable Units, Statement of Cash Flows and related notes are for the period(s) ended September 30, 2024 and September 30, 2023, except for a Fund established during either of the periods, which is presented from the date of inception (as noted in Note 8) to September 30 of the applicable period. Financial information provided for a series established during the period(s) is presented from the inception date as noted in Note 8 to September 30 of the applicable period.

Except for Funds established during either 2024 or 2023, the term “period” represents a full year.

These financial statements were authorized for issuance by the Board of Directors of the Manager on December 12, 2024.

Fees paid or payable to PricewaterhouseCoopers LLP and other PwC Network firms for audit services to public interest entity mutual funds managed by BMO Investments Inc. with September 30, 2024 period-end dates, are \$1,193. Fees for other services are \$0.

### 2. Basis of preparation and presentation

These financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS Accounting Standards”). The financial statements have been prepared on a historical cost basis, except for the revaluation of financial assets and financial liabilities (including derivative financial instruments) measured at fair value through profit or loss (“FVTPL”).

### 3. Material accounting policy information Financial Instruments

Financial instruments include financial assets and financial liabilities such as equity and debt securities, investment funds and derivatives. These investments are part of a group of financial instruments that are managed and their performance is evaluated on a fair value basis and in accordance with the Fund’s investment strategy.

The Fund classifies and measures financial instruments in accordance with IFRS 9 Financial Instruments (“IFRS 9”). Upon initial recognition, financial instruments are recorded at fair value. A financial instrument is recognized when the Fund becomes a party to the contractual requirements of the instrument and is derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date. Investments and derivatives are subsequently measured at FVTPL, with changes in fair value recognized in the Statement of Comprehensive Income as “Change in unrealized appreciation (depreciation)”.

All financial assets and financial liabilities are recognized in the Statement of Financial Position.

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

# BMO U.S. Equity Fund

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## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

*(All amounts in thousands of Canadian dollars, except per unit data)  
September 30, 2024*

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feature is not the redeemable units' only contractual obligation. Also, 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 redeemable units ("Net Assets") are classified as financial liabilities and presented at the redemption amounts.

### **Cost of investments**

The cost of investments represents the amount paid for each security and is determined on an average cost basis, and excludes commissions and other portfolio transaction costs, which are reported separately in the Statement of Comprehensive Income. Realized gains and losses on disposition are determined based on the cost of the investments.

### **Fair value measurement**

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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 equities 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, short-term investments and other debt securities, fair value is determined as the last traded market price or close price, or other such prices, that falls within the bid-ask spread of the security.

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.

The Fund may enter into forward currency contracts for hedging purposes either directly or indirectly or for non-hedging purposes. The fair value of forward currency contracts entered into by the Fund is recorded as the difference between the fair value of the contract on the Valuation Date and the fair value on the date the contract originated.

For the Series A (Hedged) Units, Advisor Series (Hedged) Units and Series F (Hedged) Units (the "Hedged Series"), the Fund enters into forward currency contracts to hedge against foreign currency exposure and as a result the Hedged Series will be subject to less currency risk than the other series of the Fund because their foreign currency exposure is hedged. However, the hedging strategy may not achieve a perfect hedge of the foreign currency exposure for the Hedged Series.

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.

The premium paid for purchasing an option is included in "Derivative assets" 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.

The premium received from writing an option is included in "Derivative liabilities" in the Statement of Financial Position.

# BMO U.S. Equity Fund

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## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

*(All amounts in thousands of Canadian dollars, except per unit data)  
September 30, 2024*

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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 investments 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 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. Changes in this value on each Valuation Date is recorded as “Derivative income (loss)” in the Statement of Comprehensive Income. Treasury bills or cash are held as margin against futures 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 “Derivative income (loss)” 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 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 “Derivative income (loss)” 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 included in “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.

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.

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

# BMO U.S. Equity Fund

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## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

*(All amounts in thousands of Canadian dollars, except per unit data)  
September 30, 2024*

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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.

The Fund enters into To-Be-Announced securities ("TBA") to gain exposure to the underlying mortgage-backed securities ("MBS"), and may or may not take delivery at maturity. TBA securities are typically sold one to three months in advance of issuance, prior to the identification of the underlying pools of mortgage securities but with the interest payment provisions fixed in advance. The underlying pools of mortgage securities are identified shortly before settlement and must meet certain parameters. As such, the TBA securities do not have a known maturity date as of year-end. Losses may arise due to changes in the value of the underlying securities, failure of the counterparty to perform under the contract, or if the issuer fails to issue the MBS due to political, economic or other factors. TBA securities are fair valued based upon quotations from independent security pricing sources. Any gain or loss from selling the TBA security before the underlying MBS is delivered is recorded as "Net realized gain (loss)" and any unrealized gain or loss from changes in the fair value of the TBA security held is recorded as "Change in unrealized appreciation (depreciation)" in the Statement of Comprehensive Income.

The Fund may enter into investment loan commitments, of which all or a portion may be unfunded as of the reporting date. Unfunded loan commitments are contractual obligations for funding, which the Fund may be obligated to make to the borrower on demand. The funded portion of the loan commitment is shown on the Schedule of Investment Portfolio. Additional information on the Fund's unfunded loan commitments, where applicable, is provided in Note 8.

### **Cash**

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

### **Other assets and other liabilities**

Other assets and other liabilities generally include receivables for investments sold, subscriptions receivable, interest receivable, dividend receivable,

distribution receivable from investment trusts, payable for investments purchased, redemptions payable, distributions payable and accrued expenses. These financial assets and financial liabilities are short-term in nature and are measured at amortized cost, which approximates their fair value.

### **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 investments 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 classified at FVTPL.

### **Unconsolidated structured entities**

The Manager has determined that the underlying funds in which the Fund may invest 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,

# BMO U.S. Equity Fund

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## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

*(All amounts in thousands of Canadian dollars, except per unit data)  
September 30, 2024*

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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.

### **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 related to 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 positions where there is no legally enforceable right to offset, or the legal right to offset is only in the event of default, insolvency or bankruptcy, or where the Fund has no intention to settle on a net basis. Refer to Note 8 for details.

### **Income recognition**

Dividend income and distributions received 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. Realized and unrealized foreign exchange gains (losses) on investment transactions are included in "Net realized gain (loss)" and in "Change in unrealized appreciation (depreciation)" respectively, in the Statement of Comprehensive Income. Realized and unrealized foreign exchange gains (losses) relating to cash, receivables and payables, as applicable, 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 State Street Bank and Trust Company (the "securities 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, 2024 and September 30, 2023 and information about the security lending income earned by the Fund are disclosed in Note 8, where applicable.

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

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## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

*(All amounts in thousands of Canadian dollars, except per unit data)  
September 30, 2024*

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### 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.

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

"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 of the series divided by the weighted average number of units of the series outstanding during the period. Refer to Note 8 for details.

### Taxation

The Fund qualifies as a unit trust and may qualify as a mutual fund 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 Manager has determined that the Fund 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 be subject to taxes levied by certain countries on foreign investment income and capital gains. These taxes may be withheld at source or estimated using the most likely method in measuring uncertain tax liabilities in respect of foreign capital gains taxes. Such income and capital gains are recorded on a gross basis with the related foreign withholding tax, or estimate of capital gains taxes, shown as expense in the Statement of Comprehensive Income, and the tax liability amounts included in accrued liabilities in the Statement of Financial Position. The estimate could materially differ from the actual tax payable to the foreign jurisdiction.

The allocation of the distributions from each of income, dividends, capital gains and return of capital is based on the Manager's estimate as at September 30 of the period shown, as applicable, which is the Fund's financial year-end. However, the actual allocation of distributions is determined as at December, the Fund's

tax year-end. Accordingly, the actual allocation among income, dividends, capital gains and return of capital may differ from these estimates.

### Fund mergers

The Manager used the purchase method of accounting for fund mergers. Under the purchase method of accounting, 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". In determining the acquirer, the Manager considered factors such as the comparison of the relative NAV of the funds as well as consideration of the continuation of certain aspects of the Continuing Fund such as: investment advisors, investment objectives and practices, type of portfolio securities and management fees and other expenses. Where applicable, refer to Note 8 for the details of any fund 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 appropriately 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 investment portfolio

In classifying and measuring financial instruments held by the Fund, the Manager is required to make an assessment of the Fund's business model for managing financial instruments and the Manager is also required to make significant judgements in determining the most appropriate classification in accordance with

# BMO U.S. Equity Fund

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## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

*(All amounts in thousands of Canadian dollars, except per unit data)  
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IFRS 9. The Manager has assessed the Fund's business model with respect to the manner in which financial assets and financial liabilities are managed as a group and performance is evaluated on a fair value basis, and has concluded that FVTPL in accordance with IFRS 9 provides the most appropriate measurement and presentation of the Fund's investment portfolio. The collection of principal and interest is incidental to the fair value business model.

### **Accounting estimates:**

#### **Fair value measurement of securities not quoted in an active market**

The Manager 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 financial 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 Accounting Standards and may differ to the Funds' NAV. Where the Fund's 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.

### **ETF Series Units**

On any trading day, a designated broker or an ETF dealer may place a subscription or redemption order for an integral multiple of the prescribed number ETF Series Units of the Fund as permitted by the Manager.

If the subscription or redemption order is accepted, the Fund will issue or redeem ETF Series Units to/from the designated broker or the ETF dealer by no later than the third trading day after the date on which the subscription or redemption order is accepted, in the case of a fund that invests a portion of its portfolio assets in T+3 securities; by no later than the second trading date after the date on which the subscription or redemption order is accepted, in the case of a fund that does not invest a portion of its portfolio assets in T+3 securities or a shorter period as may be determined by the Manager in response to changes in applicable law or general changes to settlement procedures in applicable markets.

For each prescribed number of ETF Series Units issued or redeemed, a designated broker or an ETF dealer must deliver or receive payment consisting of:

# BMO U.S. Equity Fund

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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- A basket of applicable securities and cash in an amount sufficient so that the value of the securities and the cash received is equal to the NAV of the ETF Series Units subscribed/redeemed;
- Cash in the amount equal to the NAV of the ETF Series Units subscribed/redeemed; or
- A combination of securities and cash, as determined by the Manager, in an amount sufficient so that the value of the securities and cash received is equal to the NAV of the ETF Series Units subscribed/redeemed.

On any trading day, unitholders may redeem ETF Series Units for cash or exchange ETF Series Units for baskets of securities and cash. ETF Series Units redeemed for cash will be redeemed at a redemption price per ETF Series Unit equal to the lesser of (i) 95% of the closing price for the ETF Series Units on the TSX on the effective day of the redemption; and (ii) the NAV per unit of the ETF Series Units on the effective day of the redemption. ETF Series Units exchanged for baskets of securities will be exchanged at a price equal to the NAV of the ETF Series Units on the effective day of the exchange request, payable by delivery of baskets of securities and cash.

Unitholders who redeem ETF Series Units prior to the distribution record date will not be entitled to receive the distribution.

### 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.

The management fees for the ETF Series includes costs related to the administration expenses and other operating expenses, other than the fund expenses.

As compensation for its services, the Manager is entitled to receive a fee payable monthly, calculated daily 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 Ascent Income Portfolio, BMO Ascent Conservative Portfolio, BMO Ascent Balanced

Portfolio, BMO Ascent Growth Portfolio, BMO Ascent Equity Growth Portfolio, 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 Sustainable Opportunities Global Equity Fund, BMO Tactical Global Asset Allocation ETF Fund, BMO Tactical Global Growth ETF Fund, BMO Women in Leadership Fund, BMO International Value Fund, BMO Japan Fund, BMO Covered Call Canada High Dividend ETF Fund, BMO Concentrated Global Equity Fund, BMO Crossover Bond Fund, BMO Global Multi-Sector Bond Fund, BMO U.S. Small Cap Fund, BMO Multi-Factor Equity Fund, BMO SIA Focused Canadian Equity Fund, BMO SIA Focused North American Equity Fund, BMO Concentrated U.S. Equity Fund and BMO Low Volatility Canadian Equity ETF 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 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

# BMO U.S. Equity Fund

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

*(All amounts in thousands of Canadian dollars, except per unit data)  
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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 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, 2024 and September 30, 2023, 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, 2024 and September 30, 2023, 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., BMO Trust Company, 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 subsidiaries or affiliates of Bank of Montreal, the purchase or sale of securities issued or guaranteed by subsidiaries 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 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 fair 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. IFRS 7 considers the foreign exchange exposure relating to non-monetary assets and liabilities to be a component of market price risk not foreign currency risk. However, the Manager monitors the

# BMO U.S. Equity Fund

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## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

*(All amounts in thousands of Canadian dollars, except per unit data)  
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exposure on all foreign currency denominated assets and liabilities. 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, where applicable.

### **(e) Liquidity risk**

The Fund's exposure to liquidity risk is concentrated in the daily cash redemptions of units, and other liabilities. The Fund primarily invests in securities that are traded in active markets and can be readily disposed. In addition, the Fund retains sufficient cash 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 in 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)  
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### 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) Units, Advisor Series Units, Advisor Series (Hedged) Units, Series F Units, Series F (Hedged) Units, Series I Units, Series N Units, and Classic Series Units, which are redeemable at the unitholders' option.

Series	Inception Date
Series A Units	October 22, 1996
Series A (Hedged) Units	April 19, 2016
Advisor Series Units	March 28, 2013
Advisor Series (Hedged) Units	April 19, 2016
Series F Units	October 24, 2008
Series F (Hedged) Units	April 19, 2016
Series I Units	March 5, 2008
Series N Units	April 17, 2015
Classic Series Units	May 30, 2023

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 registered dealers.

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.

Series D Units were available to investors who had an account with a discount brokerage. A reduced trailing commission was paid to discount brokerages in respect to Series D Units which meant a lower management fee could have been charged. On March 28, 2022, 98.93%

of the total NAV of the Series D Units were switched to the Series F Units. As at the close of business on September 18, 2023, Series D Units were switched to Advisor Series Units.

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.

Classic Series Units were only created for the purpose of effecting a fund merger and are not available for new purchases.

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

For the periods ended (in thousands of units)	Sep. 30, 2024	Sep. 30, 2023
<b>Series A Units</b>		
Units issued and outstanding, beginning of period	21,198	23,706
Issued	1,920	1,260
Issued on reinvestment of distributions	261	933
Redeemed during the period	(3,601)	(4,701)
Units issued and outstanding, end of period	19,778	21,198
<b>Series A (Hedged) Units</b>		
Units issued and outstanding, beginning of period	432	477
Issued	33	49
Redeemed during the period	(55)	(94)
Units issued and outstanding, end of period	410	432

# 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, 2024

For the periods ended (in thousands of units)	Sep. 30, 2024	Sep. 30, 2023
<b>Advisor Series Units</b>		
Units issued and outstanding, beginning of period	2,808	1,241
Issued	265	136
Issued on merger	—	1,585
Issued on reinvestment of distributions	34	46
Redeemed during the period	(410)	(200)
Units issued and outstanding, end of period	2,697	2,808

<b>Advisor Series (Hedged) Units</b>		
Units issued and outstanding, beginning of period	37	49
Issued	20	1
Redeemed during the period	(6)	(13)
Units issued and outstanding, end of period	51	37

<b>Series F Units</b>		
Units issued and outstanding, beginning of period	2,790	2,171
Issued	318	156
Issued on merger	—	632
Issued on reinvestment of distributions	31	68
Redeemed during the period	(427)	(237)
Units issued and outstanding, end of period	2,712	2,790

<b>Series F (Hedged) Units</b>		
Units issued and outstanding, beginning of period	41	43
Issued	1	2
Redeemed during the period	(19)	(4)
Units issued and outstanding, end of period	23	41

<b>Series D Units</b>		
Units issued and outstanding, beginning of period	—	10
Issued on reinvestment of distributions	—	0
Redeemed during the period	—	(10)
Units issued and outstanding, end of period	—	—

For the periods ended (in thousands of units)	Sep. 30, 2024	Sep. 30, 2023
<b>Series I Units</b>		
Units issued and outstanding, beginning of period	1,491	12,546
Issued	313	221
Issued on reinvestment of distributions	17	2,300
Redeemed during the period	(521)	(13,576)
Units issued and outstanding, end of period	1,300	1,491

<b>Series N Units</b>		
Units issued and outstanding, beginning of period	1,281	1,423
Issued	20	121
Issued on reinvestment of distributions	16	66
Redeemed during the period	(231)	(329)
Units issued and outstanding, end of period	1,086	1,281

<b>Classic Series Units</b>		
Units issued and outstanding, beginning of period	2,308	—
Issued	—	0
Issued on merger	—	2,309
Issued on reinvestment of distributions	28	—
Redeemed during the period	(56)	(1)
Units issued and outstanding, end of period	2,280	2,308

### Fund merger

As at the close of business on August 25, 2023, the Fund (“the Continuing Fund”) acquired the net assets of BMO U.S. Equity Class (“the Terminated Fund”). As a result, the unitholders of the Terminated Fund became the unitholders of the Continuing Fund. The cost of the merger was borne by the Manager of the Fund. The net assets acquired by each series and the units issued of the Continuing Fund are listed in the table below.

Series	Net Assets Acquired (\$)	Units Issued
Advisor Series Units	34,788	1,584,521
Series F Units	22,883	632,294
Classic Series Units	23,088	2,308,765

# BMO U.S. Equity Fund

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

(All amounts in thousands of Canadian dollars, except per unit data)  
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The vast majority of the net assets acquired as a result of this fund merger comprised cash and investments.

### (b) Reconciliation of NAV to Net Assets

As at September 30, 2024 and September 30, 2023, there were no differences between the Fund's NAV per unit and its Net Assets per unit calculated in accordance with IFRS Accounting Standards.

### (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, 2024	Sep. 30, 2023
<b>Series A Units</b>		
Increase in net assets attributable to holders of redeemable units	215,081	102,972
Weighted average units outstanding during the period (in thousands of units)	20,728	23,176
Increase in net assets attributable to holders of redeemable units per unit	10.38	4.44
<b>Series A (Hedged) Units</b>		
Increase in net assets attributable to holders of redeemable units	1,980	996
Weighted average units outstanding during the period (in thousands of units)	428	471
Increase in net assets attributable to holders of redeemable units per unit	4.62	2.12
<b>Advisor Series Units</b>		
Increase in net assets attributable to holders of redeemable units	19,467	2,964
Weighted average units outstanding during the period (in thousands of units)	2,776	1,404
Increase in net assets attributable to holders of redeemable units per unit	7.01	2.11
<b>Advisor Series (Hedged) Units</b>		
Increase in net assets attributable to holders of redeemable units	167	95
Weighted average units outstanding during the period (in thousands of units)	36	43
Increase in net assets attributable to holders of redeemable units per unit	4.65	2.20

For the periods ended	Sep. 30, 2024	Sep. 30, 2023
<b>Series F Units</b>		
Increase in net assets attributable to holders of redeemable units	34,067	11,258
Weighted average units outstanding during the period (in thousands of units)	2,770	2,238
Increase in net assets attributable to holders of redeemable units per unit	12.30	5.03
<b>Series F (Hedged) Units</b>		
Increase in net assets attributable to holders of redeemable units	206	105
Weighted average units outstanding during the period (in thousands of units)	34	40
Increase in net assets attributable to holders of redeemable units per unit	6.09	2.64
<b>Series D Units</b>		
Increase in net assets attributable to holders of redeemable units	—	26
Weighted average units outstanding during the period (in thousands of units)	—	7
Increase in net assets attributable to holders of redeemable units per unit	—	3.70
<b>Series I Units</b>		
Increase in net assets attributable to holders of redeemable units	12,183	35,784
Weighted average units outstanding during the period (in thousands of units)	1,348	7,066
Increase in net assets attributable to holders of redeemable units per unit	9.04	5.06
<b>Series N Units</b>		
Increase in net assets attributable to holders of redeemable units	6,473	3,391
Weighted average units outstanding during the period (in thousands of units)	1,171	1,368
Increase in net assets attributable to holders of redeemable units per unit	5.53	2.48

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## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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For the periods ended	Sep. 30, 2024	Sep. 30, 2023
<b>Classic Series Units</b>		
Increase (decrease) in net assets attributable to holders of redeemable units	7,435	(505)
Weighted average units outstanding during the period (in thousands of units)	2,310	633
Increase (decrease) in net assets attributable to holders of redeemable units per unit	3.22	(0.80)

### (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 15, 2023.

### (e) Related party transactions

#### Management fees and administration 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 Units	2.000	0.250
Series A (Hedged) Units	2.000	0.250
Advisor Series Units	2.000	0.250
Advisor Series (Hedged) Units	2.000	0.250
Series F Units	0.500	0.250
Series F (Hedged) Units	0.500	0.250
Series D Units	0.850	0.250
Series I Units	*	*
Series N Units	*	0.250
Classic Series Units	1.750	0.250

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

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, 2024 amounted to \$1,306 (September 30, 2023 — \$1,456).

The outstanding accrued fixed administration fees due to the Manager are included in "Accrued expenses" in the Statement of Financial Position and as at September 30, 2024 amounted to \$240 (September 30, 2023 — \$205).

### 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, 2024 (\$)	Sep. 30, 2023 (\$)
Total brokerage amounts paid	104	221
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, 2024	Sep. 30, 2023
Total soft dollars (\$)	3	98
Total soft dollars as a percentage of total commissions (%)	3.0	44.5

### Units held by the Manager

The Manager held the following units of the Fund:

#### As at Sep. 30, 2024

Series	Number of Units	Value of Units (\$)
Advisor Series (Hedged) Units	3,820	73
Series F (Hedged) Units	3,684	84

#### As at Sep. 30, 2023

Series	Number of Units	Value of Units (\$)
Advisor Series (Hedged) Units	7,278	105
Series F (Hedged) Units	7,438	125
Classic Series Units	100	1

### (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.

# 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, 2024

### Currency risk

The tables below summarize the foreign currencies to which all the series of the Fund had exposure to currency risk. Amounts shown are based on the carrying value of monetary and non-monetary assets (including derivatives and the underlying principal (notional) amount of the forward currency contracts, except those contracts held only in the Hedged Series, if any).

#### As at Sep. 30, 2024

Currencies	Cash and other current receivables & payables (\$)	Investments (monetary & non-monetary) (\$)	Forward currency contracts (\$)	Net currency exposure (\$)	As a % of Net Assets (%)
U.S. Dollar	10,442	1,120,778	—	1,131,220	99.9

#### As at Sep. 30, 2023

Currencies	Cash and other current receivables & payables (\$)	Investments (monetary & non-monetary) (\$)	Forward currency contracts (\$)	Net currency exposure (\$)	As a % of Net Assets (%)
U.S. Dollar	8,636	908,454	—	917,090	99.9

As at September 30, 2024 and September 30, 2023, if the Canadian dollar had strengthened or weakened by 5% in relation to all foreign currencies, with all other variables held constant, the Net Assets of the Fund could possibly have decreased or increased, as applicable, by approximately \$56,561 (September 30, 2023 — \$45,854) or \$56,100 (September 30, 2023 — \$45,481) including forward currency contracts held by the Hedged Series. In practice, actual results may differ from this sensitivity analysis and the difference could be material.

The tables below summarize the reduced currency risk of each Hedged Series, including forward currency contracts held only in the Hedged Series.

#### As at Sep 30. 2024

Hedged Series	Net Assets of the Hedged Series (\$)	Forward currency contracts (\$)	Net currency exposure (\$)	As a % of Net Assets of the Hedged Series (%)
<b>Series A (Hedged) Units</b>				
U.S. Dollar	7,794	(7,744)	50	0.6
<b>Total</b>	<b>7,794</b>	<b>(7,744)</b>	<b>50</b>	<b>0.6</b>
<b>Advisor Series (Hedged) Units</b>				
U.S. Dollar	972	(965)	7	0.7
<b>Total</b>	<b>972</b>	<b>(965)</b>	<b>7</b>	<b>0.7</b>
<b>Series F (Hedged) Units</b>				
U.S. Dollar	510	(507)	3	0.6
<b>Total</b>	<b>510</b>	<b>(507)</b>	<b>3</b>	<b>0.6</b>

#### As at Sep 30. 2023

Hedged Series	Net Assets of the Hedged Series (\$)	Forward currency contracts (\$)	Net currency exposure (\$)	As a % of Net Assets of the Hedged Series (%)
<b>Series A (Hedged) Units</b>				
U.S. Dollar	6,214	(6,246)	(32)	(0.5)
<b>Total</b>	<b>6,214</b>	<b>(6,246)</b>	<b>(32)</b>	<b>(0.5)</b>
<b>Advisor Series (Hedged) Units</b>				
U.S. Dollar	533	(523)	10	1.9
<b>Total</b>	<b>533</b>	<b>(523)</b>	<b>10</b>	<b>1.9</b>
<b>Series F (Hedged) Units</b>				
U.S. Dollar	697	(700)	(3)	(0.4)
<b>Total</b>	<b>697</b>	<b>(700)</b>	<b>(3)</b>	<b>(0.4)</b>

As at September 30, 2024 and September 30, 2023, if the Canadian dollar had strengthened or weakened by 5% in relation to the United States dollar, with all the other variables held constant, the Net Assets of the Hedged Series of the Fund could possibly have decreased or increased, as applicable, by approximately \$3

# BMO U.S. Equity Fund

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

(All amounts in thousands of Canadian dollars, except per unit data)  
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(September 30, 2023 — \$1). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

### Interest rate risk

As at September 30, 2024 and September 30, 2023, the Fund did not have significant exposure to interest rate risk.

### Other market risk

The Fund has significant exposure to other market risk arising from its investments. 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 \$105,272 (September 30, 2023 — \$85,078). 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, 2024 and September 30, 2023, 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, 2024 and September 30, 2023 as follows:

	Aggregate Value of Securities on Loan (\$)	Aggregate Value of Collateral Received for the Loan (\$)
Sep. 30, 2024	9,923	11,750
Sep. 30, 2023	12,758	13,978

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, 2024 and September 30, 2023:

For the periods ended	Sep. 30, 2024		Sep. 30, 2023	
	Amount	% of Gross Securities Lending Revenue	Amount	% of Gross Securities Lending Revenue
Gross securities lending revenue	7	100.0	4	100.0
Withholding taxes	—	—	—	—
	7	100.0	4	100.0
Payment to securities lending agents	2	25.0	1	24.9
Net securities lending revenue	5	75.0	3	75.1

### Concentration risk

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

As at	Sep. 30, 2024	Sep. 30, 2023
<b>Equities</b>		
Communication Services	9.0%	10.1%
Consumer Discretionary	12.5%	10.8%
Consumer Staples	6.8%	8.5%
Energy	2.4%	5.8%
Financials	13.5%	11.0%
Health Care	11.6%	12.1%
Industrials	8.7%	8.5%
Information Technology	29.3%	27.4%
Materials	1.4%	1.0%
Real Estate	1.0%	2.5%
Utilities	2.8%	1.2%
<b>Other Assets Less Liabilities</b>	1.0%	1.1%
	<b>100.0%</b>	<b>100.0%</b>

### (g) 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

# 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, 2024

assumptions that market participants might reasonably use in valuing the securities. The tables below show the relevant disclosure.

<b>As at Sep. 30, 2024</b>				
<b>Financial assets</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Equity Securities	1,120,778	—	—	1,120,778
<b>Financial liabilities</b>				
Derivatives	—	(39)	—	(39)

<b>As at Sep. 30, 2023</b>				
<b>Financial assets</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Equity Securities	908,454	—	—	908,454
<b>Financial liabilities</b>				
Derivatives	—	(38)	—	(38)

### Transfers between levels

There were no transfers between the levels during the periods.

### (h) Offsetting financial assets and financial liabilities

The following tables present the amounts that have been offset in the Statement of Financial Position. Amounts offset in the Statement of Financial Position include transactions for which the Fund has a legally enforceable right to offset and intends to settle the positions on a net basis.

<b>As at Sep. 30, 2024</b>	<b>Assets</b>	<b>Liabilities</b>
Gross Amounts of Recognized Financial Assets (Liabilities)	—	(39)
Amounts Set-off in the Statement of Financial Position	—	—
Net Amounts Presented in the Statement of Financial Position	—	(39)
Related Amounts not Set-off in the Statement of Financial Position		
Financial Instrument	—	—
Cash Collateral Received (Pledged)	—	—
Net Amount	—	(39)

<b>As at Sep. 30, 2023</b>	<b>Assets</b>	<b>Liabilities</b>
Gross Amounts of Recognized Financial Assets (Liabilities)	—	(38)
Amounts Set-off in the Statement of Financial Position	—	—
Net Amounts Presented in the Statement of Financial Position	—	(38)
Related Amounts not Set-off in the Statement of Financial Position		
Financial Instrument	—	—
Cash Collateral Received (Pledged)	—	—
Net Amount	—	(38)

### 9. Subsequent event

#### Multi-Series Structure Change

As at the close of business on November 22, 2024, Classic Series Units will be switched to Advisor Series Units.

# Management's Responsibility for Financial Reporting

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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 prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") and include certain amounts that are based on estimates and judgements. The material accounting policy information 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 Funds, structured as 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 auditor.

PricewaterhouseCoopers LLP is the external auditor of the BMO Mutual Funds. The auditor has 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. The report of auditor is accompanying the financial statement.

William Bamber,  
*Head, Investment Fund Manager Line of Business*  
BMO Investments Inc.  
December 12, 2024

Robert J. Schauer,  
*Chief Financial Officer*  
BMO Mutual Funds  
December 12, 2024

**BMO Investments Inc.**

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**Independent Auditor**

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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](mailto:clientservices.mutualfunds@bmo.com).

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Mutual Funds