BMO Mutual Funds 2020

Semi-Annual Financial Statements

March 31, 2020

BMO World Bond Fund

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

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

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

BMO | Mutual Funds

BMO World Bond Fund

(unaudited)

STATEMENT OF FINANCIAL POSITION
(All amounts in thousands of Canadian dollars, except per unit data)

As at	March 31 2020	September 30 2019
ASSETS		
CURRENT ASSETS		
Cash	787	6,292
Investments		
Non-derivative financial assets	164,208	183,879
Derivative assets	661	368
Receivable for investments sold	4,152	—
Subscriptions receivable	391	75
Interest receivable	1,188	1,299
Distribution receivable from investment trusts	23	23
Total assets	171,410	191,936
LIABILITIES		
CURRENT LIABILITIES		
Payable for investments purchased	5,213	793
Redemptions payable	173	100
Derivative liabilities	727	86
Accrued expenses	305	32
Total liabilities	6,418	1,011
Net assets attributable to holders of redeemable units	164,992	190,925
Net assets attributable to holders of redeemable units		
Series A Units	131,040	155,141
Advisor Series Units	6,178	6,879
Series F Units	19,757	23,011
Series D Units	3,622	142
Series I Units	3,041	4,233
Classic Series Units	1,354	1,519
Net assets attributable to holders of redeemable units per unit		
Series A Units	$ 10.43	$ 11.05
Advisor Series Units	$ 9.65	$ 10.23
Series F Units	$ 11.55	$ 12.19
Series D Units	$ 10.10	$ 10.38
Series I Units	$ 10.96	$ 11.51
Classic Series Units	$ 10.09	$ 10.64

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

For the periods ended	March 31 2020	March 31 2019
INCOME		
Interest income	1,637	2,270
Distributions received from investment trusts	253	294
Other changes in fair value of investments and derivatives		
Net realized (loss) gain	(4,768)	5,031
Change in unrealized appreciation	2,172	3,600
Net (loss) gain in fair value of investments and derivatives	(706)	11,195
Foreign exchange gain (loss)	361	(2,999)
Total other income (loss)	361	(2,999)
Total (loss) income	(345)	8,196
EXPENSES		
Management fees (note 6)	1,571	1,654
Fixed administration fees (note 6)	301	314
Independent review committee fees (note 6)	0	1
Withholding taxes	9	—
Interest expense	—	1
Fund facts fees	0	0
Commissions and other portfolio transaction costs (note 6)	—	52
Operating expenses absorbed by the Manager (note 6)	(4)	(8)
Total expenses	1,877	2,014
(Decrease) increase in net assets attributable to holders of redeemable units	(2,222)	6,182
(Decrease) increase in net assets attributable to holders of redeemable units		
Series A Units	(1,971)	4,939
Advisor Series Units	(86)	211
Series F Units	(142)	811
Series D Units	(19)	3
Series I Units	9	166
Classic Series Units	(13)	52
(Decrease) increase in net assets attributable to holders of redeemable units per unit (note 8)		
Series A Units	(0.14)	0.32
Advisor Series Units	(0.13)	0.31
Series F Units	(0.08)	0.45
Series D Units	(0.06)	0.40
Series I Units	0.02	0.46
Classic Series Units	(0.09)	0.35

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

BMO World Bond Fund
(unaudited)

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

For the periods ended	March 31 2020	March 31 2019
Series A Units		
Net assets attributable to holders of redeemable units at beginning of period	155,141	165,061
(Decrease) increase in net assets attributable to holders of redeemable units	(1,971)	4,939
Distributions to holders of redeemable units from:		
Net investment income	(457)	(453)
Net realized gains on investments and derivatives	(4,980)	—
Return of capital	(1,191)	(1,375)
Total distributions to holders of redeemable units	(6,628)	(1,828)
Redeemable unit transactions		
Proceeds from redeemable units issued	5,805	5,230
Reinvestments of distributions to holders of redeemable units	6,611	1,823
Redemption of redeemable units	(27,918)	(17,513)
Net decrease from redeemable unit transactions	(15,502)	(10,460)
Net decrease in net assets attributable to holders of redeemable units	(24,101)	(7,349)
Net assets attributable to holders of redeemable units at end of period	131,040	157,712

For the periods ended	March 31 2020	March 31 2019
Series F Units		
Net assets attributable to holders of redeemable units at beginning of period	23,011	21,558
(Decrease) increase in net assets attributable to holders of redeemable units	(142)	811
Distributions to holders of redeemable units from:		
Net investment income	(211)	(208)
Net realized gains on investments and derivatives	(707)	—
Return of capital	(125)	(119)
Total distributions to holders of redeemable units	(1,043)	(327)
Redeemable unit transactions		
Proceeds from redeemable units issued	4,603	5,977
Reinvestments of distributions to holders of redeemable units	691	205
Redemption of redeemable units	(7,363)	(5,659)
Net (decrease) increase from redeemable unit transactions	(2,069)	523
Net (decrease) increase in net assets attributable to holders of redeemable units	(3,254)	1,007
Net assets attributable to holders of redeemable units at end of period	19,757	22,565

Advisor Series Units		
Net assets attributable to holders of redeemable units at beginning of period	6,879	6,772
(Decrease) increase in net assets attributable to holders of redeemable units	(86)	211
Distributions to holders of redeemable units from:		
Net investment income	(21)	(18)
Net realized gains on investments and derivatives	(212)	—
Return of capital	(57)	(65)
Total distributions to holders of redeemable units	(290)	(83)
Redeemable unit transactions		
Proceeds from redeemable units issued	1,202	589
Reinvestments of distributions to holders of redeemable units	237	65
Redemption of redeemable units	(1,764)	(737)
Net decrease from redeemable unit transactions	(325)	(83)
Net (decrease) increase in net assets attributable to holders of redeemable units	(701)	45
Net assets attributable to holders of redeemable units at end of period	6,178	6,817

Series D Units		
Net assets attributable to holders of redeemable units at beginning of period	142	36
(Decrease) increase in net assets attributable to holders of redeemable units	(19)	3
Distributions to holders of redeemable units from:		
Net investment income	(17)	(1)
Net realized gains on investments and derivatives	(24)	—
Return of capital	(18)	(0)
Total distributions to holders of redeemable units	(59)	(1)
Redeemable unit transactions		
Proceeds from redeemable units issued	3,837	90
Reinvestments of distributions to holders of redeemable units	59	1
Redemption of redeemable units	(338)	(8)
Net increase from redeemable unit transactions	3,558	83
Net increase in net assets attributable to holders of redeemable units	3,480	85
Net assets attributable to holders of redeemable units at end of period	3,622	121

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BMO World Bond Fund
(unaudited)

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

For the periods ended	**March 31 2020**	March 31 2019
Series I Units		
Net assets attributable to holders of redeemable units at beginning of period	4,233	4,389
Increase in net assets attributable to holders of redeemable units	9	166
Distributions to holders of redeemable units from:		
Net investment income	(57)	(64)
Net realized gains on investments and derivatives	(130)	—
Return of capital	(10)	(2)
Total distributions to holders of redeemable units	(197)	(66)
Redeemable unit transactions		
Reinvestments of distributions to holders of redeemable units	196	66
Redemption of redeemable units	(1,200)	(550)
Net decrease from redeemable unit transactions	(1,004)	(484)
Net decrease in net assets attributable to holders of redeemable units	(1,192)	(384)
Net assets attributable to holders of redeemable units at end of period	3,041	4,005

For the periods ended	**March 31 2020**	March 31 2019
Classic Series Units		
Net assets attributable to holders of redeemable units at beginning of period	1,519	1,471
(Decrease) increase in net assets attributable to holders of redeemable units	(13)	52
Distributions to holders of redeemable units from:		
Net investment income	(17)	(19)
Net realized gains on investments and derivatives	(48)	—
Return of capital	(0)	(0)
Total distributions to holders of redeemable units	(65)	(19)
Redeemable unit transactions		
Proceeds from redeemable units issued	40	—
Reinvestments of distributions to holders of redeemable units	64	19
Redemption of redeemable units	(191)	(37)
Net decrease from redeemable unit transactions	(87)	(18)
Net (decrease) increase in net assets attributable to holders of redeemable units	(165)	15
Net assets attributable to holders of redeemable units at end of period	1,354	1,486

For the periods ended	**March 31 2020**	March 31 2019
Total Fund		
Net assets attributable to holders of redeemable units at beginning of period	190,925	199,287
(Decrease) increase in net assets attributable to holders of redeemable units	(2,222)	6,182
Distributions to holders of redeemable units from:		
Net investment income	(780)	(763)
Net realized gains on investments and derivatives	(6,101)	—
Return of capital	(1,401)	(1,561)
Total distributions to holders of redeemable units	(8,282)	(2,324)
Redeemable unit transactions		
Proceeds from redeemable units issued	15,487	11,886
Reinvestments of distributions to holders of redeemable units	7,858	2,179
Redemption of redeemable units	(38,774)	(24,504)
Net decrease from redeemable unit transactions	(15,429)	(10,439)
Net decrease in net assets attributable to holders of redeemable units	(25,933)	(6,581)
Net assets attributable to holders of redeemable units at end of period	164,992	192,706

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

BMO World Bond Fund

(unaudited)

STATEMENT OF CASH FLOWS

(All amounts in thousands of Canadian dollars)

For the periods ended	**March 31 2020**	March 31 2019
Cash flows from operating activities		
(Decrease) increase in net assets attributable to holders of redeemable units	(2,222)	6,182
Adjustments for:		
Foreign exchange loss (gain) on cash	0	(1)
Net realized loss (gain) on sale of investments and derivatives	4,768	(5,031)
Change in unrealized appreciation of investments and derivatives	(2,172)	(3,600)
Increase in futures margin receivable	—	(11)
Decrease in interest receivable	111	161
Increase in distribution receivable from investment trusts	—	(6)
Increase in accrued expenses	273	311
Amortization of premium and discounts	421	240
Non-cash distributions from investment trusts	(115)	—
Purchases of investments	(53,613)	(36,264)
Proceeds from sale and maturity of investments	80,325	58,957
Cash outflows on derivatives	(9,327)	(194)
Net cash from operating activities	18,449	20,744
Cash flows from financing activities		
Distributions paid to holders of redeemable units, net of reinvested distributions	(424)	(145)
Proceeds from issuances of redeemable units	10,303	11,721
Amounts paid on redemption of redeemable units	(33,833)	(24,132)
Net cash from financing activities	(23,954)	(12,556)
Foreign exchange (loss) gain on cash	(0)	1
Net (decrease) increase in cash	(5,505)	8,188
Cash (bank indebtedness) at beginning of period	6,292	(171)
Cash at end of period	787	8,018
Supplementary Information		
Interest received, net of withholding taxes*	2,160	2,666
Distribution received from investment trusts, net of withholding taxes*	138	288
Interest expense paid*	—	1

* These items are from operating activities.

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

BMO World Bond Fund
(unaudited)

SCHEDULE OF INVESTMENT PORTFOLIO

As at March 31, 2020 (All amounts in thousands of Canadian dollars, unless otherwise noted)

	Par Value (in thousands)	Cost ($)	Fair Value ($)
BONDS & DEBENTURES			
Armenia — 0.3%			
First Abu Dhabi Bank P.J.S.C., Euro Medium Term Notes, Senior, Unsecured, 1.375% Feb 19, 2023	GBP 294	504	499
Australia — 4.3%			
Commonwealth of Australia, Series 126, Senior, Unsecured, 4.500% Apr 15, 2020	AUD 1,300	1,263	1,127
Commonwealth of Australia, Series 146, Senior, Unsecured, 1.750% Nov 21, 2020	AUD 1,800	1,754	1,574
Commonwealth of Australia, Series 124, Senior, Unsecured, 5.750% May 15, 2021	AUD 1,600	1,810	1,470
Commonwealth of Australia, Series 128, Senior, Unsecured, 5.750% Jul 15, 2022	AUD 1,200	1,263	1,168
Commonwealth of Australia, Series 138, Senior, Unsecured, 3.250% Apr 21, 2029	AUD 200	185	212
Commonwealth of Australia, Series 144, Senior, Unsecured, 3.750% Apr 21, 2037	AUD 200	212	236
Telstra Corporation Limited, Senior, Unsecured, Notes, 3.500% Sep 21, 2022	EUR 800	1,034	1,324
		7,521	7,111
Austria — 0.7%			
Republic of Austria, Senior, Unsecured, 3.900% Jul 15, 2020	EUR 400	492	628
Republic of Austria, Senior, Unsecured, 0.750% Mar 20, 2051	EUR 350	537	562
		1,029	1,190
Belgium — 0.5%			
Anheuser-Busch InBev Worldwide Inc., Senior, Unsecured, Notes, Callable, 5.450% Jan 23, 2039	USD 277	366	453
Kingdom of Belgium, Series 58, 3.750% Sep 28, 2020	EUR 200	289	317
		655	770
Canada — 6.1%			
Government of Canada, Unsecured, 1.000% Sep 1, 2022	2,430	2,353	2,461
Government of Canada, 2.000% Jun 1, 2028	4,154	4,444	4,596
Government of Canada, 2.250% Jun 1, 2029	2,660	2,809	3,023
		9,606	10,080
Cayman Islands — 0.4%			
Tencent Holdings Limited, Senior, Unsecured, Notes, Callable, 3.280% Apr 11, 2024	USD 478	638	694
Chile — 1.1%			
Republic of Chile, Senior, Unsecured, 3.875% Aug 5, 2020	USD 200	270	282

	Par Value (in thousands)	Cost ($)	Fair Value ($)
Republic of Chile, Senior, Unsecured, 3.250% Sep 14, 2021	USD 1,000	1,046	1,407
Republic of Chile, Senior, Unsecured, 2.250% Oct 30, 2022	USD 100	102	139
		1,418	1,828
China — 0.8%			
China Development Bank, Euro Medium Term Notes, Senior, Unsecured, 1.250% Jan 21, 2023	GBP 323	548	557
Industrial and Commercial Bank of China Limited, Euro Medium Term Notes, Senior, Unsecured, 1.500% Jul 31, 2022	GBP 478	785	821
		1,333	1,378
Colombia — 0.6%			
Republic of Colombia, Senior, Unsecured, 4.375% Jul 12, 2021	USD 750	751	1,060
Finland — 2.7%			
Nordea Bank Abp, Euro Medium Term Notes, Senior, Unsecured, 3.250% Jul 5, 2022	EUR 800	1,115	1,307
Republic of Finland, Senior, Unsecured, 0.375% Sep 15, 2020	EUR 2,000	3,030	3,115
		4,145	4,422
France — 9.1%			
Banque Federative du Credit Mutuel S.A., Senior, Unsecured, Notes, 2.125% Nov 21, 2022	USD 620	817	849
Credit Agricole S.A., Senior, Unsecured, Notes, 1.250% Oct 2, 2024	GBP 400	652	659
Danone S.A., Euro Medium Term Notes, Senior, Unsecured, Callable, 0.571% Mar 17, 2027	EUR 100	155	152
EssilorLuxottica, Euro Medium Term Notes, Senior, Unsecured, Callable, May 27, 2023	EUR 400	590	604
French Republic Government Bond OAT, 2.000% May 25, 2048	EUR 80	183	163
Republic of France, Unsecured, 2.250% Oct 25, 2022	EUR 3,200	4,296	5,328
Republic of France, Unsecured, Inflation Linked, 1.850% Jul 25, 2027	EUR 1,110	2,039	2,034
Republic of France, Unsecured, 0.750% May 25, 2028	EUR 2,190	3,729	3,640
Sanofi, Senior, Unsecured, Notes, 4.000% Mar 29, 2021	USD 550	539	790
Societe Generale S.A., Euro Medium Term Notes, Senior, Unsecured, Zero Coupon, 0.010% May 27, 2022	EUR 500	747	757
		13,747	14,976

SCHEDULE OF INVESTMENT PORTFOLIO (cont'd)

As at March 31, 2020 (All amounts in thousands of Canadian dollars, unless otherwise noted)

	Par Value (in thousands)	Cost ($)	Fair Value ($)
Germany — 4.8%			
ADLER Real Estate AG, Senior, Unsecured, Notes, Callable, 1.500% Apr 17, 2022	EUR 100	150	146
Aroundtown S.A., Euro Medium Term Notes, Senior, Unsecured, Callable, 3.625% Apr 10, 2031	GBP 343	590	583
BASF SE, Series10Y, Senior, Unsecured, Notes, 2.000% Dec 5, 2022	EUR 200	264	319
Bayer AG, Fixed to Floating, Junior, Notes, Subordinated, Callable, 3.750% Jul 1, 2074	EUR 200	296	292
Bayer US Finance II LLC, Senior, Unsecured, Notes, Callable, 3.500% Jun 25, 2021	USD 424	559	598
BMW International Investment BV, Euro Medium Term Notes, Senior, Unsecured, 1.250% Jul 11, 2022	GBP 186	305	311
Daimler Finance North America LLC, Series 144A, Senior, Unsecured, Notes, 2.550% Aug 15, 2022	USD 700	927	943
Federal Republic of Germany, Unsecured, 2.500% Aug 15, 2046	EUR 127	310	328
Federal Republic of Germany, Unsecured, 1.250% Aug 15, 2048	EUR 1,335	2,511	2,798
RWE Finance BV, Euro Medium Term Notes, Senior, Unsecured, 6.500% Aug 10, 2021	EUR 200	272	336
Siemens Financieringsmaatschappij N.V., Euro Medium Term Notes, Senior, Unsecured, 1.750% Mar 12, 2021	EUR 200	263	314
Volkswagen International Finance N.V., Senior, Unsecured, Notes, 2.625% Nov 16, 2027	EUR 400	592	615
Vonovia Finance B.V., Euro Medium Term Notes, Senior, Unsecured, Callable, 0.125% Apr 6, 2023	EUR 100	145	149
Vonovia Finance B.V., Euro Medium Term Notes, Senior, Unsecured, Callable, 1.125% Sep 14, 2034	EUR 200	291	257
		7,475	7,989
Indonesia — 1.7%			
PT Indonesia Asahan Aluminium Tbk, Senior, Unsecured, Notes, 5.230% Nov 15, 2021	USD 203	265	285
PT Indonesia Asahan Aluminium Tbk, Senior, Unsecured, Notes, 5.710% Nov 15, 2023	USD 200	260	289
Republic of Indonesia, Senior, Unsecured, 4.875% May 5, 2021	USD 800	1,010	1,079
Republic of Indonesia, Senior, Unsecured, 3.750% Apr 25, 2022	USD 800	1,002	1,134
		2,537	2,787
Italy — 1.9%			
Italy Buoni Poliennali Del Tesoro, 2.800% Mar 1, 2067	EUR 744	1,034	1,212
Republic of Italy, Senior, Unsecured, 0.650% Nov 1, 2020	EUR 1,000	1,511	1,556
Republic of Italy, Series CAC, Senior, Unsecured, 2.450% Sep 1, 2050	EUR 210	303	328
		2,848	3,096
Japan — 15.4%			
Government of Japan, Ten Year Bonds, Series 320, Senior, Unsecured, 1.000% Dec 20, 2021	JPY 112,200	1,092	1,497
Government of Japan, Ten Year Bonds, Series 327, Senior, Unsecured, 0.800% Dec 20, 2022	JPY 117,500	1,280	1,577
Government of Japan, Ten Year Bonds, Series 329, Senior, Unsecured, 0.800% Jun 20, 2023	JPY 68,100	718	918
Government of Japan, Ten Year Bonds, Series 332, Senior, Unsecured, 0.600% Dec 20, 2023	JPY 298,800	3,119	4,015
Government of Japan, Twenty Year Bonds, Series 79, Senior, Unsecured, 2.000% Jun 20, 2025	JPY 68,100	759	991
Government of Japan, Twenty Year Bonds, Series 117, Senior, Unsecured, 2.100% Mar 20, 2030	JPY 415,450	5,460	6,557
Government of Japan, Twenty Year Bonds, Series 116, Senior, Unsecured, 2.200% Mar 20, 2030	JPY 68,100	788	1,084
Government of Japan, Ten Year Bonds, Series 140, Senior, Unsecured, 1.700% Sep 20, 2032	JPY 69,200	771	1,075
Government of Japan, Twenty Year Bonds, Series 146, Senior, Unsecured, 1.700% Sep 20, 2033	JPY 68,100	724	1,065
Government of Japan, Thirty Year Bonds, Series 26, Senior, Unsecured, 2.400% Mar 20, 2037	JPY 54,400	625	959
Government of Japan, Thirty Year Bonds, Series 28, Senior, Unsecured, 2.500% Mar 20, 2038	JPY 40,800	482	737
Government of Japan, Thirty Year Bonds, Series 33, Senior, Unsecured, 2.000% Sep 20, 2040	JPY 45,800	593	797
Government of Japan, Thirty Year Bonds, Series 37, Senior, Unsecured, 1.900% Sep 20, 2042	JPY 62,600	900	1,093
Government of Japan, Thirty Year Bonds, Series 39, Senior, Unsecured, 1.900% Jun 20, 2043	JPY 58,200	652	1,024
Government of Japan, Thirty Year Bonds, Series 41, Senior, Unsecured, 1.700% Dec 20, 2043	JPY 84,100	1,099	1,434
Toyota Motor Finance (Netherlands) B.V., Senior, Unsecured, Notes, 1.375% May 23, 2023	GBP 339	583	576
		19,645	25,399

BMO World Bond Fund
(unaudited)

SCHEDULE OF INVESTMENT PORTFOLIO (cont'd)

As at March 31, 2020 (All amounts in thousands of Canadian dollars, unless otherwise noted)

	Par Value (in thousands)	Cost ($)	Fair Value ($)
Latvia — 2.7%			
Republic of Latvia, Senior, Unsecured, 0.375% Oct 7, 2026	EUR 2,830	4,386	4,412
Luxembourg — 0.1%			
CPI Property Group S.A., Euro Medium Term Notes, Senior, Unsecured, Callable, 2.750% Jan 22, 2028	GBP 145	243	228
Mexico — 2.0%			
BBVA Bancomer S.A., Texas, Notes, Subordinated, 6.500% Mar 10, 2021	USD 100	100	140
Pemex Project Funding Master Trust, Senior, Unsecured, Notes, 6.625% Jun 15, 2035	USD 800	963	760
United Mexican States, Senior, Unsecured, 2.750% Apr 22, 2023	EUR 1,100	1,457	1,750
United Mexican States, Series M, Senior, Unsecured, 8.000% Nov 7, 2047	MXN 10,000	753	610
		3,273	3,260
Netherlands — 2.6%			
Bank Nederlandse Gemeenten N.V., Euro Medium Term Notes, Unsecured, 1.000% Mar 15, 2022	GBP 350	577	616
Enel Finance International NV, Euro Medium Term Notes, Senior, Unsecured, Callable, Jun 17, 2024	EUR 283	411	418
Heineken NV, Euro Medium Term Notes, Senior, Unsecured, 3.500% Mar 19, 2024	EUR 300	391	508
ING Groep N.V., Euro Medium Term Notes, Senior, Unsecured, 3.000% Feb 18, 2026	GBP 200	340	341
Kingdom of the Netherlands, Unsecured, 2.750% Jan 15, 2047	EUR 186	481	485
Koninklijke KPN N.V., Unsecured, Notes, 4.250% Mar 1, 2022	EUR 800	1,059	1,334
RELX Finance B.V., Senior, Unsecured, Notes, Callable, 0.010% Mar 18, 2024	EUR 159	236	237
Shell International Finance B.V., Euro Medium Term Notes, Senior, Unsecured, 0.375% Feb 15, 2025	EUR 200	294	300
		3,789	4,239
Norway — 1.1%			
Statoil ASA, Senior, Unsecured, Notes, 2.450% Jan 17, 2023	USD 400	405	571
Statoil ASA, Senior, Unsecured, Notes, 5.100% Aug 17, 2040	USD 800	865	1,343
		1,270	1,914
Qatar — 0.3%			
State of Qatar, Senior, Unsecured, 3.375% Mar 14, 2024	USD 342	459	489
Romania — 0.2%			
Republic of Romania, Senior, Unsecured, Notes, 3.375% Jan 28, 2050	EUR 283	409	392
Saudi Arabia — 0.2%			
Saudi Arabian Oil Company, Senior, Unsecured, Notes, 2.875% Apr 16, 2024	USD 200	265	271
Singapore — 0.6%			
Republic of Singapore, Senior, Unsecured, 3.125% Sep 1, 2022	SGD 700	653	731
Republic of Singapore, Senior, Unsecured, 3.500% Mar 1, 2027	SGD 200	172	228
		825	959
South Africa — 0.1%			
Anglo American Capital PLC, Euro Medium Term Notes, Senior, Unsecured, Callable, 1.625% Mar 11, 2026	EUR 141	213	192
South Korea — 2.5%			
Korea Development Bank, The, Senior, Unsecured, Notes, 3.000% Mar 19, 2022	USD 200	264	289
Korea Treasury Bonds, Series 2206, Senior, Unsecured, 3.750% Jun 10, 2022	KRW 800,000	835	978
Korea Treasury Bonds, Series 2303, Senior, Unsecured, 3.000% Mar 10, 2023	KRW 1,300,000	1,310	1,584
Korea Treasury Bonds, Series 3122, Senior, Unsecured, 4.000% Dec 10, 2031	KRW 850,000	892	1,234
		3,301	4,085
Spain — 3.6%			
Banco Santander, S.A., Euro Medium Term Notes, Senior, Unsecured, 0.250% Jun 19, 2024	EUR 500	750	740
Kingdom of Spain, Senior, Unsecured, 3.800% Apr 30, 2024	EUR 1,500	2,305	2,674
Kingdom of Spain, Senior, Unsecured, 5.900% Jul 30, 2026	EUR 200	339	417
Kingdom of Spain, Senior, Unsecured, 4.200% Jan 31, 2037	EUR 300	500	688
Kingdom of Spain, Senior, Unsecured, 3.450% Jul 30, 2066	EUR 100	188	239
Santander Consumer Finance SA, Euro Medium Term Notes, Senior, Unsecured, 0.375% Jun 27, 2024	EUR 200	297	295
Spain Government Bond, 2.700% Oct 31, 2048	EUR 444	980	875
		5,359	5,928
Supranational — 1.6%			
European Investment Bank, Euro Medium Term Notes, Senior, Unsecured, Floating Rate, 0.422% Jun 29, 2023	GBP 540	951	944

BMO World Bond Fund
(unaudited)

SCHEDULE OF INVESTMENT PORTFOLIO (cont'd)

As at March 31, 2020 (All amounts in thousands of Canadian dollars, unless otherwise noted)

	Par Value (in thousands)	Cost ($)	Fair Value ($)
International Bank for Reconstruction & Development, Senior, Unsecured, 1.000% Dec 21, 2029	GBP 1,007	1,742	1,779
		2,693	2,723
Sweden — 0.7%			
Svenska Handelsbanken AB, Euro Medium Term Notes, Senior, Unsecured, 2.250% Aug 27, 2020	EUR 200	296	312
Swedbank AB, Euro Medium Term Notes, Senior, Unsecured, 1.625% Dec 28, 2022	GBP 486	847	824
		1,143	1,136
Switzerland — 0.2%			
Basellandschaftliche Kantonalbank, Senior, Unsecured, Notes, 1.000% Oct 4, 2022	CHF 200	218	300
United Kingdom — 5.3%			
Barclays Bank PLC, Euro Medium Term Notes, Subordinated, 10.000% May 21, 2021	GBP 100	160	185
HSBC Holdings plc, Fixed to Floating, Senior, Unsecured, Notes, Callable, 3.000% Jul 22, 2028	GBP 208	364	357
HSBC Holdings plc, Series 955, Euro Medium Term Notes, Fixed to Floating, Subordinated, Callable, 5.375% Nov 4, 2030	GBP 550	1,046	1,044
Imperial Tobacco Finance PLC, Series 23, Euro Medium Term Notes, Senior, Unsecured, 9.000% Feb 17, 2022	GBP 100	171	192
Legal & General Group Plc, Fixed to Floating, unsecured, Notes, Subordinated, Callable, 5.125% Nov 14, 2048	GBP 154	264	274
Medtronic Global Holdings S.C.A., Series 0000, Senior, Unsecured, Notes, Callable, 0.375% Mar 7, 2023	EUR 170	256	259
Medtronic Global Holdings S.C.A., Series 0000, Senior, Unsecured, Notes, Callable, 0.250% Jul 2, 2025	EUR 185	275	272
Motability Operations Group plc, Euro Medium Term Notes, Senior, Unsecured, 0.375% Jan 3, 2026	EUR 365	544	541
RSA Insurance Group plc, Senior, Unsecured, Notes, Callable, 1.625% Aug 28, 2024	GBP 245	395	419
Standard Chartered PLC, Series 144A, Fixed to Floating, Senior, Unsecured, Notes, Callable, 3.785% May 21, 2025	USD 681	917	937
Tesco Corporate Treasury Services PLC, Euro Medium Term Notes, Senior, Unsecured, Callable, 1.375% Oct 24, 2023	EUR 309	461	479
Tesco Corporate Treasury Services PLC, Euro Medium Term Notes, Senior, Unsecured, Callable, 2.500% May 2, 2025	GBP 100	173	172
Thames Water Utilities Finance Ltd., Series 44, Euro Medium Term Notes, Secured, 5.125% Sep 28, 2037	GBP 100	176	224
The Royal Bank Of Scotland Group Public Limited Company, Senior, Unsecured, Notes, Callable, 4.519% Jun 25, 2024	USD 466	621	667
United Kingdom Gilt, Unsecured, 1.750% Jan 22, 2049	GBP 549	1,280	1,181
United Kingdom Treasury Gilt, 1.625% Oct 22, 2028	GBP 760	1,426	1,484
		8,529	8,687
United States — 20.5%			
AbbVie Inc., Series 144A, Senior, Unsecured, Notes, 2.300% Nov 21, 2022	USD 518	685	729
Allstate Corporation, The, Senior, Unsecured, Notes, 3.150% Jun 15, 2023	USD 200	263	285
Alphabet Inc., Senior, Unsecured, Notes, 3.625% May 19, 2021	USD 300	292	435
Altria Group, Inc., Senior, Unsecured, Notes, Callable, 4.400% Feb 14, 2026	USD 59	78	86
Apple Inc., Senior, Unsecured, Notes, Callable, 2.513% Aug 19, 2024	500	512	502
AT&T Inc., Senior, Unsecured, Notes, Callable, 1.800% Sep 14, 2039	EUR 157	228	200
AT&T Inc., Senior, Unsecured, Notes, 5.350% Sep 1, 2040	USD 125	126	204
Bank of New York Mellon Corporation, The, Senior, Unsecured, Notes, Callable, 3.550% Sep 23, 2021	USD 200	269	290
Caterpillar Inc., Senior, Unsecured, Notes, 3.900% May 27, 2021	USD 300	293	432
Citigroup Inc., Senior, Unsecured, Notes, Callable, 2.750% Jan 24, 2024	GBP 248	427	431
Coca-Cola Company, The, Senior, Unsecured, Notes, 0.125% Sep 22, 2022	EUR 222	332	339
Colgate-Palmolive Company, Euro Medium Term Notes, Senior, Unsecured, Callable, 0.010% Nov 12, 2021	EUR 189	278	290
Commonwealth Edison Company, Senior, Unsecured, 6.450% Jan 15, 2038	USD 200	273	369
CVS Health Corporation, Senior, Unsecured, Notes, Callable, 4.000% Dec 5, 2023	USD 350	373	514
Dell International L.L.C./EMC Corporation, Series 144A, Senior, Secured, Notes, Callable, 4.000% Jul 15, 2024	USD 697	933	990
Digital Euro Finco, LLC, Senior, Unsecured, Callable, 2.500% Jan 16, 2026	EUR 186	283	291
Duke Energy Corporation, Senior, Unsecured, Notes, Callable, 3.050% Aug 15, 2022	USD 200	199	280
Fidelity National Information Services, Inc., Senior, Unsecured, Callable, 0.125% Dec 3, 2022	EUR 239	350	361
Fidelity National Information Services, Inc., Senior, Unsecured, Notes, Callable, 0.750% May 21, 2023	EUR 154	232	235

BMO World Bond Fund
(unaudited)

SCHEDULE OF INVESTMENT PORTFOLIO (cont'd)

As at March 31, 2020 (All amounts in thousands of Canadian dollars, unless otherwise noted)

	Par Value (in thousands)	Cost ($)	Fair Value ($)
Fiserv, Inc., Senior, Unsecured, Notes, Callable, 0.375% Jul 1, 2023	EUR 100	150	151
Florida Power & Light Company, First Mortgage Bonds, Secured, Callable, 4.050% Jun 1, 2042	USD 800	800	1,234
Fox Corporation, Senior, Unsecured, Notes, Callable, 4.030% Jan 25, 2024	USD 202	268	295
General Motors Financial Company, Inc., Senior, Unsecured, Notes, Callable, 4.200% Mar 1, 2021	USD 200	265	270
General Motors Financial Company, Inc., Senior, Unsecured, Notes, Callable, 5.100% Jan 17, 2024	USD 700	928	906
Goldman Sachs Group, Inc., The, Euro Medium Term Notes, Senior, Unsecured, Callable, Floating Rate, 0.159% Apr 21, 2023	EUR 654	950	945
Goldman Sachs Group, Inc., The, Euro Medium Term Notes, Senior, Unsecured, 3.125% Jul 25, 2029	GBP 101	173	168
Home Depot, Inc., The, Senior, Unsecured, Notes, 5.875% Dec 16, 2036	USD 200	231	399
Honeywell International Inc., Senior, Unsecured, Notes, Callable, 0.010% Mar 10, 2024	EUR 173	258	259
HP Inc., Senior, Unsecured, Notes, 6.000% Sep 15, 2041	USD 200	243	305
John Deere Capital Corporation, Medium Term Notes, Senior, Unsecured, 2.750% Mar 15, 2022	USD 400	400	558
Kraft Foods Group Inc., Senior, Unsecured, Notes, 5.000% Jun 4, 2042	USD 200	225	267
Metropolitan Life Global Funding I, Senior, Unsecured, Notes, 0.375% Apr 9, 2024	EUR 195	291	287
New York City, General Obligation, Subseries C-1, Build America Bonds, Sinkable, 5.517% Oct 1, 2037	USD 1,900	1,869	3,141
Oracle Corporation, Senior, Unsecured, Notes, Callable, 1.900% Sep 15, 2021	USD 200	263	282
PayPal Holdings, Inc., Senior, Unsecured, Notes, Callable, 2.400% Oct 1, 2024	USD 323	428	445
PepsiCo, Inc., Senior, Unsecured, Notes, 2.750% Mar 1, 2023	USD 350	366	513
Prudential Financial, Inc., Fixed to Floating, Junior, Notes, Subordinated, Callable, 5.625% Jun 15, 2043	USD 350	369	464
Stryker Corporation, Senior, Unsecured, Notes, Callable, 0.250% Dec 3, 2024	EUR 253	369	378
Time Warner Cable Inc., Senior, Unsecured, Notes, Callable, 4.000% Sep 1, 2021	USD 200	197	282
Truist Bank, Bankers Notes, Senior, Unsecured, Callable, 2.800% May 17, 2022	USD 385	518	549
United States Treasury Bonds, 3.000% Feb 15, 2048	USD 871	1,313	1,685
United States Treasury Bonds, 3.000% Aug 15, 2048	USD 954	1,143	1,852
United States Treasury Bonds, 2.875% May 15, 2049	USD 1,750	2,695	3,340
United States Treasury Bonds, 2.250% Aug 15, 2049	USD 462	647	787
United States Treasury Inflation Indexed Bonds, 0.500% Jan 15, 2028	USD 1,679	2,125	2,461
United States Treasury Inflation Indexed Bonds, 1.000% Feb 15, 2048	USD 774	994	1,344
Walmart Inc., Senior, Unsecured, Notes, Callable, 2.850% Jul 8, 2024	USD 361	482	528
Walt Disney Company, The, Medium Term Notes, Senior, Unsecured, 2.450% Mar 4, 2022	USD 400	520	572
Wells Fargo & Company, Global Medium Term Notes, Senior, Unsecured, 2.600% Jul 22, 2020	USD 200	282	281
Wells Fargo & Company, Euro Medium Term Notes, Senior, Unsecured, 2.625% Aug 16, 2022	EUR 710	865	1,121
Wells Fargo & Company, Euro Medium Term Notes, Senior, Unsecured, 2.500% May 2, 2029	GBP 276	479	460
		27,532	33,792
Total Bonds & Debentures — 94.7%		**137,759**	**156,286**

	Number of Units	Cost+ ($)	Fair Value ($)
HOLDINGS IN INVESTMENT FUNDS			
BMO Mid-Term US IG Corporate Bond Index ETF^	396,000	7,054	7,922
Total Holdings in Investment Funds — 4.8%		**7,054**	**7,922**
Total Investment Portfolio — 99.5%		**144,813**	**164,208**
Total Unrealized Gain on Forward Currency Contracts — 0.4%			661
Total Unrealized Loss on Forward Currency Contracts — (0.4)%			(727)
Other Assets Less Liabilities — 0.5%			850
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS — 100.0%			**164,992**

+ 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.

^ The fund is managed or sub-advised by the manager.

BMO World Bond Fund
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SCHEDULE OF INVESTMENT PORTFOLIO (cont'd)
As at March 31, 2020 (All amounts in thousands of Canadian dollars, unless otherwise noted)

UNREALIZED GAIN ON FORWARD CURRENCY CONTRACTS

Settlement Date	Currency Buy	Position	Currency Sell	Position	Contract Rate	Counterparty	Credit Rating**	Unrealized Gain
11-Jun-20	KRW	66,460	CAD	(77)	866.0000	Canadian Imperial Bank of Commerce	A-1	0
30-Jun-20	CAD	14	MXN	(233)	0.0585	Royal Bank of Canada	A-1+	0
30-Jun-20	CAD	38	MXN	(645)	0.0591	Canadian Imperial Bank of Commerce	A-1	1
30-Jun-20	CAD	307	CHF	(208)	1.4785	Canadian Imperial Bank of Commerce	A-1	3
30-Jun-20	CAD	2,017	EUR	(1,290)	1.5636	BNP Paribas SA	A-1	10
30-Jun-20	CAD	631	MXN	(10,390)	0.0608	Canadian Imperial Bank of Commerce	A-1	24
30-Jun-20	CAD	52,949	EUR	(33,951)	1.5596	Canadian Imperial Bank of Commerce	A-1	120
30-Jun-20	CAD	62,189	USD	(44,110)	1.4099	JP Morgan Securities Plc	A-1	166
30-Jun-20	CAD	29,177	JPY	(2,202,700)	0.0132	Canadian Imperial Bank of Commerce	A-1	264
30-Jun-20	GBP	323	CAD	(544)	0.5931	Royal Bank of Canada	A-1+	20
30-Jun-20	JPY	311,607	CAD	(4,037)	77.1854	Barclays Bank PLC	A-1	53
30-Jun-20	MXN	502	CAD	(29)	17.3231	Canadian Imperial Bank of Commerce	A-1	0
Total Unrealized Gain on Forward Currency Contracts								**661**

UNREALIZED LOSS ON FORWARD CURRENCY CONTRACTS

Settlement Date	Currency Buy	Position	Currency Sell	Position	Contract Rate	Counterparty	Credit Rating**	Unrealized Loss
11-Jun-20	CAD	3,785	KRW	(3,349,394)	0.0011	Canadian Imperial Bank of Commerce	A-1	(89)
30-Jun-20	CAD	15,254	GBP	(8,913)	1.7115	Royal Bank of Canada	A-1+	(336)
30-Jun-20	CAD	5,732	AUD	(6,775)	0.8460	Canadian Imperial Bank of Commerce	A-1	(129)
30-Jun-20	CAD	953	SGD	(972)	0.9804	Canadian Imperial Bank of Commerce	A-1	(10)
30-Jun-20	CAD	325	GBP	(190)	1.7041	Canadian Imperial Bank of Commerce	A-1	(9)
30-Jun-20	CAD	32	MXN	(563)	0.0573	Canadian Imperial Bank of Commerce	A-1	(1)
30-Jun-20	EUR	690	CAD	(1,084)	0.6365	Societe Generale	A-1	(10)
30-Jun-20	EUR	1,116	CAD	(1,737)	0.6425	Royal Bank of Canada	A-1+	(0)
30-Jun-20	MXN	279	CAD	(17)	16.8600	Canadian Imperial Bank of Commerce	A-1	(0)
30-Jun-20	MXN	496	CAD	(30)	16.8351	Royal Bank of Canada	A-1+	(0)
30-Jun-20	MXN	225	CAD	(13)	16.9569	JP Morgan Securities Plc	A-1	(0)
30-Jun-20	USD	1,339	CAD	(1,938)	0.6911	Barclays Bank PLC	A-1	(55)
30-Jun-20	USD	4,520	CAD	(6,395)	0.7067	Citigroup Global Markets Ltd.	A-1	(40)
30-Jun-20	USD	1,242	CAD	(1,785)	0.6961	Royal Bank of Canada	A-1+	(38)
30-Jun-20	USD	972	CAD	(1,376)	0.7062	Barclays Bank PLC	A-1	(10)
Total Unrealized Loss on Forward Currency Contracts								**(727)**

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

1. The Fund

BMO World Bond 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, 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 D Units, Series G Units, Series I Units, Series N Units, Series NBA Units, Series O Units, Series L 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, Toronto, Ontario, M5X 1A1.

The Statement of Financial Position and related notes of each of the Funds are as at March 31, 2020 and September 30, 2019, 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 March 31, 2020 and March 31, 2019, except for a Fund established during the period(s), which is presented from the date of inception (as noted in Note 8) to March 31 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 March 31 of the applicable period.

These financial statements were authorized for issuance by the Board of Directors of the Manager on May 20, 2020.

These financial statements should be read in conjunction with the annual financial statements for the period ended September 30, 2019, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

2. Basis of preparation and presentation

These unaudited interim financial statements have been prepared in accordance with IFRS and in accordance with International Accounting Standard ("IAS") 34 – Interim Financial Reporting, as issued by the IASB. The financial statements have been prepared on a historic 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. Summary of significant accounting policies

Financial instruments

Investments include financial assets and financial liabilities such as equity and debt securities, investment funds and derivatives. These financial instruments 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 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 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. Short-term investments, if any, are held at amortized cost, which approximates fair value due to their short-term nature.

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

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

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

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

The gain or loss that the Fund realizes when a purchased or written option is expired or closed is recorded as “Net realized gain (loss)” in the Statement of Comprehensive Income.

Futures contracts are financial agreements to purchase or sell a financial instrument at a contracted price on a specified future date. Futures contracts are valued at the gain or loss that would arise as a result of closing the position at the Valuation date. Any difference between the notional value on each Valuation Date is recorded as “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 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.

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 subsequently 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, 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.

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 foreign exchange gains (losses) on investment transactions are included in "Net realized gain (loss)" in the Statement of Comprehensive Income and unrealized foreign exchange gains (losses) are included in "Change in unrealized appreciation (depreciation)" in the Statement of Comprehensive Income. Foreign exchange gains (losses) relating to cash, receivables and payables are included in "Foreign exchange gain (loss)" in the Statement of Comprehensive Income.

Securities lending

A Fund may engage in securities lending pursuant to the terms of an agreement with State Street and BNY Mellon (the "security lending agent" and the "former security lending agent", respectively). BNY Mellon was the security lending agent until December 3, 2018, when State Street became the lending agent. The aggregate market value of all securities loaned by the Fund cannot exceed 50% of the NAV of the Fund. The Fund will receive collateral of at least 102% of the value of securities on loan. Collateral will generally be comprised of obligations of or guarantee by the Government of Canada or a province thereof, or by the United States government or its agencies, but it may include obligations of other governments with appropriate credit ratings. Further, the program entered into provides for 100% indemnification by the securities lending agent and parties related to the Fund's custodian, to the Fund for any defaults by borrowers.

For those Funds participating in the program, aggregate values of securities on loan, the collateral held as at March 31, 2020 and September 30, 2019 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.

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

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

Fund mergers

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

4. Critical accounting judgements and estimates

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

Accounting judgements:
Functional and presentation currency

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

Classification and measurement of 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. In classifying and measuring financial instruments held by the Fund, the Manager is required to make significant judgements in determining the most appropriate classification in accordance with 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 Fund has established policies and control procedures that are intended to ensure these estimates are well controlled, independently reviewed, and consistently applied from period to period. The estimates of the value of the Fund’s assets and liabilities are believed to be appropriate as at the reporting date.

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

5. Units and unit transactions

The redeemable units of the Fund are classified as 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 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.

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:

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

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

6. Related party transactions

(a) Management fees

The Manager is responsible for the day-to-day management of the Fund and its investment portfolio in compliance with the Fund's constating documents. The Manager provides key management personnel to the Fund, monitors and evaluates the performance of the Fund, pays for the investment management services of the investment advisors and provides all related administrative services required by the Fund.

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 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 average NAV of the Fund. Refer to Note 8 for the fixed administration fee rates charged to the Fund, where applicable.

(c) Fund expenses

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

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

(d) Variable administration fees

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

(e) Commissions and other portfolio transaction costs

The Fund may execute trades with and through BMO Nesbitt Burns Inc., an affiliate of the Manager, based on established standard brokerage agreements at market prices. These fees are included in “Commissions and other portfolio transaction costs” in the Statement of Comprehensive Income. Refer to Note 8 for related party fees charged to the Fund during the period(s) ended March 31, 2020 and March 31, 2019, where applicable.

(f) Initial investments

In order to establish a new Fund, the Manager, makes an initial investment in the Fund. Pursuant to the policies of the Canadian Securities Administrators, an initial investor cannot redeem its investments until an additional $500 has been received from other investors with respect to the same class of units. Refer to Note 8 for the investment in units of the Fund held by the Manager as at March 31, 2020 and September 30, 2019, where applicable.

(g) Other related party transactions

From time to time, the Manager may on behalf of the Fund, enter into transactions or arrangements with or involving subsidiaries and affiliates of Bank of Montreal, or certain other persons or companies that are related or connected to the Manager of the Fund.

These transactions or arrangements may include transactions or arrangements with or involving subsidiaries and affiliates of Bank of Montreal, BMO Investments Inc., BMO Nesbitt Burns Inc., BMO Asset Management Corp., BMO Private Investment Counsel Inc., BMO Asset Management Inc., BMO InvestorLine Inc., Pyrford International Limited, LGM Investments Limited, BMO Trust Company, BMO Asset Management Limited, BMO Global Asset Management (Asia) Limited, Taplin, Canida & Habacht LLC, BMO Capital Markets Corp., or other investment funds offered by Bank of Montreal, and may involve the purchase or sale of portfolio securities through or from 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 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.

8. Fund specific information

(a) Fund and Series information and change in units

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

Series	Inception Date
Series A Units	May 6, 1993
Advisor Series Units	May 29, 2012
Series F Units	October 24, 2008
Series D Units	November 20, 2017
Series I Units	May 9, 2008
Classic Series Units	May 29, 2012

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

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

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)	Mar. 31, 2020	Mar. 31, 2019
Series A Units		
Units issued and outstanding, beginning of period	14,043	15,752
Issued	541	497
Issued on reinvestment of distributions	625	174
Redeemed during the period	(2,641)	(1,668)
Units issued and outstanding, end of period	12,568	14,755
Advisor Series Units		
Units issued and outstanding, beginning of period	673	697
Issued	120	60
Issued on reinvestment of distributions	24	7
Redeemed during the period	(177)	(76)
Units issued and outstanding, end of period	640	688
Series F Units		
Units issued and outstanding, beginning of period	1,888	1,878
Issued	389	518
Issued on reinvestment of distributions	59	18
Redeemed during the period	(625)	(494)
Units issued and outstanding, end of period	1,711	1,920
Series D Units		
Units issued and outstanding, beginning of period	14	4
Issued	372	9
Issued on reinvestment of distributions	6	0
Redeemed during the period	(33)	(1)
Units issued and outstanding, end of period	359	12
Series I Units		
Units issued and outstanding, beginning of period	368	407
Issued on reinvestment of distributions	18	6
Redeemed during the period	(109)	(51)
Units issued and outstanding, end of period	277	362

For the periods ended (in thousands of units)	Mar. 31, 2020	Mar. 31, 2019
Classic Series Units		
Units issued and outstanding, beginning of period	143	148
Issued	4	—
Issued on reinvestment of distributions	6	2
Redeemed during the period	(19)	(3)
Units issued and outstanding, end of period	134	147

(b) Reconciliation of NAV to Net Assets

As at March 31, 2020 and September 30, 2019, there were no differences between the Fund's NAV per unit and its Net Assets per unit calculated in accordance with IFRS.

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

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

For the periods ended	Mar. 31, 2020	Mar. 31, 2019
Series A Units		
(Decrease) increase in net assets attributable to holders of redeemable units	(1,971)	4,939
Weighted average units outstanding during the period (in thousands of units)	13,732	15,244
(Decrease) increase in net assets attributable to holders of redeemable units per unit	(0.14)	0.32
Advisor Series Units		
(Decrease) increase in net assets attributable to holders of redeemable units	(86)	211
Weighted average units outstanding during the period (in thousands of units)	646	684
(Decrease) increase in net assets attributable to holders of redeemable units per unit	(0.13)	0.31
Series F Units		
(Decrease) increase in net assets attributable to holders of redeemable units	(142)	811
Weighted average units outstanding during the period (in thousands of units)	1,863	1,806
(Decrease) increase in net assets attributable to holders of redeemable units per unit	(0.08)	0.45
Series D Units		
(Decrease) increase in net assets attributable to holders of redeemable units	(19)	3
Weighted average units outstanding during the period (in thousands of units)	330	8
(Decrease) increase in net assets attributable to holders of redeemable units per unit	(0.06)	0.40
Series I Units		
Increase in net assets attributable to holders of redeemable units	9	166
Weighted average units outstanding during the period (in thousands of units)	367	364
Increase in net assets attributable to holders of redeemable units per unit	0.02	0.46
Classic Series Units		
(Decrease) increase in net assets attributable to holders of redeemable units	(13)	52
Weighted average units outstanding during the period (in thousands of units)	140	149
(Decrease) increase in net assets attributable to holders of redeemable units per unit	(0.09)	0.35

(d) Income taxes

As at the tax year-ended December 2019, the Fund had the following capital and non-capital losses available for income tax purposes:

		Non-Capital Losses That Expire in		
Total Capital Losses ($)	Total Non-Capital Losses ($)	2031 ($)	2032 ($)	2033 and thereafter ($)
140	—	—	—	—

(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:

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

Series	Management Fees (%)	Fixed Administration Fees (%)
Series A Units	1.750	0.300
Advisor Series Units	1.750	0.300
Series F Units	0.450	0.300
Series D Units	1.400	0.300
Series I Units	*	*
Classic Series Units	1.100	0.300

* Negotiated and paid by each Series I 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 March 31, 2020 amounted to $256 (September 30, 2019 — $27).

The outstanding accrued fixed administration fees due to the Manager are included in "Accrued expenses" in the Statement of Financial Position and as at March 31, 2020 amounted to $49 (September 30, 2019 — $5).

Expenses

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

Brokerage commissions and soft dollars

There were no brokerage commissions charged to the Fund during the periods ended March 31, 2020 and March 31, 2019.

There were no ascertainable soft dollars paid or payable to dealers by the Fund during the periods.

Units held by the Manager

The Manager held the following units of the Fund:

As at Mar. 31, 2020

Series	Number of Units	Value of Units ($)
Series D Units	106	1
Series I Units	12	0

As at Sep. 30, 2019

Series	Number of Units	Value of Units ($)
Series D Units	104	1
Series I Units	12	0

(f) Financial instruments risks

The Fund's objective is to provide a high level of interest income and some opportunity for growth in the value of investments. The Fund invests primarily in bonds and debentures that mature in more than one year and are issued by governments and corporations around the world and supranational agencies like the World Bank.

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

Currency risk

The Fund's direct exposure to currency risk is summarized in the tables below. Amounts shown are based on the carrying value of monetary and non-monetary assets (including derivatives and the underlying principal (notional) amount of forward currency contracts, if any).

As at Mar. 31, 2020

Currencies	Cash and other current receivables & payables ($)	Investments (monetary & non-monetary) ($)	Forward currency contracts ($)	Net currency exposure ($)	As a % of Net Assets (%)
Australian Dollar	82	5,786	(5,861)	7	0.0
Euro	(718)	51,261	(52,027)	(1,484)	(0.9)
Japanese Yen	38	24,823	(24,823)	38	0.0
Mexican Peso	15	610	(604)	21	0.0
Pound Sterling	151	15,327	(15,359)	119	0.1
Singapore Dollar	2	959	(963)	(2)	(0.0)
South Korean Won	26	3,796	(3,796)	26	0.0
Swedish Krona	0	—	—	—	0.0
Swiss Franc	1	300	(305)	(4)	(0.0)
U.S. Dollar	381	42,843	(50,671)	(7,447)	(4.5)
Total	**(22)**	**145,705**	**(154,409)**	**(8,726)**	**(5.3)**

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

As at Sep. 30, 2019

Currencies	Cash and other current receivables & payables ($)	Investments (monetary & non-monetary) ($)	Forward currency contracts ($)	Net currency exposure ($)	As a % of Net Assets (%)
Australian Dollar	104	7,650	(7,769)	(15)	(0.0)
Euro	342	49,545	(50,081)	(194)	(0.1)
Japanese Yen	38	27,550	(27,737)	(149)	(0.1)
Mexican Peso	92	6,106	(61)	6,137	3.2
Pound Sterling	(499)	13,811	(13,959)	(647)	(0.3)
Singapore Dollar	2	914	(918)	(2)	(0.0)
South Korean Won	1,575	3,666	(5,310)	(69)	(0.0)
Swiss Franc	3	278	(282)	(1)	(0.0)
U.S. Dollar	554	59,262	(67,563)	(7,747)	(4.1)
Total	**2,211**	**168,782**	**(173,680)**	**(2,687)**	**(1.4)**

As at March 31, 2020 and September 30, 2019, if the Canadian dollar had strengthened or weakened by 5% in relation to all foreign currencies, with all variables held constant, the Net Assets of the Fund could possibly have decreased or increased, respectively, by approximately $436 (September 30, 2019 — $134). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

As at March 31, 2020 and September 30, 2019, the Fund was also exposed to indirect currency risk to the extent that the underlying funds invested in financial instruments that were denominated in a currency other than the functional currency of the Fund.

Interest rate risk

The Fund's direct exposure to interest rate risk by remaining term to maturity is summarized in the following table:

Number of years	Interest Rate Exposure as at Mar. 31, 2020	Interest Rate Exposure as at Sep. 30, 2019
Less than one year	10,706	20,151
One to three years	42,268	41,941
Three to five years	25,246	31,213
Five to ten years	37,730	28,355
Greater than ten years	40,336	54,394
Total	**156,286**	**176,054**

As at March 31, 2020 and September 30, 2019, if the prevailing interest rates had been raised or lowered by 1%, assuming a parallel shift in the yield curve, with all other variables held constant, the Net Assets of the Fund could possibly have increased or decreased, respectively, by approximately $11,630 (September 30, 2019 — $12,442). The Fund's interest rate sensitivity was determined based on portfolio weighted duration. In practice, actual results may differ from this sensitivity analysis and the difference could be material.

As at March 31, 2020 and September 30, 2019, the Fund was also exposed to indirect interest rate risk to the extent that the underlying fund invested in interest-bearing financial instruments.

Other market risk

As at March 31, 2020 and September 30, 2019, the Fund did not have any significant exposure to other market risk as it invested fully in fixed income securities.

Credit risk

The Fund's direct exposure to credit risk, grouped by credit ratings, is summarized in the following table:

	As a % of Net Assets as at	
Credit Rating	Mar. 31, 2020	Sep. 30, 2019
AAA	21.3	21.6
AA	20.7	10.8
A	32.9	30.5
BBB	19.5	14.3
BB	0.5	0.7
Unrated	0.2	14.5
Total	**95.1**	**92.4**

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

As at March 31, 2020 and September 30, 2019, the Fund was also exposed to indirect credit risk to the extent that the underlying fund invested in debt instruments, preferred securities and derivatives.

Securities lending

There were no assets involved in securities lending transactions as at March 31, 2020 and September 30, 2019.

Concentration risk

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

As at	Mar. 31, 2020	Sep. 30, 2019
Bonds & Debentures		
Armenia	0.3%	—%
Australia	4.3%	4.7%
Austria	0.7%	0.3%
Belgium	0.5%	1.5%
Canada	6.1%	3.5%
Cayman Islands	0.4%	—%
Chile	1.1%	0.9%
China	0.8%	0.3%
Colombia	0.6%	0.5%
Comoros	—%	0.4%
Czech Republic	—%	0.4%
Finland	2.7%	1.5%
France	9.1%	6.7%
Germany	4.8%	4.6%
Indonesia	1.7%	2.2%
Ireland	—%	0.7%
Italy	1.9%	1.7%
Japan	15.4%	14.7%
Latvia	2.7%	—%
Luxembourg	0.1%	—%
Mexico	2.0%	4.7%
Netherlands	2.6%	2.2%
Norway	1.1%	1.0%
Qatar	0.3%	0.3%
Romania	0.2%	—%
Saudi Arabia	0.2%	0.1%
Singapore	0.6%	0.5%
South Africa	0.1%	0.1%
South Korea	2.5%	2.1%
Spain	3.6%	4.4%
Supranational	1.6%	0.5%
Sweden	0.7%	1.2%
Switzerland	0.2%	0.2%
United Kingdom	5.3%	5.1%
United States	20.5%	25.2%
Holdings in Investment Funds	4.8%	4.1%
Other Assets Less Liabilities	0.5%	3.7%
	100.0%	**100.0%**

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

As at Mar. 31, 2020

Financial assets	Level 1	Level 2	Level 3	Total
Debt Securities	18,802	137,484	—	156,286
Investment Funds	7,922	—	—	7,922
Derivatives	—	661	—	661
Total	**26,724**	**138,145**	**—**	**164,869**
Financial liabilities				
Derivatives	—	(727)	—	(727)

As at Sep. 30, 2019

Financial assets	Level 1	Level 2	Level 3	Total
Debt Securities	16,290	159,764	—	176,054
Investment Funds	7,825	—	—	7,825
Derivatives	—	368	—	368
Total	**24,115**	**160,132**	**—**	**184,247**
Financial liabilities				
Derivatives	—	(86)	—	(86)

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

Transfers between levels

Transfers are made between the various fair value hierarchy levels due to changes in the availability of quoted market prices or observable inputs due to changing market conditions.

During the period from October 1, 2019 to March 31, 2020, $266 of debt securities were transferred from Level 2 to Level 1 due to increased availability of quoted prices in the active market.

During the period from October 1, 2018 to September 30, 2019, $308 of debt securities were transferred from Level 2 to Level 1 due to increased availability of quoted prices in the active market. $2,190 of debt securities were transferred from Level 1 to Level 2 due to reduced observability of the inputs used to value these securities.

(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.

As at Mar. 31, 2020	Assets	Liabilities
Gross Amounts of Recognized Financial Assets (Liabilities)	661	(727)
Amounts Set-off in the Statement of Financial Position	—	—
Net Amounts Presented in the Statement of Financial Position	661	(727)
Related Amounts not Set-off in the Statement of Financial Position		
Financial Instrument	—	—
Cash Collateral Received (Pledged)	—	—
Net Amount	661	(727)

As at Sep. 30, 2019	Assets	Liabilities
Gross Amounts of Recognized Financial Assets (Liabilities)	368	(86)
Amounts Set-off in the Statement of Financial Position	—	—
Net Amounts Presented in the Statement of Financial Position	368	(86)
Related Amounts not Set-off in the Statement of Financial Position		
Financial Instrument	—	—
Cash Collateral Received (Pledged)	—	—
Net Amount	368	(86)

(i) Unconsolidated structured entities

Information on the carrying amount and the size of the investments in structured entities are shown in the following tables:

As at Mar. 31, 2020	Carrying amount	Carrying amount as a % of the underlying fund's Net Assets
Securities		
BMO Mid-Term US IG Corporate Bond Index ETF	7,922	0.5
Total	**7,922**	

As at Sep. 30, 2019	Carrying amount	Carrying amount as a % of the underlying fund's Net Assets
Securities		
BMO Mid-Term US IG Corporate Bond Index ETF	7,825	0.5
Total	**7,825**	

9. Subsequent event

The current spread of the novel coronavirus (COVID-19) has caused a global pandemic and the unprecedented responses taken by many governments, including closing borders, restricting international and domestic travel, and the imposition of prolonged social distancing or similar restrictions, as well as the forced or voluntary closure of, or operational changes to many retail and other businesses, has resulted in fundamental changes in the business world with significant impacts on operations and world markets. The impacts on operations includes changes in work environments, inherent controls risk and cyber-risks; while the main impacts on investments includes increase in market risks, market volatility and liquidity risk, with its impacts on valuations.

Management has implemented and will continue to review the situation with a view to implementing, additional controls and procedures to adequately address the risks and reduce the impacts of the COVID-19 on the Fund, to the extent possible.

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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.

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