

# BMO U.S. High Yield Bond Fund (the "Fund")

For the 12-month period ended September 30, 2024 (the "Period")

Manager: BMO Investments Inc. (the "Manager" or "BMOI")

Portfolio manager: Columbia Management Investment Advisers, LLC, Boston, Massachusetts

## 2024 Annual Management Report of Fund Performance

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

### MANAGEMENT DISCUSSION OF FUND PERFORMANCE

#### Investment Objective and Strategies

The Fund's objective is to provide a high level of total return through a combination of income and capital appreciation by investing primarily in fixed income securities issued by U.S. corporations.

The portfolio manager invests primarily in a diversified pool of fixed income securities, such as bonds and debentures issued by corporations, or obtains exposure to those securities. The portfolio manager invests primarily in high-yield securities rated below BBB at the time of investment by Standard and Poor's Rating Service or the equivalent rating as defined by other recognized rating agencies. The portfolio manager analyzes the credit ratings of various issuers and uses fundamental analysis. The portfolio manager may use general environmental, social and governance ("ESG") integration in the security selection process. The portfolio manager may invest up to 30% of the Fund's assets in securities of underlying funds. The Fund's foreign currency exposure is typically fully hedged.

#### Risk

The risks associated with an investment in the Fund remain as disclosed in the Fund's most recent simplified prospectus or any amendments thereto, and fund facts. During the Period, there were no changes to the Fund that materially affected the overall risk level associated with an investment in the Fund. On May 2024, the Manager reviewed the Fund using the standardized investment risk classification methodology prescribed by National

Instrument 81-102 *Investment Funds* and determined that the risk rating of the Fund had not changed. The Manager reviews the Fund's investment risk level and reference index, if any, at least annually.

#### Results of Operations

During the Period, the Fund's total net asset value changed from approximately \$642 million to approximately \$400 million. Series A units of the Fund returned 12.57%. Please see the *Past Performance* section for information on the performance returns of the Fund's other series.

Interest rates declined as inflation data continued to show progress, and U.S. Federal Reserve Board ("Fed") rhetoric began to shift focus from inflation to labour market support. Credit spreads (the difference in yield between securities of similar maturity but differing credit quality) narrowed by 109 basis points to end the Period at 232 basis points. The five-year U.S. Treasury yield declined, ending the Period at 3.6%.

Overall, the high-yield market returned over 13% for the Period. U.S. high-yield returns were strong and concentrated in the fourth quarter of 2023 and the third quarter of 2024. High-yield spreads tightened amid resilient global economic data, surging U.S. equities, technical support, and sharply lower U.S. Treasury rates. Defaults and distressed exchange activity remained moderate and in line with long-term averages.



Mutual Funds

# BMO U.S. High Yield Bond Fund

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Security selection in the telecommunications, gas distribution and chemical industries contributed to the Fund's performance. The Fund's performance was aided by overweight allocations to all three of these industries. An overweight position in an NFP Corp. bond (4.875%, 15/08/2028), acquired by Aon PLC in December 2023, contributed to the Fund's performance. An overweight holding in a Hawaiian Airlines Inc. bond (5.75%, 20/01/2026) contributed to performance following its acquisition by investment-grade-rated Alaska Air Group Inc. A lack of exposure to the Lumen Technologies Inc. and Level 3 Communications Inc. significantly contributed to the Fund's relative performance. The company's fundamental position continued to struggle.

Security selection with the specialty retail, cable, and satellite television, and media content industry segments detracted from the Fund's performance. Overweight positions in DISH Network Corp. and iHeartCommunications detracted from the Fund's performance. Multiple bonds issued by DISH Network Corp. were affected by concerns around potential debt exchange activity and the company's aggressive collateral stripping from certain bondholders. iHeartCommunications bonds were affected by concerns about the company stripping assets or attempting a coercive exchange. The Fund's lack of exposure to Rakuten Group Inc. also detracted from performance. It performed well despite continued fundamental struggles stemming from potential asset sale announcements.

The portfolio manager added new bond positions issued by wealth management platform Aretec Group Inc. The company is expected to benefit from a boost in independent channels within the growing wealth management industry. Existing positions within the chemicals, gaming and insurance brokerage industry segments were increased. A mix of new issues from INEOS Group Ltd., INEOS Quattro Holdings Ltd., NOVA Chemicals Corp., and secondary market additions were added.

Holdings in auto manufacturer Ford Motor Co. were eliminated following its upgrade to investment-grade in November. Similarly, holdings in Uber Technologies Inc. were eliminated post-upgrade. The Fund's positions in DISH Network Corp., Altice USA Inc., Altice France SA, and iHeartCommunications were exited, given continued fundamental uncertainty, the potential for coercive exchange activity, and a downgrade to CCC ratings. The Fund's exposures to the cable and satellite television, auto loans, and packaging industry segments were trimmed.

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

## Recent Developments

Global economic data appears better than expected. While the third quarter saw indications of a cooling labour market, employment was much stronger than anticipated. Sentiment was further aided by the start of the Fed's monetary easing and China's unexpected stimulus aimed at preventing further labour market weakness.

The portfolio manager does not anticipate a recession but recognizes the possibility based on various risks, including escalating geopolitical tensions in the Middle East, the U.S. presidential election, or weaker corporate fundamentals.

While the Fund's positioning within credits and sectors is dynamic, it maintains an underweight exposure to the more distressed parts of the market, particularly within the Communication Services sector. This underweight allocation to the riskiest segment of high-yield bonds is based on concerns with the near- and long-term fundamentals for those credits, as well as their ability to maintain access to capital markets.

## RELATED PARTY TRANSACTIONS

From time to time, the Manager may, on behalf of the Fund, enter into transactions or arrangements with or involving other members of BMO Financial Group, or certain other persons or companies that are related or connected to the Manager (each, a "Related Party"). The purpose of this section is to provide a brief description of any transaction involving the Fund and a Related Party.

### Manager

BMO Investments Inc., an indirect, wholly-owned subsidiary of Bank of Montreal ("BMO"), is the Manager and trustee of the Fund. The Manager is paid a management fee by the Fund as compensation for its services, which is described in the "Management Fees" section later in this document.

### Administration Fee and Operating Expenses

The Fund pays a fixed administration fee to the Manager in respect of each series other than Series I. The Manager in return pays the operating expenses of these series of the Fund, other than certain specified expenses that are paid directly by the Fund ("Fund Expenses"). Fund Expenses are allocated proportionately among the relevant series. If the Fund Expenses are specific to a series, the Fund Expenses are allocated to that series. The fixed administration fee is calculated as a fixed annual percentage of the net asset value of each relevant series of the Fund. The annual fixed administration fee rate for each series of the Fund, other than Series I, is 0.25%. The administration fee is subject to applicable taxes. The Manager may, in certain cases, waive

# BMO U.S. High Yield Bond Fund

a portion of the administration fee that it receives from the Fund or from certain series of the Fund. Separate fees and expenses are negotiated and paid directly by each Series I investor. Further details about the fixed administration fee, Fund Expenses and/or operating expenses can be found in the Fund's most recent simplified prospectus at [www.bmogam.com/ca-en/resources/legal-and-regulatory-documents](http://www.bmogam.com/ca-en/resources/legal-and-regulatory-documents) or [www.sedarplus.ca](http://www.sedarplus.ca).

## Buying and Selling Securities

During the Period and pursuant to applicable securities legislation, the Fund relied on standing instructions provided by the independent review committee ("IRC") with respect to one or more of the following related party transactions (each, a "Related Party Transaction"):

- (a) investments in securities issued by BMO;
- (b) investments in a class of securities of an issuer during the period of distribution of those securities to the public and/or the 60-day period following the distribution period where a related party dealer acted as an underwriter in the distribution;
- (c) trades in debt securities of any issuer from or to a related party dealer acting as principal; and
- (d) trades of a security of any issuer from or to another investment fund or managed account managed by the Manager or an affiliate of the Manager.

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

## Other Transactions with a Related Party

During the Period and pursuant to applicable securities legislation, the Fund relied on standing instructions and positive recommendations provided by the IRC with respect to engaging a Related Party as a derivatives counterparty or service provider.

## Distribution Services

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

## FINANCIAL HIGHLIGHTS

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

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

#### Series A Units

	2024	Periods ended Sep. 30			2020
	2023	2022	2021		
Net assets, beginning of period	\$ 6.86	6.75	8.34	8.07	8.67
<b>Increase (decrease)</b>					
<b>from operations:</b>					
Total revenue	\$ 0.46	0.41	0.40	0.50	0.49
Total expenses <sup>(2)</sup>	\$ -0.11	-0.11	-0.12	-0.15	-0.17
Realized gains (losses)					
for the period	\$ -0.37	-0.34	-0.57	-0.38	-0.08
Unrealized gains (losses)					
for the period	\$ 0.85	0.51	-0.86	0.58	-0.39
<b>Total increase (decrease)</b>					
<b>from operations<sup>(3)</sup></b>	\$ 0.83	0.47	-1.15	0.55	-0.15
<b>Distributions:</b>					
From net investment income (excluding dividends)	\$ 0.28	0.27	0.33	0.30	0.44
From dividends	\$ —	—	—	—	—
From capital gains	\$ —	—	—	—	—
Return of capital	\$ 0.08	0.11	0.09	0.14	0.04
<b>Total Annual Distributions<sup>(4)</sup></b>	\$ 0.36	0.38	0.42	0.44	0.48
<b>Net assets, end of period</b>	\$ 7.34	6.86	6.75	8.34	8.07

# BMO U.S. High Yield Bond Fund

## Advisor Series Units

	2024	Periods ended Sep. 30			
	2024	2023	2022	2021	2020
Net assets, beginning of period	\$ 7.72	7.61	9.41	9.09	9.69
<b>Increase (decrease)</b>					
<b>from operations:</b>					
Total revenue	\$ 0.52	0.46	0.46	0.55	0.56
Total expenses <sup>(2)</sup>	\$ -0.13	-0.12	-0.14	-0.17	-0.19
Realized gains (losses)					
for the period	\$ -0.50	-0.41	-0.65	0.15	-0.09
Unrealized gains (losses)					
for the period	\$ 1.06	0.65	-0.98	0.30	-0.41
<b>Total increase (decrease)</b>					
<b>from operations<sup>(3)</sup></b>	\$ 0.95	0.58	-1.31	0.83	-0.13
<b>Distributions:</b>					
From net investment income					
(excluding dividends)	\$ 0.32	0.31	0.37	0.36	0.45
From dividends	\$ —	—	—	—	—
From capital gains	\$ —	—	—	—	—
Return of capital	\$ 0.10	0.13	0.11	0.12	0.03
<b>Total Annual Distributions<sup>(4)</sup></b>	\$ 0.42	0.44	0.48	0.48	0.48
<b>Net assets, end of period</b>	\$ 8.25	7.72	7.61	9.41	9.09

## Series F Units

	2024	Periods ended Sep. 30			
	2024	2023	2022	2021	2020
Net assets, beginning of period	\$ 8.96	8.77	10.75	10.26	10.81
<b>Increase (decrease)</b>					
<b>from operations:</b>					
Total revenue	\$ 0.60	0.53	0.53	0.62	0.62
Total expenses <sup>(2)</sup>	\$ -0.07	-0.07	-0.08	-0.08	-0.08
Realized gains (losses)					
for the period	\$ -0.59	-0.44	-0.74	0.16	-0.10
Unrealized gains (losses)					
for the period	\$ 1.24	0.69	-1.19	0.32	-0.47
<b>Total increase (decrease)</b>					
<b>from operations<sup>(3)</sup></b>	\$ 1.18	0.71	-1.48	1.02	-0.03
<b>Distributions:</b>					
From net investment income					
(excluding dividends)	\$ 0.45	0.46	0.52	0.54	0.54
From dividends	\$ —	—	—	—	—
From capital gains	\$ —	—	—	—	—
Return of capital	\$ 0.07	0.06	0.02	0.00	0.00
<b>Total Annual Distributions<sup>(4)</sup></b>	\$ 0.52	0.52	0.54	0.54	0.54
<b>Net assets, end of period</b>	\$ 9.62	8.96	8.77	10.75	10.26

## Series D Units

	2024	Periods ended Sep. 30			
	2024	2023	2022	2021	2020
Net assets, beginning of period	\$ —	6.95	8.54	8.19	8.70
<b>Increase (decrease)</b>					
<b>from operations:</b>					
Total revenue	\$ —	0.27	0.42	0.49	0.49
Total expenses <sup>(2)</sup>	\$ —	-0.05	-0.09	-0.09	-0.09
Realized gains (losses)					
for the period	\$ —	-0.32	-0.54	0.14	-0.11
Unrealized gains (losses)					
for the period	\$ —	0.70	-0.78	0.27	-0.38
<b>Total increase (decrease)</b>					
<b>from operations<sup>(3)</sup></b>	\$ —	0.60	-0.99	0.81	-0.09
<b>Distributions:</b>					
From net investment income					
(excluding dividends)	\$ —	0.21	0.38	0.37	0.46
From dividends	\$ —	—	—	—	—
From capital gains	\$ —	—	—	—	—
Return of capital	\$ —	0.05	0.04	0.07	0.02
<b>Total Annual Distributions<sup>(4)</sup></b>	\$ —	0.26	0.42	0.44	0.48
<b>Net assets, end of period</b>	\$ —	—	6.95	8.54	8.19

## Series I Units

	2024	Periods ended Sep. 30			
	2024	2023	2022	2021	2020
Net assets, beginning of period	\$ 7.08	6.91	8.46	8.07	8.51
<b>Increase (decrease)</b>					
<b>from operations:</b>					
Total revenue	\$ 0.47	0.42	0.41	0.49	0.49
Total expenses <sup>(2)</sup>	\$ —	—	-0.00	-0.00	-0.00
Realized gains (losses)					
for the period	\$ -0.45	-0.36	-0.57	0.12	-0.05
Unrealized gains (losses)					
for the period	\$ 0.96	0.69	-0.86	0.24	-0.37
<b>Total increase (decrease)</b>					
<b>from operations<sup>(3)</sup></b>	\$ 0.98	0.75	-1.02	0.85	0.07
<b>Distributions:</b>					
From net investment income					
(excluding dividends)	\$ 0.41	0.40	0.48	0.48	0.50
From dividends	\$ —	—	—	—	—
From capital gains	\$ —	—	—	—	—
Return of capital	\$ 0.01	0.04	0.00	0.00	0.00
<b>Total Annual Distributions<sup>(4)</sup></b>	\$ 0.42	0.44	0.48	0.48	0.50
<b>Net assets, end of period</b>	\$ 7.65	7.08	6.91	8.46	8.07

# BMO U.S. High Yield Bond Fund

## Series O Units

	2024	Periods ended Sep. 30			
		2023	2022	2021	2020
Net assets, beginning of period	\$ 7.41	7.25	8.89	8.49	8.95
<b>Increase (decrease)</b>					
<b>from operations:</b>					
Total revenue	\$ 0.50	0.44	0.43	0.51	0.51
Total expenses <sup>(2)</sup>	\$ -0.04	-0.04	-0.04	-0.04	-0.04
Realized gains (losses)					
for the period	\$ -0.47	-0.38	-0.62	0.16	-0.07
Unrealized gains (losses)					
for the period	\$ 0.88	0.59	-0.93	0.24	-0.43
<b>Total increase (decrease)</b>					
<b>from operations<sup>(3)</sup></b>	\$ 0.87	0.61	-1.16	0.87	-0.03
<b>Distributions:</b>					
From net investment income					
(excluding dividends)	\$ 0.39	0.38	0.46	0.47	0.48
from dividends	\$ —	—	—	—	—
From capital gains	\$ —	—	—	—	—
Return of capital	\$ 0.03	0.06	0.02	0.01	0.00
<b>Total Annual Distributions<sup>(4)</sup></b>	\$ 0.42	0.44	0.48	0.48	0.48
<b>Net assets, end of period</b>	\$ 7.99	7.41	7.25	8.89	8.49

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

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

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

<sup>(4)</sup> Distributions were either paid in cash or reinvested in additional units of the Fund, or both. The allocation of the distributions from each of income, dividends, capital gains and return of capital is based on the Manager's estimate as at September 30 of the period shown, as applicable, which is the Fund's financial period-end. However, the actual allocation of distributions is determined as at December 15, the Fund's tax year-end. Accordingly, the actual allocation among income, dividends, capital gains and return of capital may differ from these estimates.

## Ratios and Supplemental Data

### Series A Units

	2024	Periods ended Sep. 30			
		2023	2022	2021	2020
Total net asset value (000's) <sup>(1)</sup>	\$ 13,674	9,323	8,181	12,265	4,267
Number of units					
outstanding (000's) <sup>(1)</sup>	1,862	1,359	1,212	1,470	528
Management expense ratio <sup>(2)</sup>	% 1.59	1.59	1.59	1.81	2.04
Management expense ratio					
before waivers or absorptions	% 1.59	1.59	1.59	1.81	2.04
Trading expense ratio <sup>(3)</sup>	% 0.00	—	0.00	0.00	0.00
Portfolio turnover rate <sup>(4)</sup>	% 36.30	27.74	87.56	46.31	51.43
Net asset value per unit	\$ 7.34	6.86	6.75	8.34	8.07

### Advisor Series Units

	2024	Periods ended Sep. 30			
		2023	2022	2021	2020
Total net asset value (000's) <sup>(1)</sup>	\$ 17,809	19,172	21,586	32,149	33,856
Number of units					
outstanding (000's) <sup>(1)</sup>	2,160	2,484	2,836	3,415	3,726
Management expense ratio <sup>(2)</sup>	% 1.60	1.60	1.61	1.82	2.05
Management expense ratio					
before waivers or absorptions	% 1.61	1.60	1.61	1.93	2.05
Trading expense ratio <sup>(3)</sup>	% 0.00	—	0.00	0.00	0.00
Portfolio turnover rate <sup>(4)</sup>	% 36.30	27.74	87.56	46.31	51.43
Net asset value per unit	\$ 8.25	7.72	7.61	9.41	9.09

## Series F Units

	2024	Periods ended Sep. 30			
		2023	2022	2021	2020
Total net asset value (000's) <sup>(1)</sup>	\$ 8,461	8,897	8,964	11,527	10,814
Number of units					
outstanding (000's) <sup>(1)</sup>	879	993	1,022	1,072	1,054
Management expense ratio <sup>(2)</sup>	% 0.78	0.78	0.77	0.77	0.77
Management expense ratio					
before waivers or absorptions	% 0.78	0.78	0.77	0.77	0.77
Trading expense ratio <sup>(3)</sup>	% 0.00	—	0.00	0.00	0.00
Portfolio turnover rate <sup>(4)</sup>	% 36.30	27.74	87.56	46.31	51.43
Net asset value per unit	\$ 9.62	8.96	8.77	10.75	10.26

## Series D Units

	2024	Periods ended Sep. 30			
		2023	2022	2021	2020
Total net asset value (000's) <sup>(1)</sup>	\$ —	—	17	2,948	3,028
Number of units					
outstanding (000's) <sup>(1)</sup>	—	—	2	345	370
Management expense ratio <sup>(2)</sup>	% —	1.12	1.11	1.11	1.09
Management expense ratio					
before waivers or absorptions	% —	1.12	1.12	1.11	1.09
Trading expense ratio <sup>(3)</sup>	% —	—	0.00	0.00	0.00
Portfolio turnover rate <sup>(4)</sup>	% —	27.74	87.56	46.31	51.43
Net asset value per unit	\$ —	—	6.95	8.54	8.19

## Series I Units

	2024	Periods ended Sep. 30			
		2023	2022	2021	2020
Total net asset value (000's) <sup>(1)</sup>	\$ 15,604	16,342	28,806	43,736	51,433
Number of units					
outstanding (000's) <sup>(1)</sup>	2,039	2,308	4,170	5,169	6,372
Management expense ratio <sup>+</sup>	% —	—	—	—	—
Management expense ratio					
before waivers or absorptions <sup>+</sup>	% —	—	—	—	—
Trading expense ratio <sup>(3)</sup>	% 0.00	—	0.00	0.00	0.00
Portfolio turnover rate <sup>(4)</sup>	% 36.30	27.74	87.56	46.31	51.43
Net asset value per unit	\$ 7.65	7.08	6.91	8.46	8.07

## Series O Units

	2024	Periods ended Sep. 30			
		2023	2022	2021	2020
Total net asset value (000's) <sup>(1)</sup>	\$ 344,083	588,298	617,735	803,710	762,364
Number of units					
outstanding (000's) <sup>(1)</sup>	43,053	79,369	85,262	90,422	89,785
Management expense ratio <sup>(2)</sup>	% 0.47	0.47	0.47	0.47	0.47
Management expense ratio					
before waivers or absorptions	% 0.47	0.47	0.47	0.47	0.47
Trading expense ratio <sup>(3)</sup>	% 0.00	—	0.00	0.00	0.00
Portfolio turnover rate <sup>(4)</sup>	% 36.30	27.74	87.56	46.31	51.43
Net asset value per unit	\$ 7.99	7.41	7.25	8.89	8.49

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

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

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

<sup>(3)</sup> The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. For the financial period-ended September 30, 2023, no commissions or other portfolio transaction costs were incurred by the Fund. As a result, the trading expense ratio for the period was nil.

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

# BMO U.S. High Yield Bond Fund

## Management Fees

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

	Annual Management Fee Rate %	As a Percentage of Management Fees	
		Dealer Compensation %	General Administration, Investment Advice and Profit %
Series A Units	1.20	63	37
Advisor Series Units	1.20	55	45
Series F Units	0.45	0	100
Series I Units <sup>(1)</sup>	—	—	—
Series O Units	0.175	0	100

<sup>(1)</sup> For Series I Units, separate Series I fees are negotiated and paid directly by each Series I investor. The combined management and administration fees for Series I Units will not exceed the management fee charged for Advisor Series or Series A Units.

## PAST PERFORMANCE

The Fund's performance information assumes that all distributions made by the Fund in the periods shown were reinvested in additional securities of the Fund and is based on the net asset value of the Fund. The reinvestment of distributions increases returns. The performance information does not take into account sales, redemption, distribution, other optional charges or income taxes payable that, if applicable, would have reduced returns or performance. Please remember that how the Fund has performed in the past does not indicate how it will perform in the future.

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

On July 15, 2016, the management fees on Series A and Advisor Series Units were lowered from 1.75% to 1.60%. In addition, the management fee on Series F Units was lowered from 0.55% to 0.45%.

On July 15, 2016, the administration fee applicable to the Fund (except Series O Units) was lowered from 0.28% to 0.25%. In addition, the administration fee on Series O Units was lowered from 0.275% to 0.25%.

On October 14, 2016, after obtaining all necessary unitholder and regulatory approvals, BMO High Yield Bond Fund merged into the Fund.

On March 6, 2017, BMO Asset Management Inc. replaced Money, Inc. as portfolio manager of the Fund and Taplin, Canida & Habacht, LLC became the sub-advisor of the Fund.

On June 24, 2021, the Manager reduced the annual management fees for Series A and Advisor Series Units of the Fund from 1.60% to 1.20%.

On June 25, 2021, after receiving all necessary unitholder and regulatory approvals, BMO Floating Rate Income Fund merged into the Fund.

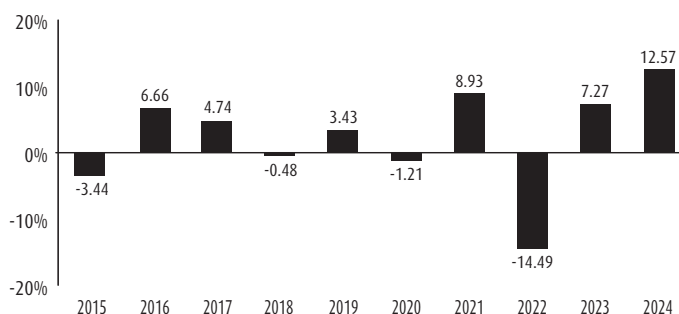
On November 15, 2021 Columbia Management Investment Advisers, LLC replaced BMO Asset Management Inc. as portfolio manager of the Fund and Taplin Canida & Habacht LLC ceased to act as sub-advisor for the Fund. In addition, a corresponding change was made to the investment strategies as the portfolio manager may invest up to 30% of the Fund's assets in securities of underlying funds, with such underlying funds expected to be predominantly or exclusively underlying funds that are managed by the Manager or one of its affiliates or associates.

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

## Year-by-Year Returns

The following bar charts show the performance of each series of the Fund for each of the financial years shown and for the Period, and illustrate how the Fund's performance has changed from year to year. The charts show in percentage terms how an investment made on the first day of each financial year would have increased or decreased by the last day of each financial year.

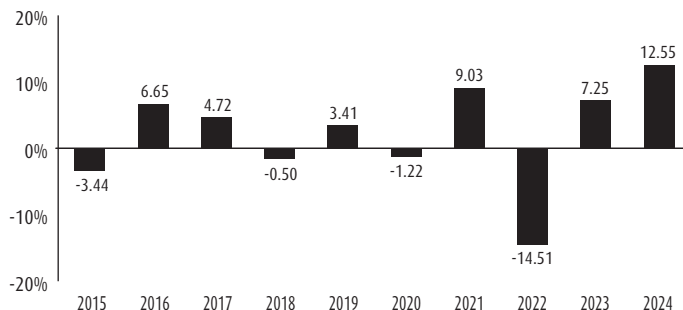
### Series A Units



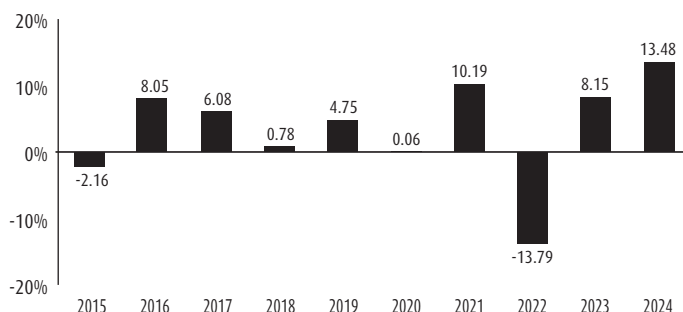


# BMO U.S. High Yield Bond Fund

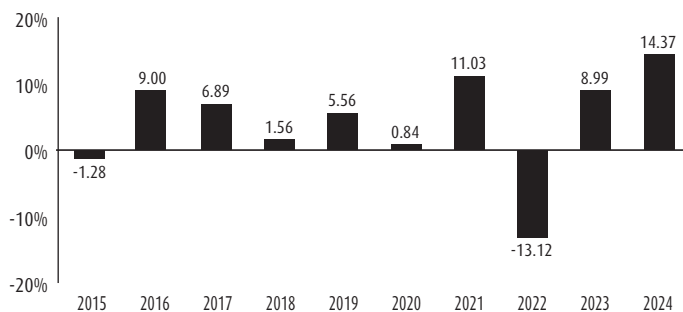
## Advisor Series Units



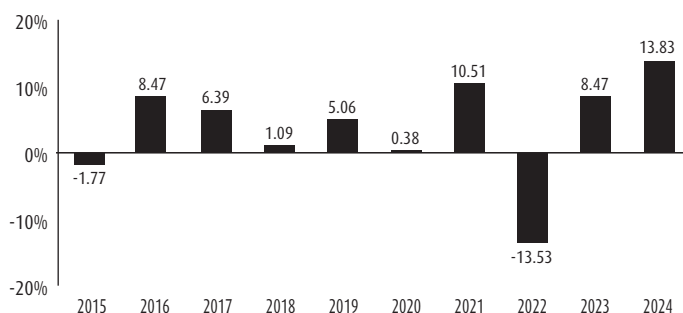
## Series F Units



## Series I Units



## Series O Units



## Annual Compound Returns

This table compares the historical annual compound returns of the Fund with its benchmark, the ICE BofA BB-B US High Yield Constrained Index (C\$ hedged).

The ICE BofA BB-B US High Yield Constrained Index (C\$ hedged) contains all securities in the ICE BofA U.S. High Yield Index rated BB1 through B3, based on an average of Moody's, S&P and Fitch, but caps issuer exposure at 2%.

### Series A Units

		1 year	3 years	5 years	10 years
BMO U.S. High Yield Bond Fund	%	12.57	1.07	2.13	2.12
ICE BofA BB-B US High Yield Constrained Index (C\$ hedged)	%	13.59	2.04	3.48	4.24

### Advisor Series Units

		1 year	3 years	5 years	10 years
BMO U.S. High Yield Bond Fund	%	12.55	1.06	2.14	2.12
ICE BofA BB-B US High Yield Constrained Index (C\$ hedged)	%	13.59	2.04	3.48	4.24

### Series F Units

		1 year	3 years	5 years	10 years
BMO U.S. High Yield Bond Fund	%	13.48	1.90	3.13	3.28
ICE BofA BB-B US High Yield Constrained Index (C\$ hedged)	%	13.59	2.04	3.48	4.24

### Series I Units

		1 year	3 years	5 years	10 years
BMO U.S. High Yield Bond Fund	%	14.37	2.69	3.93	4.11
ICE BofA BB-B US High Yield Constrained Index (C\$ hedged)	%	13.59	2.04	3.48	4.24

### Series O Units

		1 year	3 years	5 years	10 years
BMO U.S. High Yield Bond Fund	%	13.83	2.21	3.44	3.61
ICE BofA BB-B US High Yield Constrained Index (C\$ hedged)	%	13.59	2.04	3.48	4.24

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

# BMO U.S. High Yield Bond Fund

## SUMMARY OF INVESTMENT PORTFOLIO

As at September 30, 2024

Portfolio Allocation	% of Net Asset Value
Corporate Bonds & Debentures	93.7
Cash/Receivables/Payables	4.8
Floating Rate Loans	1.5
<b>Total Portfolio Allocation</b>	<b>100.0</b>

Top 25 Holdings Issuer	% of Net Asset Value
Cash/Receivables/Payables	4.8
Clearway Energy Operating LLC, Series 144A, Senior, Unsecured, Notes, Callable, 3.750% Jan 15, 2032	1.0
Hilcorp Energy I, L.P., Series 144A, Senior, Unsecured, Notes, Callable, 6.250% Nov 1, 2028	0.9
Venture Global Calcasieu Pass, LLC, Series 144A, Senior, Secured, Notes, Callable, 4.125% Aug 15, 2031	0.8
HUB International Limited, Series 144A, Senior, Secured, Notes, Callable, 7.250% Jun 15, 2030	0.8
CCO Holdings, LLC/CCO Holdings Capital Corp., Series 144A, Senior, Unsecured, Notes, Callable, 5.125% May 1, 2027	0.7
Mozart Debt Merger Sub Inc., Series 144A, Senior, Unsecured, Notes, Callable, 5.250% Oct 1, 2029	0.7
Southwestern Energy Company, Senior, Unsecured, Notes, Callable, 4.750% Feb 1, 2032	0.7
Cloud Software Group, Inc., Series 144A, Senior, Secured, Notes, Callable, 6.500% Mar 31, 2029	0.7
CHS/Community Health Systems, Inc., Series 144A, Senior, Secured, Notes, Callable, 5.250% May 15, 2030	0.7
H&E Equipment Services, Inc., Series 144A, Senior, Unsecured, Notes, Callable, 3.875% Dec 15, 2028	0.6
Permian Resources Operating, LLC, Series 144A, Senior, Unsecured, Notes, Callable, 5.875% Jul 1, 2029	0.6
Waste Pro USA, Inc., Series 144A, Senior, Unsecured, Notes, Callable, 5.500% Feb 15, 2026	0.6
Caesars Entertainment, Inc., Series 144A, Senior, Secured, Notes, Callable, 7.000% Feb 15, 2030	0.6
American Builders & Contractors Supply Co., Inc., Series 144A, Senior, Secured, Notes, Callable, 4.000% Jan 15, 2028	0.6
Constellium SE, Series 144A, Senior, Unsecured, Notes, Callable, 3.750% Apr 15, 2029	0.6
Rocket Mortgage LLC/Rocket Mortgage Co-Issuer Inc., Series 144A, Senior, Unsecured, Notes, Callable, 4.000% Oct 15, 2033	0.6
W. R. Grace Holdings LLC, Series 144A, Senior, Secured, Notes, Callable, 4.875% Jun 15, 2027	0.6

Top 25 Holdings Issuer	% of Net Asset Value
Venture Global Calcasieu Pass, LLC, Series 144A, Senior, Secured, Notes, Callable, 3.875% Nov 1, 2033	0.6
Carnival Holdings Bermuda Ltd, Series 144A, Senior, Unsecured, Notes, Callable, 10.375% May 1, 2028	0.6
TransMontaigne Partners LP/TLP Finance Corp., Senior, Unsecured, Notes, Callable, 6.125% Feb 15, 2026	0.6
Midwest Gaming Borrower LLC/Midwest Gaming Finance Corp., Series 144A, Senior, Secured, Notes, Callable, 4.875% May 1, 2029	0.5
NextEra Energy Operating Partners, L.P., Series 144A, Senior, Unsecured, Notes, Callable, 4.500% Sep 15, 2027	0.5
CCO Holdings, LLC/CCO Holdings Capital Corp., Series 144A, Senior, Unsecured, Notes, Callable, 4.250% Feb 1, 2031	0.5
GTCR W-2 Merger Sub LLC, Series 144A, Senior, Secured, Notes, Callable, 7.500% Jan 15, 2031	0.5
<b>Top Holdings as a Percentage of Total Net Asset Value</b>	<b>20.4</b>
<b>Total Net Asset Value</b>	<b>\$399,630,772</b>

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



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

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

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

**Caution regarding forward-looking statements**

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

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Mutual Funds