

# BMO World Bond Fund (the “Fund”)

For the 12-month period ended September 30, 2020 (the “Period”)

Manager: BMO Investments Inc. (the “Manager” or “BMOI”)

Portfolio manager: BMO Asset Management Inc., Toronto, Ontario (the “portfolio manager”)

Sub-advisor: BMO Asset Management Limited, London, England

## 2020 Annual Management Report of Fund Performance

This annual management report of fund performance contains financial highlights but does not contain the complete annual financial statements of the Fund. If the annual financial statements of the Fund do not accompany the mailing of this report, you may obtain a copy of the annual financial statements at your request, and at no cost, by calling 1-800-665-7700 and 1-800-668-7327, by writing to us at BMO Investments Inc., First Canadian Place, 100 King Street West, 43rd Floor, Toronto, Ontario, M5X 1A1 or by visiting our website at [www.bmo.com/mutualfunds](http://www.bmo.com/mutualfunds) and [www.bmo.com/gam/ca](http://www.bmo.com/gam/ca) or SEDAR at [www.sedar.com](http://www.sedar.com). You may also contact us using one of these methods to request a copy of the Fund’s interim financial report, proxy voting policies and procedures, proxy voting disclosure record and/or quarterly portfolio disclosure.

### MANAGEMENT DISCUSSION OF FUND PERFORMANCE

#### Investment Objective and Strategies

The Fund’s objectives are to provide a high level of interest income and some opportunity for growth in the value of your investment. The Fund invests primarily in bonds and debentures maturing in more than one year, issued by governments and corporations around the world and by supranational agencies such as the World Bank.

The sub-advisor seeks to optimize portfolio holdings in an effort to mitigate portfolio risk, while seeking superior risk-adjusted returns. They use a fundamental driven process focused on duration management, yield curve positioning, country allocation, security selection and asset allocation into highly rated agencies.

#### Risk

The risks associated with an investment in the Fund remain as disclosed in the Fund’s most recent simplified prospectus or any amendments thereto and fund facts. During the Period there were no changes to the Fund that materially affected the overall risk level associated with an investment in the Fund. On May 22, 2020, the Manager reviewed the Fund using the standardized investment risk classification methodology prescribed by National Instrument 81-102 *Investment Funds* and determined that the risk rating of the Fund had not changed. The Manager reviews the Fund’s investment risk level and reference index, if any, at least annually.

#### Results of Operations

During the Period, the Fund’s total net asset value changed from approximately \$191 million to approximately \$168 million. Series A units of the Fund returned 2.92%. Please see the *Past Performance* section for information on the performance returns of the Fund’s other series.

During the Period, COVID-19 impacted bond markets. The first quarter of 2020 was a time of significant market stress as what initially appeared to be a supply shock in Asia transformed into a global demand shock as governments across the globe either quarantined their citizens or significantly curbed their movements to contain the spread of COVID-19, leading to a sharp decline in economic activity.

Investors struggled to price the unknowable economic outcome of the COVID-19 pandemic. This led to the fastest descent into an equity bear market in history, while spread levels on corporate and emerging-market bonds returned to levels not seen since the global financial crisis of 2008-09. The scale of the subsequent monetary and fiscal response from central banks and governments globally helped return some stability to financial markets.

During the second quarter of 2020, COVID-19 infection rates slowed in many countries, allowing governments to ease restrictions on social distancing. Although the economic impact of dealing with the pandemic has been severe, many market participants looked toward an expected recovery in the second half of 2020 as economies started to reopen.

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However, by September 2020 the global recovery had begun to lose momentum as infection rates once again began to spike higher.

Contributors to the Fund's performance for the Period included exposures to peripheral eurozone debt, inflation in the second and third quarters of 2020, and emerging markets. Regarding peripheral eurozone debt, the sub-advisor has consistently adjusted the Fund's exposure to this part of the market, taking profits on an overweight position in the fourth quarter of 2019 before re-establishing a Fund position in the first quarter of 2020. The rationale for the latter position reflected the extent of the easing of fiscal and monetary policy, which helped stabilize markets globally and led to a rally in risk assets. In addition, the announcement of the European Union Recovery Fund provided an additional fiscal boost to peripheral eurozone countries. Regarding exposure to inflation, the Fund benefited from exposure to euro inflation in the second quarter of 2020 and New Zealand inflation in the third quarter. Within emerging markets, the sub-advisor established overweight Fund positions in Mexico and South Africa, which currently offer some of the highest real interest rates globally. In the fourth quarter of 2020, the sub-advisor initiated position in Mexico, benefiting from subsequent cuts in interest rates by the country's central bank.

Detractors from the Fund's performance included an underweight position in duration and exposure to U.S. inflation risk. As the COVID-19 pandemic took hold in the first quarter of 2020, the Fund had an underweight position in duration versus the benchmark as the sub-advisor initially took the view that the coronavirus would remain contained in Asia and that economic growth would moderately pick up, thereby benefiting risk assets. As COVID-19 spread to Italy and it became clear that dealing with it would incur significant economic damage, the sub-advisor closed the Fund's underweight duration position at the end of February and moved the Fund to an overweight duration position.

Exposure to U.S. inflation detracted from Fund performance. U.S. break-evens fell significantly in the first quarter of 2020 in tandem with the extreme drop in equity-market valuations. The poor performance of U.S. inflation not only reflected the deteriorating recessionary outlook for the economy at that point in time but also a marked decline in commodity prices. The sub-advisor maintained the position, recouping the majority of losses that the Fund incurred and finally closing the position in April 2020.

During the Period, new positions were added in corporate debt and peripheral eurozone sovereign debt through the new issue market. In addition, a position in New Zealand inflation-linked debt was initiated.

The sub-advisor also tactically increased exposure to peripheral eurozone debt, adding to an overweight position in Spain along with an increased exposure to Italy, and increased positions in less liquid markets such as Slovenia and Latvia through the new issue market.

Positions in U.S. and eurozone inflation were eliminated during the Period. In addition, the Fund became more constructive on the U.K. market. Also during the Period, the sub-advisor adjusted the Fund's duration from being overweight at the end of the first quarter of 2020 to having an underweight position in duration.

The Manager confirms that the Fund did not borrow money during the Period.

*For information on the Fund's performance and composition, please refer to the Past Performance section and Summary of Investment Portfolio section of this report.*

## Recent Developments

Global Markets continue to deal with 1) the challenges associated with rising COVID-19 cases, including risks to business activity and jobs as economic momentum slows, and 2) geopolitical risks in the form of Brexit and the U.S. election. The ongoing impact of the COVID-19 pandemic and the U.S. presidential election are two key uncertainties driving financial markets.

The sub-advisor will continue to maintain a cautious approach within the Fund, being sensitive to any pullback in risk sentiment but also cognizant that central banks will continue to help underpin corporate bond valuations through accommodative monetary policies. The sub-advisor anticipates increased volatility around the U.S. election. The level of political partisanship has also made it difficult in reaching a fiscal stimulus package in the U.S., which would be regarded as positive for risk sentiment in the near term.

Yield curves should steepen as central banks remain extremely accommodative. In addition, there may be further adoption of an average inflation-targeting framework as central banks expand their monetary policy toolkit. Furthermore, the magnitude of fiscal programs in developed markets, even if tapered, will continue to impact fixed-income markets through increased issuance. The sub-advisor will continue to capitalize on changes in market curvatures through tactical positions for the Fund. The likely adoption of inflation targeting by the European

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Central Bank, alongside the U.S. Federal Reserve Board, should prove positive for the valuations of inflation-linked securities in these markets.

## RELATED PARTY TRANSACTIONS

BMO Investments Inc., an indirect, wholly-owned subsidiary of Bank of Montreal (“BMO”), is the Manager of the Fund. From time to time, the Manager may, on behalf of the Fund, enter into transactions or arrangements with or involving other members of BMO Financial Group, or certain other persons or companies that are related or connected to the Manager (each a “Related Party”). The purpose of this section is to provide a brief description of any transaction involving the Fund and a Related Party.

### Portfolio Manager

The Fund’s portfolio manager is BMO Asset Management Inc. (“BMOAM”), an affiliate of the Manager and BMO Asset Management Limited, also an affiliate of the Manager, is a sub-advisor to BMOAM. BMOAM provides portfolio management services to the Fund. BMOAM receives from the Manager a management fee based on assets under management, calculated daily and payable monthly.

### Administration Fee and Operating Expenses

The Fund pays a fixed administration fee to the Manager in respect of each series other than Series I. The Manager in return pays the operating expenses of these series of the Fund, other than certain specified expenses that are paid directly by the Fund (“Fund Expenses”). Fund Expenses, include 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 National Instrument 81-107 *Independent Review Committee for Investment Funds*, including compensation and expenses payable to the Fund’s independent review committee (“IRC”) members, taxes to which the Fund is or might be subject, and costs associated with compliance with any new governmental or regulatory requirement introduced after December 1, 2007. Fund Expenses are allocated proportionately among the relevant series. If the Fund Expenses are specific to a series, the Fund Expenses are allocated to that series. The fixed administration fee is calculated as a fixed annual percentage of the average net asset value of each relevant series of the Fund. Separate fees and expenses are negotiated and paid directly by each Series I investor. Further details about the fixed administration fee and/or Fund Expenses can be found in the Fund’s most recent simplified prospectus at [www.bmo.com/mutualfunds](http://www.bmo.com/mutualfunds) and [www.bmo.com/gam/ca](http://www.bmo.com/gam/ca) or [www.sedar.com](http://www.sedar.com).

### Buying and Selling Securities

During the Period, the Fund relied on standing instructions provided by the IRC for any of the following related party transactions that may have occurred in the Fund:

- (a) investments in securities issued by BMO, an affiliate of the Manager, or any other issuer related to the Manager;
  - (b) investments in a class of non-government debt securities and/or equity securities of an issuer during the period of distribution of those securities to the public and/or the 60-day period following the distribution period where BMO Nesbitt Burns Inc., an affiliate of the Manager, or any other affiliate of the Manager acted as an underwriter in the distribution;
  - (c) trades in debt securities in the secondary market with BMO Nesbitt Burns Inc., or any other affiliate of the Manager, that is trading with the Fund as principal; and
  - (d) inter-fund trades
- (each, a “Related Party Transaction”).

In accordance with the IRC’s standing instructions, in making a decision to cause the Fund to make a Related Party Transaction, the Manager and the portfolio manager of the Fund are required to comply with the Manager’s written policies and procedures governing the Related Party Transaction and report periodically to the IRC, describing each instance that the Manager relied on the standing instructions and its compliance or non-compliance with the governing policies and procedures. The governing policies and procedures are designed to ensure that each Related Party Transaction (i) is made free from any influence of BMO, BMO Nesbitt Burns Inc. or an associate or affiliate of BMO and/or BMO Nesbitt Burns Inc. and without taking into account any considerations relevant to BMO, BMO Nesbitt Burns Inc. or an associate or affiliate of BMO and/or BMO Nesbitt Burns Inc., (ii) represents the business judgment of the Manager, uninfluenced by considerations other than the best interests of the Fund, and (iii) achieves a fair and reasonable result for the Fund.

### Distribution Services

The Manager markets and distributes the Fund through BMO branches and/or (depending on the series) through registered dealers and brokers, including BMO InvestorLine Inc. and BMO Nesbitt Burns Inc., both affiliates of the Manager. The Manager pays to these affiliates a service fee called a “trailing commission” based on the average daily value of the units and/or shares that are held in investor accounts. This service fee is paid monthly or quarterly and varies by purchase option and by series.

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## FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the periods indicated.

### The Fund's Net Assets per Unit <sup>(1)</sup>

#### Series A Units

	2020	Periods ended Sep. 30			2016
		2019	2018	2017	
Net assets, beginning of period	\$ 11.05	10.48	10.54	12.50	11.89
<b>Increase (decrease)</b>					
<b>from operations:</b>					
Total revenue	\$ 0.21	0.26	0.27	0.28	0.31
Total expenses <sup>(2)</sup>	\$ -0.24	-0.24	-0.24	-0.24	-0.27
Realized gains (losses)					
for the period	\$ 0.34	0.88	1.30	0.05	1.15
Unrealized gains (losses)					
for the period	\$ -0.04	-0.10	-1.14	-0.97	-0.37
<b>Total increase (decrease)</b>					
<b>from operations <sup>(3)</sup></b>	\$ 0.27	0.80	0.19	-0.88	0.82
<b>Distributions:</b>					
From income					
(excluding dividends)	\$ 0.04	0.04	0.07	0.10	0.22
From dividends	\$ —	—	—	—	—
From capital gains	\$ 0.37	—	—	0.83	—
Return of capital	\$ 0.20	0.20	0.17	0.14	0.00
<b>Total Annual Distributions <sup>(4)</sup></b>	\$ 0.61	0.24	0.24	1.07	0.22
<b>Net assets, end of period</b>	\$ 10.74	11.05	10.48	10.54	12.50

#### Advisor Series Units

	2020	Periods ended Sep. 30			2016
		2019	2018	2017	
Net assets, beginning of period	\$ 10.23	9.71	9.79	11.44	10.88
<b>Increase (decrease)</b>					
<b>from operations:</b>					
Total revenue	\$ 0.19	0.24	0.25	0.26	0.29
Total expenses <sup>(2)</sup>	\$ -0.22	-0.22	-0.22	-0.23	-0.25
Realized gains (losses)					
for the period	\$ 0.31	0.82	1.22	0.05	1.05
Unrealized gains (losses)					
for the period	\$ -0.01	-0.09	-1.08	-0.96	-0.36
<b>Total increase (decrease)</b>					
<b>from operations <sup>(3)</sup></b>	\$ 0.27	0.75	0.17	-0.88	0.73
<b>Distributions:</b>					
From income					
(excluding dividends)	\$ 0.04	0.04	0.05	0.09	0.20
From dividends	\$ —	—	—	—	—
From capital gains	\$ 0.34	—	—	0.58	—
Return of capital	\$ 0.20	0.20	0.19	0.15	0.00
<b>Total Annual Distributions <sup>(4)</sup></b>	\$ 0.58	0.24	0.24	0.82	0.20
<b>Net assets, end of period</b>	\$ 9.94	10.23	9.71	9.79	11.44

#### Series F Units

	2020	Periods ended Sep. 30			2016
		2019	2018	2017	
Net assets, beginning of period	\$ 12.19	11.48	11.48	13.14	12.48
<b>Increase (decrease)</b>					
<b>from operations:</b>					
Total revenue	\$ 0.23	0.29	0.29	0.31	0.34
Total expenses <sup>(2)</sup>	\$ -0.10	-0.09	-0.09	-0.09	-0.10
Realized gains (losses)					
for the period	\$ 0.37	1.01	1.59	0.08	1.17
Unrealized gains (losses)					
for the period	\$ -0.04	-0.14	-1.46	-1.33	-0.37
<b>Total increase (decrease)</b>					
<b>from operations <sup>(3)</sup></b>	\$ 0.46	1.07	0.33	-1.03	1.04
<b>Distributions:</b>					
From income					
(excluding dividends)	\$ 0.23	0.23	0.27	0.33	0.40
From dividends	\$ —	—	—	—	—
From capital gains	\$ 0.40	—	—	0.53	—
Return of capital	\$ 0.13	0.13	0.09	0.03	0.00
<b>Total Annual Distributions <sup>(4)</sup></b>	\$ 0.76	0.36	0.36	0.89	0.40
<b>Net assets, end of period</b>	\$ 11.94	12.19	11.48	11.48	13.14

#### Series D Units

	2020	Periods ended Sep. 30	
		2019	2018 <sup>(5)</sup>
Net assets, beginning of period	\$ 10.38	9.81	10.00 <sup>*</sup>
<b>Increase (decrease)</b>			
<b>from operations:</b>			
Total revenue	\$ 0.21	0.25	0.22
Total expenses <sup>(2)</sup>	\$ -0.19	-0.18	-0.17
Realized gains (losses)			
for the period	\$ 0.31	1.03	2.83
Unrealized gains (losses)			
for the period	\$ 0.10	-0.17	-2.99
<b>Total increase (decrease)</b>			
<b>from operations <sup>(3)</sup></b>	\$ 0.43	0.93	-0.11
<b>Distributions:</b>			
From income			
(excluding dividends)	\$ 0.11	0.11	0.16
From dividends	\$ —	—	—
From capital gains	\$ 0.06	—	—
Return of capital	\$ 0.12	0.12	—
<b>Total Annual Distributions <sup>(4)</sup></b>	\$ 0.29	0.23	0.16
<b>Net assets, end of period</b>	\$ 10.43	10.38	9.81

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## Series I Units

	2020	Periods ended Sep. 30			
		2019	2018	2017	2016
Net assets, beginning of period	\$ 11.51	10.78	11.26	13.76	13.11
<b>Increase (decrease)</b>					
<b>from operations:</b>					
Total revenue	\$ 0.22	0.27	0.29	0.30	0.34
Total expenses <sup>(2)</sup>	\$ 0.00	0.00	0.01	0.00	0.00
Realized gains (losses)					
for the period	\$ 0.36	0.93	0.62	0.06	1.24
Unrealized gains (losses)					
for the period	\$ -0.05	-0.13	-0.38	-1.01	-0.39
<b>Total increase (decrease)</b>					
<b>from operations<sup>(3)</sup></b>	\$ 0.53	1.07	0.54	-0.65	1.19
<b>Distributions:</b>					
From income					
(excluding dividends)	\$ 0.30	0.35	0.36	0.63	0.57
From dividends	\$ —	—	—	—	—
From capital gains	\$ 0.35	—	0.57	1.15	—
Return of capital	\$ 0.06	0.01	0.00	0.01	0.00
<b>Total Annual Distributions<sup>(4)</sup></b>	\$ 0.71	0.36	0.93	1.79	0.57
<b>Net assets, end of period</b>	\$ 11.37	11.51	10.78	11.26	13.76

## Classic Series Units

	2020	Periods ended Sep. 30			
		2019	2018	2017	2016
Net assets, beginning of period	\$ 10.64	9.92	9.85	11.58	10.94
<b>Increase (decrease)</b>					
<b>from operations:</b>					
Total revenue	\$ 0.21	0.25	0.25	0.26	0.29
Total expenses <sup>(2)</sup>	\$ -0.16	-0.15	-0.16	-0.15	-0.17
Realized gains (losses)					
for the period	\$ 0.32	0.85	1.24	0.05	1.05
Unrealized gains (losses)					
for the period	\$ -0.01	-0.10	-1.08	-0.90	-0.34
<b>Total increase (decrease)</b>					
<b>from operations<sup>(3)</sup></b>	\$ 0.36	0.85	0.25	-0.74	0.83
<b>Distributions:</b>					
From income					
(excluding dividends)	\$ 0.13	0.13	0.16	0.18	0.19
From dividends	\$ —	—	—	—	—
From capital gains	\$ 0.33	—	—	0.79	—
Return of capital	\$ 0.00	0.00	0.00	0.00	0.00
<b>Total Annual Distributions<sup>(4)</sup></b>	\$ 0.46	0.13	0.16	0.97	0.19
<b>Net assets, end of period</b>	\$ 10.55	10.64	9.92	9.85	11.58

<sup>a</sup> Initial net assets.

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

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

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

<sup>(4)</sup> Distributions were either paid in cash or reinvested in additional units of the Fund, or both. 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 15, the Fund's tax year-end. Accordingly, the actual allocation among income, dividends, capital gains and return of capital may differ from these estimates.

<sup>(5)</sup> The information shown in this column is for the period beginning November 20, 2017 (the series' inception date) and ending September 30, 2018.

## Ratios and Supplemental Data

### Series A Units

	2020	Periods ended Sep. 30			
		2019	2018	2017	2016
Total net asset value (000's) <sup>(1)</sup>	\$ 133,407	155,141	165,061	225,378	298,744
Number of units					
outstanding (000's) <sup>(1)</sup>	12,418	14,043	15,752	21,383	23,897
Management expense ratio <sup>(2)</sup>	% 2.27	2.27	2.23	2.23	2.23
Management expense ratio					
before waivers or absorptions	% 2.27	2.27	2.27	2.27	2.27
Trading expense ratio <sup>(3)</sup>	% —	0.03	0.03	0.00	0.01
Portfolio turnover rate <sup>(4)</sup>	% 83.00	49.89	14.23	14.04	19.10
Net asset value per unit	\$ 10.74	11.05	10.48	10.54	12.50

### Advisor Series Units

	2020	Periods ended Sep. 30			
		2019	2018	2017	2016
Total net asset value (000's) <sup>(1)</sup>	\$ 6,698	6,879	6,772	8,085	11,117
Number of units					
outstanding (000's) <sup>(1)</sup>	674	673	697	826	972
Management expense ratio <sup>(2)</sup>	% 2.26	2.25	2.27	2.27	2.26
Management expense ratio					
before waivers or absorptions	% 2.26	2.26	2.27	2.27	2.26
Trading expense ratio <sup>(3)</sup>	% —	0.03	0.03	0.00	0.01
Portfolio turnover rate <sup>(4)</sup>	% 83.00	49.89	14.23	14.04	19.10
Net asset value per unit	\$ 9.94	10.23	9.71	9.79	11.44

### Series F Units

	2020	Periods ended Sep. 30			
		2019	2018	2017	2016
Total net asset value (000's) <sup>(1)</sup>	\$ 20,254	23,011	21,558	20,871	28,069
Number of units					
outstanding (000's) <sup>(1)</sup>	1,697	1,888	1,878	1,818	2,137
Management expense ratio <sup>(2)</sup>	% 0.80	0.80	0.80	0.80	0.80
Management expense ratio					
before waivers or absorptions	% 0.84	0.83	0.83	0.83	0.82
Trading expense ratio <sup>(3)</sup>	% —	0.03	0.03	0.00	0.01
Portfolio turnover rate <sup>(4)</sup>	% 83.00	49.89	14.23	14.04	19.10
Net asset value per unit	\$ 11.94	12.19	11.48	11.48	13.14

### Series D Units

	2020	Periods ended Sep. 30	
		2019	2018 <sup>(5)</sup>
Total net asset value (000's) <sup>(1)</sup>	\$ 3,009	142	36
Number of units			
outstanding (000's) <sup>(1)</sup>	288	14	4
Management expense ratio <sup>(2)</sup>	% 1.87	1.85	1.92
Management expense ratio			
before waivers or absorptions	% 1.87	1.85	2.80
Trading expense ratio <sup>(3)</sup>	% —	0.03	0.03
Portfolio turnover rate <sup>(4)</sup>	% 83.00	49.89	14.23
Net asset value per unit	\$ 10.43	10.38	9.81

### Series I Units

	2020	Periods ended Sep. 30			
		2019	2018	2017	2016
Total net asset value (000's) <sup>(1)</sup>	\$ 3,205	4,233	4,389	563,945	669,533
Number of units					
outstanding (000's) <sup>(1)</sup>	282	368	407	50,091	48,658
Management expense ratio <sup>+</sup>	% —	—	—	—	—
Management expense ratio					
before waivers or absorptions <sup>+</sup>	% —	—	—	—	—
Trading expense ratio <sup>(3)</sup>	% —	0.03	0.03	0.00	0.01
Portfolio turnover rate <sup>(4)</sup>	% 83.00	49.89	14.23	14.04	19.10
Net asset value per unit	\$ 11.37	11.51	10.78	11.26	13.76

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## Classic Series Units

		Periods ended Sep. 30				
		2020	2019	2018	2017	2016
Total net asset value (000's) <sup>(1)</sup>	\$	1,173	1,519	1,471	1,608	2,033
Number of units						
outstanding (000's) <sup>(1)</sup>		111	143	148	163	176
Management expense ratio <sup>(2)</sup>	%	1.55	1.55	1.55	1.56	1.56
Management expense ratio						
before waivers or absorptions	%	1.55	1.55	1.55	1.56	1.56
Trading expense ratio <sup>(3)</sup>	%	—	0.03	0.03	0.00	0.01
Portfolio turnover rate <sup>(4)</sup>	%	83.00	49.89	14.23	14.04	19.10
Net asset value per unit	\$	10.55	10.64	9.92	9.85	11.58

+ Operating expenses are paid by BMOII and management fees are paid directly to BMOII as negotiated with the investor.

<sup>(1)</sup> This information is provided as at September 30 of the period shown.

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

<sup>(3)</sup> The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. For the financial period ended September 30, 2020, no commissions or other portfolio transactions costs were incurred by the ETF. As a result, the trading expense ratio for the period was nil.

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

<sup>(5)</sup> The information shown in this column is for the period beginning November 20, 2017 (the series' inception date) and ending September 30, 2018.

## Management Fees

The Manager is responsible for the day-to-day management of the business and operations of the Fund. The Manager monitors and evaluates the Fund's performance, pays for the investment advice provided by the Fund's portfolio manager and provides certain administrative services required by the Fund. As compensation for its services, the Manager is entitled to receive a management fee payable monthly, calculated based on the daily net asset value of each series of the Fund at the annual rate set out in the table below.

	As a Percentage of Management Fees		
	Annual Management Fee Rate* %	Dealer Compensation %	General Administration, Investment Advice and Profit %
Series A Units	1.75	29	71
Advisor Series Units	1.75	37	63
Series F Units	0.45	0	100
Series D Units	1.40	9	91
Series I Units	—	—	—
Classic Series Units	1.10	20	80

\* For Series I Units, separate Series I fees are negotiated and paid directly by each Series I investor. The combined management and administration fees for Series I Units will not exceed the management fee charged for Advisor Series or Series A Units.

## PAST PERFORMANCE

The Fund's performance information assumes that all distributions made by the Fund in the periods shown were used to purchase additional securities of the Fund and is based on the net asset value of the Fund.

The performance information does not take into account sales, redemption, distribution or other optional charges that, if applicable, would have reduced returns or performance. Please remember that how the Fund has performed in the past does not indicate how it will perform in the future.

The returns of each series may differ from one another for a number of reasons, including if the series was not issued and outstanding for the entire reporting period and because of the different levels of management fees and expenses allocated and payable by each series.

On June 1, 2012, BMO Guardian Global Bond Fund merged into the Fund.

On April 29, 2013, BMO Asset Management Inc. replaced Insight Investment Management (Global) Limited as portfolio manager of the Fund. In addition, the investment strategies of the Fund changed to reflect the investment style of BMO Asset Management Inc.

On May 4, 2018, the Manager announced that BMO Asset Management Limited, an affiliate of the Manager, would become a sub-advisor for the Fund. In addition, the investment strategies of the Fund changed to reflect the investment style of BMO Asset Management Limited.

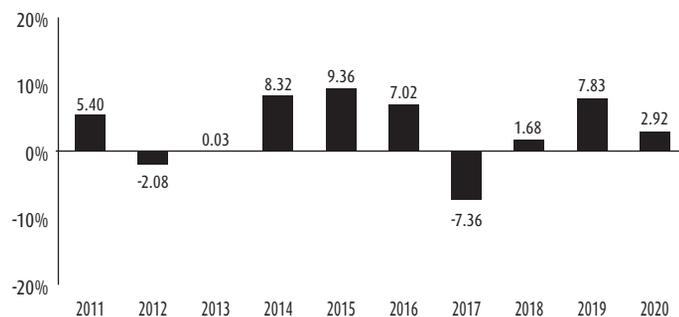
These changes could have affected the performance of the Fund, had they been in effect throughout the performance measurement periods presented.

# BMO World Bond Fund

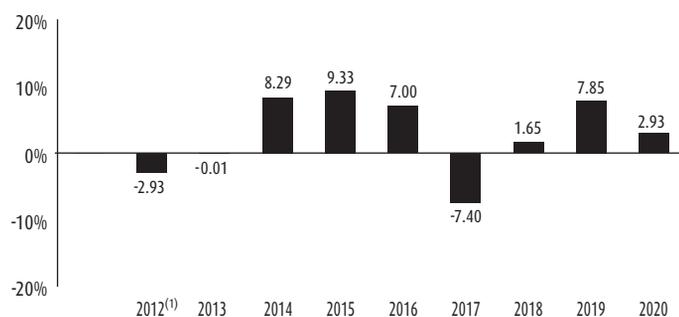
## Year-by-Year Returns

The following bar charts show the performance of each series of the Fund for each of the financial years shown. The charts show in percentage terms how an investment made on the first day of each financial year would have increased or decreased by the last day of each financial year.

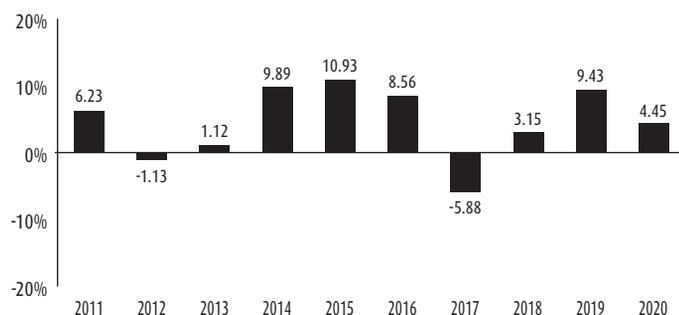
### Series A Units



### Advisor Series Units



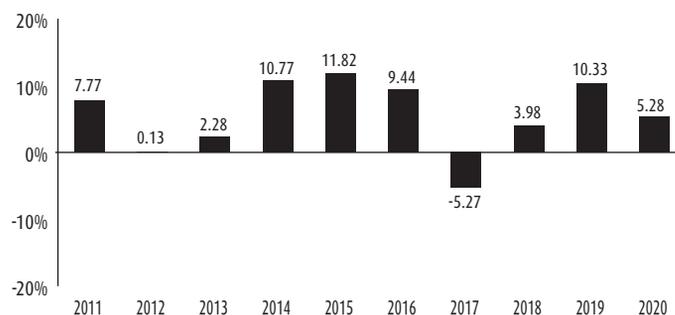
### Series F Units



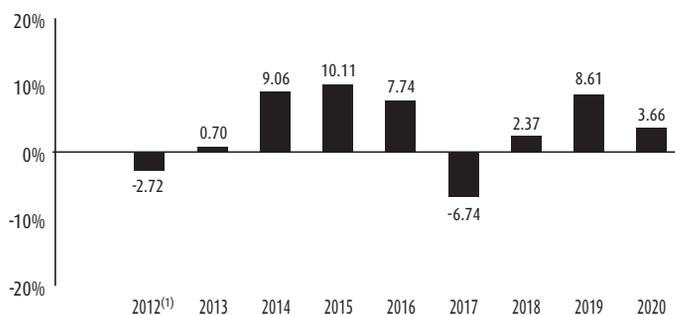
### Series D Units



### Series I Units



### Classic Series Units



<sup>(1)</sup> For the period beginning with the performance launch date of June 1, 2012 to September 30, 2012.

<sup>(2)</sup> For the period beginning with the performance launch date of November 21, 2017 to September 30, 2018.

# BMO World Bond Fund

## Annual Compound Returns

This table compares the historical annual compound returns of the Fund with its new benchmark, the Bloomberg Barclays Global Aggregate Bond Index (C\$ hedged) and previous benchmark, a broad-based index.

The Bloomberg Barclays Global Aggregate Bond Index (C\$ hedged) and (C\$) provides a broad-based measure of the global investment-grade fixed rate debt markets.

The Bloomberg Barclays Global Aggregate Bond Index contains three major components: the U.S. Aggregate Index, the Pan-European Aggregate Index, and the Asian-Pacific Aggregate Index.

### Series A Units

		1 year	3 years	5 years	10 years	Since Inception <sup>(1)</sup>
BMO World Bond Fund	%	2.92	4.11	2.27	3.18	
Bloomberg Barclays Global Aggregate Index (C\$ Hedged) - new	%	3.88	4.53	3.86	4.12	
Bloomberg Barclays Global Aggregate Index (C\$)	%	7.18	6.41	3.85	5.10	

### Advisor Series Units

		1 year	3 years	5 years	10 years	Since Inception <sup>(1)</sup>
BMO World Bond Fund	%	2.93	4.11	2.26		3.05
Bloomberg Barclays Global Aggregate Index (C\$ Hedged) - new	%	3.88	4.53	3.86		3.96
Bloomberg Barclays Global Aggregate Index (C\$)	%	7.18	6.41	3.85		5.36

### Series F Units

		1 year	3 years	5 years	10 years	Since Inception <sup>(1)</sup>
BMO World Bond Fund	%	4.45	5.64	3.79	4.54	
Bloomberg Barclays Global Aggregate Index (C\$ Hedged) - new	%	3.88	4.53	3.86	4.12	
Bloomberg Barclays Global Aggregate Index (C\$)	%	7.18	6.41	3.85	5.10	

### Series D Units

		1 year	3 years	5 years	10 years	Since Inception <sup>(1)</sup>
BMO World Bond Fund	%	3.34				3.90
Bloomberg Barclays Global Aggregate Index (C\$ Hedged) - new	%	3.88				4.57
Bloomberg Barclays Global Aggregate Index (C\$)	%	7.18				5.82

### Series I Units

		1 year	3 years	5 years	10 years	Since Inception <sup>(1)</sup>
BMO World Bond Fund	%	5.28	6.50	4.60	5.52	
Bloomberg Barclays Global Aggregate Index (C\$ Hedged) - new	%	3.88	4.53	3.86	4.12	
Bloomberg Barclays Global Aggregate Index (C\$)	%	7.18	6.41	3.85	5.10	

### Classic Series Units

		1 year	3 years	5 years	10 years	Since Inception <sup>(1)</sup>
BMO World Bond Fund	%	3.66	4.85	2.98		3.78
Bloomberg Barclays Global Aggregate Index (C\$ Hedged) - new	%	3.88	4.53	3.86		3.96
Bloomberg Barclays Global Aggregate Index (C\$)	%	7.18	6.41	3.85		5.36

<sup>(1)</sup> Return from the performance launch date of June 1, 2012 to September 30, 2020.

<sup>(2)</sup> Return from the performance launch date of November 21, 2017 to September 30, 2020.

During the Period, the benchmark changed from the Bloomberg Barclays Global Aggregate Bond Index (C\$) to the hedged to Canadian dollars (C\$ hedged) version of the same index. The reason for this change is that C\$ hedged is better aligned with the investment strategy of the Fund. Therefore, the new benchmark is a more accurate and useful comparison.

*A commentary on the market and/or information regarding the relative performance of the Fund as compared to its benchmark can be found under the Results of Operations section of this report.*

# BMO World Bond Fund

## SUMMARY OF INVESTMENT PORTFOLIO

As at September 30, 2020

<b>Portfolio Allocation</b>	<b>% of Net Asset Value</b>	<b>Top 25 Holdings Issuer</b>	<b>% of Net Asset Value</b>
United States	19.8	Cash/Receivables/Payables	8.4
Japan	14.1	BMO Mid-Term US IG Corporate Bond Index ETF <sup>+</sup>	4.9
Cash/Receivables/Payables	8.4	United Kingdom Gilt, Unsecured, 0.875% Oct 22, 2029	2.8
United Kingdom	8.0	United States Treasury Bonds, 2.750% Feb 15, 2028	2.5
Canada	7.4	Government of Japan, Twenty Year Bonds, Series 117, Senior, Unsecured, 2.100% Mar 20, 2030	2.4
Australia	6.1	Commonwealth of Australia, Series 157, Senior, Unsecured, 1.500% Jun 21, 2031	2.3
Germany	6.0	Government of Japan, Ten Year Bonds, Series 332, Senior, Unsecured, 0.600% Dec 20, 2023	2.3
France	4.8	United States Treasury Bonds, 3.000% Feb 15, 2048	1.9
Italy	3.0	United States Treasury Bonds, 2.875% May 15, 2049	1.9
Netherlands	2.7	Government of Canada, Unsecured, 2.250% Jun 1, 2029	1.8
Spain	2.6	United Kingdom Gilt, Unsecured, 1.250% Oct 22, 2041	1.3
South Korea	2.4	Republic of France, Unsecured, 0.500% May 25, 2040	1.1
Mexico	2.1	Federal Republic of Germany, Unsecured, 0.010% Aug 15, 2030	1.1
Indonesia	1.7	United Mexican States, Senior, Unsecured, 2.750% Apr 22, 2023	1.1
Norway	1.2	Bundesobligation, Series 177, Unsecured, 0.010% Apr 14, 2023	1.0
Other	9.7	Commonwealth of Australia, Series 146, Senior, Unsecured, 1.750% Nov 21, 2020	1.0
<b>Total Portfolio Allocation</b>	<b>100.0</b>	United States Treasury Notes, 1.625% Oct 31, 2026	1.0
		Republic of Italy, Senior, Unsecured, 1.500% Jun 1, 2025	1.0
		Commonwealth of Australia, Series 124, Senior, Unsecured, 5.750% May 15, 2021	0.9
		Republic of Italy, Senior, Unsecured, 0.650% Nov 1, 2020	0.9
		Korea Treasury Bonds, Series 2303, Senior, Unsecured, 3.000% Mar 10, 2023	0.9
		Government of Japan, Ten Year Bonds, Series 327, Senior, Unsecured, 0.800% Dec 20, 2022	0.9
		Statoil ASA, Senior, Unsecured, Notes, 5.100% Aug 17, 2040	0.9
		Government of Japan, Ten Year Bonds, Series 320, Senior, Unsecured, 1.000% Dec 20, 2021	0.9
		Republic of Chile, Senior, Unsecured, 3.250% Sep 14, 2021	0.8
		<b>Top Holdings as a Percentage of Total Net Asset Value</b>	<b>46.0</b>
		<b>Total Net Asset Value</b>	<b>\$167,746,352</b>

<sup>+</sup>The prospectus and other information about the underlying exchange traded fund(s) held in the portfolio are available on the internet at [www.sedar.com](http://www.sedar.com) and [www.bmo.com/etflegal](http://www.bmo.com/etflegal).

The summary of investment portfolio may change due to the Fund's ongoing portfolio transactions. Updates are available quarterly.

**BMO Investments Inc.**

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[www.bmo.com/mutualfunds](http://www.bmo.com/mutualfunds) and [www.bmo.com/gam/ca](http://www.bmo.com/gam/ca)

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).

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

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