

# BMO Mutual Funds 2023

Annual Financial Statements

September 30, 2023

## BMO World Bond Fund

# Independent Auditor's Report

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To the Unitholders and Trustee of  
BMO Canadian Equity Fund  
BMO Canadian Small Cap Equity Fund  
BMO Resource Fund  
BMO Mortgage and Short-Term Income Fund  
BMO Money Market Fund  
BMO Canadian Equity ETF Fund  
BMO Asset Allocation Fund  
BMO Dividend Fund  
BMO Precious Metals Fund  
BMO Monthly Income Fund  
BMO Diversified Income Portfolio  
BMO Global Infrastructure Fund  
BMO Emerging Markets Bond Fund  
BMO Core Plus Bond Fund  
BMO Core Bond Fund  
BMO Target Education Income Portfolio  
BMO Target Education 2025 Portfolio  
BMO Target Education 2030 Portfolio  
BMO Target Education 2035 Portfolio  
BMO Tactical Global Equity ETF Fund  
BMO Sustainable Global Balanced Fund  
(formerly BMO Global Balanced Fund)  
BMO U.S. Dividend Fund  
BMO Retirement Income Portfolio  
BMO Retirement Conservative Portfolio  
BMO Retirement Balanced Portfolio  
BMO SIA Focused Canadian Equity Fund  
BMO SIA Focused North American Equity Fund  
BMO Ascent™ Income Portfolio  
BMO Ascent™ Conservative Portfolio  
BMO Ascent™ Balanced Portfolio  
BMO Ascent™ Growth Portfolio  
BMO Ascent™ Equity Growth Portfolio  
BMO LifeStage Plus 2025 Fund  
BMO LifeStage Plus 2030 Fund  
BMO LifeStage Plus 2026 Fund  
BMO SelectTrust® Fixed Income Portfolio  
BMO Managed Income Portfolio (formerly BMO  
FundSelect® Income Portfolio)  
BMO Managed Balanced Portfolio (formerly  
BMO FundSelect® Balanced Portfolio)  
BMO Managed Growth Portfolio (formerly BMO  
FundSelect® Growth Portfolio)  
BMO Managed Equity Growth Portfolio  
(formerly BMO FundSelect® Equity Growth  
Portfolio)  
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BMO Conservative ETF Portfolio  
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BMO Growth ETF Portfolio  
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BMO European Fund  
BMO North American Dividend Fund  
BMO U.S. Equity ETF Fund  
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BMO Covered Call Europe High Dividend ETF  
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BMO Sustainable Opportunities Global Equity  
Fund  
BMO Tactical Global Asset Allocation ETF Fund  
BMO Tactical Global Growth ETF Fund  
BMO Covered Call U.S. High Dividend ETF Fund  
BMO Women in Leadership Fund  
BMO International Equity Fund  
BMO Japan Fund  
BMO Covered Call Canada High Dividend ETF  
Fund  
BMO Concentrated Global Equity Fund  
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BMO Sustainable Global Multi-Sector Bond Fund  
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BMO U.S. Small Cap Fund  
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BMO Low Volatility Canadian Equity ETF Fund  
BMO USD Balanced ETF Portfolio  
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BMO USD Income ETF Portfolio  
BMO Target Education 2040 Portfolio  
BMO Sustainable Income Portfolio  
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BMO Low Volatility U.S. Equity ETF Fund  
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BMO Nasdaq 100 Equity ETF Fund  
BMO U.S. All Cap Equity Fund  
BMO Brookfield Global Real Estate Tech Fund  
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BMO U.S. Corporate Bond Fund  
BMO Canadian Banks ETF Fund  
BMO Global Enhanced Income Fund  
BMO Global Quality ETF Fund  
BMO ARK Genomic Revolution Fund  
BMO ARK Innovation Fund  
BMO ARK Next Generation Internet Fund  
BMO Canadian Income & Growth Fund  
BMO Global Innovators Fund  
BMO Global Income & Growth Fund  
BMO Strategic Equity Yield Fund  
BMO Aggregate Bond ETF Fund  
BMO Corporate Bond ETF Fund  
BMO Premium Yield ETF Fund  
BMO Global Energy Fund (formerly BMO Global  
Energy Class)  
BMO Global Low Volatility ETF Fund (formerly  
BMO Global Low Volatility ETF Class)  
BMO Greater China Fund (formerly BMO Greater  
China Class)  
BMO Covered Call Energy ETF Fund  
BMO Covered Call Utilities ETF Fund  
BMO Managed Conservative Portfolio  
BMO Global Climate Transition Fund  
BMO Global Dividend Opportunities Fund  
(formerly BMO Global Dividend Class)  
BMO Global Health Care Fund  
BMO Global REIT Fund  
BMO Sustainable Equity Growth Portfolio  
BMO Ultra Short-Term Bond ETF Fund  
BMO U.S. Equity Growth MFR Fund  
BMO U.S. Equity Value MFR Fund  
(individually, a Fund)

# Independent Auditor's Report

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## Our opinion

In our opinion, the accompanying September 30, 2023 financial statements of each Fund present fairly, in all material respects, the financial position of each Fund, its financial performance and its cash flows as at and for the periods indicated in note 1 in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

## What we have audited

The financial statements of each Fund comprise:

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

## Basis for opinion

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

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

## Independence

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

## Other information

Management is responsible for the other information of each Fund. The other information comprises the 2023 Annual Management Report of Fund Performance of each Fund.

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

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

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

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

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

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

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

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

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

# Independent Auditor's Report

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

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

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

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

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

*PricewaterhouseCoopers LLP*

Chartered Professional Accountants, Licensed Public Accountants  
Toronto, Ontario  
December 20, 2023

# BMO World Bond Fund

## STATEMENT OF FINANCIAL POSITION

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

As at	September 30 2023	September 30 2022
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	10,623	782
Investments		
Non-derivative financial assets	210,246	180,508
Derivative assets	165	24
Receivable for investments sold	14,877	—
Subscriptions receivable	45	52
Interest receivable	1,799	1,124
Distributions receivable from investment trusts	22	22
<b>Total assets</b>	<b>237,777</b>	<b>182,512</b>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Payable for investments purchased	24,731	7
Redemptions payable	115	89
Derivative liabilities	1,408	2,675
Accrued expenses	225	22
<b>Total liabilities</b>	<b>26,479</b>	<b>2,793</b>
<b>Net assets attributable to holders of redeemable units</b>	<b>211,298</b>	<b>179,719</b>
<b>Net assets attributable to holders of redeemable units</b>		
Series A Units	108,069	105,066
Advisor Series Units	4,124	4,618
Series F Units	17,713	19,988
Series D Units	—	26
Series I Units	81,025	49,652
Classic Series Units	367	369
<b>Net assets attributable to holders of redeemable units per unit</b>		
Series A Units	\$ 7.94	\$ 8.26
Advisor Series Units	\$ 7.30	\$ 7.62
Series F Units	\$ 8.99	\$ 9.31
Series D Units	\$ —	\$ 8.02
Series I Units	\$ 9.10	\$ 9.35
Classic Series Units	\$ 8.46	\$ 8.48

## STATEMENT OF COMPREHENSIVE INCOME

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

For the periods ended	September 30 2023	September 30 2022
<b>INCOME</b>		
Interest income	6,151	3,675
Distributions received from investment trusts	224	213
Other changes in fair value of investments and derivatives		
Net realized (loss) gain	(7,135)	1,003
Change in unrealized appreciation (depreciation)	2,457	(25,389)
<b>Net gain (loss) in fair value of investments and derivatives</b>	<b>1,697</b>	<b>(20,498)</b>
Securities lending revenue (note 8)	4	—
Foreign exchange (loss) gain	(239)	70
<b>Total other (loss) income</b>	<b>(235)</b>	<b>70</b>
<b>Total income (loss)</b>	<b>1,462</b>	<b>(20,428)</b>
<b>EXPENSES</b>		
Management fees (note 6)	2,225	2,494
Fixed administration fees (note 6)	431	486
Independent review committee fees (note 6)	1	1
Withholding taxes	6	12
Interest expense	2	1
Fund facts fees	0	0
Unitholder reporting costs	1	3
Operating expenses absorbed by the Manager (note 6)	(15)	(15)
<b>Total expenses</b>	<b>2,651</b>	<b>2,982</b>
<b>Decrease in net assets attributable to holders of redeemable units</b>	<b>(1,189)</b>	<b>(23,410)</b>
<b>(Decrease) increase in net assets attributable to holders of redeemable units</b>		
Series A Units	(1,321)	(14,778)
Advisor Series Units	(41)	(681)
Series F Units	116	(2,432)
Series D Units	0	(120)
Series I Units	59	(5,332)
Classic Series Units	(2)	(67)
<b>(Decrease) increase in net assets attributable to holders of redeemable units per unit (note 8)</b>		
Series A Units	(0.10)	(1.15)
Advisor Series Units	(0.07)	(1.05)
Series F Units	0.06	(1.15)
Series D Units	0.02	(0.98)
Series I Units	0.01	(1.07)
Classic Series Units	(0.03)	(1.07)

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

# BMO World Bond Fund

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

(All amounts in thousands of Canadian dollars)

For the periods ended	September 30 2023	September 30 2022
<b>Series A Units</b>		
<b>Net assets attributable to holders of redeemable units at beginning of period</b>	105,066	127,116
Decrease in net assets attributable to holders of redeemable units	(1,321)	(14,778)
<b>Distributions to holders of redeemable units from:</b>		
Net realized gains on investments and derivatives	—	(4,873)
Return of capital	(3,070)	(3,063)
<b>Total distributions to holders of redeemable units</b>	(3,070)	(7,936)
<b>Redeemable unit transactions</b>		
Proceeds from redeemable units issued	19,256	7,762
Reinvestments of distributions to holders of redeemable units	3,062	7,922
Redemption of redeemable units	(14,924)	(15,020)
<b>Net increase from redeemable unit transactions</b>	7,394	664
<b>Net increase (decrease) in net assets attributable to holders of redeemable units</b>	3,003	(22,050)
<b>Net assets attributable to holders of redeemable units at end of period</b>	108,069	105,066

### Advisor Series Units

<b>Net assets attributable to holders of redeemable units at beginning of period</b>	4,618	6,460
Decrease in net assets attributable to holders of redeemable units	(41)	(681)
<b>Distributions to holders of redeemable units from:</b>		
Net realized gains on investments and derivatives	—	(252)
Return of capital	(141)	(155)
<b>Total distributions to holders of redeemable units</b>	(141)	(407)
<b>Redeemable unit transactions</b>		
Proceeds from redeemable units issued	254	226
Reinvestments of distributions to holders of redeemable units	130	357
Redemption of redeemable units	(696)	(1,337)
<b>Net decrease from redeemable unit transactions</b>	(312)	(754)
<b>Net decrease in net assets attributable to holders of redeemable units</b>	(494)	(1,842)
<b>Net assets attributable to holders of redeemable units at end of period</b>	4,124	4,618

For the periods ended	September 30 2023	September 30 2022
<b>Series F Units</b>		
<b>Net assets attributable to holders of redeemable units at beginning of period</b>	19,988	21,742
Increase (decrease) in net assets attributable to holders of redeemable units	116	(2,432)
<b>Distributions to holders of redeemable units from:</b>		
Net investment income	(145)	(82)
Net realized gains on investments and derivatives	—	(832)
Return of capital	(570)	(681)
<b>Total distributions to holders of redeemable units</b>	(715)	(1,595)
<b>Redeemable unit transactions</b>		
Proceeds from redeemable units issued	5,579	9,218
Reinvestments of distributions to holders of redeemable units	550	983
Redemption of redeemable units	(7,805)	(7,928)
<b>Net (decrease) increase from redeemable unit transactions</b>	(1,676)	2,273
<b>Net decrease in net assets attributable to holders of redeemable units</b>	(2,275)	(1,754)
<b>Net assets attributable to holders of redeemable units at end of period</b>	17,713	19,988

### Series D Units

<b>Net assets attributable to holders of redeemable units at beginning of period</b>	26	2,447
Increase (decrease) in net assets attributable to holders of redeemable units	0	(120)
<b>Distributions to holders of redeemable units from:</b>		
Net realized gains on investments and derivatives	—	(103)
Return of capital	(1)	(28)
<b>Total distributions to holders of redeemable units</b>	(1)	(131)
<b>Redeemable unit transactions</b>		
Proceeds from redeemable units issued	—	34
Reinvestments of distributions to holders of redeemable units	1	130
Redemption of redeemable units	(26)	(2,334)
<b>Net decrease from redeemable unit transactions</b>	(25)	(2,170)
<b>Net decrease in net assets attributable to holders of redeemable units</b>	(26)	(2,421)
<b>Net assets attributable to holders of redeemable units at end of period</b>	—	26

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

# BMO World Bond Fund

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

For the periods ended	September 30 2023	September 30 2022	For the periods ended	September 30 2023	September 30 2022
<b>Series I Units</b>			<b>Total Fund</b>		
<b>Net assets attributable to holders of redeemable units at beginning of period</b>	49,652	50,866	<b>Net assets attributable to holders of redeemable units at beginning of period</b>	179,719	209,442
Increase (decrease) in net assets attributable to holders of redeemable units	59	(5,332)	Decrease in net assets attributable to holders of redeemable units	(1,189)	(23,410)
<b>Distributions to holders of redeemable units from:</b>			<b>Distributions to holders of redeemable units from:</b>		
Net investment income	(1,597)	(943)	Net investment income	(1,742)	(1,025)
Return of capital	(1,074)	(846)	Net realized gains on investments and derivatives	—	(6,101)
<b>Total distributions to holders of redeemable units</b>	<b>(2,671)</b>	<b>(1,789)</b>	Return of capital	(4,856)	(4,773)
<b>Redeemable unit transactions</b>			<b>Total distributions to holders of redeemable units</b>	<b>(6,598)</b>	<b>(11,899)</b>
Proceeds from redeemable units issued	33,889	9,509	<b>Redeemable unit transactions</b>		
Reinvestments of distributions to holders of redeemable units	2,671	1,789	Proceeds from redeemable units issued	58,978	26,749
Redemption of redeemable units	(2,575)	(5,391)	Reinvestments of distributions to holders of redeemable units	6,414	11,221
<b>Net increase from redeemable unit transactions</b>	<b>33,985</b>	<b>5,907</b>	Redemption of redeemable units	(26,026)	(32,384)
<b>Net increase (decrease) in net assets attributable to holders of redeemable units</b>	<b>31,373</b>	<b>(1,214)</b>	<b>Net increase from redeemable unit transactions</b>	<b>39,366</b>	<b>5,586</b>
<b>Net assets attributable to holders of redeemable units at end of period</b>	<b>81,025</b>	<b>49,652</b>	<b>Net increase (decrease) in net assets attributable to holders of redeemable units</b>	<b>31,579</b>	<b>(29,723)</b>
<b>Classic Series Units</b>			<b>Net assets attributable to holders of redeemable units at end of period</b>	<b>211,298</b>	<b>179,719</b>
<b>Net assets attributable to holders of redeemable units at beginning of period</b>	369	811			
Decrease in net assets attributable to holders of redeemable units	(2)	(67)			
<b>Distributions to holders of redeemable units from:</b>					
Net realized gains on investments and derivatives	—	(41)			
<b>Total distributions to holders of redeemable units</b>	<b>—</b>	<b>(41)</b>			
<b>Redeemable unit transactions</b>					
Reinvestments of distributions to holders of redeemable units	—	40			
Redemption of redeemable units	—	(374)			
<b>Net decrease from redeemable unit transactions</b>	<b>—</b>	<b>(334)</b>			
<b>Net decrease in net assets attributable to holders of redeemable units</b>	<b>(2)</b>	<b>(442)</b>			
<b>Net assets attributable to holders of redeemable units at end of period</b>	<b>367</b>	<b>369</b>			

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

# BMO World Bond Fund

## STATEMENT OF CASH FLOWS

(All amounts in thousands of Canadian dollars)

For the periods ended	September 30 2023	September 30 2022
<b>Cash flows from operating activities</b>		
Decrease in net assets attributable to holders of redeemable units	(1,189)	(23,410)
Adjustments for:		
Foreign exchange gain on cash	(0)	(27)
Net realized loss (gain) on sale of investments and derivatives	7,135	(1,003)
Change in unrealized (appreciation) depreciation of investments and derivatives	(2,457)	25,389
Increase in interest receivable	(675)	(27)
Increase (decrease) in accrued expenses	203	(6)
Amortization of premium and discounts	(1,111)	182
Return of capital distributions received	37	48
Purchases of investments	(181,871)	(151,870)
Proceeds from sale and maturity of investments	159,581	143,834
Cash (outflows) inflows on derivatives	(2,613)	7,958
<b>Net cash (used in) from operating activities</b>	<b>(22,960)</b>	<b>1,068</b>
<b>Cash flows from financing activities</b>		
Distributions paid to holders of redeemable units, net of reinvested distributions	(184)	(678)
Proceeds from issuances of redeemable units <sup>+</sup>	58,817	24,067
Amounts paid on redemption of redeemable units <sup>+</sup>	(25,832)	(29,965)
<b>Net cash from (used in) financing activities</b>	<b>32,801</b>	<b>(6,576)</b>
Foreign exchange gain on cash	0	27
Net increase (decrease) in cash	9,841	(5,508)
Cash at beginning of period	782	6,263
<b>Cash at end of period</b>	<b>10,623</b>	<b>782</b>
<b>Supplementary Information</b>		
Interest received, net of withholding taxes <sup>**</sup>	4,359	3,818
Distributions received from investment trusts, net of withholding taxes <sup>*</sup>	261	261
Interest expense paid <sup>*</sup>	2	1

<sup>+</sup> Excludes switches between series, as applicable.  
<sup>\*</sup> These items are from operating activities.

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

# BMO World Bond Fund

## SCHEDULE OF INVESTMENT PORTFOLIO

As at September 30, 2023 (All amounts in thousands of Canadian dollars, unless otherwise noted)

	Par Value (in thousands)	Cost (\$)	Fair Value (\$)		Par Value (in thousands)	Cost (\$)	Fair Value (\$)
<b>BONDS &amp; DEBENTURES</b>							
<b>Australia — 1.9%</b>							
Commonwealth of Australia, Series 161, Senior, Unsecured, 0.250% Nov 21, 2025 .....	AUD 1.....	1.....	1				
Commonwealth of Australia, Series 138, Senior, Unsecured, 3.250% Apr 21, 2029.. .....	AUD 2,265.....	1,948.....	1,886				
Commonwealth of Australia, Series 157, Senior, Unsecured, 1.500% Jun 21, 2031.. .....	AUD 2,178.....	1,622.....	1,546				
Commonwealth of Australia, Series 165, Senior, Unsecured, 1.750% Nov 21, 2032. ....	AUD 52.....	42.....	36				
Commonwealth of Australia, Series 162, Senior, Unsecured, 1.750% Jun 21, 2051.. .....	AUD 161.....	88.....	74				
NBN Co Limited, Series 144A, Senior, Unsecured, Notes, Callable, 5.750% Oct 6, 2028.....	USD 278.....	375.....	381				
		4,076.....	3,924				
<b>Austria — 2.9%</b>							
Republic of Austria, Senior, Unsecured, Oct 20, 2028.....	EUR 524.....	647.....	640				
Republic of Austria, Senior, Unsecured, Notes, 2.900% Feb 20, 2033 .....	EUR 4,000.....	5,770.....	5,499				
		6,417.....	6,139				
<b>Belgium — 1.2%</b>							
Anheuser-Busch InBev Worldwide Inc., Senior, Unsecured, Notes, Callable, 5.450% Jan 23, 2039.....	USD 277.....	366.....	364				
KBC Group NV, Fixed to Floating, Euro Medium Term Notes, Senior, Unsecured, Callable, 0.250% Mar 1, 2027.....	EUR 500.....	707.....	652				
Kingdom of Belgium, Series 96, Senior, Unsecured, 2.750% Apr 22, 2039.....	EUR 140.....	184.....	177				
Kingdom of Belgium, Series 99, Senior, Unsecured, Notes, 3.450% Jun 22, 2043 .. .....	EUR 1,043.....	1,527.....	1,404				
Kingdom of Belgium, Series 95, Senior, Unsecured, 1.400% Jun 22, 2053 .....	EUR 18.....	26.....	14				
		2,810.....	2,611				
<b>Bermuda — 0.1%</b>							
Bacardi Ltd./Bacardi-Martini BV, Series 144A, Senior, Unsecured, Notes, Callable, 5.250% Jan 15, 2029.....	USD 163.....	218.....	213				
<b>Canada — 3.3%</b>							
CPPIB Capital Inc., Euro Medium Term Notes, Senior, Unsecured, 0.750% Feb 2, 2037 ... .....	EUR 1,732.....	2,458.....	1,678				
Government of Canada, Senior, Unsecured, 2.000% Jun 1, 2028.....	26.....	27.....	23				
Government of Canada, Unsecured, 2.500% Dec 1, 2032 .....	1,025.....	946.....	904				
Ontario Teachers' Finance Trust, Global Medium Term Notes, Senior, Unsecured, 0.050% Nov 25, 2030 .....	EUR 258.....	399.....	283				
				Ontario Teachers' Finance Trust, Senior, Unsecured, Notes, 1.850% May 3, 2032... .....	EUR 3,419.....	4,381.....	4,174
						8,211.....	7,062
<b>Cayman Islands — 0.3%</b>							
Tencent Holdings Limited, Senior, Unsecured, Notes, Callable, 3.280% Apr 11, 2024.....	USD 478.....	638.....	640				
<b>China — 6.1%</b>							
China Construction Bank Corporation, Euro Medium Term Notes, Senior, Unsecured, 0.860% Apr 22, 2024 .....	USD 653.....	818.....	863				
People's Republic of China, Unsecured, 1.990% Apr 9, 2025 .....	CNY 49,830.....	9,658.....	9,223				
People's Republic of China, Senior, Unsecured, Notes, 0.250% Nov 25, 2030 .. .....	EUR 1,435.....	2,214.....	1,606				
People's Republic of China, Unsecured, 3.810% Sep 14, 2050.....	CNY 5,500.....	1,114.....	1,163				
		13,804.....	12,855				
<b>Denmark — 0.2%</b>							
Orsted A/S, Euro Medium Term Notes, Senior, Unsecured, Callable, 3.250% Sep 13, 2031 .....	EUR 240.....	312.....	321				
<b>Finland — 0.1%</b>							
CRH Finland Services OYJ, Euro Medium Term Notes, Senior, Unsecured, Callable, 0.875% Nov 5, 2023 .....	EUR 100.....	152.....	143				
<b>France — 2.2%</b>							
BPCE, Euro Medium Term Notes, Senior, Unsecured, 1.000% Dec 22, 2025 .....	GBP 300.....	518.....	449				
Caisse d'Amortissement de la Dette Sociale, Euro Medium Term Notes, Senior, Unsecured, 2.875% May 25, 2027 .....	EUR 1,500.....	2,024.....	2,111				
Danone, Euro Medium Term Notes, Senior, Unsecured, Callable, Dec 1, 2025 .....	EUR 400.....	591.....	530				
Danone, Euro Medium Term Notes, Senior, Unsecured, Callable, 0.571% Mar 17, 2027.....	EUR 100.....	155.....	130				
Orange SA, Euro Medium Term Notes, Senior, Unsecured, Callable, 1.125% Jul 15, 2024 .....	EUR 500.....	745.....	701				
Orange SA, Euro Medium Term Notes, Senior, Unsecured, Callable, Zero Coupon, Jun 29, 2026 .....	EUR 200.....	294.....	259				
Suez, Euro Medium Term Notes, Senior, Unsecured, Callable, 1.875% May 24, 2027.....	EUR 300.....	401.....	397				
		4,728.....	4,577				

# BMO World Bond Fund

## SCHEDULE OF INVESTMENT PORTFOLIO (cont'd)

As at September 30, 2023 (All amounts in thousands of Canadian dollars, unless otherwise noted)

	Par Value (in thousands)	Cost (\$)	Fair Value (\$)		Par Value (in thousands)	Cost (\$)	Fair Value (\$)
<b>Germany — 1.9%</b>							
Amprion GmbH, Euro Medium Term Notes, Senior, Unsecured, Callable, 3.875% Sep 7, 2028	EUR 300	443	427	Government of Japan, Thirty Year Bonds, Series 39, Senior, Unsecured, 1.900% Jun 20, 2043	JPY 58,200	652	571
Aroundtown SA, Euro Medium Term Notes, Senior, Unsecured, Callable, 3.625% Apr 10, 2031	GBP 343	593	370	Government of Japan, Thirty Year Bonds, Series 41, Senior, Unsecured, 1.700% Dec 20, 2043	JPY 174,600	2,370	1,654
BMW International Investment B.V., Euro Medium Term Notes, Senior, Unsecured, 0.750% Mar 8, 2024	GBP 439	768	713	Government of Japan, Thirty Year Bonds, Series 66, Senior, Unsecured, 0.400% Mar 20, 2050	JPY 185,750	1,794	1,251
E.ON International Finance B.V., Euro Medium Term Notes, Senior, Unsecured, 5.625% Dec 6, 2023	GBP 250	434	414	Toyota Motor Finance (Netherlands) B.V., Euro Medium Term Notes, Senior, Unsecured, 4.625% Jun 8, 2026	GBP 194	314	315
EnBW International Finance B.V., Euro Medium Term Notes, Senior, Unsecured, Callable, 3.625% Nov 22, 2026	EUR 138	189	196			11,729	9,040
Federal Republic of Germany, Unsecured, Feb 15, 2030	EUR 58	74	70	<b>Luxembourg — 0.6%</b>			
Federal Republic of Germany, Series 08, 4.750% Jul 4, 2040	EUR 287	559	505	CPI Property Group S.A., Euro Medium Term Notes, Senior, Unsecured, Callable, 2.750% Jan 22, 2028	GBP 145	245	170
Volkswagen Financial Services N.V., Euro Medium Term Notes, Senior, Unsecured, 3.250% Apr 13, 2027	GBP 200	298	299	P3 Group S.ar.l., Euro Medium Term Notes, Senior, Unsecured, Callable, 0.875% Jan 26, 2026	EUR 889	1,256	1,133
Volkswagen International Finance N.V., Senior, Unsecured, Notes, 2.625% Nov 16, 2027	EUR 400	593	535			1,501	1,303
Vonovia SE, Euro Medium Term Notes, Senior, Unsecured, Callable, 1.375% Jan 28, 2026	EUR 100	138	133	<b>Mexico — 4.7%</b>			
Vonovia SE, Senior, Unsecured, Notes, Callable, 1.875% Jun 28, 2028	EUR 100	138	125	Banco Santander Mexico, S.A., Institucion De Banca Multiple, Grupo Financiero, Senior, Unsecured, Notes, 5.375% Apr 17, 2025	USD 300	391	399
Vonovia SE, Euro Medium Term Notes, Senior, Unsecured, Callable, 0.625% Dec 14, 2029	EUR 200	294	221	United Mexican States, Series M, Senior, Unsecured, 8.500% May 31, 2029	MXN 83,920	6,549	6,315
		4,521	4,008	United Mexican States, Senior, Unsecured, Notes, Callable, 2.250% Aug 12, 2036	EUR 398	586	401
				United Mexican States, Series M, Senior, Unsecured, 8.000% Nov 7, 2047	MXN 44,358	3,102	2,854
						10,628	9,969
<b>India — 0.4%</b>				<b>Netherlands — 1.2%</b>			
Reliance Industries Limited, Senior, Unsecured, Notes, 2.875% Jan 12, 2032	USD 711	906	770	Digital Intrepid Holding B.V., Senior, Unsecured, Notes, Callable, 1.375% Jul 18, 2032	EUR 471	670	496
<b>Japan — 4.3%</b>				ENEL Finance International NV, Euro Medium Term Notes, Senior, Unsecured, Callable, Jun 17, 2024	EUR 283	414	395
Government of Japan, Twenty Year Bonds, Series 79, Senior, Unsecured, 2.000% Jun 20, 2025	JPY 68,100	759	640	GSK Consumer Healthcare Capital NL B.V., Euro Medium Term Notes, Senior, Unsecured, Callable, 1.250% Mar 29, 2026	EUR 163	225	218
Government of Japan, Ten Year Bonds, Series 340, Senior, Unsecured, 0.400% Sep 20, 2025	JPY 338,000	3,865	3,094	ING Groep N.V., Euro Medium Term Notes, Senior, Unsecured, 3.000% Feb 18, 2026	GBP 200	341	310
Government of Japan, Thirty Year Bonds, Series 28, Senior, Unsecured, 2.500% Mar 20, 2038	JPY 40,800	482	439	Shell International Finance B.V., Euro Medium Term Notes, Senior, Unsecured, 0.375% Feb 15, 2025	EUR 200	294	273
Government of Japan, Thirty Year Bonds, Series 33, Senior, Unsecured, 2.000% Sep 20, 2040	JPY 45,800	593	460	Siemens Financieringsmaatschappij N.V., Senior, Unsecured, Notes, Callable, 1.000% Feb 25, 2030	EUR 700	1,008	852
Government of Japan, Thirty Year Bonds, Series 37, Senior, Unsecured, 1.900% Sep 20, 2042	JPY 62,600	900	616			2,952	2,544



# BMO World Bond Fund

## SCHEDULE OF INVESTMENT PORTFOLIO (cont'd)

As at September 30, 2023 (All amounts in thousands of Canadian dollars, unless otherwise noted)

	Par Value (in thousands)	Cost (\$)	Fair Value (\$)		Par Value (in thousands)	Cost (\$)	Fair Value (\$)
Barclays PLC, Fixed to Floating, Euro Medium Term Notes, Senior, Unsecured, Callable, 5.262% Jan 29, 2034.....	EUR 211.....	291.....	298	<b>United States — 33.1%</b>			
British Telecommunications PLC, Euro Medium Term Notes, Senior, Unsecured, Callable, 0.500% Sep 12, 2025.....	EUR 350.....	525.....	469	Ally Financial Inc., Senior, Unsecured, Notes, Callable, 1.450% Oct 2, 2023 .....	USD 519.....	671.....	705
HSBC Holdings plc, Fixed to Floating, Senior, Unsecured, Notes, Callable, 3.000% Jul 22, 2028.....	GBP 208.....	365.....	305	Altria Group, Inc., Senior, Unsecured, Notes, Callable, 4.400% Feb 14, 2026.....	USD 31.....	41.....	41
Legal & General Group Plc, Fixed to Floating, Unsecured, Notes, Subordinated, Callable, 5.125% Nov 14, 2048 .....	GBP 154.....	264.....	235	American Honda Finance Corporation, Medium Term Notes, Senior, Unsecured, 1.000% Sep 10, 2025.....	USD 318.....	421.....	395
Medtronic Global Holdings S.C.A., Series 0000, Senior, Unsecured, Notes, Callable, 0.250% Jul 2, 2025.....	EUR 185.....	276.....	249	American Tower Corporation, Senior, Unsecured, Notes, Callable, 0.450% Jan 15, 2027 .....	EUR 200.....	293.....	252
Motability Operations Group plc, Euro Medium Term Notes, Senior, Unsecured, 0.375% Jan 3, 2026.....	EUR 365.....	544.....	483	Apple Inc., Series MPLE, Senior, Unsecured, Notes, Callable, 2.513% Aug 19, 2024.....	500.....	502.....	488
NatWest Markets Plc, Series 144A, Senior, Unsecured, Notes, 0.800% Aug 12, 2024 .....	USD 200.....	243.....	260	Apple Inc., Senior, Unsecured, Notes, Callable, 0.875% May 24, 2025.....	EUR 500.....	728.....	687
NatWest Markets Plc, Euro Medium Term Notes, Senior, Unsecured, 6.375% Nov 8, 2027.....	GBP 225.....	352.....	377	Apple Inc., Senior, Unsecured, Notes, Callable, 3.950% Aug 8, 2052 .....	USD 300.....	383.....	319
Severn Trent Utilities Finance Plc, Euro Medium Term Notes, Senior, Unsecured, 2.625% Feb 22, 2033.....	GBP 185.....	316.....	233	Astrazeneca Finance LLC, Senior, Unsecured, Notes, Callable, 1.200% May 28, 2026 .....	USD 387.....	467.....	472
Standard Chartered PLC, Series 144A, Fixed to Floating, Senior, Unsecured, Notes, Callable, 3.785% May 21, 2025.....	USD 1,081.....	1,426.....	1,442	AT&T Inc., Senior, Unsecured, Notes, Callable, 1.800% Sep 14, 2039.....	EUR 157.....	228.....	148
Tesco Corporate Treasury Services PLC, Euro Medium Term Notes, Senior, Unsecured, Callable, 1.375% Oct 24, 2023 .....	EUR 309.....	463.....	443	AT&T Inc., Senior, Unsecured, Notes, Callable, 3.500% Sep 15, 2053.....	USD 154.....	114.....	129
Tesco Corporate Treasury Services PLC, Euro Medium Term Notes, Senior, Unsecured, Callable, 2.500% May 2, 2025.....	GBP 100.....	174.....	158	Booking Holdings Inc., Senior, Unsecured, Notes, Callable, 0.100% Mar 8, 2025.....	EUR 377.....	574.....	512
Thames Water Utilities Finance Ltd., Series 44, Euro Medium Term Notes, Secured, 5.125% Sep 28, 2037 .....	GBP 100.....	173.....	135	Bristol-Myers Squibb Company, Senior, Unsecured, Notes, Callable, 0.750% Nov 13, 2025.....	USD 254.....	330.....	313
United Kingdom Gilt, Unsecured, 0.125% Jan 31, 2028 .....	GBP 6,700.....	9,647.....	9,281	Citigroup Inc., Senior, Unsecured, Notes, Callable, 2.750% Jan 24, 2024.....	GBP 248.....	428.....	407
United Kingdom Gilt, 3.250% Jan 31, 2033..	GBP 2,280.....	3,682.....	3,444	Citigroup Inc., Fixed to Floating, Senior, Unsecured, Notes, Callable, 1.462% Jun 9, 2027.....	USD 953.....	1,147.....	1,140
United Kingdom Gilt, Unsecured, 3.750% Jan 29, 2038 .....	GBP 1,124.....	1,733.....	1,675	Coca-Cola Company, The, Senior, Unsecured, Notes, 1.450% Jun 1, 2027 .....	USD 600.....	832.....	719
United Kingdom Treasury Gilt, 3.500% Oct 22, 2025.....	GBP 313.....	519.....	505	Commonwealth Edison Company, Senior, Unsecured, 6.450% Jan 15, 2038 .....	USD 200.....	258.....	282
United Kingdom Treasury Gilt, Unsecured, 1.500% Jul 22, 2047.....	GBP 558.....	620.....	489	Dell International LLC/EMC Corp., Senior, Secured, Notes, Callable, 4.000% Jul 15, 2024.....	USD 697.....	936.....	931
Vodafone International Financing Designated Activity Company, Euro Medium Term Notes, Senior, Unsecured, Callable, 3.250% Mar 2, 2029 .....	EUR 303.....	424.....	418	Deutsche Bank Aktiengesellschaft, Senior, Unsecured, Notes, 0.898% May 28, 2024.....	USD 242.....	292.....	317
Yorkshire Building Society, Euro Medium Term Notes, Senior, Unsecured, 0.500% Jul 1, 2028 .....	EUR 762.....	1,119.....	905	Digital Euro Finco, LLC, Senior, Unsecured, Callable, 2.500% Jan 16, 2026.....	EUR 186.....	283.....	253
		23,690.....	22,262	Florida Power & Light Company, First Mortgage Bonds, Secured, Callable, 4.050% Jun 1, 2042.....	USD 800.....	801.....	866
				Ford Motor Credit Company LLC, Senior, Unsecured, 4.867% Aug 3, 2027 .....	EUR 250.....	361.....	354
				Ford Motor Credit Company LLC, Senior, Unsecured, Notes, Callable, 7.350% Nov 4, 2027.....	USD 295.....	402.....	407
				Fox Corporation, Senior, Unsecured, Notes, Callable, 4.030% Jan 25, 2024.....	USD 202.....	268.....	272
				General Motors Financial Company, Inc., Senior, Unsecured, Notes, Callable, 5.100% Jan 17, 2024.....	USD 700.....	929.....	948

# BMO World Bond Fund

## SCHEDULE OF INVESTMENT PORTFOLIO (cont'd)

As at September 30, 2023 (All amounts in thousands of Canadian dollars, unless otherwise noted)

	Par Value (in thousands)	Cost (\$)	Fair Value (\$)		Par Value (in thousands)	Cost (\$)	Fair Value (\$)
Goldman Sachs Group, Inc., The, Euro Medium Term Notes, Senior, Unsecured, 3.125% Jul 25, 2029.....	GBP 101.....	173.....	145	Unitedhealth Group Incorporated, Senior, Unsecured, Notes, Callable, 3.700% May 15, 2027 .....	USD 270.....	346.....	348
GSK Consumer Healthcare Capital US LLC, Senior, Unsecured, Notes, Callable, 3.375% Mar 24, 2029 .....	USD 250.....	313.....	304	Wells Fargo & Company, Euro Medium Term Notes, Senior, Unsecured, 2.500% May 2, 2029.....	GBP 276.....	480.....	378
Home Depot, Inc., The, Senior, Unsecured, Notes, 5.875% Dec 16, 2036.....	USD 200.....	226.....	280	.....	75,177.....	69,935	
Honeywell International Inc., Senior, Unsecured, Notes, Callable, Mar 10, 2024.....	EUR 173.....	258.....	244	<b>Total Bonds &amp; Debentures — 96.4%</b> .....	219,478.....	203,744	
HP Inc., Senior, Unsecured, Notes, 6.000% Sep 15, 2041 .....	USD 200.....	239.....	256		Number of Units	Cost* (\$)	Fair Value (\$)
JPMorgan Chase & Co., Senior, Unsecured, Notes, 5.400% Jan 6, 2042 .....	USD 250.....	386.....	317	<b>HOLDINGS IN INVESTMENT FUNDS</b>			
Kraft Heinz Foods Company, Senior, Unsecured, Notes, 5.000% Jun 4, 2042 ....	USD 200.....	225.....	235	<b>U.S. Fixed Income Fund — 3.1%</b>			
Lowe's Companies, Inc., Senior, Unsecured, Notes, Callable, 3.350% Apr 1, 2027.....	USD 74.....	93.....	94	BMO Mid-Term US IG Corporate Bond Index			
PayPal Holdings, Inc., Senior, Unsecured, Notes, Callable, 2.400% Oct 1, 2024.....	USD 323.....	428.....	425	ETF^ .....	396,000.....	7,159.....	6,502
Stellantis Finance US Inc., Series 144A, Senior, Unsecured, Notes, Callable, 5.625% Jan 12, 2028.....	USD 286.....	373.....	385	<b>Total Holdings in Investment Funds — 3.1%</b> .....	7,159.....	6,502	
Stellantis N.V., Senior, Unsecured, Notes, Callable, 4.500% Jul 7, 2028.....	EUR 140.....	228.....	202	<b>Total Investment Portfolio — 99.5%</b> .....	226,637.....	210,246	
Stryker Corporation, Senior, Unsecured, Notes, Callable, 0.250% Dec 3, 2024 .....	EUR 253.....	370.....	347	Total Unrealized Gain on Forward Currency Contracts — 0.1%.....	165		
Toyota Motor Credit Corporation, Medium Term Notes, Senior, Unsecured, 3.050% Mar 22, 2027 .....	USD 385.....	486.....	485	Total Unrealized Loss on Forward Currency Contracts — (0.7)% .....	(1,408)		
United States Treasury Bonds, 2.750% Feb 15, 2028 .....	USD 8,817.....	11,763.....	11,074	Other Assets Less Liabilities — 1.1% .....	2,295		
United States Treasury Bonds, 0.625% May 15, 2030 .....	USD 9,475.....	10,433.....	9,960	<b>NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS — 100.0%</b> .....	211,298		
United States Treasury Bonds, 1.250% Aug 15, 2031.....	USD 1,657.....	1,869.....	1,759				
United States Treasury Bonds, 5.000% May 15, 2037 .....	USD 759.....	1,175.....	1,070				
United States Treasury Bonds, 1.375% Nov 15, 2040.....	USD 4,666.....	4,401.....	3,746				
United States Treasury Bonds, 3.000% Feb 15, 2048 .....	USD 992.....	1,099.....	986				
United States Treasury Bonds, 2.875% May 15, 2049 .....	USD 2,526.....	3,549.....	2,448				
United States Treasury Bonds, 1.250% May 15, 2050 .....	USD 2,852.....	2,377.....	1,828				
United States Treasury Notes, 1.375% Dec 31, 2028 .....	USD 8,384.....	10,081.....	9,670				
United States Treasury Notes, 1.875% Feb 15, 2032 .....	USD 4,022.....	4,513.....	4,437				
United States Treasury Notes, 4.125% Nov 15, 2032 .....	USD 3,454.....	4,881.....	4,525				
United States Treasury Notes, 3.500% Feb 15, 2033 .....	USD 2,110.....	2,723.....	2,630				

\* 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

## SCHEDULE OF INVESTMENT PORTFOLIO (cont'd)

As at September 30, 2023 (All amounts in thousands of Canadian dollars, unless otherwise noted)

### UNREALIZED GAIN ON FORWARD CURRENCY CONTRACTS

Settlement Date	Currency Buy	Position (000s)	Currency Sell	Position (000s)	Contract Rate	Counterparty	Credit Rating**	Unrealized Gain
9-Nov-23	CAD	5,162	ZAR	(72,103)	0.0716	Canadian Imperial Bank of Commerce	A-1	7
9-Nov-23	CAD	9,293	MXN	(119,900)	0.0775	Citigroup Global Markets Ltd.	A-1	7
9-Nov-23	EUR	1,028	CAD	(1,467)	0.7012	JPMorgan Securities PLC	A-1	11
9-Nov-23	USD	3,974	CAD	(5,338)	0.7445	Bank of Montreal	A-1	57
9-Nov-23	USD	4,770	CAD	(6,407)	0.7445	Bank of Montreal	A-1	68
17-Nov-23	CAD	890	KRW	(870,000)	0.0010	Barclays Bank PLC	A-1	15
<b>Total Unrealized Gain on Forward Currency Contracts</b>								<b>165</b>

### UNREALIZED LOSS ON FORWARD CURRENCY CONTRACTS

Settlement Date	Currency Buy	Position (000s)	Currency Sell	Position (000s)	Contract Rate	Counterparty	Credit Rating**	Unrealized Loss
9-Nov-23	CAD	87,493	USD	(65,032)	1.3454	Canadian Imperial Bank of Commerce	A-1	(791)
9-Nov-23	CAD	24,942	GBP	(15,153)	1.6460	BNP Paribas SA	A-1	(163)
9-Nov-23	CAD	42,881	EUR	(29,917)	1.4333	Bank of Montreal	A-1	(121)
9-Nov-23	CAD	6,569	NZD	(8,183)	0.8027	Canadian Imperial Bank of Commerce	A-1	(90)
9-Nov-23	CAD	13,956	NZD	(17,229)	0.8100	Canadian Imperial Bank of Commerce	A-1	(63)
9-Nov-23	CAD	3,571	AUD	(4,122)	0.8663	HSBC Bank PLC	A-1	(32)
9-Nov-23	CAD	8,721	JPY	(957,038)	0.0091	Bank of Montreal	A-1	(25)
9-Nov-23	CAD	636	CHF	(428)	1.4854	HSBC Bank PLC	A-1	(1)
9-Nov-23	CAD	198	SGD	(201)	0.9869	Canadian Imperial Bank of Commerce	A-1	(1)
17-Nov-23	CAD	6,407	USD	(4,770)	1.3431	Bank of Montreal	A-1	(68)
17-Nov-23	CAD	10,598	CNY	(56,500)	0.1876	Canadian Imperial Bank of Commerce	A-1	(53)
<b>Total Unrealized Loss on Forward Currency Contracts</b>								<b>(1,408)</b>

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

# BMO World Bond Fund

## NOTES TO THE FINANCIAL STATEMENTS

(All amounts in thousands of Canadian dollars, except per unit data)  
September 30, 2023

### 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 I (Unhedged) Units, Series N Units, Series NBA Units, Series O Units, Series R Units, Series S Units and/or Classic Series Units. Each series is intended for different kinds of investors and has different management fees and fixed administration fees. Refer to Note 8 for the series issued for this Fund as well as the management and administration fee rates for each series.

BMO Investments Inc. (“the Manager”) is the Manager and Trustee of the Fund. The Manager is a wholly owned subsidiary of Bank of Montreal. The address of the Fund’s registered office is 100 King Street West, 43rd Floor, Toronto, Ontario, M5X 1A1.

The Statement of Financial Position and related notes for the Fund are as at September 30, 2023 and September 30, 2022, as applicable. The Statement of Comprehensive Income, Statement of Changes in Net Assets Attributable to Holders of Redeemable Units, Statement of Cash Flows and related notes are for the period(s) ended September 30, 2023 and September 30, 2022, except for a Fund established during either of the periods, which is presented from the date of inception (as noted in Note 8) to September 30 of the applicable period. Financial information provided for a series established during the period(s) is presented from the inception date as noted in Note 8 to September 30 of the applicable period.

Except for Funds established during either 2023 or 2022, the term “period” represents a full year.

These financial statements were authorized for issuance by the Board of Directors of the Manager on December 5, 2023.

Fees paid or payable to PricewaterhouseCoopers LLP and other PwC Network firms for audit services to public interest entity mutual funds managed by BMO Investments Inc. with September 30, 2023 period-end dates, are \$1,722. Fees for other services are \$0.

### 2. Basis of preparation and presentation

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

### 3. Material accounting policy information Financial Instruments

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

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

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

The Fund’s outstanding redeemable units, which are puttable instruments, are entitled to a contractual obligation of annual distribution of any net income and net realized capital gains by the Fund. This annual distribution can be in cash at the option of the unitholders, and therefore the ongoing redemption

# BMO World Bond Fund

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

*(All amounts in thousands of Canadian dollars, except per unit data)  
September 30, 2023*

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feature is not the redeemable units' only contractual obligation. Also, the Fund has issued multiple series of redeemable units, which are equally subordinated but are not identical and consequently, do not meet the conditions to be classified as equity. As a result, the Fund's obligations for net assets attributable to holders of redeemable units ("Net Assets") are classified as financial liabilities and presented at the redemption amounts.

### **Cost of investments**

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

### **Fair value measurement**

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

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

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

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

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

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

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

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

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

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

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

# BMO World Bond Fund

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

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

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

Futures contracts are financial agreements to purchase or sell a financial instrument at a contracted price on a specified future date. Futures contracts are valued at the gain or loss that would arise as a result of closing the position at the Valuation date. Changes in this value on each Valuation Date is recorded as “Derivative income (loss)” in the Statement of Comprehensive Income. Treasury bills or cash are held as margin against futures contracts.

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

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

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

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

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

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

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

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

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

# BMO World Bond Fund

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

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comparisons with other securities that are substantially similar. In limited circumstances, the Manager may use internal models where the inputs are not based on observable market data.

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

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

### **Cash**

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

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

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

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

### **Investments in subsidiaries, joint ventures and associates**

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

### **Unconsolidated structured entities**

The Manager has determined that the underlying funds in which the Fund may invest are unconsolidated structured entities. This determination is based on the fact that decision making about the underlying funds is not governed by the voting right or other similar right held by the Fund. Similarly, investments in securitizations, asset-backed securities and mortgage-backed securities are determined to be interests in unconsolidated structured entities.

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

Mortgage-related securities are created from pools of residential or commercial mortgage loans, including mortgage loans made by savings and loan institutions,

# BMO World Bond Fund

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

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mortgage bankers, commercial banks and others. Asset-backed securities are created from many types of assets, including auto loans, credit card receivables, home equity loans and student loans.

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

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

### **Offsetting of financial assets and financial liabilities**

Financial instruments are presented at net or gross amounts in the Statement of Financial Position depending on the existence of intention and legal right to offset opposite positions of such instruments held with the same counterparties. Amounts offset in the Statement of Financial Position are related to transactions for which the Fund has legally enforceable rights to offset and intends to settle the positions on a net basis. Amounts not offset in the Statement of Financial Position relate to positions where there is no legally enforceable right to offset, or the legal right to offset is only in the event of default, insolvency or bankruptcy, or where the Fund has no intention to settle on a net basis. Refer to Note 8 for details.

### **Income recognition**

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

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

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

date. Interest is accrued on each Valuation Date based on the inflation adjusted par value at that time and is included in "Interest income" in the Statement of Comprehensive Income.

### **Foreign currency translation**

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

### **Securities lending**

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

For those Funds participating in the program, aggregate values of securities on loan, the collateral held as at September 30, 2023 and September 30, 2022 and information about the security lending income earned by the Fund are disclosed in Note 8, where applicable.

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

# BMO World Bond Fund

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

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### Short-term trading penalty

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

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

"Increase (decrease) in net assets attributable to holders of redeemable units per unit" of a series in the Statement of Comprehensive Income represents the increase (decrease) in net assets attributable to holders of redeemable units of the series divided by the weighted average number of units of the series outstanding during the period. Refer to Note 8 for details.

### Taxation

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

The Fund may 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.

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

### Fund mergers

The Manager used the purchase method of accounting for fund mergers. Under the purchase method of accounting, one of the Funds in each merger is

identified as the acquiring fund, and is referred to as the "Continuing Fund", and the other Fund involved in the merger is referred to as the "Terminated Fund". In determining the acquirer, the Manager considered factors such as the comparison of the relative NAV of the funds as well as consideration of the continuation of certain aspects of the Continuing Fund such as: investment advisors, investment objectives and practices, type of portfolio securities and management fees and other expenses. Where applicable, refer to Note 8 for the details of any fund merger transactions.

### 4. Critical accounting judgements and estimates

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

#### Accounting judgements: Functional and presentation currency

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

#### Classification and measurement of investment portfolio

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

# BMO World Bond Fund

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

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provides the most appropriate measurement and presentation of the Fund's investment portfolio. The collection of principal and interest is incidental to the fair value business model.

### **Accounting estimates:**

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

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

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

### **5. Units and unit transactions**

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

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

Redeemable units of the Fund are offered for sale on a continuous basis and may be purchased or redeemed on any Valuation Date at the NAV per unit of a particular series. The NAV per unit of a series for the purposes of subscription or redemption is computed by dividing the NAV of the Fund attributable to the series

(that is, the total fair value of the assets attributable to the series less the liabilities attributable to the series) by the total number of units of the series of the Fund outstanding at such time on each Valuation Date, in accordance with Part 14 of National Instrument ("NI") 81-106 Investment Fund Continuous Disclosure for the purpose of processing unitholder transactions. Net Assets are determined in accordance with IFRS and may differ to the Funds' NAV. Where the Fund's NAV is not equal to its Net Assets, a reconciliation is shown in Note 8.

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

### **ETF Series Units**

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

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

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

- 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

# BMO World Bond Fund

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

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

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

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

### 6. Related party transactions

#### (a) Management fees

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

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

As compensation for its services, the Manager is entitled to receive a fee payable monthly, calculated daily at the maximum annual rates included in Note 8.

#### (b) Fixed administration fees

The Manager pays certain operating expenses of each Fund except for BMO Ascent Income Portfolio, BMO Ascent Conservative Portfolio, BMO Ascent Balanced Portfolio, BMO Ascent Growth Portfolio, BMO Ascent Equity Growth Portfolio, BMO Managed Income Portfolio (formerly BMO FundSelect® Income Portfolio), BMO Managed Balanced Portfolio (formerly BMO FundSelect® Balanced Portfolio) (Series NBA only), BMO Managed Growth Portfolio (formerly BMO FundSelect® Growth Portfolio) (Series NBA only), BMO

Managed Equity Growth Portfolio (formerly BMO FundSelect® Equity Growth Portfolio) (Series NBA only), BMO Covered Call Canadian Banks ETF Fund, BMO Covered Call U.S. High Dividend ETF Fund, BMO Covered Call Europe High Dividend ETF Fund, BMO Sustainable Opportunities Global Equity Fund, BMO Tactical Global Asset Allocation ETF Fund, BMO Tactical Global Growth ETF Fund, BMO Women in Leadership Fund, BMO International Value Fund, BMO Japan Fund, BMO Covered Call Canada High Dividend ETF Fund, BMO Concentrated Global Equity Fund, BMO Crossover Bond Fund, BMO Global Multi-Sector Bond Fund, BMO U.S. Small Cap Fund, BMO Multi-Factor Equity Fund, BMO SIA Focused Canadian Equity Fund, BMO SIA Focused North American Equity Fund, BMO Concentrated U.S. Equity Fund and BMO Low Volatility Canadian Equity ETF Fund (the "Variable Operating Expense Series"), including audit and legal fees and expenses; custodian and transfer agency fees; costs attributable to the issue, redemption and change of securities, including the cost of the securityholder record keeping system; expenses incurred in respect of preparing and distributing prospectuses, financial reports and other types of reports, statements and communications to securityholders; fund accounting and valuation costs; filing fees, including those incurred by the Manager (collectively the "Administration Expenses"). In return, the Fund pays a fixed administration fee to the Manager. The fixed administration fee is calculated daily as a fixed annual percentage of the NAV of the Fund. Refer to Note 8 for the fixed administration fee rates charged to the Fund, where applicable.

#### (c) Fund expenses

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

# BMO World Bond Fund

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

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

### **(d) Variable administration fees**

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

### **(e) Commissions and other portfolio transaction costs**

The Fund may execute trades with and through BMO Nesbitt Burns Inc., an affiliate of the Manager, based on established standard brokerage agreements at market prices. These fees are included in “Commissions and other portfolio transaction costs” in the Statement of Comprehensive Income. Refer to Note 8 for related party fees charged to the Fund during the period(s) ended September 30, 2023 and September 30, 2022, where applicable.

### **(f) Initial investments**

In order to establish a new Fund, the Manager, makes an initial investment in the Fund. Pursuant to the policies of the Canadian Securities Administrators, an initial investor cannot redeem its investments until an additional \$500 has been received from other investors with respect to the same class of units. Refer to Note 8 for the investment in units of the Fund held by the Manager as at September 30, 2023 and September 30, 2022, where applicable.

### **(g) Other related party transactions**

From time to time, the Manager may on behalf of the Fund, enter into transactions or arrangements with or involving subsidiaries and affiliates of Bank of Montreal, or certain other persons or companies that are related or connected to the Manager of the Fund. These transactions or arrangements may include transactions or arrangements with or involving subsidiaries and affiliates of Bank of Montreal, BMO Investments Inc., BMO Nesbitt Burns Inc., BMO Asset Management Corp., BMO Private Investment Counsel Inc., BMO Asset Management Inc., BMO InvestorLine Inc., BMO Trust Company, BMO Capital Markets Corp., or other investment funds offered by Bank of Montreal, and may involve the purchase or sale of portfolio securities through or from subsidiaries or affiliates of Bank of Montreal, the purchase or sale of

securities issued or guaranteed by subsidiaries or affiliates of Bank of Montreal, the purchase or redemption of units or shares of other Bank of Montreal investment funds or the provision of services to the Manager.

## **7. Financial instruments risks**

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

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

Where the Fund invests in other investment fund(s), it may be indirectly exposed to the financial risks of the underlying fund(s), depending on the investment objectives and the type of securities held by the underlying fund(s). The decision to buy or sell an underlying fund is based on the investment guidelines and positions, rather than the exposure of the underlying fund(s).

### **(a) Currency risk**

Currency risk is the risk that the fair value of financial instruments denominated in currencies, other than the functional currency of the Fund, will fluctuate due to changes in foreign exchange rates. Investments in foreign markets are exposed to currency risk as the prices denominated in foreign currencies are converted to the Fund's functional currency in determining fair value. The Fund may enter into forward currency contracts for hedging purposes to reduce foreign currency exposure or to establish exposure to foreign currencies. IFRS 7 considers the foreign exchange exposure relating to non-monetary assets and liabilities to be a component of market price risk not foreign currency risk. However, the Manager monitors the exposure on all foreign currency denominated assets and liabilities. The Fund's exposure to currency risk, if any, is further disclosed in Note 8.

# BMO World Bond Fund

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

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### **(b) Interest rate risk**

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

### **(c) Other market risk**

Other market risk is the risk that the fair value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in a market. Other assets and liabilities are monetary items that are short-term in nature, as such they are not subject to other market risk. The Fund's exposure to other market risk, if any, is further discussed in Note 8.

### **(d) Credit risk**

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

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

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

The Fund's exposure to liquidity risk is concentrated in the daily cash redemptions of units, and other liabilities. The Fund primarily invests in securities that

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

# BMO World Bond Fund

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### 8. Fund specific information

#### (a) Fund and Series information and change in units

The Fund is authorized to issue an unlimited number of units in each of Series A Units, 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. On March 28, 2022, 98.64% of the total NAV of the Series D Units were switched to the Series F Units. As at the close of business on September 18, 2023, Series D Units were switched to Advisor Series Units.

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

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

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

For the periods ended (in thousands of units)	Sep. 30, 2023	Sep. 30, 2022
<b>Series A Units</b>		
Units issued and outstanding, beginning of period	12,714	12,656
Issued	2,334	844
Issued on reinvestment of distributions	371	844
Redeemed during the period	(1,808)	(1,630)
Units issued and outstanding, end of period	13,611	12,714
<b>Advisor Series Units</b>		
Units issued and outstanding, beginning of period	606	695
Issued	33	27
Issued on reinvestment of distributions	17	41
Redeemed during the period	(91)	(157)
Units issued and outstanding, end of period	565	606
<b>Series F Units</b>		
Units issued and outstanding, beginning of period	2,148	1,931
Issued	594	876
Issued on reinvestment of distributions	59	94
Redeemed during the period	(830)	(753)
Units issued and outstanding, end of period	1,971	2,148
<b>Series D Units</b>		
Units issued and outstanding, beginning of period	3	250
Issued	—	4
Issued on reinvestment of distributions	0	14
Redeemed during the period	(3)	(265)
Units issued and outstanding, end of period	—	3

# BMO World Bond Fund

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

(All amounts in thousands of Canadian dollars, except per unit data)  
September 30, 2023

For the periods ended (in thousands of units)	Sep. 30, 2023	Sep. 30, 2022
<b>Series I Units</b>		
Units issued and outstanding, beginning of period	5,313	4,724
Issued	3,578	927
Issued on reinvestment of distributions	285	176
Redeemed during the period	(274)	(514)
Units issued and outstanding, end of period	8,902	5,313

### Classic Series Units

Units issued and outstanding, beginning of period	43	80
Issued on reinvestment of distributions	—	4
Redeemed during the period	—	(41)
Units issued and outstanding, end of period	43	43

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

As at September 30, 2023 and September 30, 2022, 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	Sep. 30, 2023	Sep. 30, 2022
<b>Series A Units</b>		
Decrease in net assets attributable to holders of redeemable units	(1,321)	(14,778)
Weighted average units outstanding during the period (in thousands of units)	12,833	12,798
Decrease in net assets attributable to holders of redeemable units per unit	(0.10)	(1.15)

For the periods ended	Sep. 30, 2023	Sep. 30, 2022
<b>Advisor Series Units</b>		
Decrease in net assets attributable to holders of redeemable units	(41)	(681)
Weighted average units outstanding during the period (in thousands of units)	591	647
Decrease in net assets attributable to holders of redeemable units per unit	(0.07)	(1.05)

### Series F Units

Increase (decrease) in net assets attributable to holders of redeemable units	116	(2,432)
Weighted average units outstanding during the period (in thousands of units)	1,992	2,120
Increase (decrease) in net assets attributable to holders of redeemable units per unit	0.06	(1.15)

### Series D Units

Increase (decrease) in net assets attributable to holders of redeemable units	0	(120)
Weighted average units outstanding during the period (in thousands of units)	3	122
Increase (decrease) in net assets attributable to holders of redeemable units per unit	0.02	(0.98)

### Series I Units

Increase (decrease) in net assets attributable to holders of redeemable units	59	(5,332)
Weighted average units outstanding during the period (in thousands of units)	7,445	4,966
Increase (decrease) in net assets attributable to holders of redeemable units per unit	0.01	(1.07)

### Classic Series Units

Decrease in net assets attributable to holders of redeemable units	(2)	(67)
Weighted average units outstanding during the period (in thousands of units)	43	62
Decrease in net assets attributable to holders of redeemable units per unit	(0.03)	(1.07)

### (d) Income taxes

As at the tax year-ended December 15, 2022, the Fund had the following capital and non-capital losses available for income tax purposes:

# BMO World Bond Fund

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

(All amounts in thousands of Canadian dollars, except per unit data)  
September 30, 2023

Total Capital Losses (\$)	Total Non-Capital Losses (\$)	Non-Capital Losses That Expire in		2030 and thereafter (\$)
		2028 (\$)	2029 (\$)	
5,884	—	—	—	—

### (e) Related party transactions

#### Management fees and administration fees

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

Series	Management Fees (%)	Fixed Administration Fees (%)
	Series A Units	1.750
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 September 30, 2023 amounted to \$188 (September 30, 2022 — \$17).

The outstanding accrued fixed administration fees due to the Manager are included in “Accrued expenses” in the Statement of Financial Position and as at September 30, 2023 amounted to \$36 (September 30, 2022 — \$3).

#### 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 September 30, 2023 and September 30, 2022.

### Units held by the Manager

The Manager held the following units of the Fund:

#### As at Sep. 30, 2023

Series	Number of Units	Value of Units (\$)
Advisor Series Units	131	1
Series I Units	14	0

#### As at Sep. 30, 2022

Series	Number of Units	Value of Units (\$)
Series D Units	120	1
Series I Units	14	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 Sep. 30, 2023

Currencies	Cash and other current & payables (\$)	Invest- ments (monetary & non- monetary) (\$)	Forward currency contracts (\$)	Net currency exposure (\$)	As a % of Net Assets (%)
Australian Dollar	38	3,543	(3,603)	(22)	(0.0)
Chinese Yuan Renminbi (onshore)	109	10,386	(10,651)	(156)	(0.1)
Euro	1,556	41,111	(41,524)	1,143	0.5
Japanese Yen	15	8,725	(8,746)	(6)	(0.0)

# BMO World Bond Fund

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

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

September 30, 2023

### As at Sep. 30, 2023

Currencies	Cash and other current receivables & payables (\$)	Investments (monetary & non-monetary) (\$)	Forward currency contracts (\$)	Net currency exposure (\$)	As a % of Net Assets (%)
Mexican Peso	266	9,169	(9,286)	149	0.1
New Zealand Dollar	(13,861)	20,512	(20,678)	(14,027)	(6.6)
Norwegian Krone	0	—	—	0	0.0
Pound Sterling	2,742	22,174	(25,105)	(189)	(0.1)
Singapore Dollar	1	199	(199)	1	(0.0)
South African Rand	(3,600)	8,737	(5,155)	(18)	(0.0)
South Korean Won	11	855	(875)	(9)	(0.0)
Swedish Krona	0	—	—	0	0.0
Swiss Franc	7	635	(637)	5	0.0
U.S. Dollar	4,685	76,283	(82,889)	(1,921)	(0.9)
<b>Total</b>	<b>(8,031)</b>	<b>202,329</b>	<b>(209,348)</b>	<b>(15,050)</b>	<b>(7.1)</b>

### As at Sep. 30, 2022

Currencies	Cash and other current receivables & payables (\$)	Investments (monetary & non-monetary) (\$)	Forward currency contracts (\$)	Net currency exposure (\$)	As a % of Net Assets (%)
Australian Dollar	(1,589)	1,676	(1,658)	(1,571)	(0.9)
Chinese Yuan Renminbi (onshore)	736	13,578	(13,502)	812	0.5
Euro	156	38,215	(38,195)	176	0.1
Japanese Yen	25	13,419	(13,453)	(9)	(0.0)
Mexican Peso	94	6,592	(6,616)	70	0.0
Norwegian Krone	0	—	—	0	0.0
Pound Sterling	141	10,811	(10,852)	100	0.1

### As at Sep. 30, 2022

Currencies	Cash and other current receivables & payables (\$)	Investments (monetary & non-monetary) (\$)	Forward currency contracts (\$)	Net currency exposure (\$)	As a % of Net Assets (%)
Singapore Dollar	1	192	(194)	(1)	(0.0)
South African Rand	18	1,865	(1,889)	(6)	(0.0)
South Korean Won	12	2,071	(2,044)	39	0.0
Swedish Krona	0	—	—	0	0.0
Swiss Franc	7	877	(594)	290	0.2
U.S. Dollar	532	75,131	(82,792)	(7,129)	(4.0)
<b>Total</b>	<b>133</b>	<b>164,427</b>	<b>(171,789)</b>	<b>(7,229)</b>	<b>(4.0)</b>

As at September 30, 2023 and September 30, 2022, if the Canadian dollar had strengthened or weakened by 5% in relation to all foreign currencies, with all other variables held constant, the Net Assets of the Fund could possibly have decreased or increased, as applicable, by approximately \$753 (September 30, 2022 — \$361). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

As at September 30, 2023 and September 30, 2022, the Fund may have been indirectly exposed to currency risk, to the extent that the underlying fund invested in financial instruments that were denominated in a currency other than the functional currency of the Fund.

# BMO World Bond Fund

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

(All amounts in thousands of Canadian dollars, except per unit data)  
September 30, 2023

### 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 Sep. 30, 2023	Interest Rate Exposure as at Sep. 30, 2022
Less than one year	9,889	12,109
One to three years	36,088	51,701
Three to five years	46,420	23,265
Five to ten years	75,330	48,654
Greater than ten years	36,017	38,167
<b>Total</b>	<b>203,744</b>	<b>173,896</b>

As at September 30, 2023 and September 30, 2022, 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 decreased or increased, respectively, by approximately \$12,282 (September 30, 2022 — \$10,800). 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 September 30, 2023 and September 30, 2022, the Fund may have been indirectly exposed to interest rate risk, to the extent that the underlying fund invested in interest-bearing financial instruments.

### Other market risk

As at September 30, 2023 and September 30, 2022, the Fund did not have 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:

Credit Rating	As a % of Net Assets as at	
	Sep. 30, 2023	Sep. 30, 2022
AAA	39.5	37.3
AA	18.2	9.4
A	19.0	29.9

Credit Rating	As a % of Net Assets as at	
	Sep. 30, 2023	Sep. 30, 2022
BBB	15.0	18.6
BB	4.8	1.5
<b>Total</b>	<b>96.5</b>	<b>96.7</b>

As at September 30, 2023 and September 30, 2022, the Fund may have been indirectly exposed to 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 September 30, 2023 and September 30, 2022.

The table below is a reconciliation of the gross amount generated from securities lending transactions to the security lending revenue for the periods ended September 30, 2023 and September 30, 2022:

For the periods ended	Sep. 30, 2023		Sep. 30, 2022	
	Amount	% of Gross Securities Lending Revenue	Amount	% of Gross Securities Lending Revenue
Gross securities lending revenue	5	100.0	—	—
Withholding taxes	—	—	—	—
	5	100.0	—	—
Payment to securities lending agents	1	24.7	—	—
Net securities lending revenue	4	75.3	—	—

### Concentration risk

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

As at	Sep. 30, 2023	Sep. 30, 2022
<b>Bonds &amp; Debentures</b>		
Australia	1.9%	0.9%
Austria	2.9%	2.3%
Belgium	1.2%	1.7%
Bermuda	0.1%	—%

# BMO World Bond Fund

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

(All amounts in thousands of Canadian dollars, except per unit data)  
September 30, 2023

As at	Sep. 30, 2023	Sep. 30, 2022
Canada	3.3%	6.9%
Cayman Islands	0.3%	0.4%
Chile	—%	0.1%
China	6.1%	9.2%
Denmark	0.2%	0.2%
Finland	0.1%	0.1%
France	2.2%	2.3%
Germany	1.9%	4.8%
India	0.4%	0.4%
Japan	4.3%	7.8%
Luxembourg	0.6%	0.6%
Mexico	4.7%	4.5%
Netherlands	1.2%	2.2%
New Zealand	9.7%	—%
Norway	0.5%	0.9%
Peru	—%	0.3%
Portugal	—%	0.1%
Qatar	0.5%	0.6%
Romania	0.1%	0.1%
Saudi Arabia	0.1%	0.1%
Singapore	0.1%	0.1%
South Africa	4.2%	1.1%
South Korea	0.5%	1.3%
Spain	1.0%	1.8%
Supranational	2.5%	1.3%
Sweden	0.4%	0.8%
Switzerland	0.8%	1.3%
United Arab Emirates	1.0%	1.4%
United Kingdom	10.5%	4.7%
United States	33.1%	36.4%
<b>Holdings in Investment Funds</b>		
U.S. Fixed Income Funds	3.1%	3.7%
<b>Other Assets Less Liabilities</b>	0.5%	(0.4)%
	<b>100.0%</b>	<b>100.0%</b>

### (g) Fair value hierarchy

The Fund classifies its financial instruments into three levels based on the inputs used to value the financial instruments. Level 1 securities are valued based on quoted prices in active markets for identical securities. Level 2 securities are valued based on significant observable market inputs, such as quoted prices from similar securities and quoted prices in inactive markets or based on observable inputs to models. Level 3

securities are valued based on significant unobservable inputs that reflect the Manager's determination of assumptions that market participants might reasonably use in valuing the securities. The tables below show the relevant disclosure.

#### As at Sep. 30, 2023

Financial assets	Level 1	Level 2	Level 3	Total
Debt Securities	13,215	190,529	—	203,744
Investment Funds	6,502	—	—	6,502
Derivatives	—	165	—	165
<b>Total</b>	<b>19,717</b>	<b>190,694</b>	<b>—</b>	<b>210,411</b>

#### Financial liabilities

Derivatives	—	(1,408)	—	(1,408)
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#### As at Sep. 30, 2022

Financial assets	Level 1	Level 2	Level 3	Total
Debt Securities	14,072	159,824	—	173,896
Investment Funds	6,612	—	—	6,612
Derivatives	—	24	—	24
<b>Total</b>	<b>20,684</b>	<b>159,848</b>	<b>—</b>	<b>180,532</b>

#### Financial liabilities

Derivatives	—	(2,675)	—	(2,675)
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#### 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. Transfers of assets and liabilities between fair value hierarchy levels are recorded at their fair values as at the end of each reporting period, consistent with the date of the determination of fair value.

During the period from October 1, 2022 to September 30, 2023, \$1,871 of debt securities were transferred from Level 2 to Level 1 due to increased availability of quoted prices in the active market, and \$298 of debt securities were transferred from Level 1 to Level 2 due to reduced observability of the inputs used to value these securities.

During the period from October 1, 2021 to September 30, 2022, \$280 of debt securities were transferred from Level 2 to Level 1 due to increased availability of quoted prices in the active market, and

# BMO World Bond Fund

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

(All amounts in thousands of Canadian dollars, except per unit data)  
September 30, 2023

\$1,306 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 Sep. 30, 2023	Assets	Liabilities
Gross Amounts of Recognized Financial Assets (Liabilities)	165	(1,408)
Amounts Set-off in the Statement of Financial Position	—	—
Net Amounts Presented in the Statement of Financial Position	165	(1,408)
Related Amounts not Set-off in the Statement of Financial Position		
Financial Instrument	—	—
Cash Collateral Received (Pledged)	—	—
Net Amount	165	(1,408)

As at Sep. 30, 2022	Assets	Liabilities
Gross Amounts of Recognized Financial Assets (Liabilities)	24	(2,675)
Amounts Set-off in the Statement of Financial Position	—	—
Net Amounts Presented in the Statement of Financial Position	24	(2,675)
Related Amounts not Set-off in the Statement of Financial Position		
Financial Instrument	—	—
Cash Collateral Received (Pledged)	—	—
Net Amount	24	(2,675)

### (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 Sep. 30, 2023	Carrying amount (\$)	Carrying amount as a % of the underlying fund's Net Assets
<b>Securities</b>		
BMO Mid-Term US IG Corporate Bond Index ETF	6,502	0.2
CPPIB Capital Inc., Euro Medium Term Notes, Senior, Unsecured, 0.750% Feb 2, 2037	1,678	—
Florida Power & Light Company, First Mortgage Bonds, Secured, Callable, 4.050% Jun 1, 2042	866	—
<b>Total</b>	<b>9,046</b>	

As at Sep. 30, 2022	Carrying amount (\$)	Carrying amount as a % of the underlying fund's Net Assets
<b>Securities</b>		
BMO Mid-Term US IG Corporate Bond Index ETF	6,612	0.3
CPPIB Capital Inc., Euro Medium Term Notes, Senior, Unsecured, 0.750% Feb 2, 2037	1,639	—
Florida Power & Light Company, First Mortgage Bonds, Secured, Callable, 4.050% Jun 1, 2042	918	—
<b>Total</b>	<b>9,169</b>	

# Management's Responsibility for Financial Reporting

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The accompanying financial statements have been prepared by management of BMO Investments Inc. Management is responsible for the information and representations made in these financial statements. Management has maintained appropriate processes to ensure that relevant and reliable financial information is produced. The financial statements have been produced in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and include certain amounts that are based on estimates and judgements. The material accounting policy information which management believes are appropriate for the BMO Mutual Funds are described in Note 3 to the financial statements.

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

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

William Bamber,  
*Head, Investment Fund Manager Line of Business*  
BMO Investments Inc.  
December 5, 2023

Robert J. Schauer,  
*Chief Financial Officer*  
BMO Mutual Funds  
December 5, 2023

**BMO Investments Inc.**

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

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

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Mutual Funds