

BMO Mutual Funds 2022

Annual Financial Statements

September 30, 2022

BMO Sustainable Global Balanced Fund (formerly BMO Global Balanced Fund)

Independent Auditor's Report

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 Bond 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 Bond ETF Fund
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 FundSelect® Income Portfolio
BMO FundSelect® Balanced Portfolio
BMO FundSelect® Growth Portfolio
BMO FundSelect® Equity Growth Portfolio
BMO Fixed Income ETF Portfolio
BMO Income ETF Portfolio
BMO Conservative ETF Portfolio
BMO Balanced ETF Portfolio
BMO Growth ETF Portfolio
BMO Equity Growth ETF Portfolio
BMO World Bond Fund
BMO Emerging Markets Fund
BMO European Fund
BMO North American Dividend Fund

BMO U.S. Equity ETF Fund
BMO U.S. Equity Fund
BMO Global Dividend Fund
BMO International Equity ETF Fund
BMO Global Monthly Income Fund
BMO Preferred Share Fund
BMO Tactical Dividend ETF Fund
BMO Global Strategic Bond Fund
BMO U.S. High Yield Bond Fund
BMO Tactical Balanced ETF Fund
BMO Growth Opportunities Fund
BMO Global Equity Fund
BMO U.S. Equity Plus Fund
BMO U.S. Dollar Money Market Fund
BMO U.S. Dollar Equity Index Fund
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BMO U.S. Dollar Dividend Fund
BMO U.S. Dollar Balanced Fund
BMO Risk Reduction Equity Fund
BMO Risk Reduction Fixed Income Fund
BMO Covered Call Canadian Banks ETF Fund
BMO Covered Call Europe High Dividend ETF
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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
BMO Crossover Bond Fund
BMO Sustainable Global Multi-Sector Bond Fund
(formerly BMO Global Multi-Sector Bond Fund)
BMO U.S. Small Cap Fund
BMO Multi-Factor Equity Fund
BMO Concentrated U.S. Equity Fund
BMO Low Volatility Canadian Equity ETF Fund
BMO USD Balanced ETF Portfolio
BMO USD Conservative ETF Portfolio
BMO USD Income ETF Portfolio
BMO Target Education 2040 Portfolio
BMO Sustainable Income Portfolio
BMO Sustainable Conservative Portfolio
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BMO Sustainable Growth Portfolio
BMO Low Volatility U.S. Equity ETF Fund
BMO Sustainable Opportunities Canadian Equity
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BMO Sustainable Opportunities China Equity
Fund

BMO Sustainable Bond Fund
BMO Clean Energy ETF Fund
BMO Nasdaq 100 Equity ETF Fund
BMO SDG Engagement Global Equity Fund
BMO U.S. All Cap Equity Fund
BMO Brookfield Global Real Estate Tech Fund
BMO Brookfield Global Renewables
Infrastructure Fund
BMO U.S. Corporate Bond Fund
BMO Canadian Banks ETF Fund
BMO Global Enhanced Income Fund
BMO Global Quality ETF Fund

To the Shareholders of BMO Corporate
Class Inc. for the following funds
BMO Global Dividend Class
BMO Canadian Equity Class
BMO Global Equity Class
BMO Global Energy Class
BMO Dividend Class
BMO Greater China Class
BMO International Value Class
BMO Global Low Volatility ETF Class
BMO SelectClass® Income Portfolio
BMO SelectClass® Balanced Portfolio
BMO SelectClass® Growth Portfolio
BMO SelectClass® Equity Growth Portfolio
BMO Income ETF Portfolio Class
BMO Balanced ETF Portfolio Class
BMO Growth ETF Portfolio Class
BMO Equity Growth ETF Portfolio Class
BMO U.S. Equity Class
BMO Asian Growth and Income Class
(individually, a Fund)

Independent Auditor's Report

Our opinion

In our opinion, the accompanying September 30, 2022 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 or shares, as applicable, 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, which include significant accounting policies 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 2022 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

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 22, 2022

BMO Sustainable Global Balanced Fund

(formerly BMO Global Balanced Fund)

STATEMENT OF FINANCIAL POSITION

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

As at	September 30 2022	September 30 2021
ASSETS		
CURRENT ASSETS		
Cash	2,148	2,548
Investments		
Non-derivative financial assets	60,279	76,919
Derivative assets	1	206
Receivable for investments sold	1,001	—
Subscriptions receivable	31	418
Interest receivable	120	168
Dividends receivable	66	127
Total assets	63,646	80,386
LIABILITIES		
CURRENT LIABILITIES		
Payable for investments purchased	1	145
Redemptions payable	67	290
Derivative liabilities	381	7
Accrued expenses	9	12
Total liabilities	458	454
Net assets attributable to holders of redeemable units	63,188	79,932
Net assets attributable to holders of redeemable units		
Series A Units	34,861	51,291
Advisor Series Units	4,627	5,958
Series T6 Units	59	170
Series F Units	2,496	1,630
Series F6 Units	1	1
Series D Units	—	2,174
Series I Units	21,144	18,708
Net assets attributable to holders of redeemable units per unit		
Series A Units	\$ 9.96	\$ 13.83
Advisor Series Units	\$ 9.92	\$ 13.86
Series T6 Units	\$ 7.09	\$ 10.04
Series F Units	\$ 10.49	\$ 14.22
Series F6 Units	\$ 7.06	\$ 10.08
Series D Units	\$ —	\$ 14.23
Series I Units	\$ 10.60	\$ 14.29

STATEMENT OF COMPREHENSIVE INCOME

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

For the periods ended	September 30 2022	September 30 2021
INCOME		
Interest income	461	377
Dividend income	558	879
Other changes in fair value of investments and derivatives		
Net realized gain	1,931	4,498
Change in unrealized (depreciation) appreciation	(17,910)	795
Net (loss) gain in fair value of investments and derivatives	(14,960)	6,549
Securities lending revenue (note 8)	1	1
Foreign exchange loss	(2)	(9)
Total other loss	(1)	(8)
Total (loss) income	(14,961)	6,541
EXPENSES		
Management fees (note 6)	961	925
Fixed administration fees (note 6)	118	113
Independent review committee fees (note 6)	0	1
Withholding taxes	69	81
Interest expense	0	—
Fund facts fees	0	1
Unitholder reporting costs	2	1
Commissions and other portfolio transaction costs (note 6)	88	26
Operating expenses absorbed by the Manager (note 6)	(1)	(2)
Total expenses	1,237	1,146
(Decrease) increase in net assets attributable to holders of redeemable units	(16,198)	5,395
(Decrease) increase in net assets attributable to holders of redeemable units		
Series A Units	(9,906)	3,480
Advisor Series Units	(1,201)	492
Series T6 Units	(28)	(5)
Series F Units	(497)	122
Series F6 Units	(0)	0
Series D Units	(209)	165
Series I Units	(4,357)	1,141
(Decrease) increase in net assets attributable to holders of redeemable units per unit (note 8)		
Series A Units	(2.59)	1.11
Advisor Series Units	(2.56)	1.19
Series T6 Units	(1.94)	(1.32)
Series F Units	(2.45)	1.28
Series F6 Units	(2.35)	0.27
Series D Units	(1.31)	1.30
Series I Units	(2.46)	1.29

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

BMO Sustainable Global Balanced Fund

(formerly BMO Global Balanced 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 2022	September 30 2021	For the periods ended	September 30 2022	September 30 2021
Series A Units			Series T6 Units		
Net assets attributable to holders of redeemable units at beginning of period	51,291	33,937	Net assets attributable to holders of redeemable units at beginning of period	170	—
(Decrease) increase in net assets attributable to holders of redeemable units	(9,906)	3,480	Decrease in net assets attributable to holders of redeemable units	(28)	(5)
Distributions to holders of redeemable units from:			Distributions to holders of redeemable units from:		
Net realized gains on investments and derivatives	(5,300)	(451)	Net realized gains on investments and derivatives	(10)	—
Total distributions to holders of redeemable units	(5,300)	(451)	Return of capital	(9)	(1)
Redeemable unit transactions			Total distributions to holders of redeemable units		
Proceeds from redeemable units issued	6,298	20,419		(19)	(1)
Reinvestments of distributions to holders of redeemable units	5,232	435	Redeemable unit transactions		
Redemption of redeemable units	(12,754)	(6,529)	Proceeds from redeemable units issued	37	176
Net (decrease) increase from redeemable unit transactions	(1,224)	14,325	Reinvestments of distributions to holders of redeemable units	8	0
Net (decrease) increase in net assets attributable to holders of redeemable units	(16,430)	17,354	Redemption of redeemable units	(109)	—
Net assets attributable to holders of redeemable units at end of period	34,861	51,291	Net (decrease) increase from redeemable unit transactions	(64)	176
Advisor Series Units			Net (decrease) increase in net assets attributable to holders of redeemable units		
Net assets attributable to holders of redeemable units at beginning of period	5,958	4,866		(111)	170
(Decrease) increase in net assets attributable to holders of redeemable units	(1,201)	492	Net assets attributable to holders of redeemable units at end of period		
Distributions to holders of redeemable units from:				59	170
Net realized gains on investments and derivatives	(647)	(61)	Series F Units		
Total distributions to holders of redeemable units	(647)	(61)	Net assets attributable to holders of redeemable units at beginning of period	1,630	1,062
Redeemable unit transactions			(Decrease) increase in net assets attributable to holders of redeemable units	(497)	122
Proceeds from redeemable units issued	872	1,563	Distributions to holders of redeemable units from:		
Reinvestments of distributions to holders of redeemable units	647	61	Net realized gains on investments and derivatives	(173)	(14)
Redemption of redeemable units	(1,002)	(963)	Total distributions to holders of redeemable units	(173)	(14)
Net increase from redeemable unit transactions	517	661	Redeemable unit transactions		
Net (decrease) increase in net assets attributable to holders of redeemable units	(1,331)	1,092	Proceeds from redeemable units issued	2,558	477
Net assets attributable to holders of redeemable units at end of period	4,627	5,958	Reinvestments of distributions to holders of redeemable units	142	10
			Redemption of redeemable units	(1,164)	(27)
			Net increase from redeemable unit transactions	1,536	460
			Net increase in net assets attributable to holders of redeemable units	866	568
			Net assets attributable to holders of redeemable units at end of period	2,496	1,630

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

BMO Sustainable Global Balanced Fund

(formerly BMO Global Balanced 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 2022	September 30 2021	For the periods ended	September 30 2022	September 30 2021
Series F6 Units			Series I Units		
Net assets attributable to holders of redeemable units at beginning of period	1	—	Net assets attributable to holders of redeemable units at beginning of period	18,708	7,612
(Decrease) increase in net assets attributable to holders of redeemable units	(0)	0	(Decrease) increase in net assets attributable to holders of redeemable units	(4,357)	1,141
Distributions to holders of redeemable units from:			Distributions to holders of redeemable units from:		
Net realized gains on investments and derivatives	(0)	—	Net investment income	(186)	(74)
Return of capital	(0)	(0)	Net realized gains on investments and derivatives	(1,844)	(81)
Total distributions to holders of redeemable units	(0)	(0)	Return of capital	(0)	(0)
Redeemable unit transactions			Total distributions to holders of redeemable units	(2,030)	(155)
Proceeds from redeemable units issued	3	1	Redeemable unit transactions		
Reinvestments of distributions to holders of redeemable units	0	0	Proceeds from redeemable units issued	8,043	10,205
Redemption of redeemable units	(3)	—	Reinvestments of distributions to holders of redeemable units	2,030	155
Net increase from redeemable unit transactions	—	1	Redemption of redeemable units	(1,250)	(250)
Net (decrease) increase in net assets attributable to holders of redeemable units	(0)	1	Net increase from redeemable unit transactions	8,823	10,110
Net assets attributable to holders of redeemable units at end of period	1	1	Net increase in net assets attributable to holders of redeemable units	2,436	11,096
			Net assets attributable to holders of redeemable units at end of period	21,144	18,708
Series D Units			Total Fund		
Net assets attributable to holders of redeemable units at beginning of period	2,174	1,680	Net assets attributable to holders of redeemable units at beginning of period	79,932	49,157
(Decrease) increase in net assets attributable to holders of redeemable units	(209)	165	(Decrease) increase in net assets attributable to holders of redeemable units	(16,198)	5,395
Distributions to holders of redeemable units from:			Distributions to holders of redeemable units from:		
Net realized gains on investments and derivatives	(224)	(24)	Net investment income	(186)	(74)
Total distributions to holders of redeemable units	(224)	(24)	Net realized gains on investments and derivatives	(8,198)	(631)
Redeemable unit transactions			Return of capital	(9)	(1)
Proceeds from redeemable units issued	113	845	Total distributions to holders of redeemable units	(8,393)	(706)
Reinvestments of distributions to holders of redeemable units	215	24	Redeemable unit transactions		
Redemption of redeemable units	(2,069)	(516)	Proceeds from redeemable units issued	17,924	33,686
Net (decrease) increase from redeemable unit transactions	(1,741)	353	Reinvestments of distributions to holders of redeemable units	8,274	685
Net (decrease) increase in net assets attributable to holders of redeemable units	(2,174)	494	Redemption of redeemable units	(18,351)	(8,285)
Net assets attributable to holders of redeemable units at end of period	—	2,174	Net increase from redeemable unit transactions	7,847	26,086
			Net (decrease) increase in net assets attributable to holders of redeemable units	(16,744)	30,775
			Net assets attributable to holders of redeemable units at end of period	63,188	79,932

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

BMO Sustainable Global Balanced Fund

(formerly BMO Global Balanced Fund)

STATEMENT OF CASH FLOWS

(All amounts in thousands of Canadian dollars)

For the periods ended	September 30 2022	September 30 2021
Cash flows from operating activities		
(Decrease) increase in net assets attributable to holders of redeemable units	(16,198)	5,395
Adjustments for:		
Foreign exchange gain on cash	(0)	(0)
Net realized gain on sale of investments and derivatives	(1,931)	(4,498)
Change in unrealized depreciation (appreciation) of investments and derivatives	17,910	(795)
Decrease (increase) in interest receivable	48	(65)
Decrease (increase) in dividends receivable	61	(53)
(Decrease) increase in accrued expenses	(3)	5
Amortization of premium and discounts	48	77
Non-cash dividends	31	(55)
Purchases of investments	(89,579)	(58,367)
Proceeds from sale and maturity of investments	88,461	31,999
Cash inflows on derivatives	1,134	993
Net cash used in operating activities	(18)	(25,364)
Cash flows from financing activities		
Distributions paid to holders of redeemable units, net of reinvested distributions	(119)	(21)
Proceeds from issuances of redeemable units ⁺	16,061	33,036
Amounts paid on redemption of redeemable units ⁺	(16,324)	(7,751)
Net cash (used in) from financing activities	(382)	25,264
Foreign exchange gain on cash	0	0
Net decrease in cash	(400)	(100)
Cash at beginning of period	2,548	2,648
Cash at end of period	2,148	2,548
Supplementary Information		
Interest received, net of withholding taxes [*]	557	389
Dividends received, net of withholding taxes [*]	582	690
Interest expense paid [*]	0	—

⁺ Excludes switches between series, as applicable.

^{*} These items are from operating activities.

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

BMO Sustainable Global Balanced Fund

(formerly BMO Global Balanced Fund)

SCHEDULE OF INVESTMENT PORTFOLIO (cont'd)

As at September 30, 2022 (All amounts in thousands of Canadian dollars, unless otherwise noted)

	Par Value (in thousands)	Cost (\$)	Fair Value (\$)		Par Value (in thousands)	Cost (\$)	Fair Value (\$)
Mexico — 1.9%							
United Mexican States, Series M, Senior, Unsecured, 5.750% Mar 5, 2026	MXN 14,500	875	877	Cellnex Finance Company S.A., Euro Medium Term Notes, Senior, Unsecured, Callable, 1.500% Jun 8, 2028	EUR 100	147	106
United Mexican States, Senior, Unsecured, Notes, Callable, 2.250% Aug 12, 2036	EUR 100	147	88	Kingdom of Spain, Senior, Unsecured, 0.850% Jul 30, 2037	EUR 24	36	22
United Mexican States, Series M, Senior, Unsecured, 8.000% Nov 7, 2047	MXN 4,500	321	261	Kingdom of Spain, Senior, Unsecured, 3.450% Jul 30, 2043	EUR 29	38	38
		1,343	1,226	Kingdom of Spain, Series 30Y, Senior, Unsecured, 2.700% Oct 31, 2048	EUR 70	145	81
Netherlands — 0.8%							
ABN AMRO Bank N.V., Euro Medium Term Notes, Senior, Unsecured, 2.500% Nov 29, 2023	EUR 40	56	54	Santander Consumer Finance SA, Euro Medium Term Notes, Senior, Unsecured, 0.375% Jan 17, 2025	EUR 100	151	126
Digital Intrepid Holding B.V., Senior, Unsecured, Notes, Callable, 1.375% Jul 18, 2032	EUR 100	142	91			667	502
Government of Netherlands, Unsecured, 0.500% Jul 15, 2032	EUR 70	100	79	Supranational — 1.1%			
Kingdom of the Netherlands, Unsecured, Jul 15, 2031	EUR 2	3	2	Africa Finance Corporation, Senior, Unsecured, Notes, 3.125% Jun 16, 2025	USD 200	267	251
Kingdom of the Netherlands, Unsecured, 4.000% Jan 15, 2037	EUR 70	157	110	European Investment Bank, Euro Medium Term Notes, Senior, Unsecured, Floating Rate, 2.545% Jun 29, 2023	GBP 185	326	286
Toyota Motor Finance (Netherlands) B.V., Euro Medium Term Notes, Senior, Unsecured, 1.375% May 23, 2023	GBP 100	172	151	European Investment Bank, Euro Medium Term Notes, Senior, Unsecured, 2.125% Jan 15, 2024	EUR 75	108	102
		630	487	European Union, Euro Medium Term Notes, Senior, Unsecured, 0.750% Jan 4, 2047	EUR 50	76	42
Portugal — 0.1%							
Government of Portugal, Unsecured, 0.700% Oct 15, 2027	EUR 49	76	61			777	681
Qatar — 0.4%							
State of Qatar, Senior, Unsecured, 3.375% Mar 14, 2024	USD 200	269	270	Sweden — 0.4%			
South Africa — 0.4%							
Republic of South Africa, Series 2032, Senior, Unsecured, 8.250% Mar 31, 2032	ZAR 1	0	0	Skandinaviska Enskilda Banken AB, Euro Medium Term Notes, Senior, Preferred, 0.050% Jul 1, 2024	EUR 100	150	129
Republic of South Africa, Series 2048, Senior, Unsecured, 8.750% Feb 28, 2048	ZAR 4,533	310	261	Swedbank AB, Global Medium Term Notes, Senior, Unsecured, 1.300% Feb 17, 2027	EUR 100	145	119
		310	261			295	248
South Korea — 0.6%							
Korea Development Bank, The, Global Medium Term Notes, Senior, Unsecured, 1.750% Dec 15, 2022	GBP 100	170	153	Switzerland — 0.6%			
KT Corporation, Senior, Unsecured, Notes, 1.375% Jan 21, 2027	USD 200	249	237	Swiss Confederation Government Bond, Unsecured, 0.500% May 27, 2030	CHF 75	118	101
		419	390	UBS AG, Senior, Unsecured, Notes, 0.375% Jun 1, 2023	USD 200	241	268
Spain — 0.8%							
Banco Santander, S.A., Euro Medium Term Notes, Senior, Unsecured, 0.250% Jun 19, 2024	EUR 100	150	129			359	369
United Arab Emirates — 1.0%							
DP World Limited, Senior, Unsecured, Notes, 4.250% Sep 25, 2030	GBP 100	191	144	Emirate of Abu Dhabi, Senior, Unsecured, Notes, 1.625% Jun 2, 2028	USD 200	241	234
Emirates Telecommunications Group Company PJSC, Euro Medium Term Notes, Senior, Unsecured, Callable, 0.375% May 17, 2028	EUR 100	143	114	First Abu Dhabi Bank P.J.S.C., Euro Medium Term Notes, Senior, Unsecured, 1.125% Sep 7, 2026	GBP 100	173	126
		748	618				

BMO Sustainable Global Balanced Fund

(formerly BMO Global Balanced Fund)

SCHEDULE OF INVESTMENT PORTFOLIO (cont'd)

As at September 30, 2022 (All amounts in thousands of Canadian dollars, unless otherwise noted)

	Par Value (in thousands)	Cost (\$)	Fair Value (\$)		Par Value (in thousands)	Cost (\$)	Fair Value (\$)
United Kingdom — 2.1%							
Barclays PLC, Euro Medium Term Notes, Senior, Unsecured, 3.000% May 8, 2026	GBP 100	180	132	Broadcom Inc., Series 144A, Senior, Unsecured, Notes, Callable, 3.137% Nov 15, 2035	USD 16	20	15
British Telecommunications PLC, Euro Medium Term Notes, Senior, Unsecured, Callable, 0.500% Sep 12, 2025	EUR 100	152	124	Citigroup Inc., Senior, Unsecured, Notes, Callable, 2.750% Jan 24, 2024	GBP 100	176	148
Lloyds TSB Bank plc, Series 4133, Euro Medium Term Notes, Senior, Unsecured, 6.500% Sep 17, 2040	GBP 15	42	25	Citigroup Inc., Senior, Unsecured, Notes, 3.300% Apr 27, 2025	USD 14	17	18
Medtronic Global Holdings S.C.A., Series 0000, Senior, Unsecured, Notes, Callable, 0.250% Jul 2, 2025	EUR 100	149	125	Citigroup Inc., Senior, Unsecured, Notes, Callable, 1.462% Jun 9, 2027	USD 139	167	164
Motability Operations Group plc, Euro Medium Term Notes, Senior, Unsecured, 0.375% Jan 3, 2026	EUR 100	149	123	Dell International LLC/EMC Corp., Senior, Secured, Notes, Callable, 4.000% Jul 15, 2024	USD 100	134	135
Standard Chartered PLC, Series 144A, Fixed to Floating, Senior, Unsecured, Notes, Callable, 3.785% May 21, 2025	USD 200	269	265	Fidelity National Information Services, Inc., Senior, Unsecured, Notes, Callable, 0.750% May 21, 2023	EUR 100	151	134
Tesco Corporate Treasury Services PLC, Euro Medium Term Notes, Senior, Unsecured, 2.500% Jul 1, 2024	EUR 100	156	132	Fox Corporation, Senior, Unsecured, Notes, Callable, 4.030% Jan 25, 2024	USD 69	92	94
United Kingdom Treasury Gilt, Unsecured, 1.500% Jul 22, 2047	GBP 236	408	228	General Electric Capital Corporation, Euro Medium Term Notes, Subordinated, 4.125% Sep 19, 2035	EUR 16	26	21
Yorkshire Building Society, Euro Medium Term Notes, Senior, Unsecured, 0.500% Jul 1, 2028	EUR 156	229	169	General Motors Company, Senior, Unsecured, Notes, Callable, 6.600% Apr 1, 2036	USD 20	28	26
		1,734	1,323	General Motors Financial Company, Inc., Unsecured, Notes, Callable, 4.350% Apr 9, 2025	USD 30	39	40
				General Motors Financial Company, Inc., Euro Medium Term Notes, Senior, Unsecured, Callable, 2.350% Sep 3, 2025	GBP 100	178	135
United States — 17.3%							
AbbVie Inc., Senior, Unsecured, Notes, 2.300% Nov 21, 2022	USD 60	79	83	Goldman Sachs Group, Inc., The, Euro Medium Term Notes, Senior, Unsecured, 2.000% Jul 27, 2023	EUR 17	24	23
Ally Financial Inc., Senior, Unsecured, Notes, Callable, 1.450% Oct 2, 2023	USD 75	98	100	Goldman Sachs Group, Inc., The, Euro Medium Term Notes, Senior, Unsecured, Callable, 1.375% May 15, 2024	EUR 22	33	29
Apple Inc., Series MPLE, Senior, Unsecured, Notes, Callable, 2.513% Aug 19, 2024	75	76	72	Goldman Sachs Group, Inc., The, Senior, Unsecured, Notes, Callable, 3.750% May 22, 2025	USD 20	25	26
Apple Inc., Senior, Unsecured, Notes, 3.200% May 13, 2025	USD 22	26	29	JPMorgan Chase & Co., Senior, Unsecured, Notes, 5.400% Jan 6, 2042	USD 55	85	70
Apple Inc., Senior, Unsecured, Notes, Callable, 0.875% May 24, 2025	EUR 100	147	129	KeySpan Gas East Corporation, Unsecured, Notes, Callable, 2.742% Aug 15, 2026	USD 9	12	11
Apple Inc., Senior, Unsecured, Notes, 3.450% Feb 9, 2045	USD 15	19	16	Metropolitan Life Global Funding I, Senior, Secured, Notes, 0.375% Apr 9, 2024	EUR 100	149	130
Astrazeneca Finance LLC, Senior, Unsecured, Notes, Callable, 1.200% May 28, 2026	USD 79	95	96	Microsoft Corporation, Senior, Unsecured, Notes, Callable, 3.500% Feb 12, 2035	USD 18	22	22
AT&T Inc., Senior, Unsecured, Notes, Callable, 4.300% Feb 15, 2030	USD 50	68	63	Microsoft Corporation, Senior, Unsecured, Notes, Callable, 4.100% Feb 6, 2037	USD 9	12	12
AT&T Inc., Senior, Unsecured, Notes, Callable, 2.550% Dec 1, 2033	USD 42	49	43	Microsoft Corporation, Senior, Unsecured, Notes, Callable, 2.525% Jun 1, 2050	USD 5	5	5
AT&T Inc., Senior, Unsecured, Notes, Callable, 3.550% Sep 15, 2055	USD 8	8	7	Morgan Stanley, Unsecured, Notes, Subordinated, 4.875% Nov 1, 2022	USD 40	50	55
Berkshire Hathaway Inc., Senior, Unsecured, Notes, Callable, 3.125% Mar 15, 2026	USD 18	24	24	Morgan Stanley, Global Medium Term Notes, Senior, Unsecured, 3.875% Jan 27, 2026	USD 54	76	71
Booking Holdings Inc., Senior, Unsecured, Notes, Callable, 3.600% Jun 1, 2026	USD 50	65	66	Omnicom Group Inc., Senior, Unsecured, Notes, Callable, 3.650% Nov 1, 2024	USD 10	11	14
Bristol-Myers Squibb Company, Senior, Unsecured, Notes, Callable, 0.750% Nov 13, 2025	USD 37	48	45	PayPal Holdings, Inc., Senior, Unsecured, Notes, Callable, 2.400% Oct 1, 2024	USD 37	49	49

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SCHEDULE OF INVESTMENT PORTFOLIO (cont'd)

As at September 30, 2022 (All amounts in thousands of Canadian dollars, unless otherwise noted)

	Par Value (in thousands)	Cost (\$)	Fair Value (\$)		Number of Shares or Units	Cost* (\$)	Fair Value (\$)
Toyota Motor Credit Corporation, Senior, Unsecured, Notes, 3.050% Mar 22, 2027	USD 38	48	49				
United States Treasury Bonds, 1.250% Aug 15, 2031	USD 839	930	937				
United States Treasury Bonds, 5.000% May 15, 2037	USD 171	267	268				
United States Treasury Bonds, 1.375% Nov 15, 2040	USD 573	579	511				
United States Treasury Bonds, 3.000% Feb 15, 2048	USD 71	95	83				
United States Treasury Bonds, 2.875% May 15, 2049	USD 91	132	105				
United States Treasury Bonds, 2.250% Aug 15, 2049	USD 331	476	334				
United States Treasury Bonds, 1.250% May 15, 2050	USD 480	399	371				
United States Treasury Notes, 1.375% Jun 30, 2023	USD 420	543	568				
United States Treasury Notes, 0.375% Apr 30, 2025	USD 169	205	211				
United States Treasury Notes, 2.000% Aug 15, 2025	USD 1,313	1,704	1,704				
United States Treasury Notes, 0.500% Oct 31, 2027	USD 600	683	693				
United States Treasury Notes, 0.625% Aug 15, 2030	USD 2,548	2,981	2,758				
Wells Fargo & Company, Series N, Medium Term Notes, Senior, Unsecured, 3.550% Sep 29, 2025	USD 11	15	14				
Wells Fargo & Company, Euro Medium Term Notes, Senior, Unsecured, 2.500% May 2, 2029	GBP 100	174	119				
		11,614	10,945				
Total Bonds & Debentures — 39.2%		28,198	24,755				
	Number of Shares or Units	Cost* (\$)	Fair Value (\$)				
EQUITIES							
Australia — 1.6%							
CSL Limited	4,109	1,102	1,029				
Canada — 1.2%							
Descartes Systems Group Inc., The	8,768	932	769				
Denmark — 1.5%							
Orsted A/S	4,243	667	466				
Vestas Wind Systems A/S	19,654	797	498				
		1,464	964				
France — 0.9%							
Schneider Electric SE	3,698	844	573				
Germany — 0.6%							
Infineon Technologies AG	12,483	610	382				
India — 1.9%							
HDFC Bank Limited, ADR	14,733	1,297	1,189				
Ireland — 1.8%							
Kerry Group Public Limited Company, A Shares	5,689	925	698				
Smurfit Kappa Group plc	11,065	724	432				
		1,649	1,130				
Japan — 5.0%							
HOYA Corporation	5,600	1,064	744				
Keyence Corporation	1,900	1,421	871				
Murata Manufacturing Co., Ltd.	7,700	743	489				
Shimadzu Corp.	16,500	810	593				
Shimano Inc.	2,100	730	457				
		4,768	3,154				
Netherlands — 1.8%							
Koninklijke DSM N.V.	2,917	792	457				
Wolters Kluwer N.V.	5,257	744	707				
		1,536	1,164				
Switzerland — 1.1%							
UBS Group AG	33,108	841	661				
Taiwan — 1.1%							
Taiwan Semiconductor Manufacturing Company, Ltd., ADR	7,206	1,097	683				
United Kingdom — 4.7%							
AstraZeneca PLC	5,763	856	875				
Linde Public Limited Company	4,160	1,711	1,549				
Prudential plc	41,300	955	561				
		3,522	2,985				
United States — 33.0%							
Acuity Brands, Inc.	4,190	1,100	911				
Americold Realty Trust, Inc.	20,082	802	682				
Aptiv PLC	5,475	1,140	591				
Autodesk, Inc.	3,906	1,442	1,008				
Crown Castle Inc.	4,741	1,107	947				
CVS Health Corporation	9,622	1,182	1,268				
Eli Lilly and Company	1,848	750	825				
Humana Inc.	1,828	1,008	1,225				
Intercontinental Exchange, Inc.	7,973	1,312	995				
International Flavors & Fragrances Inc.	6,409	1,166	804				
Mastercard Incorporated, Class A	2,910	1,273	1,143				
Mettler-Toledo International Inc.	649	1,256	972				
Motorola Solutions, Inc.	4,485	1,432	1,388				
NetApp, Inc.	12,114	1,290	1,035				
NortonLifeLock Inc.	33,054	1,145	920				
PayPal Holdings, Inc.	5,880	1,048	699				

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SCHEDULE OF INVESTMENT PORTFOLIO (cont'd)

As at September 30, 2022 (All amounts in thousands of Canadian dollars, unless otherwise noted)

	Number of Shares or Units	Cost* (\$)	Fair Value (\$)
Roper Technologies, Inc.	1,781	1,094	885
SVB Financial Group	1,466	1,286	680
Thermo Fisher Scientific Inc.	1,939	1,542	1,358
Trimble Inc.	7,189	624	539
Verisk Analytics, Inc., Class A	3,927	1,115	925
Xylem Inc.	8,623	1,333	1,041
		25,447	20,841
Total Equities — 56.2%		45,109	35,524
Total Investment Portfolio — 95.4%		73,307	60,279
Total Unrealized Gain on Forward Currency Contracts — 0.0%			1
Total Unrealized Loss on Forward Currency Contracts — (0.6)%			(381)
Other Assets Less Liabilities — 5.2%			3,289
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS — 100.0%			63,188

* Where applicable, distributions received from holdings as a return of capital are used to reduce the adjusted cost base of the securities in the portfolio.

UNREALIZED GAIN ON FORWARD CURRENCY CONTRACTS

Settlement Date	Currency Buy	Position (000s)	Currency Sell	Position (000s)	Contract Rate	Counterparty	Credit Rating**	Unrealized Gain
31-Oct-22	CAD	265	ZAR	(3,471)	0.0763	Canadian Imperial Bank of Commerce	A-1	1
Total Unrealized Gain on Forward Currency Contracts								1

UNREALIZED LOSS ON FORWARD CURRENCY CONTRACTS

Settlement Date	Currency Buy	Position (000s)	Currency Sell	Position (000s)	Contract Rate	Counterparty	Credit Rating**	Unrealized Loss
31-Oct-22	CAD	2,972	EUR	(2,244)	1.3242	Royal Bank of Canada	A-1+	(72)
31-Oct-22	CAD	2,972	EUR	(2,244)	1.3243	Barclays Bank PLC	A-1	(72)
31-Oct-22	CAD	5,579	USD	(4,076)	1.3686	Canadian Imperial Bank of Commerce	A-1	(53)
31-Oct-22	CAD	5,581	USD	(4,077)	1.3689	Bank of Montreal	A-1	(51)
31-Oct-22	CAD	1,044	GBP	(705)	1.4807	HSBC Bank PLC	A-1	(44)
31-Oct-22	CAD	1,044	GBP	(705)	1.4806	JPMorgan Securities PLC	A-1	(44)
31-Oct-22	CAD	1,118	MXN	(16,685)	0.0670	Bank of Montreal	A-1	(21)
31-Oct-22	CAD	2,415	JPY	(254,097)	0.0095	Bank of Montreal	A-1	(16)
31-Oct-22	CAD	797	USD	(582)	1.3704	Canadian Imperial Bank of Commerce	A-1	(7)
31-Oct-22	CAD	98	CHF	(71)	1.3914	Bank of Montreal	A-1	(1)
Total Unrealized Loss on Forward Currency Contracts								(381)

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

BMO Sustainable Global Balanced Fund

(formerly BMO Global Balanced Fund)

NOTES TO THE FINANCIAL STATEMENTS

(All amounts in thousands of Canadian dollars, except per unit data)
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1. The Fund

BMO Sustainable Global Balanced Fund (the “Fund”) is an open-ended mutual fund established under the laws of the province of Ontario by Declaration of Trust. The Master Declaration of Trust was amended on October 23, 2008 and November 3, 2009 to permit certain Funds to offer a multi-series structure. In addition to the existing Series A Units, certain Funds are permitted to offer Series A Hedged Units, Advisor Series Units, Advisor Series Hedged Units, ETF Series Units, Series T4 Units, Series T5 Units, Series T6 Units, Series T8 Units, Series M Units, Series F Units, Series F Hedged Units, Series F2 Units, Series F4 Units, Series F6 Units, Series D Units, Series G Units, Series I Units, Series N Units, Series NBA Units, Series O Units, Series L Units, Series R Units, Series S Units and/or Classic Series Units. Each series is intended for different kinds of investors and has different management fees and fixed administration fees. Refer to Note 8 for the series issued for this Fund as well as the management and administration fee rates for each series.

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

The Statement of Financial Position and related notes for the Fund are as at September 30, 2022 and September 30, 2021, 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, 2022 and September 30, 2021, 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 2022 or 2021, the term “period” represents a full year.

These financial statements were authorized for issuance by the Board of Directors of the Manager on December 8, 2022.

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. Summary of significant accounting policies 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 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

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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.

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

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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 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.

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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, mortgage bankers, commercial banks and others.

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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 (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, 2022 and September 30, 2021 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.

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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 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

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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

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

6. Related party transactions

(a) Management fees

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

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

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

(b) Fixed administration fees

The Manager pays certain operating expenses of each Fund except for BMO Ascent Income Portfolio, BMO Ascent Conservative Portfolio, BMO Ascent Balanced Portfolio, BMO Ascent Growth Portfolio, BMO Ascent Equity Growth Portfolio, BMO FundSelect Balanced Portfolio (Series NBA only), BMO FundSelect Growth Portfolio (Series NBA only), BMO FundSelect Equity Growth Portfolio (Series NBA only), BMO Covered Call Canadian Banks ETF Fund, BMO Covered Call U.S. High Dividend ETF Fund, BMO Covered Call

Europe High Dividend ETF Fund, BMO Sustainable Opportunities Global Equity Fund, BMO Tactical Global Asset Allocation ETF Fund, BMO Tactical Global Growth ETF Fund, BMO Women in Leadership Fund, BMO International Equity Fund, BMO Japan Fund, BMO Covered Call Canada High Dividend ETF Fund, BMO Concentrated Global Equity Fund, BMO Crossover Bond Fund, BMO Sustainable Global Multi-Sector Bond Fund, BMO U.S. Small Cap Fund, BMO Multi-Factor Equity Fund, BMO SIA Focused Canadian Equity Fund, BMO SIA Focused North American Equity Fund, BMO Concentrated U.S. Equity Fund, BMO Low Volatility Canadian Equity ETF Fund, BMO Low Volatility U.S. Equity ETF Fund, BMO Clean Energy ETF Fund, BMO Global Enhanced Income Fund, BMO Nasdaq 100 Equity ETF Fund, BMO SDG Engagement Global Equity Fund, BMO Sustainable Balanced Portfolio, BMO Sustainable Bond Fund, BMO Sustainable Conservative Portfolio, BMO Sustainable Growth Portfolio, BMO Sustainable Income Portfolio, BMO Sustainable Opportunities Canadian Equity Fund, BMO Sustainable Opportunities China Equity Fund, BMO Target Education 2040 Portfolio, BMO U.S. All Cap Equity Fund and BMO U.S. Corporate Bond 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 except for BMO Brookfield Global Real Estate Tech Fund, BMO Brookfield Global Renewables Infrastructure Fund, BMO Canadian Banks ETF Fund and BMO Global Quality ETF Fund (the "Combined Expense Series"). 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

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

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

(d) Variable administration fees

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

(e) Commissions and other portfolio transaction costs

The Fund may execute trades with and through BMO Nesbitt Burns Inc., an affiliate of the Manager, based on established standard brokerage agreements at market prices. These fees are included in "Commissions and other portfolio transaction costs" in the Statement of Comprehensive Income. Refer to Note 8 for related party fees charged to the Fund during the period(s) ended September 30, 2022 and September 30, 2021, 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, 2022 and September 30, 2021, where applicable.

(g) Other related party transactions

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

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

On November 8, 2021, BMO Financial Group announced that it had completed the previously announced sale of the entities that represent its EMEA asset management business to Ameriprise Financial, Inc. As a result of the closing of this transaction, Columbia Threadneedle Management Limited (formerly BMO Asset Management Limited), BMO Global Asset Management (Asia) Limited, LGM Investments Limited and Pyrford International Limited are no longer subsidiaries or affiliates of Bank of Montreal or related or connected to the Manager.

On November 15, 2021, the Manager transferred to Columbia Management Investment Advisers, LLC, Ameriprise Financial's U.S. asset management business, the investment advisory mandates for certain BMO Mutual Funds or portions thereof sub-advised by Taplin, Canida & Habacht, LLC. On December 16, 2021, the Manager transferred to Columbia Management Investment Advisers, LLC the investment advisory mandates for certain BMO Mutual Funds or portions thereof sub-advised by BMO Asset Management Corp.

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

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type, geographic location and/or market segment. The Fund's risk management practice outlines the monitoring of compliance to investment guidelines.

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

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

(a) Currency risk

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

(b) Interest rate risk

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

(c) Other market risk

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

(d) Credit risk

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

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

(e) Liquidity risk

The Fund's exposure to liquidity risk is concentrated in the daily cash redemptions of units, and other liabilities. The Fund primarily invests in securities that are traded in active markets and can be readily disposed. In addition, the Fund retains sufficient cash positions to maintain liquidity. The Fund may, from time to time, enter into over-the-counter derivative contracts or invest in unlisted securities, which are not traded in an organized market and may be illiquid. Securities for which a market quotation could not be obtained and may be illiquid are identified in the Schedule of Investment Portfolio. The proportion of

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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.

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8. Fund specific information

(a) Fund and Series information, change in units and significant events

The Fund is authorized to issue an unlimited number of units in each of Series A Units, Advisor Series Units, Series T6 Units, Series F Units, Series F6 Units, Series D Units and Series I Units, which are redeemable at the unitholders' option.

Series	Inception Date
Series A Units	November 5, 2014
Advisor Series Units	November 5, 2014
Series T6 Units	May 26, 2021
Series F Units	November 5, 2014
Series F6 Units	May 26, 2021
Series D Units	November 5, 2014
Series I Units	November 5, 2014

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 T6 Units are suitable for investors holding these units outside of a registered plan. They are designed for investors who wish to receive a regular monthly distribution. The series will make monthly distributions based on 6% of the NAV per unit of the series as determined on December 31 of the prior year.

Series F Units and Series F6 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 F Units and Series F6 Units can only be purchased through dealers who have entered into an F Series agreement with the Manager and only with the Manager's prior approval. Series F6 Units are suitable for investors holding these units outside of a registered plan and are designed for investors who wish to receive a regular monthly distribution. Series F6 Units will make monthly distributions based on 6% of the NAV per unit of the series as determined on December 31 of the prior year.

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, 100.00% of the total NAV of the Series D Units were switched to the Series F Units and as a result the Series D Units were terminated.

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.

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, 2022	Sep. 30, 2021
Series A Units		
Units issued and outstanding, beginning of period	3,710	2,658
Issued	493	1,504
Issued on reinvestment of distributions	416	33
Redeemed during the period	(1,120)	(485)
Units issued and outstanding, end of period	3,499	3,710
Advisor Series Units		
Units issued and outstanding, beginning of period	430	381
Issued	71	115
Issued on reinvestment of distributions	52	5
Redeemed during the period	(86)	(71)
Units issued and outstanding, end of period	467	430
Series T6 Units		
Units issued and outstanding, beginning of period	17	—
Issued	4	17
Issued on reinvestment of distributions	1	0
Redeemed during the period	(14)	—
Units issued and outstanding, end of period	8	17

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For the periods ended (in thousands of units)	Sep. 30, 2022	Sep. 30, 2021
Series F Units		
Units issued and outstanding, beginning of period	115	82
Issued	216	34
Issued on reinvestment of distributions	11	1
Redeemed during the period	(104)	(2)
Units issued and outstanding, end of period	238	115
Series F6 Units		
Units issued and outstanding, beginning of period	0	—
Issued	0	0
Issued on reinvestment of distributions	0	0
Redeemed during the period	(0)	—
Units issued and outstanding, end of period	0	0
Series D Units		
Units issued and outstanding, beginning of period	153	129
Issued	8	60
Issued on reinvestment of distributions	16	2
Units consolidated*	(0)	—
Redeemed during the period	(177)	(38)
Units issued and outstanding, end of period	—	153
Series I Units		
Units issued and outstanding, beginning of period	1,310	587
Issued	632	729
Issued on reinvestment of distributions	154	12
Redeemed during the period	(101)	(18)
Units issued and outstanding, end of period	1,995	1,310

* The units are consolidated immediately after a distribution is reinvested so that the number of units held by investors after the consolidation is the same as before the distribution. This does not result in a disposition of the investors' units. On consolidation, the aggregate Adjusted Cost Base ("the ACB") of units held by the investors will not change, but the ACB per unit will increase.

Fund name change

Effective November 19, 2021, the name of the Fund changed from BMO Global Balanced Fund to BMO Sustainable Global Balanced Fund.

(b) Reconciliation of NAV to Net Assets

As at September 30, 2022 and September 30, 2021, 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, 2022	Sep. 30, 2021
Series A Units		
(Decrease) increase in net assets attributable to holders of redeemable units	(9,906)	3,480
Weighted average units outstanding during the period (in thousands of units)	3,831	3,122
(Decrease) increase in net assets attributable to holders of redeemable units per unit	(2.59)	1.11
Advisor Series Units		
(Decrease) increase in net assets attributable to holders of redeemable units	(1,201)	492
Weighted average units outstanding during the period (in thousands of units)	469	414
(Decrease) increase in net assets attributable to holders of redeemable units per unit	(2.56)	1.19
Series T6 Units		
Decrease in net assets attributable to holders of redeemable units	(28)	(5)
Weighted average units outstanding during the period (in thousands of units)	14	4
Decrease in net assets attributable to holders of redeemable units per unit	(1.94)	(1.32)

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For the periods ended	Sep. 30, 2022	Sep. 30, 2021
Series F Units		
(Decrease) increase in net assets attributable to holders of redeemable units	(497)	122
Weighted average units outstanding during the period (in thousands of units)	203	95
(Decrease) increase in net assets attributable to holders of redeemable units per unit	(2.45)	1.28
Series F6 Units		
(Decrease) increase in net assets attributable to holders of redeemable units	(0)	0
Weighted average units outstanding during the period (in thousands of units)	0	0
(Decrease) increase in net assets attributable to holders of redeemable units per unit	(2.35)	0.27
Series D Units		
(Decrease) increase in net assets attributable to holders of redeemable units	(209)	165
Weighted average units outstanding during the period (in thousands of units)	159	127
(Decrease) increase in net assets attributable to holders of redeemable units per unit	(1.31)	1.30
Series I Units		
(Decrease) increase in net assets attributable to holders of redeemable units	(4,357)	1,141
Weighted average units outstanding during the period (in thousands of units)	1,773	886
(Decrease) increase in net assets attributable to holders of redeemable units per unit	(2.46)	1.29

(d) Income taxes

The Fund did not have any available capital and non-capital losses carried forward for income tax purposes as of the tax year-ended December 15, 2021.

(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	1.700	0.200
Advisor Series Units	1.700	0.200
Series T6 Units	1.700	0.200
Series F Units	0.600	0.200
Series F6 Units	0.600	0.200
Series D Units	0.800	0.200
Series I Units	*	*

* 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, 2022 amounted to \$6 (September 30, 2021 — \$9).

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, 2022 amounted to \$1 (September 30, 2021 — \$1).

Expenses

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

Brokerage commissions and soft dollars

Brokerage commissions paid (excluding transaction costs) on security transactions and amounts paid to related parties of the Manager for brokerage services provided to the Fund for the periods are as follows:

For the periods ended	Sep. 30, 2022 (\$)	Sep. 30, 2021 (\$)
Total brokerage amounts paid	32	10
Total brokerage amounts paid to related parties	—	—

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

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NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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

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Units held by the Manager

The Manager held the following units of the Fund:

As at Sep. 30, 2022

Series	Number of Units	Value of Units (\$)
Series T6 Units	115	1
Series F6 Units	118	1
Series I Units	15	0

As at Sep. 30, 2021

Series	Number of Units	Value of Units (\$)
Series T6 Units	102	1
Series F6 Units	102	1
Series I Units	14	0

(f) Financial instruments risks

The Fund's objective is to provide long-term capital growth consistent with the preservation of capital by investing primarily in a balanced portfolio of global equity and fixed income securities using a responsible investment approach.

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

Currency risk

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

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	35	1,029	—	1,064	1.7
Danish Krone	27	964	—	991	1.6
Euro	124	9,310	(6,088)	3,346	5.3
Japanese Yen	135	5,579	(2,431)	3,283	5.2
Mexican Peso	11	1,138	(1,139)	10	0.0

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 (%)
New Zealand Dollar	0	—	—	0	0.0
Norwegian Krone	0	—	—	0	0.0
Pound Sterling	62	3,599	(2,176)	1,485	2.4
South African Rand	3	261	(264)	(0)	(0.0)
South Korean Won	0	—	—	0	0.0
Swiss Franc	30	762	(99)	693	1.1
U.S. Dollar	753	36,200	(12,068)	24,885	39.4
Total	1,180	58,842	(24,265)	35,757	56.7

As at Sep. 30, 2021

Currencies	Cash and other current receivables & payables (\$)	Investments (monetary & non-monetary) (\$)	Forward currency contracts (\$)	Net currency exposure (\$)	As a % of Net Assets (%)
Australian Dollar	(16)	1,980	(1,353)	611	0.8
Brazilian Real	0	94	—	94	0.1
Danish Krone	—	425	—	425	0.5
Euro	65	13,984	(10,659)	3,390	4.2
Hong Kong Dollar	(2)	1,161	—	1,159	1.4
Japanese Yen	(2)	6,827	(4,095)	2,730	3.4
Mexican Peso	10	1,131	(1,142)	(1)	(0.0)
New Zealand Dollar	0	—	—	0	0.0
Norwegian Krone	0	—	—	0	0.0
Pound Sterling	31	4,559	(3,195)	1,395	1.7
South African Rand	15	467	(466)	16	0.0

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NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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September 30, 2022

As at Sep. 30, 2021

Currencies	Cash and other current receivables & payables (\$)	Investments (monetary & non-monetary) (\$)	Forward currency contracts (\$)	Net currency exposure (\$)	As a % of Net Assets (%)
South Korean Won	(23)	801	—	778	1.0
Swedish Krona	—	576	—	576	0.7
Swiss Franc	15	698	(108)	605	0.8
Taiwan New Dollar	12	1,058	—	1,070	1.3
Thai Baht	—	63	—	63	0.1
Turkish Lira	—	131	—	131	0.2
U.S. Dollar	(442)	39,450	(13,936)	25,072	31.4
Total	(337)	73,405	(34,954)	38,114	47.6

As at September 30, 2022 and September 30, 2021, 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 \$1,788 (September 30, 2021 — \$1,906). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

Interest rate risk

The Fund's 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, 2022	Interest Rate Exposure as at Sep. 30, 2021
Less than one year	2,917	3,266
One to three years	7,355	9,787
Three to five years	2,792	6,351
Five to ten years	7,324	11,171
Greater than ten years	4,367	6,191
Total	24,755	36,766

As at September 30, 2022 and September 30, 2021, 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 \$1,480 (September 30, 2021 — \$2,347). 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.

Other market risk

The Fund has significant exposure to other market risk arising from its investments. Using historical correlation between the Fund's return and the return of its benchmark, if the benchmark, 50% MSCI All Country World Index (C\$) and 50% Bloomberg Global Aggregate Bond Index (C\$ hedged), had increased or decreased by 10%, with all other variables held constant, the Net Assets of the Fund would have increased or decreased, respectively, by \$6,652 (September 30, 2021 — \$7,189). Historical correlation may not be representative of future correlation, and accordingly, actual results may differ and the difference could be material.

Credit risk

The Fund's 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, 2022	Sep. 30, 2021
AAA	17.1	19.5
AA	4.3	6.5
A	9.4	10.5
BBB	7.8	7.6
BB	0.6	0.8
Unrated	—	1.4
Total	39.2	46.3

Securities lending

The Fund had assets involved in securities lending transactions outstanding as at September 30, 2022 and September 30, 2021 as follows:

	Aggregate Value of Securities on Loan (\$)	Aggregate Value of Collateral Received for the Loan (\$)
Sep. 30, 2022	61	71
Sep. 30, 2021	1,139	1,242

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NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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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, 2022 and September 30, 2021:

For the periods ended	Sep. 30, 2022		Sep. 30, 2021	
	Amount	% of Gross Securities Lending Revenue	Amount	% of Gross Securities Lending Revenue
Gross securities lending revenue	1	100.0	1	100.0
Withholding taxes	—	—	—	—
	1	100.0	1	100.0
Payment to securities lending agents	0	24.6	0	24.5
Net securities lending revenue	1	75.4	1	75.5

Concentration risk

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

As at	Sep. 30, 2022	Sep. 30, 2021
Bonds & Debentures		
Armenia	—%	0.3%
Australia	0.0%	1.7%
Austria	1.2%	0.8%
Belgium	0.7%	0.1%
Canada	1.8%	2.6%
China	1.0%	1.1%
Denmark	0.4%	0.4%
France	0.7%	4.5%
Germany	1.9%	3.1%
Italy	—%	0.9%
Japan	3.8%	5.1%
Luxembourg	0.2%	—%
Mexico	1.9%	1.6%
Netherlands	0.8%	0.7%
Peru	—%	0.0%
Portugal	0.1%	0.1%
Qatar	0.4%	0.3%
South Africa	0.4%	0.6%
South Korea	0.6%	0.5%

As at	Sep. 30, 2022	Sep. 30, 2021
Spain	0.8%	1.3%
Supranational	1.1%	1.2%
Sweden	0.4%	0.2%
Switzerland	0.6%	0.5%
United Arab Emirates	1.0%	0.4%
United Kingdom	2.1%	1.7%
United States	17.3%	16.3%
Equities		
Australia	1.6%	1.3%
Belgium	—%	0.1%
Brazil	—%	0.6%
Canada	1.2%	1.9%
China	—%	2.2%
Denmark	1.5%	0.5%
Finland	—%	0.1%
France	0.9%	0.9%
Germany	0.6%	1.7%
Hong Kong	—%	0.1%
India	1.9%	—%
Ireland	1.8%	0.1%
Italy	—%	0.3%
Japan	5.0%	3.4%
Netherlands	1.8%	0.7%
South Korea	—%	1.0%
Spain	—%	0.5%
Sweden	—%	0.7%
Switzerland	1.1%	1.0%
Taiwan	1.1%	1.3%
Thailand	—%	0.1%
Turkey	—%	0.2%
United Kingdom	4.7%	1.4%
United States	33.0%	30.1%
Other Assets Less Liabilities	4.6%	3.8%
	100.0%	100.0%

(g) Fair value hierarchy

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

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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, 2022

Financial assets	Level 1	Level 2	Level 3	Total
Debt Securities	1,081	23,674	—	24,755
Equity Securities	23,159	12,365	—	35,524
Derivatives	—	1	—	1
Total	24,240	36,040	—	60,280

Financial liabilities

Derivatives	—	(381)	—	(381)
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As at Sep. 30, 2021

Financial assets	Level 1	Level 2	Level 3	Total
Debt Securities	2,801	33,965	—	36,766
Equity Securities	26,197	13,956	—	40,153
Derivatives	—	206	—	206
Total	28,998	48,127	—	77,125

Financial liabilities

Derivatives	—	(7)	—	(7)
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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, 2021 to September 30, 2022, \$286 of debt securities were transferred from Level 1 to Level 2 due to reduced observability of the inputs used to value these securities, and \$34 of debt securities were transferred from Level 2 to Level 1 due to increased availability of quoted prices in the active market.

During the period from October 1, 2020 to September 30, 2021, \$104 of debt securities were transferred from Level 2 to Level 1 due to increased availability of quoted prices in the active market.

(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, 2022	Assets	Liabilities
Gross Amounts of Recognized Financial Assets (Liabilities)	1	(381)
Amounts Set-off in the Statement of Financial Position	—	—
Net Amounts Presented in the Statement of Financial Position	1	(381)
Related Amounts not Set-off in the Statement of Financial Position		
Financial Instrument	—	—
Cash Collateral Received (Pledged)	—	—
Net Amount	1	(381)

As at Sep. 30, 2021	Assets	Liabilities
Gross Amounts of Recognized Financial Assets (Liabilities)	206	(7)
Amounts Set-off in the Statement of Financial Position	—	—
Net Amounts Presented in the Statement of Financial Position	206	(7)
Related Amounts not Set-off in the Statement of Financial Position		
Financial Instrument	—	—
Cash Collateral Received (Pledged)	—	—
Net Amount	206	(7)

(i) Unconsolidated structured entities

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

	Carrying amount (\$)	
As at	Sep. 30, 2022	Sep. 30, 2021
CPPIB Capital Inc., Euro Medium Term Notes, Senior, Unsecured, 0.750% Feb 2, 2037	246	—
Total	246	—

Management's Responsibility for Financial Reporting

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 significant accounting policies 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.

The Board of Directors of BMO Corporate Class Inc. is responsible for reviewing and approving the financial statements and overseeing management's performance of its financial reporting responsibilities. The Audit Committee of the Board of Directors reviews the financial statements, adequacy of internal controls, the audit process and financial reporting with management and the external auditors. The Audit Committee reports to the Board of Directors prior to the Board approval of the financial statements.

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 8, 2022

Robert J. Schauer,
Chief Financial Officer
BMO Mutual Funds
December 8, 2022

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.

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Mutual Funds