BMO Guaranteed Investment Funds

ANNUAL FINANCIAL STATEMENTS

December 31, 2017

BMO Insurance

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INDEPENDENT AUDITORS' REPORT

To the Contract holders of Individual Variable Insurance Contracts
Relating to the BMO Guaranteed Investment Funds (listed below)
(collectively, the "Funds"):

BMO Money Market GIF
BMO Canadian Balanced Growth GIF
BMO Canadian Income Strategy GIF
BMO U.S. Balanced Growth GIF
BMO North American Income Strategy GIF
BMO Fixed Income ETF Portfolio GIF
BMO Income ETF Portfolio GIF
BMO Conservative ETF Portfolio GIF
BMO Balanced ETF Portfolio GIF
BMO Growth ETF Portfolio GIF
BMO Equity Growth ETF Portfolio GIF
BMO Low Volatility Canadian Equity ETF GIF
BMO Low Volatility U.S. Equity ETF GIF
BMO Monthly Income GIF
(Collectively, the "Funds")

We have audited the accompanying financial statements of the Funds, which comprise the statements of financial position as at December 31, 2017, the statements of comprehensive income, changes in net assets held for the benefit of policy owners and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Funds' preparation and fair presentation of the financial statements of the Funds 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 Funds' internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Funds as at December 31, 2017, and their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

March 26, 2018
Toronto, Canada

BMO Guaranteed Investment Funds 2017

ANNUAL FINANCIAL STATEMENTS

December 31, 2017

BMO Money Market GIF

BMO Insurance

BMO Insurance

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

As at	December 31, 2017	December 31, 2016
ASSETS		
CURRENT ASSETS		
Cash	831	320
Investments		
Non-derivative financial assets	7,628	5,431
Subscriptions receivable	0	0
Distribution receivable from investment trusts	8	4
Total assets	8,467	5,755
LIABILITIES		
CURRENT LIABILITIES		
Redemptions payable	1	37
Accrued expenses	20	11
Total liabilities	21	48
Net assets held for the benefit of policyowners	8,446	5,707
Net assets held for the benefit of policyowners		
75/75 Class A Units	2,323	541
75/100 Class A Units	2,665	1,294
100/100 Class A Units	3,458	3,872
Net assets held for the benefit of policyowners per unit		
75/75 Class A Units	$ 10.01	$ 10.00
75/100 Class A Units	$ 10.01	$ 10.00
100/100 Class A Units	$ 10.05	$ 10.04

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

For the periods ended	December 31, 2017	December 31, 2016
INCOME		
Interest income	—	7
Distribution from investment trusts	66	39
Total income	66	46
EXPENSES		
Management fees (note 8)	75	55
Fixed administration fees (note 8)	19	13
Interest expense	0	—
Operating expenses absorbed by the Manager	(32)	(30)
Total expenses	62	38
Increase in net assets held for the benefit of policyowners	4	8
Increase in net assets held for the benefit of policyowners		
75/75 Class A Units	1	0
75/100 Class A Units	1	0
100/100 Class A Units	2	3
Holding Money Market Units	—	5
Increase in net assets held for the benefit of policyowners per unit (note 3)		
75/75 Class A Units	0.01	0.01
75/100 Class A Units	0.01	0.00
100/100 Class A Units	0.01	0.01
Holding Money Market Units	—	0.02

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

BMO Insurance

STATEMENT OF CHANGES IN NET ASSETS HELD FOR THE BENEFIT OF POLICYOWNERS
(All amounts in thousands of Canadian dollars)

For the periods ended	December 31, 2017	December 31, 2016
75/75 Class A Units		
Net assets held for the benefit of policyowners at beginning of period	541	—
Increase in net assets held for the benefit of policyowners	1	0
Withdrawable unit transactions		
Proceeds from withdrawable units issued	2,456	1,053
Withdrawal of withdrawable units	(675)	(512)
Net increase from withdrawable unit transactions	1,781	541
Net increase in net assets held for the benefit of policyowners	1,782	541
Net assets held for the benefit of policyowners	2,323	541
75/100 Class A Units		
Net assets held for the benefit of policyowners at beginning of period	1,294	—
Increase in net assets held for the benefit of policyowners	1	0
Withdrawable unit transactions		
Proceeds from withdrawable units issued	3,947	1,415
Withdrawal of withdrawable units	(2,577)	(121)
Net increase from withdrawable unit transactions	1,370	1,294
Net increase in net assets held for the benefit of policyowners	1,371	1,294
Net assets held for the benefit of policyowners	2,665	1,294

STATEMENT OF CHANGES IN NET ASSETS HELD FOR THE BENEFIT OF POLICYOWNERS (cont'd)
(All amounts in thousands of Canadian dollars)

For the periods ended	December 31, 2017	December 31, 2016
100/100 Class A Units		
Net assets held for the benefit of policyowners at beginning of period	3,872	2,760
Increase in net assets held for the benefit of policyowners	2	3
Withdrawable unit transactions		
Proceeds from withdrawable units issued	3,960	4,284
Withdrawal of withdrawable units	(4,376)	(3,175)
Net (decrease) increase from withdrawable unit transactions	(416)	1,109
Net (decrease) increase in net assets held for the benefit of policyowners	(414)	1,112
Net assets held for the benefit of policyowners	3,458	3,872
Holding Money Market Units		
Net assets held for the benefit of policyowners at beginning of period	—	3,891
Increase in net assets held for the benefit of policyowners	—	5
Withdrawable unit transactions		
Proceeds from withdrawable units issued	—	17,820
Withdrawal of withdrawable units	—	(21,716)
Net decrease from withdrawable unit transactions	—	(3,896)
Net decrease in net assets held for the benefit of policyowners	—	(3,891)
Net assets held for the benefit of policyowners	—	—

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

STATEMENT OF CHANGES IN NET ASSETS HELD FOR THE BENEFIT OF POLICYOWNERS (cont'd)
(All amounts in thousands of Canadian dollars)

For the periods ended	December 31, 2017	December 31, 2016
Total Fund		
Net assets held for the benefit of policyowners at beginning of period	5,707	6,651
Increase in net assets held for the benefit of policyowners	4	8
Withdrawable unit transactions		
Proceeds from withdrawable units issued	10,363	24,572
Withdrawal of withdrawable units	(7,628)	(25,524)
Net increase (decrease) from withdrawable unit transactions	2,735	(952)
Net increase (decrease) in net assets held for the benefit of policyowners	2,739	(944)
Net assets held for the benefit of policyowners	8,446	5,707

STATEMENT OF CASH FLOWS
(All amounts in thousands of Canadian dollars)

For the periods ended	December 31, 2017	December 31, 2016
Cash flows from operating activities		
Increase in net assets held for the benefit of policyowners	4	8
Adjustments for:		
Increase in distribution receivable from investment trusts	(4)	(2)
Decrease in accrued interest on money market investments	—	1
Increase in accrued expenses	9	5
Purchases of investments	(2,462)	(20,371)
Proceeds from sale and maturity of investments	265	21,179
Net cash from operating activities	(2,188)	820
Cash flows from financing activities		
Proceeds from issuances of withdrawable units	10,363	24,876
Amounts paid on withdrawal of withdrawable units	(7,664)	(25,487)
Net cash from financing activities	2,699	(611)
Net increase in cash	511	209
Cash at beginning of period	320	111
Cash at end of period	831	320
Supplementary Information		
Interest received, net of withholding taxes*	—	8
Distribution received from investment trusts*	62	37
Interest expense paid*	0	—

*These items are from operating activities

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

BMO Money Market GIF

(cont'd)

BMO Insurance

SCHEDULE OF INVESTMENT PORTFOLIO
(All amounts in thousands of Canadian dollars, unless otherwise noted)

As at December 31, 2017	Number of Units	Cost ($)	Fair Value ($)
HOLDING IN INVESTMENT FUND			
Money Market Fund — 90.3%			
BMO Money Market Fund, Series I	7,628	7,628	7,628
Total Investment Portfolio — 90.3%		**7,628**	**7,628**
Other Assets Less Liabilities — 9.7%			818
NET ASSETS HELD FOR THE BENEFIT OF POLICYOWNERS — 100.0%			**8,446**

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

(All amounts in thousands of Canadian dollars)

1. The Funds

The BMO Guaranteed Investment Funds (the "Funds") are offered through a variable annuity contract issued by BMO Life Assurance Company (the "Company") under authority of the Insurance Companies Act (Canada) and are regulated by the Canadian Life and Health Insurance Association ("CLHIA"). The Company is the registered owner of the assets of the Funds for the benefit of the policyowners. The address of the Company's registered office is 60 Yonge Street, Toronto, Ontario. The Funds are not separate legal entities. The Funds were established as follows:

Fund	Date Established
BMO Money Market GIF	December 2, 2013
BMO Canadian Balanced Growth GIF	December 2, 2013
BMO Canadian Income Strategy GIF	December 2, 2013
BMO U.S. Balanced Growth GIF	December 2, 2013
BMO North American Income Strategy GIF	December 2, 2013
BMO Fixed Income ETF Portfolio GIF	June 21, 2016
BMO Income ETF Portfolio GIF	June 21, 2016
BMO Conservative ETF Portfolio GIF	June 21, 2016
BMO Balanced ETF Portfolio GIF	June 21, 2016
BMO Growth ETF Portfolio GIF	June 21, 2016
BMO Equity Growth ETF Portfolio GIF	June 21, 2016
BMO Low Volatility U.S. Equity ETF GIF	June 21, 2016
BMO Low Volatility Canadian Equity ETF GIF	June 21, 2016
BMO Monthly Income GIF	January 6, 2017

The Company is the sole issuer of the individual variable insurance contract providing for investment in each Fund.

Each Fund is established under the authority of the Insurance Companies Act. Each of the Funds invest in direct investments or in underlying exchange traded funds or mutual fund units.

The individual variable insurance contract provides guarantees, which are payable either on maturity or on death.

The information provided in these audited financial statements is as at and for the periods ended December 31, 2017 and December 31, 2016.

The financial statements were authorized for issuance by the Board of Directors of the Company on March 26, 2018.

2. Basis of preparation and presentation

These audited annual financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

3. Summary of significant accounting policies

Financial instruments

The Funds record financial instruments at fair value. Investment transactions are accounted for on the trade date. The Funds' investments are either designated at fair value through profit or loss ("FVTPL") at inception or classified as held for trading. The changes in the investment fair values and related transaction costs are recorded in the Funds' Statement of Comprehensive Income.

Financial assets or financial liabilities held for trading are those acquired or incurred principally for the purpose of selling or repurchasing in the near future, or on initial recognition, are part of a portfolio of identified financial instruments that the Funds manage together and that have a recent actual pattern of short-term profit taking. The Funds classify all derivatives as held for trading. The Funds do not designate any derivatives as hedges in a hedging relationship.

The Funds designate all investments at FVTPL, as they have reliably measurable fair values and are part of a group of financial assets or financial liabilities that are managed and have their performance evaluated on a fair value basis in accordance with the Fund's investment strategy.

The Funds' withdrawable units contain multiple contractual obligations and consequently, do not meet the conditions to be classified as equity. As a result, the Funds' obligations for net assets held for the benefit of policyowners are classified as financial liabilities and presented at the withdrawal amounts.

All other financial assets and financial liabilities are measured at amortized cost. Under this method, financial assets and financial liabilities reflect the amount required to be received or paid, discounted, when appropriate, at the contract's effective interest rate.

The Funds have determined that they meet the definition of "investment entity" and as a result, measure subsidiaries, if any, at FVTPL.

Cost of investments
The cost of investments represents the amount paid for each security and is determined on an average cost basis.

Fair value measurement
Investments are recorded at their fair value with the change between this amount and their average cost being recorded as "Change in unrealized appreciation (depreciation)" in the Statement of Comprehensive Income.

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 Company determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

For bonds, debentures, asset-backed securities and other debt securities, fair value is represented by bid prices provided by independent security pricing services. Short-term investments, if any, are fair valued, and in certain circumstances are held at amortized cost which approximates fair value.

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.

Derivatives

Derivative instruments are financial contracts that derive their value from changes in the underlying interest rates, foreign exchange rates or other financial or commodity prices or indices.

Derivative instruments are either regulated exchange traded contracts or negotiated over-the-counter contracts. The Funds may use these instruments for trading purposes, as well as to manage the Funds' risk exposures.

Derivatives are measured at fair value. Realized gains and losses are included in "Net realized gains (losses)" on the Statement of Comprehensive Income and unrealized gains and losses are included in "Change in unrealized appreciation (depreciation)" in the Statement of Comprehensive Income.

Forward currency contracts

A forward currency contract is an agreement between two parties (the Fund and the counterparty) to purchase or sell a currency against another currency at a set price on a future date. The Funds may enter into forward currency contracts for hedging purposes, which can include the economic hedging of all or a portion of the currency exposure of an investment or group of investments, either directly or indirectly.

The Funds may also enter into these contracts for non-hedging purposes, which can include increasing the exposure to a foreign currency, or the shifting of exposure to foreign currency fluctuations from one country to another. The value of forward currency contracts entered into by the Funds is recorded as the difference between the value of the contract on the Valuation Date and the value on the date the contract originated.

Income recognition

Distributions from underlying funds are recognized on the ex-distribution date.

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

Foreign currency translation

The fair value of investments and other assets and liabilities in foreign currencies are translated into the Funds' 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. Foreign exchange gains (losses) on completed transactions are included in "Net realized gain (loss)" and unrealized foreign exchange gains (losses) are included in "Change in unrealized appreciation (depreciation)" in the Statement of Comprehensive Income. Foreign exchange gains (losses) relating to cash, receivables and payables are included in "Foreign exchange gain (loss)" in the Statement of Comprehensive Income.

Cash

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

Other assets and liabilities

Distribution receivable from investment trusts, subscriptions receivable and receivable for investments purchased, are initially recorded at fair value and subsequently measured at amortized cost. Similarly, payable for investments purchased, redemptions payable and accrued expenses are measured at amortized cost. Other assets and liabilities are short-term in nature, and are carried at cost or amortized cost.

Increase or decrease in net assets held for the benefit of policyowners from operations per unit

"Increase (decrease) in net assets from operations per unit" of a class in the Statement of Comprehensive Income represents the increase (decrease) in net assets from operations attributable to the class, divided by the weighted average number of units of the class outstanding during the period.

Portfolio turnover rate

The Funds' portfolio turnover rate indicates how actively the Funds' 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.

Income taxes

The Funds are segregated funds under the provisions of the *Income Tax Act (Canada).* The Funds' net income, including net realized capital gains and losses for the calendar year, is allocated to beneficiaries so that the Funds will not be liable for income taxes. As a result, the Funds have determined that they are in substance not taxable and therefore do not record income taxes in the Statement of Comprehensive Income and/or recognize any deferred tax assets or liabilities in the Statement of Financial Position.

Investments in subsidiaries, joint ventures and associates

Subsidiaries are entities over which the Funds have control through their exposure or rights to variable returns from their investment, and have the ability to affect those returns through their power over the entity. The Funds have determined that they are an investment entity and as such, they account for subsidiaries, if any, at fair value. Joint ventures are those where the Funds exercise joint control through an agreement with other shareholders, and associates are investments in which the Funds exert significant influence over operating, investing, and financing decisions (such as entities in which the Funds own 20% – 50% of voting shares), all of which, if any, have been designated at FVTPL.

Unconsolidated structured entities

During the periods, the Funds had no sponsored unconsolidated structured entities. The Funds have determined that the underlying funds in which the Funds 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 Funds. Similarly, investments in securitizations, asset-backed securities and mortgage-backed securities are determined to be interests in unconsolidated structured entities.

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

Mortgage-related securities are created from pools of residential or commercial mortgage loans, including mortgage loans made by savings and loan institutions, mortgage bankers, commercial banks and others. Asset-backed securities are created from many types of assets, including auto loans, credit card receivables, home equity loans, and student loans.

The Funds do not provide and have not committed to providing any additional significant financial information or other support to the unconsolidated structured entities other than its investment in the unconsolidated structured entities.

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 transactions for which the Funds have legally enforceable rights to offset and intend to settle the positions on a net basis. Amounts not offset in the Statement of Financial Position relate to transactions where a master netting arrangement or similar agreement is in place with a right to offset only in the event of default, insolvency or bankruptcy, or where the Funds have no intention of settling on a net basis.

4. Units and unit transactions

The withdrawable units of the Funds are classified as financial liabilities.

The units have no par value and are entitled to allocations, if any. Upon withdrawal, a unit is entitled to a proportionate share of the Fund's NAV. The Funds allocate their net income, including net realized capital gains and capital losses, to ensure the Funds will not be liable for income taxes on capital gains, dividends and interest. The Funds have no restrictions or specific capital requirements on the subscriptions and withdrawal of units. The relevant movements in withdrawable units are shown on the Statement of Changes in Net Assets Held for the Benefit of Policyowners. In accordance with their investment objectives and strategies, and the risk management practices outlined in Note 9, the Funds endeavour to invest the subscriptions received in appropriate investments, while maintaining sufficient liquidity to meet withdrawals, with such liquidity being augmented by short-term borrowings or disposal of investments where necessary.

The NAV per unit of a class is computed by dividing the NAV of the Fund attributable to the class (that is, the total fair value of the assets attributable to the class less the liabilities attributable to the class) by the total number of units of the class of the Fund outstanding at such time.

Expenses directly attributable to a class are charged to that class. Other expenses, income, realized and unrealized gains and losses from investment transactions are allocated proportionately to each class based upon the relative NAV of each class.

75/75 Class A Units are for policyholders that are professionals and business owners seeking downside risk protection and creditor protection.

75/100 Class A Units are for policyholders that are retirees and seniors seeking estate protection or wealth transfer advantages.

100/100 Class A Units are for policyholders that are pre-retires looking for maximum protection and to lock-in market gains as they get closer to retirement.

100/100 Prestige Class Units are only available to policyowners who meet and maintain a minimum investment of $250, either individually or collectively with other policyowners who are their family members and reside at the same address.

Holding Money Market Units were designated for holding purposes. Once a month the deposits were switched to the selected funds. At the close of business on June 20, 2016, the Holding Money Market Units were terminated.

BMO Insurance

5. Accounting standards issued but not yet adopted

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments, which addresses classification and measurement, impairment and hedge accounting.

The new standard requires assets to be carried at amortized cost, FVTPL or fair value through comprehensive income based on the entity's business model for managing financial assets and the contractual cash flow characteristics of the financial asset. The classification and measurement of liabilities remains generally unchanged with the exception of liabilities recorded at FVTPL.

For these financial liabilities, fair value changes attributable to changes in the entity's own credit risk are to be presented in other comprehensive income unless they affect amounts recorded in income.

The new standard is effective for the Funds for their fiscal year beginning January 1, 2018. The Funds' financial assets and financial liabilities are managed, and the performance of the Fund is evaluated, on a fair value basis. Accordingly, the Company has reached the preliminary conclusion that Fair Value Through Profit and Loss (FVTPL) in accordance with IFRS 9 provides the most appropriate measurement and presentation of the Funds' financial assets and financial liabilities, which aligns with their current measurement and presentation, with little or no modification. Therefore, the Company does not anticipate changes from the Funds' current measurement of their financial assets and financial liabilities as FVTPL. There will be no significant impact on the Funds' financial statements.

The Company will continue to evaluate any further industry and or regulatory updates with respect to the implementation of this new standard.

6. Critical accounting judgements and estimates

The preparation of financial statements requires the use of judgement in applying the Funds' accounting policies and to make estimates and assumptions about the future. The following discusses the most significant accounting judgements and estimates that the Funds have made in preparing their financial statements:

Accounting judgements:

Functional and presentation currency

The Funds unitholders are mainly Canadian residents, with the subscriptions and redemptions of the redeemable units denominated in Canadian dollars. The Funds invest in Canadian dollar denominated securities. The performance of the Funds are measured and reported to the investors in Canadian dollars.

The Company considers the Canadian dollar as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The financial statements are presented in Canadian dollars, which is the Funds' functional and presentation currency.

Classification and measurement of financial instruments and application of fair value option

In classifying and measuring financial instruments held by the Funds, the Company is required to make significant judgements about whether or not the business of the Funds is to invest on a total return basis for the purpose of applying the fair value options for financial assets.

Accounting estimates:

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

7. Management fees and expenses

Each Fund is responsible for the payment of fees and expenses related to its operations. Such fees and expenses include management fees and other recoverable fund operating expenses paid by the Funds. Collectively, all the fees and expenses paid or payable by the Funds, including management fees and other recoverable fund operating expenses divided by the Funds' average NAV, is known as the Management Expense Ratio ("MER").

8. Related party transactions

Management fees

Each Fund pays a management fee for investment management and administration services of the Fund. The management fee varies from Fund to Fund and is calculated and accrued on a daily basis as an annual percentage of the NAV of each Fund.

The management fee of a Fund includes the management fee and expenses charged by the underlying funds. There is no duplication of management fees when the Fund invests in an underlying fund.

Administration fees

Each Fund incurs certain operating expenses that include audit and legal fees and expenses; custodian and transfer agency fees; costs attributable to the administration of the segregated funds, including the cost of the record keeping system; fund accounting and valuation costs; costs of financial reports; including information folders, required to comply with applicable regulatory requirements; filing fees, and statements and communications to policyowners. The Company pays for these expenses and in return, each Fund pays the Company an administration fee of 0.25%. The administration fee is calculated and accrued daily as an annual percentage of the average NAV of each Fund.

Insurance fees

Each Fund pays an insurance fee for the provision of insurance benefits to the Company. The insurance fee differs from Fund to Fund and is calculated and accrued daily as an annual percentage of NAV of each Fund and is included in the management expense ratio.

Brokerage commissions

The Funds may execute trades with and or through BMO Nesbitt Burns Inc., an affiliate of the Company based on established standard brokerage agreements at market prices. These fees, if any, are included in "Commissions and other portfolio transaction costs" in the Statement of Comprehensive Income.

Other related parties

The Company may, on behalf of the Funds, enter into transactions or arrangements with or involving other subsidiaries or affiliates of the Bank of Montreal, or certain other persons or companies that are related or connected to the Company. These transactions or arrangements may include transactions or arrangements with or involving subsidiaries or affiliates of the Bank of Montreal, BMO Asset Management Inc., or other investment funds offered by Bank of Montreal, and may involve the purchase or sale of portfolio securities through or from a subsidiary or affiliates of the Bank of Montreal, the purchase or sale of securities issued or guaranteed by a subsidiary or affiliates of the Bank of Montreal, entering into forward contracts with a subsidiary or affiliates of the Bank of Montreal acting as the counterparty, the purchase or redemption of units of other Bank of Montreal investment funds or the provision of services to the Company.

9. Financial instrument risk

The Funds may be exposed to a variety of financial risks that are concentrated in their investment holdings. The concentration risk table groups securities by asset type, geographic region and/or market segment. The Funds' risk management practices outline the monitoring of compliance to investment guidelines. The Company manages the potential effects of these financial risks on the Funds' performance by employing and overseeing professional and experienced portfolio advisors that regularly monitor the Funds' positions, market events and diversify investment portfolios within the constraints of the investment guidelines.

Where a Fund invests in another investment fund or investment funds, they may be indirectly exposed to the financial instrument risk 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 funds.

a) Currency risk

Currency risk is the risk that the value of financial instruments denominated in currencies, other than the functional currency of the Funds, 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 Funds' functional currency in determining fair value.

b) Interest rate risk

Interest rate risk is the risk that the fair value of the Funds' interest bearing investments will fluctuate due to changes in market interest rates. The Funds' 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.

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.

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 creditworthiness of the debt issuer. Credit risk exposure for over-the-counter derivative instruments is based on the Funds' 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.

e) Liquidity risk

The Funds' exposure to liquidity risk is concentrated in the daily cash redemptions of units. The Funds primarily invest in securities that are traded in active markets and can be readily disposed. In addition, the Funds retain sufficient cash and cash equivalent positions to maintain liquidity. The Funds 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. The proportion of illiquid securities to NAV of the Fund is monitored by the Company to ensure it does not exceed the regulatory limit and does not significantly affect the liquidity required to meet the Fund's financial obligations.

10. Fair value hierarchy

Each 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 the quoted prices in active markets for identical securities.

Level 2 securities are valued based on significant observable market inputs, such as quoted prices from similar securities and quoted prices in inactive markets or based on unobservable inputs to models.

Level 3 securities are valued based on significant unobservable inputs that reflect the Company's determination of assumptions that market participants might reasonably use in valuing the securities.

Fund and Class information

The Fund is authorized to issue an unlimited number of units in each of 75/75 Class A Units, 75/100 Class A Units, 100/100 Class A Units and Holding Money Market Units, which are redeemable at the policyowners' option.

Class	Launch Date
75/75 Class A Units	June 21, 2016
75/100 Class A Units	June 21, 2016
100/100 Class A Units	December 2, 2013
Holding Money Market Units	December 2, 2013

Change in units

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

For the periods ended (in thousands of units)	December 31, 2017	December 31, 2016
75/75 Class A Units		
Units issued and outstanding, beginning of period	54	—
Issued for cash	245	105
Withdrawn during the period	(67)	(51)
Units issued and outstanding, end of period	232	54
75/100 Class A Units		
Units issued and outstanding, beginning of period	129	—
Issued for cash	394	141
Withdrawn during the period	(257)	(12)
Units issued and outstanding, end of period	266	129
100/100 Class A Units		
Units issued and outstanding, beginning of period	385	274
Issued for cash	394	427
Withdrawn during the period	(435)	(316)
Units issued and outstanding, end of period	344	385
Holding Money Market Units		
Units issued and outstanding, beginning of period	—	384
Issued for cash	—	1,755
Withdrawn during the period	—	(2,139)
Units issued and outstanding, end of period	—	—

Units held by the Company

The Company held the following units of the Fund:

As at December 31, 2016 Class	Number of Units	Value of Units ($)
75/75 Class A Units	5,000	50
75/100 Class A Units	5,000	50
100/100 Class A Units	55,000	552

There were no units held by the Company as at December 31, 2017.

Financial instrument risk

The Fund's objective is to provide a high level of interest income and liquidity and to preserve the capital invested. The Fund invests primarily in mutual funds that invest in high-quality money market instruments issued by governments and corporations in Canada.

Financial instrument risk of the underlying fund

The Fund is indirectly exposed to currency risk, interest rate risk, other market risk and credit risks through its investment in the underlying fund to the extent the underlying fund was exposed to these risks.

Fair value hierarchy

As at December 31, 2017 Financial assets	Level 1	Level 2	Level 3	Total
Investment fund	7,628	—	—	7,628

As at Dec. 31, 2016 Financial assets	Level 1	Level 2	Level 3	Total
Investment fund	5,431	—	—	5,431

Transfers between levels

There were no transfers between the levels during the 2017 period (2016 – $nil).

Unconsolidated structured entities

Information on the carrying amount and the size of the investments in structured entities is shown in the table below.

Carrying amount	As at December 31, 2017	As at December 31, 2016
BMO Money Market Fund, Series I	7,628	5,431
Total	**7,628**	**5,431**
Percentage of structured entity held		
BMO Money Market Fund, Series I	1.39%	0.99%

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

Increase or decrease in net assets held for the benefit of policyowners

The increase (decrease) in net assets held for the benefit of policyowners for the periods ended December 31, 2017 and December 31, 2016 is calculated as follows:

For the periods ended	December 31, 2017	December 31, 2016
75/75 Class A Units		
Increase in net assets held for the benefit of policyowners	1	0
Weighted average units outstanding during the period	115	42
Increase in net assets held for the benefit of policyowners per unit	0.01	0.01
75/100 Class A Units		
Increase in net assets held for the benefit of policyowners	1	0
Weighted average units outstanding during the period	185	44
Increase in net assets held for the benefit of policyowners per unit	0.01	0.00
100/100 Class A Units		
Increase in net assets held for the benefit of policyowners	2	3
Weighted average units outstanding during the period	375	410
Increase in net assets held for the benefit of policyowners per unit	0.01	0.01
Holding Money Market Units		
Increase in net assets held for the benefit of policyowners	—	5
Weighted average units outstanding during the period	—	289
Increase in net assets held for the benefit of policyowners per unit	—	0.02

Concentration risk

The following is a summary of the Fund's concentration risk:

As at	December 31, 2017	December 31, 2016
Investment Fund		
Money Market Fund	90.3%	95.2%
Other Assets less Liabilities	9.7%	4.8%
	100.0%	**100.0%**

Financial assets and financial liabilities

Categories of financial assets and financial liabilities

The table below shows the categories of financial assets and financial liabilities except cash:

As at	December 31, 2017	December 31, 2016
Financial assets designated as FVTPL	7,628	5,431
Loans and receivables	8	4
Financial liabilities measured at amortized cost	21	48

Net gains and losses on financial assets and financial liabilities at fair value

For the periods ended	December 31, 2017	December 31, 2016
Net realized gains on financial assets		
Designated at FVTPL	66	46
Total net realized gains on financial assets at FVTPL	66	46

Offsetting financial assets and financial liabilities

There were no amounts offset as at December 31, 2017 and December 31, 2016.

BMO Money Market GIF

Supplementary Information

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

December 31, 2017

BMO Insurance

Financial Highlights (unaudited)

The following table shows selected key financial information about the Fund which is intended to help you understand the Fund's financial performance for the periods indicated.

75/75 Class A Units		Years ended December 31, 2017	2016[4]
Net assets (000s)[1]	$	2,323	541
Net asset value per unit	$	10.01	10.00
Units issued and outstanding (000s)[1]		232	54
Management fees	%	1.00	1.00
Management expense ratio[2]	%	0.96	0.74
Management expense ratio before waivers	%	1.37	1.37

75/100 Class A Units		Years ended December 31, 2017	2016[4]
Net assets (000s)[1]	$	2,665	1,294
Net asset value per unit	$	10.01	10.00
Units issued and outstanding (000s)[1]		266	129
Management fees	%	1.00	1.00
Management expense ratio[2]	%	0.93	0.80
Management expense ratio before waivers	%	1.41	1.41

100/100 Class A Units		Years ended December 31, 2017	2016	2015	2014	2013[3]
Net assets (000s)[1]	$	3,458	3,872	2,760	1,187	550
Net asset value per unit	$	10.05	10.04	10.04	10.01	10.00
Units issued and outstanding (000s)[1]		344	385	274	118	55
Management fees	%	1.00	1.00	1.00	1.00	1.00
Management expense ratio[2]	%	0.91	0.73	0.56	0.85	0.81
Management expense ratio before waivers	%	1.40	1.39	1.37	1.39	1.41

Holding Money Market Units		Years ended December 31, 2017	2016	2015	2014	2013[3]
Net assets (000s)[1]	$	—	—	3,891	3,743	1,180
Net asset value per unit	$	—	—	10.14	10.07	10.01
Units issued and outstanding (000s)[1]		—	—	384	372	108
Management fees	%	—	0.27	0.27	0.26	0.27
Management expense ratio[2]	%	—	0.28	0.28	0.26	0.27
Management expense ratio before waivers	%	—	0.30	0.30	0.30	0.29

(1) The information is provided as at December 31 of the period shown.

(2) The management expense ratio of a particular class is calculated based on all expenses allocated to the series, as applicable, including all taxes and interest expenses but excluding brokerage commissions and other portfolio transaction costs, divided by the average daily net asset value of that series, annualized.

(3) The information shown in this column is for the period beginning December 2, 2013 (the class' inception date) and ending December 31, 2013.

(4) The information in this column is for the period beginning June 21, 2016 (the class' inception date) and ending December 31, 2016.

BMO Guaranteed Investment Funds 2017

ANNUAL FINANCIAL STATEMENTS

December 31, 2017

BMO Canadian Balanced Growth GIF

BMO Insurance

BMO Insurance

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

As at	December 31, 2017	December 31, 2016
ASSETS		
CURRENT ASSETS		
Cash	202	251
Investments		
Non-derivative financial assets	21,084	22,736
Subscriptions receivable	—	581
Distribution receivable from investment trusts	95	103
Total assets	21,381	23,671
LIABILITIES		
CURRENT LIABILITIES		
Payable for investments purchased	27	37
Redemptions payable	20	477
Accrued expenses	147	158
Total liabilities	194	672
Net assets held for the benefit of policyowners	21,187	22,999
Net assets held for the benefit of policyowners		
100/100 Class A Units	11,092	17,529
100/100 Prestige Class Units	10,095	5,470
Net assets held for the benefit of policyowners per unit		
100/100 Class A Units	$ 10.48	$ 10.26
100/100 Prestige Class Units	$ 9.97	$ 9.75

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

For the periods ended	December 31, 2017	December 31, 2016
INCOME		
Interest income	0	—
Distribution from investment trusts	666	605
Other changes in fair value of investments and derivatives		
Net realized gain (loss)	216	(428)
Change in unrealized appreciation	198	1,185
Net gain in fair value of investments and derivatives	1,080	1,362
Foreign exchange loss	—	(24)
Total loss	—	(24)
Total income	1,080	1,338
EXPENSES		
Management fees (note 8)	295	292
Fixed administration fees (note 8)	59	58
Insurance fees (note 8)	245	238
Commissions and other portfolio transaction costs (note 8)	7	12
Total expenses	606	600
Increase in net assets held for the benefit of policyowners	474	738
Increase in net assets held for the benefit of policyowners		
100/100 Class A Units	253	588
100/100 Prestige Class Units	221	150
Increase in net assets held for the benefit of policyowners per unit (note 3)		
100/100 Class A Units	0.18	0.35
100/100 Prestige Class Units	0.31	0.34

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

STATEMENT OF CHANGES IN NET ASSETS HELD FOR THE BENEFIT OF POLICYOWNERS
(All amounts in thousands of Canadian dollars)

For the periods ended	December 31, 2017	December 31, 2016
100/100 Class A Units		
Net assets held for the benefit of policyowners at beginning of period	17,529	14,895
Increase in net assets held for the benefit of policyowners	253	588
Withdrawable unit transactions		
Proceeds from withdrawable units issued	3,276	4,542
Withdrawal of withdrawable units	(9,966)	(2,496)
Net (decrease) increase from withdrawable unit transactions	(6,690)	2,046
Net (decrease) increase in net assets held for the benefit of policyowners	(6,437)	2,634
Net assets held for the benefit of policyowners	11,092	17,529
100/100 Prestige Class Units		
Net assets held for the benefit of policyowners at beginning of period	5,470	3,631
Increase in net assets held for the benefit of policyowners	221	150
Withdrawable unit transactions		
Proceeds from withdrawable units issued	7,009	2,354
Withdrawal of withdrawable units	(2,605)	(665)
Net increase from withdrawable unit transactions	4,404	1,689
Net increase in net assets held for the benefit of policyowners	4,625	1,839
Net assets held for the benefit of policyowners	10,095	5,470

STATEMENT OF CHANGES IN NET ASSETS HELD FOR THE BENEFIT OF POLICYOWNERS (cont'd)
(All amounts in thousands of Canadian dollars)

For the periods ended	December 31, 2017	December 31, 2016
Total Fund		
Net assets held for the benefit of policyowners at beginning of period	22,999	18,526
Increase in net assets held for the benefit of policyowners	474	738
Withdrawable unit transactions		
Proceeds from withdrawable units issued	10,285	6,896
Withdrawal of withdrawable units	(12,571)	(3,161)
Net increase (decrease) from withdrawable unit transactions	(2,286)	3,735
Net increase (decrease) in net assets held for the benefit of policyowners	(1,812)	4,473
Net assets held for the benefit of policyowners	21,187	22,999

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

STATEMENT OF CASH FLOWS

(All amounts in thousands of Canadian dollars)

For the periods ended	December 31, 2017	December 31, 2016
Cash flows from operating activities		
Increase in net assets held for the benefit of policyowners	474	738
Adjustments for:		
Net realized (gain) loss on sale of investments and derivatives	(216)	428
Change in unrealized appreciation of investments and derivatives	(198)	(1,185)
Decrease (increase) in distribution receivable from investment trusts	8	(12)
(Decrease) increase in accrued expenses	(11)	27
Non-cash distributions from investment trusts	(122)	(32)
Purchases of investments	(6,111)	(12,899)
Proceeds from sale and maturity of investments	8,289	9,378
Net cash from operating activities	2,113	(3,557)
Cash flows from financing activities		
Proceeds from issuances of withdrawable units	4,243	6,315
Amounts paid on withdrawal of withdrawable units	(6,405)	(2,687)
Net cash from financing activities	(2,162)	3,628
Net (decrease) increase in cash	(49)	71
Cash at beginning of period	251	180
Cash at end of period	202	251
Supplementary Information		
Interest received, net of withholding taxes*	0	—
Distribution received from investment trusts*	552	561

*These items are from operating activities

SCHEDULE OF INVESTMENT PORTFOLIO

(All amounts in thousands of Canadian dollars, unless otherwise noted)

As at December 31, 2017	Number of Units	Cost* ($)	Fair Value ($)
HOLDINGS IN INVESTMENT FUNDS			
Canadian Equity Fund — 43.8%			
BMO S&P/TSX Capped Composite Index ETF	424,980	8,593	9,284
Fixed Income Funds — 44.8%			
BMO Mid Corporate Bond Index ETF	191,770	3,159	3,093
BMO Mid Federal Bond Index ETF	355,590	5,957	5,701
BMO Mid-Term US IG Corporate Bond Index ETF	39,110	784	706
		9,900	**9,500**
International Equity Fund — 4.4%			
BMO MSCI EAFE Index ETF	49,340	820	924
U.S. Equity Fund — 6.5%			
BMO S&P 500 Index ETF	37,260	1,170	1,376
Total Investment Portfolio — 99.5%		**20,483**	**21,084**
Other Assets Less Liabilities — 0.5%			103
NET ASSETS HELD FOR THE BENEFIT OF POLICYOWNERS — 100.0%			**21,187**

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

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

(All amounts in thousands of Canadian dollars)

1. The Funds

The BMO Guaranteed Investment Funds (the "Funds") are offered through a variable annuity contract issued by BMO Life Assurance Company (the "Company") under authority of the Insurance Companies Act (Canada) and are regulated by the Canadian Life and Health Insurance Association ("CLHIA"). The Company is the registered owner of the assets of the Funds for the benefit of the policyowners. The address of the Company's registered office is 60 Yonge Street, Toronto, Ontario. The Funds are not separate legal entities. The Funds were established as follows:

Fund	Date Established
BMO Money Market GIF	December 2, 2013
BMO Canadian Balanced Growth GIF	December 2, 2013
BMO Canadian Income Strategy GIF	December 2, 2013
BMO U.S. Balanced Growth GIF	December 2, 2013
BMO North American Income Strategy GIF	December 2, 2013
BMO Fixed Income ETF Portfolio GIF	June 21, 2016
BMO Income ETF Portfolio GIF	June 21, 2016
BMO Conservative ETF Portfolio GIF	June 21, 2016
BMO Balanced ETF Portfolio GIF	June 21, 2016
BMO Growth ETF Portfolio GIF	June 21, 2016
BMO Equity Growth ETF Portfolio GIF	June 21, 2016
BMO Low Volatility U.S. Equity ETF GIF	June 21, 2016
BMO Low Volatility Canadian Equity ETF GIF	June 21, 2016
BMO Monthly Income GIF	January 6, 2017

The Company is the sole issuer of the individual variable insurance contract providing for investment in each Fund.

Each Fund is established under the authority of the Insurance Companies Act. Each of the Funds invest in direct investments or in underlying exchange traded funds or mutual fund units.

The individual variable insurance contract provides guarantees, which are payable either on maturity or on death.

The information provided in these audited financial statements is as at and for the periods ended December 31, 2017 and December 31, 2016.

The financial statements were authorized for issuance by the Board of Directors of the Company on March 26, 2018.

2. Basis of preparation and presentation

These audited annual financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

3. Summary of significant accounting policies

Financial instruments

The Funds record financial instruments at fair value. Investment transactions are accounted for on the trade date. The Funds' investments are either designated at fair value through profit or loss ("FVTPL") at inception or classified as held for trading. The changes in the investment fair values and related transaction costs are recorded in the Funds' Statement of Comprehensive Income.

Financial assets or financial liabilities held for trading are those acquired or incurred principally for the purpose of selling or repurchasing in the near future, or on initial recognition, are part of a portfolio of identified financial instruments that the Funds manage together and that have a recent actual pattern of short-term profit taking. The Funds classify all derivatives as held for trading. The Funds do not designate any derivatives as hedges in a hedging relationship.

The Funds designate all investments at FVTPL, as they have reliably measurable fair values and are part of a group of financial assets or financial liabilities that are managed and have their performance evaluated on a fair value basis in accordance with the Fund's investment strategy.

The Funds' withdrawable units contain multiple contractual obligations and consequently, do not meet the conditions to be classified as equity. As a result, the Funds' obligations for net assets held for the benefit of policyowners are classified as financial liabilities and presented at the withdrawal amounts.

All other financial assets and financial liabilities are measured at amortized cost. Under this method, financial assets and financial liabilities reflect the amount required to be received or paid, discounted, when appropriate, at the contract's effective interest rate.

The Funds have determined that they meet the definition of "investment entity" and as a result, measure subsidiaries, if any, at FVTPL.

Cost of investments

The cost of investments represents the amount paid for each security and is determined on an average cost basis.

Fair value measurement

Investments are recorded at their fair value with the change between this amount and their average cost being recorded as "Change in unrealized appreciation (depreciation)" in the Statement of Comprehensive Income.

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 Company determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

For bonds, debentures, asset-backed securities and other debt securities, fair value is represented by bid prices provided by independent security pricing services. Short-term investments, if any, are fair valued, and in certain circumstances are held at amortized cost which approximates fair value.

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.

Derivatives
Derivative instruments are financial contracts that derive their value from changes in the underlying interest rates, foreign exchange rates or other financial or commodity prices or indices.

Derivative instruments are either regulated exchange traded contracts or negotiated over-the-counter contracts. The Funds may use these instruments for trading purposes, as well as to manage the Funds' risk exposures.

Derivatives are measured at fair value. Realized gains and losses are included in "Net realized gains (losses)" on the Statement of Comprehensive Income and unrealized gains and losses are included in "Change in unrealized appreciation (depreciation)" in the Statement of Comprehensive Income.

Forward currency contracts
A forward currency contract is an agreement between two parties (the Fund and the counterparty) to purchase or sell a currency against another currency at a set price on a future date. The Funds may enter into forward currency contracts for hedging purposes, which can include the economic hedging of all or a portion of the currency exposure of an investment or group of investments, either directly or indirectly.

The Funds may also enter into these contracts for non-hedging purposes, which can include increasing the exposure to a foreign currency, or the shifting of exposure to foreign currency fluctuations from one country to another. The value of forward currency contracts entered into by the Funds is recorded as the difference between the value of the contract on the Valuation Date and the value on the date the contract originated.

Income recognition
Distributions from underlying funds are recognized on the ex-distribution date.

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

Foreign currency translation
The fair value of investments and other assets and liabilities in foreign currencies are translated into the Funds' 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. Foreign exchange gains (losses) on completed transactions are included in "Net realized gain (loss)" and unrealized foreign exchange gains (losses) are included in "Change in unrealized appreciation (depreciation)" in the Statement of Comprehensive Income. Foreign exchange gains (losses) relating to cash, receivables and payables are included in "Foreign exchange gain (loss)" in the Statement of Comprehensive Income.

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

Other assets and liabilities

Distribution receivable from investment trusts, subscriptions receivable and receivable for investments purchased, are initially recorded at fair value and subsequently measured at amortized cost. Similarly, payable for investments purchased, redemptions payable and accrued expenses are measured at amortized cost. Other assets and liabilities are short-term in nature, and are carried at cost or amortized cost.

Increase or decrease in net assets held for the benefit of policyowners from operations per unit

"Increase (decrease) in net assets from operations per unit" of a class in the Statement of Comprehensive Income represents the increase (decrease) in net assets from operations attributable to the class, divided by the weighted average number of units of the class outstanding during the period.

Portfolio turnover rate

The Funds' portfolio turnover rate indicates how actively the Funds' 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.

Income taxes

The Funds are segregated funds under the provisions of the *Income Tax Act (Canada).* The Funds' net income, including net realized capital gains and losses for the calendar year, is allocated to beneficiaries so that the Funds will not be liable for income taxes. As a result, the Funds have determined that they are in substance not taxable and therefore do not record income taxes in the Statement of Comprehensive Income and/or recognize any deferred tax assets or liabilities in the Statement of Financial Position.

Investments in subsidiaries, joint ventures and associates

Subsidiaries are entities over which the Funds have control through their exposure or rights to variable returns from their investment, and have the ability to affect those returns through their power over the entity. The Funds have determined that they are an investment entity and as such, they account for subsidiaries, if any, at fair value. Joint ventures are those where the Funds exercise joint control through an agreement with other shareholders, and associates are investments in which the Funds exert significant influence over operating, investing, and financing decisions (such as entities in which the Funds own 20% – 50% of voting shares), all of which, if any, have been designated at FVTPL.

Unconsolidated structured entities

During the periods, the Funds had no sponsored unconsolidated structured entities. The Funds have determined that the underlying funds in which the Funds 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 Funds. Similarly, investments in securitizations, asset-backed securities and mortgage-backed securities are determined to be interests in unconsolidated structured entities.

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

Mortgage-related securities are created from pools of residential or commercial mortgage loans, including mortgage loans made by savings and loan institutions, mortgage bankers, commercial banks and others. Asset-backed securities are created from many types of assets, including auto loans, credit card receivables, home equity loans, and student loans.

The Funds do not provide and have not committed to providing any additional significant financial information or other support to the unconsolidated structured entities other than its investment in the unconsolidated structured entities.

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 transactions for which the Funds have legally enforceable rights to offset and intend to settle the positions on a net basis. Amounts not offset in the Statement of Financial Position relate to transactions where a master netting arrangement or similar agreement is in place with a right to offset only in the event of default, insolvency or bankruptcy, or where the Funds have no intention of settling on a net basis.

4. Units and unit transactions

The withdrawable units of the Funds are classified as financial liabilities.

The units have no par value and are entitled to allocations, if any. Upon withdrawal, a unit is entitled to a proportionate share of the Fund's NAV. The Funds allocate their net income, including net realized capital gains and capital losses, to ensure the Funds will not be liable for income taxes on capital gains, dividends and interest. The Funds have no restrictions or specific capital requirements on the subscriptions and withdrawal of units. The relevant movements in withdrawable units are shown on the Statement of Changes in Net Assets Held for the Benefit of Policyowners. In accordance with their investment objectives and strategies, and the risk management practices outlined in Note 9, the Funds endeavour to invest the subscriptions received in appropriate investments, while maintaining sufficient liquidity to meet withdrawals, with such liquidity being augmented by short-term borrowings or disposal of investments where necessary.

The NAV per unit of a class is computed by dividing the NAV of the Fund attributable to the class (that is, the total fair value of the assets attributable to the class less the liabilities attributable to the class) by the total number of units of the class of the Fund outstanding at such time.

Expenses directly attributable to a class are charged to that class. Other expenses, income, realized and unrealized gains and losses from investment transactions are allocated proportionately to each class based upon the relative NAV of each class.

75/75 Class A Units are for policyholders that are professionals and business owners seeking downside risk protection and creditor protection.

75/100 Class A Units are for policyholders that are retirees and seniors seeking estate protection or wealth transfer advantages.

100/100 Class A Units are for policyholders that are pre-retires looking for maximum protection and to lock-in market gains as they get closer to retirement.

100/100 Prestige Class Units are only available to policyowners who meet and maintain a minimum investment of $250, either individually or collectively with other policyowners who are their family members and reside at the same address.

Holding Money Market Units were designated for holding purposes. Once a month the deposits were switched to the selected funds. At the close of business on June 20, 2016, the Holding Money Market Units were terminated.

5. Accounting standards issued but not yet adopted

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments, which addresses classification and measurement, impairment and hedge accounting.

The new standard requires assets to be carried at amortized cost, FVTPL or fair value through comprehensive income based on the entity's business model for managing financial assets and the contractual cash flow characteristics of the financial asset. The classification and measurement of liabilities remains generally unchanged with the exception of liabilities recorded at FVTPL.

For these financial liabilities, fair value changes attributable to changes in the entity's own credit risk are to be presented in other comprehensive income unless they affect amounts recorded in income.

The new standard is effective for the Funds for their fiscal year beginning January 1, 2018. The Funds' financial assets and financial liabilities are managed, and the performance of the Fund is evaluated, on a fair value basis. Accordingly, the Company has reached the preliminary conclusion that Fair Value Through Profit and Loss (FVTPL) in accordance with IFRS 9 provides the most appropriate measurement and presentation of the Funds' financial assets and financial liabilities, which aligns with their current measurement and presentation, with little or no modification. Therefore, the Company does not anticipate changes from the Funds' current measurement of their financial assets and financial liabilities as FVTPL. There will be no significant impact on the Funds' financial statements.

The Company will continue to evaluate any further industry and or regulatory updates with respect to the implementation of this new standard.

6. Critical accounting judgements and estimates

The preparation of financial statements requires the use of judgement in applying the Funds' accounting policies and to make estimates and assumptions about the future. The following discusses the most significant accounting judgements and estimates that the Funds have made in preparing their financial statements:

Accounting judgements:

Functional and presentation currency

The Funds unitholders are mainly Canadian residents, with the subscriptions and redemptions of the redeemable units denominated in Canadian dollars. The Funds invest in Canadian dollar denominated securities. The performance of the Funds are measured and reported to the investors in Canadian dollars.

The Company considers the Canadian dollar as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The financial statements are presented in Canadian dollars, which is the Funds' functional and presentation currency.

Classification and measurement of financial instruments and application of fair value option

In classifying and measuring financial instruments held by the Funds, the Company is required to make significant judgements about whether or not the business of the Funds is to invest on a total return basis for the purpose of applying the fair value options for financial assets.

Accounting estimates:

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

7. Management fees and expenses

Each Fund is responsible for the payment of fees and expenses related to its operations. Such fees and expenses include management fees and other recoverable fund operating expenses paid by the Funds. Collectively, all the fees and expenses paid or payable by the Funds, including management fees and other recoverable fund operating expenses divided by the Funds' average NAV, is known as the Management Expense Ratio ("MER").

8. Related party transactions

Management fees

Each Fund pays a management fee for investment management and administration services of the Fund. The management fee varies from Fund to Fund and is calculated and accrued on a daily basis as an annual percentage of the NAV of each Fund.

The management fee of a Fund includes the management fee and expenses charged by the underlying funds. There is no duplication of management fees when the Fund invests in an underlying fund.

Administration fees

Each Fund incurs certain operating expenses that include audit and legal fees and expenses; custodian and transfer agency fees; costs attributable to the administration of the segregated funds, including the cost of the record keeping system; fund accounting and valuation costs; costs of financial reports; including information folders, required to comply with applicable regulatory requirements; filing fees, and statements and communications to policyowners. The Company pays for these expenses and in return, each Fund pays the Company an administration fee of 0.25%. The administration fee is calculated and accrued daily as an annual percentage of the average NAV of each Fund.

Insurance fees

Each Fund pays an insurance fee for the provision of insurance benefits to the Company. The insurance fee differs from Fund to Fund and is calculated and accrued daily as an annual percentage of NAV of each Fund and is included in the management expense ratio.

Brokerage commissions

The Funds may execute trades with and or through BMO Nesbitt Burns Inc., an affiliate of the Company based on established standard brokerage agreements at market prices. These fees, if any, are included in "Commissions and other portfolio transaction costs" in the Statement of Comprehensive Income.

Other related parties

The Company may, on behalf of the Funds, enter into transactions or arrangements with or involving other subsidiaries or affiliates of the Bank of Montreal, or certain other persons or companies that are related or connected to the Company. These transactions or arrangements may include transactions or arrangements with or involving subsidiaries or affiliates of the Bank of Montreal, BMO Asset Management Inc., or other investment funds offered by Bank of Montreal, and may involve the purchase or sale of portfolio securities through or from a subsidiary or affiliates of the Bank of Montreal, the purchase or sale of securities issued or guaranteed by a subsidiary or affiliates of the Bank of Montreal, entering into forward contracts with a subsidiary or affiliates of the Bank of Montreal acting as the counterparty, the purchase or redemption of units of other Bank of Montreal investment funds or the provision of services to the Company.

9. Financial instrument risk

The Funds may be exposed to a variety of financial risks that are concentrated in their investment holdings. The concentration risk table groups securities by asset type, geographic region and/or market segment. The Funds' risk management practices outline the monitoring of compliance to investment guidelines. The Company manages the potential effects of these financial risks on the Funds' performance by employing and overseeing professional and experienced portfolio advisors that regularly monitor the Funds' positions, market events and diversify investment portfolios within the constraints of the investment guidelines.

Where a Fund invests in another investment fund or investment funds, they may be indirectly exposed to the financial instrument risk 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 funds.

a) Currency risk

Currency risk is the risk that the value of financial instruments denominated in currencies, other than the functional currency of the Funds, 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 Funds' functional currency in determining fair value.

b) Interest rate risk

Interest rate risk is the risk that the fair value of the Funds' interest bearing investments will fluctuate due to changes in market interest rates. The Funds' 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.

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.

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 creditworthiness of the debt issuer. Credit risk exposure for over-the-counter derivative instruments is based on the Funds' 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.

e) Liquidity risk

The Funds' exposure to liquidity risk is concentrated in the daily cash redemptions of units. The Funds primarily invest in securities that are traded in active markets and can be readily disposed. In addition, the Funds retain sufficient cash and cash equivalent positions to maintain liquidity. The Funds 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. The proportion of illiquid securities to NAV of the Fund is monitored by the Company to ensure it does not exceed the regulatory limit and does not significantly affect the liquidity required to meet the Fund's financial obligations.

10. Fair value hierarchy

Each 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 the quoted prices in active markets for identical securities.

Level 2 securities are valued based on significant observable market inputs, such as quoted prices from similar securities and quoted prices in inactive markets or based on unobservable inputs to models.

Level 3 securities are valued based on significant unobservable inputs that reflect the Company's determination of assumptions that market participants might reasonably use in valuing the securities.

Fund and Class information

The Fund is authorized to issue an unlimited number of units in each of 100/100 Class A Units and 100/100 Prestige Class Units, which are redeemable at the policyowners' option.

Class	Launch Date
100/100 Class A Units	December 2, 2013
100/100 Prestige Class Units	October 1, 2014

Change in units

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

For the periods ended (in thousands of units)	December 31, 2017	December 31, 2016
100/100 Class A Units		
Units issued and outstanding, beginning of period	1,708	1,500
Issued for cash	316	453
Withdrawn during the period	(966)	(245)
Units issued and outstanding, end of period	1,058	1,708
100/100 Prestige Class Units		
Units issued and outstanding, beginning of period	562	387
Issued for cash	715	243
Withdrawn during the period	(264)	(68)
Units issued and outstanding, end of period	1,013	562

Units held by the Company

The Company held the following units of the Fund:

As at December 31, 2016 Class	Number of Units	Value of Units ($)
100/100 Class A Units	10,000	103
100/100 Prestige Class Units	5,000	49

There were no units held by the Company as at December 31, 2017.

Financial instrument risk

The Fund's objective is to achieve long term capital growth and income. The Fund invests primarily in exchange traded funds that invest in Canadian equity and fixed income securities.

Financial instrument risk of the underlying funds

The Fund is indirectly exposed to currency risk, interest rate risk, other market risk and credit risk through its investment in the underlying funds to the extent the underlying funds were exposed to these risks.

Fair value hierarchy

As at December 31, 2017 Financial assets	Level 1	Level 2	Level 3	Total
Investment funds	21,084	—	—	21,084

As at December 31, 2016 Financial assets	Level 1	Level 2	Level 3	Total
Investment funds	22,736	—	—	22,736

Transfers between levels

There were no transfers between the levels during the 2017 period (2016 – $nil).

Unconsolidated structured entities

Information on the carrying amount and the size of the investments in structured entities is shown in the table below.

Carrying amount	As at December 31, 2017	As at December 31, 2016
BMO Mid Corporate Bond Index ETF	3,093	3,769
BMO Mid Federal Bond Index ETF	5,701	6,962
BMO Mid-Term US IG Corporate Bond Index ETF	706	875
BMO MSCI EAFE Index ETF	924	1,337
BMO S&P 500 Index ETF	1,376	1,320
BMO S&P/TSX Capped Composite Index ETF	9,284	8,473
Total	**21,084**	**22,736**
Percentage of structured entity held		
BMO Mid Corporate Bond Index ETF	0.23%	0.32%
BMO Mid Federal Bond Index ETF	1.14%	1.41%
BMO Mid-Term US IG Corporate Bond Index ETF	0.05%	0.07%
BMO MSCI EAFE Index ETF	0.05%	0.12%
BMO S&P 500 Index ETF	0.03%	0.04%
BMO S&P/TSX Capped Composite Index ETF	0.29%	0.49%

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

Increase or decrease in net assets held for the benefit of policyowners

The increase (decrease) in net assets held for the benefit of policyowners for the periods ended December 31, 2017 and December 31, 2016 is calculated as follows:

For the periods ended	December 31, 2017	December 31, 2016
100/100 Class A Units		
Increase in net assets held for the benefit of policyowners	253	588
Weighted average units outstanding during the period	1,406	1,667
Increase in net assets held for the benefit of policyowners per unit	0.18	0.35
100/100 Prestige Class Units		
Increase in net assets held for the benefit of policyowners	221	150
Weighted average units outstanding during the period	713	442
Increase in net assets held for the benefit of policyowners per unit	0.31	0.34

Brokerage commissions

For the periods ended	December 31, 2017	December 31, 2016
Total brokerage amounts paid	7	12
Total brokerage amounts paid to related parties	2	10

The Company may select brokers who charge a commission in "soft dollars" if they determine in good faith that the commission is reasonable in relation to the order execution and research services utilized. There were no ascertainable soft dollars paid or payable to dealers by the Fund during the periods.

Concentration risk

The following is a summary of the Fund's concentration risk:

As at	December 31, 2017	December 31, 2016
Investment Funds		
Canadian Equity Fund	43.8%	36.9%
Fixed Income Funds	44.8%	50.5%
International Equity Fund	4.4%	5.8%
U.S. Equity Fund	6.5%	5.7%
Other Assets less Liabilities	0.5%	1.1%
	100.0%	**100.0%**

Financial assets and financial liabilities

Categories of financial assets and financial liabilities

The table below shows the categories of financial assets and financial liabilities except cash:

As at	December 31, 2017	December 31, 2016
Financial assets designated as FVTPL	21,084	22,736
Loans and receivables	95	684
Financial liabilities measured at amortized cost	194	672

Net gains and losses on financial assets and financial liabilities at fair value

For the periods ended	December 31, 2017	December 31, 2016
Net realized gains (losses) on financial assets		
Designated at FVTPL	882	177
	882	177
Total net realized gains (losses) on financial assets and financial liabilities	882	177
Change in unrealized (losses) gains on financial assets		
Designated at FVTPL	198	1,185
	198	1,185
Total change in unrealized (losses) gains on financial assets	198	1,185

Offsetting financial assets and financial liabilities

There were no amounts offset as at December 31, 2017 and December 31, 2016.

BMO Insurance

Financial Highlights (unaudited)

The following table shows selected key financial information about the Fund which is intended to help you understand the Fund's financial performance for the periods indicated.

100/100 Class A Units		Years ended December 31, 2017	2016	2015	2014	2013[4]
Net assets (000s)[1]	$	11,092	17,529	14,895	9,589	104
Net asset value per unit	$	10.48	10.26	9.93	10.47	9.98
Units issued and outstanding (000s)[1]		1,058	1,708	1,500	916	10
Management fees	%	1.50	1.50	1.50†	1.55	1.55
Management expense ratio[2]	%	3.07	3.06	3.19	3.41	3.45
Management expense ratio before waivers	%	3.07	3.06	3.19	3.41	3.45
Portfolio turnover rate[3]	%	28.35	52.00	52.01	13.98	—

100/100 Prestige Class Units		Years ended December 31, 2017	2016	2015	2014[5]	2013
Net assets (000s)[1]	$	10,095	5,470	3,631	1,111	—
Net asset value per unit	$	9.97	9.75	9.39	9.86	—
Units issued and outstanding (000s)[1]		1,013	562	387	113	—
Management fees	%	1.15	1.15	1.15††	1.20	—
Management expense ratio[2]	%	2.66	2.66	2.68	3.05	—
Management expense ratio before waivers	%	2.66	2.66	2.68	3.05	—
Portfolio turnover rate[3]	%	28.35	52.00	52.01	13.98	—

(1) The information is provided as at December 31 of the period shown.

(2) The management expense ratio of a particular class is calculated based on all expenses allocated to the series, as applicable, including all taxes and interest expenses but excluding brokerage commissions and other portfolio transaction costs, divided by the average daily net asset value of that series, annualized.

(3) 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 the fund. For the financial period ended December 31, 2013, no purchases or sales of portfolio securities were made in the Fund. As a result, the portfolio turnover rate for this period was zero.

(4) The information in this column is for the period beginning December 2, 2013 (the class' inception date) and ending December 31, 2013.

(5) The information in this column is for the period beginning October 1, 2014 (the class' inception date) and ending December 31, 2014.

† Effective May 1, 2015, the management fee rate was reduced from 1.55% to 1.50%.

†† Effective May 1, 2015, the management fee rate was reduced from 1.20% to 1.15%.

BMO Guaranteed Investment Funds 2017

ANNUAL FINANCIAL STATEMENTS

December 31, 2017

BMO Canadian Income Strategy GIF

BMO Insurance

BMO Canadian Income Strategy GIF

BMO Insurance

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

As at	December 31, 2017	December 31, 2016
ASSETS		
CURRENT ASSETS		
Cash	99	86
Investments		
Non-derivative financial assets	7,347	8,962
Subscriptions receivable	4	31
Distribution receivable from investment trusts	27	36
Total assets	7,477	9,115
LIABILITIES		
CURRENT LIABILITIES		
Payable for investments purchased	32	11
Redemptions payable	14	2
Accrued expenses	52	60
Total liabilities	98	73
Net assets held for the benefit of policyowners	7,379	9,042
Net assets held for the benefit of policyowners		
100/100 Class A Units	5,104	6,904
100/100 Prestige Class Units	2,275	2,138
Net assets held for the benefit of policyowners per unit		
100/100 Class A Units	$ 10.09	$ 9.83
100/100 Prestige Class Units	$ 9.75	$ 9.47

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

For the periods ended	December 31, 2017	December 31, 2016
INCOME		
Interest income	0	—
Distribution from investment trusts	244	272
Other changes in fair value of investments and derivatives		
Net realized gain (loss)	108	(466)
Change in unrealized appreciation	107	571
Net gain in fair value of investments and derivatives	459	377
Total income	459	377
EXPENSES		
Management fees (note 8)	125	137
Fixed administration fees (note 8)	23	25
Insurance fees (note 8)	71	77
Interest expense	0	0
Commissions and other portfolio transaction costs (note 8)	4	7
Total expenses	223	246
Increase in net assets held for the benefit of policyowners	236	131
Increase in net assets held for the benefit of policyowners		
100/100 Class A Units	170	100
100/100 Prestige Class Units	66	31
Increase in net assets held for the benefit of policyowners per unit (note 3)		
100/100 Class A Units	0.29	0.14
100/100 Prestige Class Units	0.28	0.15

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

STATEMENT OF CHANGES IN NET ASSETS HELD FOR THE BENEFIT OF POLICYOWNERS

(All amounts in thousands of Canadian dollars)

For the periods ended	December 31, 2017	December 31, 2016
100/100 Class A Units		
Net assets held for the benefit of policyowners at beginning of period	6,904	6,826
Increase in net assets held for the benefit of policyowners	170	100
Withdrawable unit transactions		
Proceeds from withdrawable units issued	1,462	2,331
Withdrawal of withdrawable units	(3,432)	(2,353)
Net decrease from withdrawable unit transactions	(1,970)	(22)
Net (decrease) increase in net assets held for the benefit of policyowners	(1,800)	78
Net assets held for the benefit of policyowners	5,104	6,904
100/100 Prestige Class Units		
Net assets held for the benefit of policyowners at beginning of period	2,138	1,666
Increase in net assets held for the benefit of policyowners	66	31
Withdrawable unit transactions		
Proceeds from withdrawable units issued	869	910
Withdrawal of withdrawable units	(798)	(469)
Net increase from withdrawable unit transactions	71	441
Net increase in net assets held for the benefit of policyowners	137	472
Net assets held for the benefit of policyowners	2,275	2,138

STATEMENT OF CHANGES IN NET ASSETS HELD FOR THE BENEFIT OF POLICYOWNERS (cont'd)

(All amounts in thousands of Canadian dollars)

For the periods ended	December 31, 2017	December 31, 2016
Total Fund		
Net assets held for the benefit of policyowners at beginning of period	9,042	8,492
Increase in net assets held for the benefit of policyowners	236	131
Withdrawable unit transactions		
Withdrawable unit transactions		
Proceeds from withdrawable units issued	2,331	3,241
Withdrawal of withdrawable units	(4,230)	(2,822)
Net (decrease) increase from withdrawable unit transactions	(1,899)	419
Net (decrease) increase in net assets held for the benefit of policyowners	(1,663)	550
Net assets held for the benefit of policyowners	7,379	9,042

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

BMO Insurance

STATEMENT OF CASH FLOWS
(All amounts in thousands of Canadian dollars)

For the periods ended	December 31, 2017	December 31, 2016
Cash flows from operating activities		
Increase in net assets held for the benefit of policyowners	236	131
Adjustments for:		
Net realized (gain) loss on sale of investments and derivatives	(108)	466
Change in unrealized appreciation of investments and derivatives	(107)	(571)
Decrease (increase) in distribution receivable from investment trusts	9	(8)
(Decrease) increase in accrued expenses	(8)	6
Non-cash distributions from investment trusts	(29)	(16)
Purchases of investments	(2,508)	(6,901)
Proceeds from sale and maturity of investments	4,388	6,520
Cash outflows on derivatives	—	(16)
Net cash from operating activities	1,873	(389)
Cash flows from financing activities		
Proceeds from issuances of withdrawable units	1,580	3,210
Amounts paid on withdrawal of withdrawable units	(3,440)	(2,821)
Net cash from financing activities	(1,860)	389
Net increase in cash	13	0
Cash at beginning of period	86	86
Cash at end of period	**99**	**86**
Supplementary Information		
Interest received, net of withholding taxes*	0	—
Distribution received from investment trusts*	224	248
Interest expense paid*	0	0

*These items are from operating activities

SCHEDULE OF INVESTMENT PORTFOLIO
(All amounts in thousands of Canadian dollars, unless otherwise noted)

As at December 31, 2017	Number of Units	Cost* ($)	Fair Value ($)
HOLDINGS IN INVESTMENT FUNDS			
Canadian Equity Funds — 29.6%			
BMO Canadian Dividend ETF	23,520	401	419
BMO Equal Weight Banks Index ETF	8,335	209	248
BMO Equal Weight REITs Index ETF	9,240	186	193
BMO Equal Weight Utilities Index ETF	10,895	179	192
BMO Low Volatility Canadian Equity ETF	13,670	393	419
BMO S&P/TSX Capped Composite Index ETF	32,330	646	706
		2,014	**2,177**
Fixed Income Funds — 50.8%			
BMO Laddered Preferred Share Index ETF	17,925	209	211
BMO Mid Corporate Bond Index ETF	71,330	1,176	1,150
BMO Mid Federal Bond Index ETF	132,420	2,213	2,123
BMO Mid-Term US IG Corporate Bond Index ETF	14,680	295	265
		3,893	**3,749**
International Equity Fund — 7.7%			
BMO MSCI EAFE Index ETF	30,430	511	570
U.S. Equity Fund — 11.5%			
BMO S&P 500 Index ETF	23,040	731	851
Total Investment Portfolio — 99.6%		**7,149**	**7,347**
Other Assets Less Liabilities — 0.4%			32
NET ASSETS HELD FOR THE BENEFIT OF THE POLICYOWNERS — 100.0%			**7,379**

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

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

(All amounts in thousands of Canadian dollars)

1. The Funds

The BMO Guaranteed Investment Funds (the "Funds") are offered through a variable annuity contract issued by BMO Life Assurance Company (the "Company") under authority of the Insurance Companies Act (Canada) and are regulated by the Canadian Life and Health Insurance Association ("CLHIA"). The Company is the registered owner of the assets of the Funds for the benefit of the policyowners. The address of the Company's registered office is 60 Yonge Street, Toronto, Ontario. The Funds are not separate legal entities. The Funds were established as follows:

Fund	Date Established
BMO Money Market GIF	December 2, 2013
BMO Canadian Balanced Growth GIF	December 2, 2013
BMO Canadian Income Strategy GIF	December 2, 2013
BMO U.S. Balanced Growth GIF	December 2, 2013
BMO North American Income Strategy GIF	December 2, 2013
BMO Fixed Income ETF Portfolio GIF	June 21, 2016
BMO Income ETF Portfolio GIF	June 21, 2016
BMO Conservative ETF Portfolio GIF	June 21, 2016
BMO Balanced ETF Portfolio GIF	June 21, 2016
BMO Growth ETF Portfolio GIF	June 21, 2016
BMO Equity Growth ETF Portfolio GIF	June 21, 2016
BMO Low Volatility U.S. Equity ETF GIF	June 21, 2016
BMO Low Volatility Canadian Equity ETF GIF	June 21, 2016
BMO Monthly Income GIF	January 6, 2017

The Company is the sole issuer of the individual variable insurance contract providing for investment in each Fund.

Each Fund is established under the authority of the Insurance Companies Act. Each of the Funds invest in direct investments or in underlying exchange traded funds or mutual fund units.

The individual variable insurance contract provides guarantees, which are payable either on maturity or on death.

The information provided in these audited financial statements is as at and for the periods ended December 31, 2017 and December 31, 2016.

The financial statements were authorized for issuance by the Board of Directors of the Company on March 26, 2018.

2. Basis of preparation and presentation

These audited annual financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

3. Summary of significant accounting policies

Financial instruments

The Funds record financial instruments at fair value. Investment transactions are accounted for on the trade date. The Funds' investments are either designated at fair value through profit or loss ("FVTPL") at inception or classified as held for trading. The changes in the investment fair values and related transaction costs are recorded in the Funds' Statement of Comprehensive Income.

Financial assets or financial liabilities held for trading are those acquired or incurred principally for the purpose of selling or repurchasing in the near future, or on initial recognition, are part of a portfolio of identified financial instruments that the Funds manage together and that have a recent actual pattern of short-term profit taking. The Funds classify all derivatives as held for trading. The Funds do not designate any derivatives as hedges in a hedging relationship.

The Funds designate all investments at FVTPL, as they have reliably measurable fair values and are part of a group of financial assets or financial liabilities that are managed and have their performance evaluated on a fair value basis in accordance with the Fund's investment strategy.

The Funds' withdrawable units contain multiple contractual obligations and consequently, do not meet the conditions to be classified as equity. As a result, the Funds' obligations for net assets held for the benefit of policyowners are classified as financial liabilities and presented at the withdrawal amounts.

All other financial assets and financial liabilities are measured at amortized cost. Under this method, financial assets and financial liabilities reflect the amount required to be received or paid, discounted, when appropriate, at the contract's effective interest rate.

The Funds have determined that they meet the definition of "investment entity" and as a result, measure subsidiaries, if any, at FVTPL.

Cost of investments

The cost of investments represents the amount paid for each security and is determined on an average cost basis.

Fair value measurement

Investments are recorded at their fair value with the change between this amount and their average cost being recorded as "Change in unrealized appreciation (depreciation)" in the Statement of Comprehensive Income.

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 Company determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

For bonds, debentures, asset-backed securities and other debt securities, fair value is represented by bid prices provided by independent security pricing services. Short-term investments, if any, are fair valued, and in certain circumstances are held at amortized cost which approximates fair value.

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.

Derivatives

Derivative instruments are financial contracts that derive their value from changes in the underlying interest rates, foreign exchange rates or other financial or commodity prices or indices.

Derivative instruments are either regulated exchange traded contracts or negotiated over-the-counter contracts. The Funds may use these instruments for trading purposes, as well as to manage the Funds' risk exposures.

Derivatives are measured at fair value. Realized gains and losses are included in "Net realized gains (losses)" on the Statement of Comprehensive Income and unrealized gains and losses are included in "Change in unrealized appreciation (depreciation)" in the Statement of Comprehensive Income.

Forward currency contracts

A forward currency contract is an agreement between two parties (the Fund and the counterparty) to purchase or sell a currency against another currency at a set price on a future date. The Funds may enter into forward currency contracts for hedging purposes, which can include the economic hedging of all or a portion of the currency exposure of an investment or group of investments, either directly or indirectly.

The Funds may also enter into these contracts for non-hedging purposes, which can include increasing the exposure to a foreign currency, or the shifting of exposure to foreign currency fluctuations from one country to another. The value of forward currency contracts entered into by the Funds is recorded as the difference between the value of the contract on the Valuation Date and the value on the date the contract originated.

Income recognition

Distributions from underlying funds are recognized on the ex-distribution date.

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

Foreign currency translation

The fair value of investments and other assets and liabilities in foreign currencies are translated into the Funds' 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. Foreign exchange gains (losses) on completed transactions are included in "Net realized gain (loss)" and unrealized foreign exchange gains (losses) are included in "Change in unrealized appreciation (depreciation)" in the Statement of Comprehensive Income. Foreign exchange gains (losses) relating to cash, receivables and payables are included in "Foreign exchange gain (loss)" in the Statement of Comprehensive Income.

Cash

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

Other assets and liabilities

Distribution receivable from investment trusts, subscriptions receivable and receivable for investments purchased, are initially recorded at fair value and subsequently measured at amortized cost. Similarly, payable for investments purchased, redemptions payable and accrued expenses are measured at amortized cost. Other assets and liabilities are short-term in nature, and are carried at cost or amortized cost.

Increase or decrease in net assets held for the benefit of policyowners from operations per unit

"Increase (decrease) in net assets from operations per unit" of a class in the Statement of Comprehensive Income represents the increase (decrease) in net assets from operations attributable to the class, divided by the weighted average number of units of the class outstanding during the period.

Portfolio turnover rate

The Funds' portfolio turnover rate indicates how actively the Funds' 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.

Income taxes

The Funds are segregated funds under the provisions of the *Income Tax Act (Canada).* The Funds' net income, including net realized capital gains and losses for the calendar year, is allocated to beneficiaries so that the Funds will not be liable for income taxes. As a result, the Funds have determined that they are in substance not taxable and therefore do not record income taxes in the Statement of Comprehensive Income and/or recognize any deferred tax assets or liabilities in the Statement of Financial Position.

Investments in subsidiaries, joint ventures and associates

Subsidiaries are entities over which the Funds have control through their exposure or rights to variable returns from their investment, and have the ability to affect those returns through their power over the entity. The Funds have determined that they are an investment entity and as such, they account for subsidiaries, if any, at fair value. Joint ventures are those where the Funds exercise joint control through an agreement with other shareholders, and associates are investments in which the Funds exert significant influence over operating, investing, and financing decisions (such as entities in which the Funds own 20% – 50% of voting shares), all of which, if any, have been designated at FVTPL.

Unconsolidated structured entities

During the periods, the Funds had no sponsored unconsolidated structured entities. The Funds have determined that the underlying funds in which the Funds 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 Funds. Similarly, investments in securitizations, asset-backed securities and mortgage-backed securities are determined to be interests in unconsolidated structured entities.

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

Mortgage-related securities are created from pools of residential or commercial mortgage loans, including mortgage loans made by savings and loan institutions, mortgage bankers, commercial banks and others. Asset-backed securities are created from many types of assets, including auto loans, credit card receivables, home equity loans, and student loans.

The Funds do not provide and have not committed to providing any additional significant financial information or other support to the unconsolidated structured entities other than its investment in the unconsolidated structured entities.

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 transactions for which the Funds have legally enforceable rights to offset and intend to settle the positions on a net basis. Amounts not offset in the Statement of Financial Position relate to transactions where a master netting arrangement or similar agreement is in place with a right to offset only in the event of default, insolvency or bankruptcy, or where the Funds have no intention of settling on a net basis.

4. Units and unit transactions

The withdrawable units of the Funds are classified as financial liabilities.

The units have no par value and are entitled to allocations, if any. Upon withdrawal, a unit is entitled to a proportionate share of the Fund's NAV. The Funds allocate their net income, including net realized capital gains and capital losses, to ensure the Funds will not be liable for income taxes on capital gains, dividends and interest. The Funds have no restrictions or specific capital requirements on the subscriptions and withdrawal of units. The relevant movements in withdrawable units are shown on the Statement of Changes in Net Assets Held for the Benefit of Policyowners. In accordance with their investment objectives and strategies, and the risk management practices outlined in Note 9, the Funds endeavour to invest the subscriptions received in appropriate investments, while maintaining sufficient liquidity to meet withdrawals, with such liquidity being augmented by short-term borrowings or disposal of investments where necessary.

The NAV per unit of a class is computed by dividing the NAV of the Fund attributable to the class (that is, the total fair value of the assets attributable to the class less the liabilities attributable to the class) by the total number of units of the class of the Fund outstanding at such time.

Expenses directly attributable to a class are charged to that class. Other expenses, income, realized and unrealized gains and losses from investment transactions are allocated proportionately to each class based upon the relative NAV of each class.

75/75 Class A Units are for policyholders that are professionals and business owners seeking downside risk protection and creditor protection.

75/100 Class A Units are for policyholders that are retirees and seniors seeking estate protection or wealth transfer advantages.

100/100 Class A Units are for policyholders that are pre-retires looking for maximum protection and to lock-in market gains as they get closer to retirement.

100/100 Prestige Class Units are only available to policyowners who meet and maintain a minimum investment of $250, either individually or collectively with other policyowners who are their family members and reside at the same address.

Holding Money Market Units were designated for holding purposes. Once a month the deposits were switched to the selected funds. At the close of business on June 20, 2016, the Holding Money Market Units were terminated.

5. Accounting standards issued but not yet adopted

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments, which addresses classification and measurement, impairment and hedge accounting.

The new standard requires assets to be carried at amortized cost, FVTPL or fair value through comprehensive income based on the entity's business model for managing financial assets and the contractual cash flow characteristics of the financial asset. The classification and measurement of liabilities remains generally unchanged with the exception of liabilities recorded at FVTPL.

For these financial liabilities, fair value changes attributable to changes in the entity's own credit risk are to be presented in other comprehensive income unless they affect amounts recorded in income.

The new standard is effective for the Funds for their fiscal year beginning January 1, 2018. The Funds' financial assets and financial liabilities are managed, and the performance of the Fund is evaluated, on a fair value basis. Accordingly, the Company has reached the preliminary conclusion that Fair Value Through Profit and Loss (FVTPL) in accordance with IFRS 9 provides the most appropriate measurement and presentation of the Funds' financial assets and financial liabilities, which aligns with their current measurement and presentation, with little or no modification. Therefore, the Company does not anticipate changes from the Funds' current measurement of their financial assets and financial liabilities as FVTPL. There will be no significant impact on the Funds' financial statements.

The Company will continue to evaluate any further industry and or regulatory updates with respect to the implementation of this new standard.

6. Critical accounting judgements and estimates

The preparation of financial statements requires the use of judgement in applying the Funds' accounting policies and to make estimates and assumptions about the future. The following discusses the most significant accounting judgements and estimates that the Funds have made in preparing their financial statements:

Accounting judgements:

Functional and presentation currency

The Funds unitholders are mainly Canadian residents, with the subscriptions and redemptions of the redeemable units denominated in Canadian dollars. The Funds invest in Canadian dollar denominated securities. The performance of the Funds are measured and reported to the investors in Canadian dollars.

The Company considers the Canadian dollar as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The financial statements are presented in Canadian dollars, which is the Funds' functional and presentation currency.

Classification and measurement of financial instruments and application of fair value option

In classifying and measuring financial instruments held by the Funds, the Company is required to make significant judgements about whether or not the business of the Funds is to invest on a total return basis for the purpose of applying the fair value options for financial assets.

Accounting estimates:

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

7. Management fees and expenses

Each Fund is responsible for the payment of fees and expenses related to its operations. Such fees and expenses include management fees and other recoverable fund operating expenses paid by the Funds. Collectively, all the fees and expenses paid or payable by the Funds, including management fees and other recoverable fund operating expenses divided by the Funds' average NAV, is known as the Management Expense Ratio ("MER").

8. Related party transactions

Management fees

Each Fund pays a management fee for investment management and administration services of the Fund. The management fee varies from Fund to Fund and is calculated and accrued on a daily basis as an annual percentage of the NAV of each Fund.

The management fee of a Fund includes the management fee and expenses charged by the underlying funds. There is no duplication of management fees when the Fund invests in an underlying fund.

Administration fees

Each Fund incurs certain operating expenses that include audit and legal fees and expenses; custodian and transfer agency fees; costs attributable to the administration of the segregated funds, including the cost of the record keeping system; fund accounting and valuation costs; costs of financial reports; including information folders, required to comply with applicable regulatory requirements; filing fees, and statements and communications to policyowners. The Company pays for these expenses and in return, each Fund pays the Company an administration fee of 0.25%. The administration fee is calculated and accrued daily as an annual percentage of the average NAV of each Fund.

Insurance fees

Each Fund pays an insurance fee for the provision of insurance benefits to the Company. The insurance fee differs from Fund to Fund and is calculated and accrued daily as an annual percentage of NAV of each Fund and is included in the management expense ratio.

Brokerage commissions

The Funds may execute trades with and or through BMO Nesbitt Burns Inc., an affiliate of the Company based on established standard brokerage agreements at market prices. These fees, if any, are included in "Commissions and other portfolio transaction costs" in the Statement of Comprehensive Income.

Other related parties

The Company may, on behalf of the Funds, enter into transactions or arrangements with or involving other subsidiaries or affiliates of the Bank of Montreal, or certain other persons or companies that are related or connected to the Company. These transactions or arrangements may include transactions or arrangements with or involving subsidiaries or affiliates of the Bank of Montreal, BMO Asset Management Inc., or other investment funds offered by Bank of Montreal, and may involve the purchase or sale of portfolio securities through or from a subsidiary or affiliates of the Bank of Montreal, the purchase or sale of securities issued or guaranteed by a subsidiary or affiliates of the Bank of Montreal, entering into forward contracts with a subsidiary or affiliates of the Bank of Montreal acting as the counterparty, the purchase or redemption of units of other Bank of Montreal investment funds or the provision of services to the Company.

9. Financial instrument risk

The Funds may be exposed to a variety of financial risks that are concentrated in their investment holdings. The concentration risk table groups securities by asset type, geographic region and/or market segment. The Funds' risk management practices outline the monitoring of compliance to investment guidelines. The Company manages the potential effects of these financial risks on the Funds' performance by employing and overseeing professional and experienced portfolio advisors that regularly monitor the Funds' positions, market events and diversify investment portfolios within the constraints of the investment guidelines.

Where a Fund invests in another investment fund or investment funds, they may be indirectly exposed to the financial instrument risk 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 funds.

a) Currency risk

Currency risk is the risk that the value of financial instruments denominated in currencies, other than the functional currency of the Funds, 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 Funds' functional currency in determining fair value.

b) Interest rate risk

Interest rate risk is the risk that the fair value of the Funds' interest bearing investments will fluctuate due to changes in market interest rates. The Funds' 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.

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.

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 creditworthiness of the debt issuer. Credit risk exposure for over-the-counter derivative instruments is based on the Funds' 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.

e) Liquidity risk

The Funds' exposure to liquidity risk is concentrated in the daily cash redemptions of units. The Funds primarily invest in securities that are traded in active markets and can be readily disposed. In addition, the Funds retain sufficient cash and cash equivalent positions to maintain liquidity. The Funds 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. The proportion of illiquid securities to NAV of the Fund is monitored by the Company to ensure it does not exceed the regulatory limit and does not significantly affect the liquidity required to meet the Fund's financial obligations.

10. Fair value hierarchy

Each 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 the quoted prices in active markets for identical securities.

Level 2 securities are valued based on significant observable market inputs, such as quoted prices from similar securities and quoted prices in inactive markets or based on unobservable inputs to models.

Level 3 securities are valued based on significant unobservable inputs that reflect the Company's determination of assumptions that market participants might reasonably use in valuing the securities.

Fund and Class information

The Fund is authorized to issue an unlimited number of units in each of 100/100 Class A Units and 100/100 Prestige Class Units, which are redeemable at the policyowners' option.

Class	Launch Date
100/100 Class A Units	December 2, 2013
100/100 Prestige Class Units	October 1, 2014

Change in units

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

For the periods ended (in thousands of units)	December 31, 2017	December 31, 2016
100/100 Class A Units		
Units issued and outstanding, beginning of period	702	703
Issued for cash	147	239
Withdrawn during the period	(343)	(240)
Units issued and outstanding, end of period	506	702
100/100 Prestige Class Units		
Units issued and outstanding, beginning of period	226	179
Issued for cash	90	98
Withdrawn during the period	(83)	(51)
Units issued and outstanding, end of period	233	226

Units held by the Company

The Company held the following units of the Fund:

As at December 31, 2016 Class	Number of Units	Value of Units ($)
100/100 Class A Units	10,000	98
100/100 Prestige Class Units	5,000	47

There were no units held by the Company as at December 31, 2017.

Financial instrument risk

The Fund's objective is to achieve long term capital growth and monthly income. The Fund invests primarily in exchange traded funds that invest in Canadian income-generating securities: dividend-paying common stocks, preferred shares, income trusts, as well as high quality fixed income securities or cash equivalents.

Financial instrument risk of the underlying funds

The Fund is indirectly exposed to currency risk, interest rate risk, other market risk and credit risk through its investment in the underlying funds to the extent the underlying funds were exposed to these risks.

Fair value hierarchy

As at December 31, 2017 Financial assets	Level 1	Level 2	Level 3	Total
Investment funds	7,347	—	—	7,347

As at December 31, 2016 Financial assets	Level 1	Level 2	Level 3	Total
Investment funds	8,962	—	—	8,962

Transfers between levels

There were no transfers between the levels during the 2017 period (2016 – $nil).

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

Unconsolidated structured entities

Information on the carrying amount and the size of the investments in structured entities is shown in the table below.

Carrying amount	As at December 31, 2017	As at December 31, 2016
BMO Canadian Dividend ETF	419	438
BMO Equal Weight Banks Index ETF	248	255
BMO Equal Weight REITs Index ETF	193	203
BMO Equal Weight Utilities Index ETF	192	202
BMO Laddered Preferred Share Index ETF	211	222
BMO Low Volatility Canadian Equity ETF	419	438
BMO Mid Corporate Bond Index ETF	1,150	1,621
BMO Mid Federal Bond Index ETF	2,123	2,994
BMO Mid-Term US IG Corporate Bond Index ETF	265	373
BMO MSCI EAFE Index ETF	570	894
BMO S&P 500 Index ETF	851	883
BMO S&P/TSX Capped Composite Index ETF	706	439
Total	**7,347**	**8,962**
Carrying amount as % of underlying fund's Net Assets		
BMO Canadian Dividend ETF	0.05%	0.06%
BMO Equal Weight Banks Index ETF	0.02%	0.03%
BMO Equal Weight REITs Index ETF	0.04%	0.05%
BMO Equal Weight Utilities Index ETF	0.09%	0.10%
BMO Laddered Preferred Share Index ETF	0.01%	0.01%
BMO Low Volatility Canadian Equity ETF	0.04%	0.03%
BMO Mid Corporate Bond Index ETF	0.08%	0.14%
BMO Mid Federal Bond Index ETF	0.40%	0.60%
BMO Mid-Term US IG Corporate Bond Index ETF	0.02%	0.03%
BMO MSCI EAFE Index ETF	0.03%	0.08%
BMO S&P 500 Index ETF	0.02%	0.03%
BMO S&P/TSX Capped Composite Index ETF	0.02%	0.03%

Increase or decrease in net assets held for the benefit of policyowners

The increase (decrease) in net assets held for the benefit of the policyowners for the periods ended December 31, 2017 and December 31, 2016 is calculated as follows:

For the periods ended	December 31, 2017	December 31, 2016
100/100 Class A Units		
Increase in net assets held for the benefit of policyowners	170	100
Weighted average units outstanding during the period	595	724
Increase in net assets held for the benefit of policyowners per unit	0.29	0.14
100/100 Prestige Class Units		
Increase in net assets held for the benefit of policyowners	66	31
Weighted average units outstanding during the period	237	200
Increase in net assets held for the benefit of policyowners per unit	0.28	0.15

Brokerage commissions

For the periods ended	December 31, 2017	December 31, 2016
Total brokerage amounts paid	4	7
Total brokerage amounts paid to related parties	2	6

The Company may select brokers who charge a commission in "soft dollars" if they determine in good faith that the commission is reasonable in relation to the order execution and research services utilized. There were no ascertainable soft dollars paid or payable to dealers by the Fund during the periods.

Concentration risk

The following is a summary of the Fund's concentration risk:

As at	December 31, 2017	December 31, 2016
Investment Funds		
Canadian Equity Funds	29.6%	24.3%
Fixed Income Funds	50.8%	55.1%
International Equity Fund	7.7%	9.9%
U.S. Equity Fund	11.5%	9.8%
Other Assets Less Liabilities	0.4%	0.9%
	100.0%	**100.0%**

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

Financial assets and financial liabilities

Categories of financial assets and financial liabilities

The table below shows the categories of financial assets and financial liabilities except cash:

As at	December 31, 2017	December 31, 2016
Financial assets designated as FVTPL	7,347	8,962
Loans and receivables	31	67
Financial liabilities measured at amortized cost	98	73

Net gains and losses on financial assets and financial liabilities at fair value

For the periods ended	December 31, 2017	December 31, 2016
Net realized gains (losses) on financial assets		
Designated at FVTPL	352	(178)
Net realized losses on financial assets		
Held for trading	—	(16)
Total net realized gains (losses) on financial assets and financial liabilities	352	(194)
Change in unrealized gains on financial assets		
Designated at FVTPL	107	571
Total change in unrealized gains on financial assets	107	571

Offsetting financial assets and financial liabilities

There were no amounts offset as at December 31, 2017 and December 31, 2016.

BMO Insurance

Financial Highlights (unaudited)

The following table shows selected key financial information about the Fund which is intended to help you understand the Fund's financial performance for the periods indicated.

100/100 Class A Units		2017	2016	2015	2014	2013[4]
		Years ended December 31,				
Net assets (000s)[1]	$	5,104	6,904	6,826	4,444	109
Net asset value per unit	$	10.09	9.83	9.71	10.34	9.99
Units issued and outstanding (000s)[1]		506	702	703	430	11
Management fees	%	1.70	1.70	1.70	1.70	1.70
Management expense ratio[2]	%	3.04	3.04	3.04	3.03	3.08
Management expense ratio before waivers	%	3.04	3.04	3.04	3.03	3.08
Portfolio turnover rate[3]	%	30.91	73.64	38.96	20.59	—

100/100 Prestige Class Units		2017	2016	2015	2014[5]	2013
		Years ended December 31,				
Net assets (000s)[1]	$	2,275	2,138	1,666	1,183	—
Net asset value per unit	$	9.75	9.47	9.30	9.86	—
Units issued and outstanding (000s)[1]		233	226	179	120	—
Management fees	%	1.35	1.35	1.35	1.35	—
Management expense ratio[2]	%	2.64	2.63	2.61	2.69	—
Management expense ratio before waivers	%	2.64	2.63	2.61	2.69	—
Portfolio turnover rate[3]	%	30.91	73.64	38.96	20.59	—

[1] The information is provided as at December 31 of the period shown.

[2] The management expense ratio of a particular class is calculated based on all expenses allocated to the series, as applicable, including all taxes and interest expenses but excluding brokerage commissions and other portfolio transaction costs, divided by the average daily net asset value of that series, annualized.

[3] 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 the fund. For the financial period ended December 31, 2013, no purchases or sales of portfolio securities were made in the Fund. As a result, the portfolio turnover rate for this period was zero.

[4] The information in this column is for the period beginning December 2, 2013 (the class' inception date) and ending December 31, 2013.

[5] The information in this column is for the period beginning October 1, 2014 (the class' inception date) and ending December 31, 2014.

BMO U.S. Balanced Growth GIF

BMO Insurance

BMO U.S. Balanced Growth GIF

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

As at	December 31, 2017	December 31, 2016
ASSETS		
CURRENT ASSETS		
Cash	225	422
Investments		
Non-derivative financial assets	30,471	36,729
Subscriptions receivable	9	125
Distribution receivable from investment trusts	108	167
Total assets	30,813	37,443
LIABILITIES		
CURRENT LIABILITIES		
Payable for investments purchased	62	44
Redemptions payable	49	67
Accrued expenses	217	263
Total liabilities	328	374
Net assets held for the benefit of policyowners	30,485	37,069
Net assets held for the benefit of policyowners		
100/100 Class A Units	19,761	26,936
100/100 Prestige Class Units	10,724	10,133
Net assets held for the benefit of policyowners per unit		
100/100 Class A Units	$ 10.82	$ 10.41
100/100 Prestige Class Units	$ 10.45	$ 10.02

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

For the periods ended	December 31, 2017	December 31, 2016
INCOME		
Interest income	1	—
Distribution from investment trusts	670	924
Other changes in fair value of investments and derivatives		
Net realized gain (loss)	882	(1,737)
Change in unrealized appreciation	726	1,812
Net gain in fair value of investments and derivatives	2,279	999
Total income	2,279	999
EXPENSES		
Management fees (note 8)	446	516
Fixed administration fees (note 8)	89	104
Insurance fees (note 8)	369	429
Interest expense	0	—
Commissions and other portfolio transaction costs (note 8)	11	28
Total expenses	915	1,077
Increase (decrease) in net assets held for the benefit of policyowners	1,364	(78)
Increase (decrease) in net assets held for the benefit of policyowners		
100/100 Class A Units	885	(135)
100/100 Prestige Class Units	479	57
Increase (decrease) in net assets held for the benefit of policyowners per unit (note 3)		
100/100 Class A Units	0.42	(0.05)
100/100 Prestige Class Units	0.50	0.06

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

BMO Insurance

STATEMENT OF CHANGES IN NET ASSETS HELD FOR THE BENEFIT OF POLICYOWNERS

(All amounts in thousands of Canadian dollars)

For the periods ended	**December 31, 2017**	**December 31, 2016**
100/100 Class A Units		
Net assets held for the benefit of policyowners at beginning of period	26,936	26,745
Increase (decrease) in net assets held for the benefit of policyowners	885	(135)
Withdrawable unit transactions		
Proceeds from withdrawable units issued	4,827	8,804
Withdrawal of withdrawable units	(12,887)	(8,478)
Net (decrease) increase from withdrawable unit transactions	(8,060)	326
Net (decrease) increase in net assets held for the benefit of policyowners	(7,175)	191
Net assets held for the benefit of policyowners	19,761	26,936
100/100 Prestige Class Units		
Net assets held for the benefit of policyowners at beginning of period	10,133	7,727
Increase in net assets held for the benefit of policyowners	479	57
Withdrawable unit transactions		
Proceeds from withdrawable units issued	5,844	6,004
Withdrawal of withdrawable units	(5,732)	(3,655)
Net increase from withdrawable unit transactions	112	2,349
Net increase in net assets held for the benefit of policyowners	591	2,406
Net assets held for the benefit of policyowners	10,724	10,133

STATEMENT OF CHANGES IN NET ASSETS HELD FOR THE BENEFIT OF POLICYOWNERS (cont'd)

(All amounts in thousands of Canadian dollars)

For the periods ended	**December 31, 2017**	**December 31, 2016**
Total Fund		
Net assets held for the benefit of policyowners at beginning of period	37,069	34,472
Increase (decrease) in net assets held for the benefit of policyowners	1,364	(78)
Withdrawable unit transactions		
Proceeds from withdrawable units issued	10,671	14,808
Withdrawal of withdrawable units	(18,619)	(12,133)
Net increase (decrease) from withdrawable unit transactions	(7,948)	2,675
Net increase (decrease) in net assets held for the benefit of policyowners	(6,584)	2,597
Net assets held for the benefit of policyowners	30,485	37,069

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

STATEMENT OF CASH FLOWS
(All amounts in thousands of Canadian dollars)

For the periods ended	December 31, 2017	December 31, 2016
Cash flows from operating activities		
Increase (decrease) in net assets held for the benefit of policyowners	1,364	(78)
Adjustments for:		
Net realized (gain) loss on sale of investments and derivatives	(882)	1,737
Change in unrealized appreciation of investments and derivatives	(726)	(1,812)
Decrease (increase) in distribution receivable from investment trusts	59	(50)
(Decrease) increase in accrued expenses	(46)	39
Non-cash distributions from investment trusts	(16)	(44)
Purchases of investments	(8,996)	(40,199)
Proceeds from sale and maturity of investments	16,896	38,192
Cash outflows on derivatives	—	(305)
Net cash from operating activities	7,653	(2,520)
Cash flows from financing activities		
Cash flows from financing activities		
Proceeds from issuances of withdrawable units	5,988	14,683
Amounts paid on withdrawal of withdrawable units	(13,838)	(12,071)
Net cash from financing activities	(7,850)	2,612
Net (decrease) increase in cash	(197)	92
Cash at beginning of period	422	330
Cash at end of period	225	422
Supplementary Information		
Interest received, net of withholding taxes*	1	—
Distribution received from investment trusts*	713	830
Interest expense paid*	0	—

* These items are from operating activities

SCHEDULE OF INVESTMENT PORTFOLIO
(All amounts in thousands of Canadian dollars, unless otherwise noted)

As at December 31, 2017	Number of Units	Cost* ($)	Fair Value ($)
HOLDINGS IN INVESTMENT FUNDS			
Fixed Income Funds — 40.2%			
BMO Mid Corporate Bond Index ETF	247,260	4,061	3,987
BMO Mid Federal Bond Index ETF	458,470	7,761	7,351
BMO Mid-Term US IG Corporate Bond Index ETF	50,040	1,008	904
		12,830	**12,242**
U.S. Equity Fund — 59.8%			
BMO S&P 500 Index ETF	493,630	15,464	18,229
Total Investment Portfolio — 100.0%		**28,294**	**30,471**
Other Assets Less Liabilities — 0.0%			14
NET ASSETS HELD FOR THE BENEFIT OF POLICYOWNERS — 100.0%			**30,485**

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

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

(All amounts in thousands of Canadian dollars)

1. The Funds

The BMO Guaranteed Investment Funds (the "Funds") are offered through a variable annuity contract issued by BMO Life Assurance Company (the "Company") under authority of the Insurance Companies Act (Canada) and are regulated by the Canadian Life and Health Insurance Association ("CLHIA"). The Company is the registered owner of the assets of the Funds for the benefit of the policyowners. The address of the Company's registered office is 60 Yonge Street, Toronto, Ontario. The Funds are not separate legal entities. The Funds were established as follows:

Fund	Date Established
BMO Money Market GIF	December 2, 2013
BMO Canadian Balanced Growth GIF	December 2, 2013
BMO Canadian Income Strategy GIF	December 2, 2013
BMO U.S. Balanced Growth GIF	December 2, 2013
BMO North American Income Strategy GIF	December 2, 2013
BMO Fixed Income ETF Portfolio GIF	June 21, 2016
BMO Income ETF Portfolio GIF	June 21, 2016
BMO Conservative ETF Portfolio GIF	June 21, 2016
BMO Balanced ETF Portfolio GIF	June 21, 2016
BMO Growth ETF Portfolio GIF	June 21, 2016
BMO Equity Growth ETF Portfolio GIF	June 21, 2016
BMO Low Volatility U.S. Equity ETF GIF	June 21, 2016
BMO Low Volatility Canadian Equity ETF GIF	June 21, 2016
BMO Monthly Income GIF	January 6, 2017

The Company is the sole issuer of the individual variable insurance contract providing for investment in each Fund.

Each Fund is established under the authority of the Insurance Companies Act. Each of the Funds invest in direct investments or in underlying exchange traded funds or mutual fund units.

The individual variable insurance contract provides guarantees, which are payable either on maturity or on death.

The information provided in these audited financial statements is as at and for the periods ended December 31, 2017 and December 31, 2016.

The financial statements were authorized for issuance by the Board of Directors of the Company on March 26, 2018.

2. Basis of preparation and presentation

These audited annual financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

3. Summary of significant accounting policies

Financial instruments

The Funds record financial instruments at fair value. Investment transactions are accounted for on the trade date. The Funds' investments are either designated at fair value through profit or loss ("FVTPL") at inception or classified as held for trading. The changes in the investment fair values and related transaction costs are recorded in the Funds' Statement of Comprehensive Income.

Financial assets or financial liabilities held for trading are those acquired or incurred principally for the purpose of selling or repurchasing in the near future, or on initial recognition, are part of a portfolio of identified financial instruments that the Funds manage together and that have a recent actual pattern of short-term profit taking. The Funds classify all derivatives as held for trading. The Funds do not designate any derivatives as hedges in a hedging relationship.

The Funds designate all investments at FVTPL, as they have reliably measurable fair values and are part of a group of financial assets or financial liabilities that are managed and have their performance evaluated on a fair value basis in accordance with the Fund's investment strategy.

The Funds' withdrawable units contain multiple contractual obligations and consequently, do not meet the conditions to be classified as equity. As a result, the Funds' obligations for net assets held for the benefit of policyowners are classified as financial liabilities and presented at the withdrawal amounts.

All other financial assets and financial liabilities are measured at amortized cost. Under this method, financial assets and financial liabilities reflect the amount required to be received or paid, discounted, when appropriate, at the contract's effective interest rate.

The Funds have determined that they meet the definition of "investment entity" and as a result, measure subsidiaries, if any, at FVTPL.

Cost of investments
The cost of investments represents the amount paid for each security and is determined on an average cost basis.

Fair value measurement
Investments are recorded at their fair value with the change between this amount and their average cost being recorded as "Change in unrealized appreciation (depreciation)" in the Statement of Comprehensive Income.

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 Company determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

For bonds, debentures, asset-backed securities and other debt securities, fair value is represented by bid prices provided by independent security pricing services. Short-term investments, if any, are fair valued, and in certain circumstances are held at amortized cost which approximates fair value.

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.

Derivatives
Derivative instruments are financial contracts that derive their value from changes in the underlying interest rates, foreign exchange rates or other financial or commodity prices or indices.

Derivative instruments are either regulated exchange traded contracts or negotiated over-the-counter contracts. The Funds may use these instruments for trading purposes, as well as to manage the Funds' risk exposures.

Derivatives are measured at fair value. Realized gains and losses are included in "Net realized gains (losses)" on the Statement of Comprehensive Income and unrealized gains and losses are included in "Change in unrealized appreciation (depreciation)" in the Statement of Comprehensive Income.

Forward currency contracts
A forward currency contract is an agreement between two parties (the Fund and the counterparty) to purchase or sell a currency against another currency at a set price on a future date. The Funds may enter into forward currency contracts for hedging purposes, which can include the economic hedging of all or a portion of the currency exposure of an investment or group of investments, either directly or indirectly.

The Funds may also enter into these contracts for non-hedging purposes, which can include increasing the exposure to a foreign currency, or the shifting of exposure to foreign currency fluctuations from one country to another. The value of forward currency contracts entered into by the Funds is recorded as the difference between the value of the contract on the Valuation Date and the value on the date the contract originated.

Income recognition
Distributions from underlying funds are recognized on the ex-distribution date.

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

Foreign currency translation
The fair value of investments and other assets and liabilities in foreign currencies are translated into the Funds' 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. Foreign exchange gains (losses) on completed transactions are included in "Net realized gain (loss)" and unrealized foreign exchange gains (losses) are included in "Change in unrealized appreciation (depreciation)" in the Statement of Comprehensive Income. Foreign exchange gains (losses) relating to cash, receivables and payables are included in "Foreign exchange gain (loss)" in the Statement of Comprehensive Income.

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

Other assets and liabilities

Distribution receivable from investment trusts, subscriptions receivable and receivable for investments purchased, are initially recorded at fair value and subsequently measured at amortized cost. Similarly, payable for investments purchased, redemptions payable and accrued expenses are measured at amortized cost. Other assets and liabilities are short-term in nature, and are carried at cost or amortized cost.

Increase or decrease in net assets held for the benefit of policyowners from operations per unit

"Increase (decrease) in net assets from operations per unit" of a class in the Statement of Comprehensive Income represents the increase (decrease) in net assets from operations attributable to the class, divided by the weighted average number of units of the class outstanding during the period.

Portfolio turnover rate

The Funds' portfolio turnover rate indicates how actively the Funds' 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.

Income taxes

The Funds are segregated funds under the provisions of the *Income Tax Act (Canada).* The Funds' net income, including net realized capital gains and losses for the calendar year, is allocated to beneficiaries so that the Funds will not be liable for income taxes. As a result, the Funds have determined that they are in substance not taxable and therefore do not record income taxes in the Statement of Comprehensive Income and/or recognize any deferred tax assets or liabilities in the Statement of Financial Position.

Investments in subsidiaries, joint ventures and associates

Subsidiaries are entities over which the Funds have control through their exposure or rights to variable returns from their investment, and have the ability to affect those returns through their power over the entity. The Funds have determined that they are an investment entity and as such, they account for subsidiaries, if any, at fair value. Joint ventures are those where the Funds exercise joint control through an agreement with other shareholders, and associates are investments in which the Funds exert significant influence over operating, investing, and financing decisions (such as entities in which the Funds own 20% – 50% of voting shares), all of which, if any, have been designated at FVTPL.

Unconsolidated structured entities

During the periods, the Funds had no sponsored unconsolidated structured entities. The Funds have determined that the underlying funds in which the Funds 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 Funds. Similarly, investments in securitizations, asset-backed securities and mortgage-backed securities are determined to be interests in unconsolidated structured entities.

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

Mortgage-related securities are created from pools of residential or commercial mortgage loans, including mortgage loans made by savings and loan institutions, mortgage bankers, commercial banks and others. Asset-backed securities are created from many types of assets, including auto loans, credit card receivables, home equity loans, and student loans.

The Funds do not provide and have not committed to providing any additional significant financial information or other support to the unconsolidated structured entities other than its investment in the unconsolidated structured entities.

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 transactions for which the Funds have legally enforceable rights to offset and intend to settle the positions on a net basis. Amounts not offset in the Statement of Financial Position relate to transactions where a master netting arrangement or similar agreement is in place with a right to offset only in the event of default, insolvency or bankruptcy, or where the Funds have no intention of settling on a net basis.

4. Units and unit transactions

The withdrawable units of the Funds are classified as financial liabilities.

The units have no par value and are entitled to allocations, if any. Upon withdrawal, a unit is entitled to a proportionate share of the Fund's NAV. The Funds allocate their net income, including net realized capital gains and capital losses, to ensure the Funds will not be liable for income taxes on capital gains, dividends and interest. The Funds have no restrictions or specific capital requirements on the subscriptions and withdrawal of units. The relevant movements in withdrawable units are shown on the Statement of Changes in Net Assets Held for the Benefit of Policyowners. In accordance with their investment objectives and strategies, and the risk management practices outlined in Note 9, the Funds endeavour to invest the subscriptions received in appropriate investments, while maintaining sufficient liquidity to meet withdrawals, with such liquidity being augmented by short-term borrowings or disposal of investments where necessary.

The NAV per unit of a class is computed by dividing the NAV of the Fund attributable to the class (that is, the total fair value of the assets attributable to the class less the liabilities attributable to the class) by the total number of units of the class of the Fund outstanding at such time.

Expenses directly attributable to a class are charged to that class. Other expenses, income, realized and unrealized gains and losses from investment transactions are allocated proportionately to each class based upon the relative NAV of each class.

75/75 Class A Units are for policyholders that are professionals and business owners seeking downside risk protection and creditor protection.

75/100 Class A Units are for policyholders that are retirees and seniors seeking estate protection or wealth transfer advantages.

100/100 Class A Units are for policyholders that are pre-retires looking for maximum protection and to lock-in market gains as they get closer to retirement.

100/100 Prestige Class Units are only available to policyowners who meet and maintain a minimum investment of $250, either individually or collectively with other policyowners who are their family members and reside at the same address.

Holding Money Market Units were designated for holding purposes. Once a month the deposits were switched to the selected funds. At the close of business on June 20, 2016, the Holding Money Market Units were terminated.

5. Accounting standards issued but not yet adopted

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments, which addresses classification and measurement, impairment and hedge accounting.

The new standard requires assets to be carried at amortized cost, FVTPL or fair value through comprehensive income based on the entity's business model for managing financial assets and the contractual cash flow characteristics of the financial asset. The classification and measurement of liabilities remains generally unchanged with the exception of liabilities recorded at FVTPL.

For these financial liabilities, fair value changes attributable to changes in the entity's own credit risk are to be presented in other comprehensive income unless they affect amounts recorded in income.

The new standard is effective for the Funds for their fiscal year beginning January 1, 2018. The Funds' financial assets and financial liabilities are managed, and the performance of the Fund is evaluated, on a fair value basis. Accordingly, the Company has reached the preliminary conclusion that Fair Value Through Profit and Loss (FVTPL) in accordance with IFRS 9 provides the most appropriate measurement and presentation of the Funds' financial assets and financial liabilities, which aligns with their current measurement and presentation, with little or no modification. Therefore, the Company does not anticipate changes from the Funds' current measurement of their financial assets and financial liabilities as FVTPL. There will be no significant impact on the Funds' financial statements.

The Company will continue to evaluate any further industry and or regulatory updates with respect to the implementation of this new standard.

6. Critical accounting judgements and estimates

The preparation of financial statements requires the use of judgement in applying the Funds' accounting policies and to make estimates and assumptions about the future. The following discusses the most significant accounting judgements and estimates that the Funds have made in preparing their financial statements:

Accounting judgements:

Functional and presentation currency

The Funds unitholders are mainly Canadian residents, with the subscriptions and redemptions of the redeemable units denominated in Canadian dollars. The Funds invest in Canadian dollar denominated securities. The performance of the Funds are measured and reported to the investors in Canadian dollars.

The Company considers the Canadian dollar as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The financial statements are presented in Canadian dollars, which is the Funds' functional and presentation currency.

Classification and measurement of financial instruments and application of fair value option

In classifying and measuring financial instruments held by the Funds, the Company is required to make significant judgements about whether or not the business of the Funds is to invest on a total return basis for the purpose of applying the fair value options for financial assets.

Accounting estimates:

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

7. Management fees and expenses

Each Fund is responsible for the payment of fees and expenses related to its operations. Such fees and expenses include management fees and other recoverable fund operating expenses paid by the Funds. Collectively, all the fees and expenses paid or payable by the Funds, including management fees and other recoverable fund operating expenses divided by the Funds' average NAV, is known as the Management Expense Ratio ("MER").

8. Related party transactions

Management fees

Each Fund pays a management fee for investment management and administration services of the Fund. The management fee varies from Fund to Fund and is calculated and accrued on a daily basis as an annual percentage of the NAV of each Fund.

The management fee of a Fund includes the management fee and expenses charged by the underlying funds. There is no duplication of management fees when the Fund invests in an underlying fund.

Administration fees

Each Fund incurs certain operating expenses that include audit and legal fees and expenses; custodian and transfer agency fees; costs attributable to the administration of the segregated funds, including the cost of the record keeping system; fund accounting and valuation costs; costs of financial reports; including information folders, required to comply with applicable regulatory requirements; filing fees, and statements and communications to policyowners. The Company pays for these expenses and in return, each Fund pays the Company an administration fee of 0.25%. The administration fee is calculated and accrued daily as an annual percentage of the average NAV of each Fund.

Insurance fees

Each Fund pays an insurance fee for the provision of insurance benefits to the Company. The insurance fee differs from Fund to Fund and is calculated and accrued daily as an annual percentage of NAV of each Fund and is included in the management expense ratio.

Brokerage commissions

The Funds may execute trades with and or through BMO Nesbitt Burns Inc., an affiliate of the Company based on established standard brokerage agreements at market prices. These fees, if any, are included in "Commissions and other portfolio transaction costs" in the Statement of Comprehensive Income.

Other related parties

The Company may, on behalf of the Funds, enter into transactions or arrangements with or involving other subsidiaries or affiliates of the Bank of Montreal, or certain other persons or companies that are related or connected to the Company. These transactions or arrangements may include transactions or arrangements with or involving subsidiaries or affiliates of the Bank of Montreal, BMO Asset Management Inc., or other investment funds offered by Bank of Montreal, and may involve the purchase or sale of portfolio securities through or from a subsidiary or affiliates of the Bank of Montreal, the purchase or sale of securities issued or guaranteed by a subsidiary or affiliates of the Bank of Montreal, entering into forward contracts with a subsidiary or affiliates of the Bank of Montreal acting as the counterparty, the purchase or redemption of units of other Bank of Montreal investment funds or the provision of services to the Company.

9. Financial instrument risk

The Funds may be exposed to a variety of financial risks that are concentrated in their investment holdings. The concentration risk table groups securities by asset type, geographic region and/or market segment. The Funds' risk management practices outline the monitoring of compliance to investment guidelines. The Company manages the potential effects of these financial risks on the Funds' performance by employing and overseeing professional and experienced portfolio advisors that regularly monitor the Funds' positions, market events and diversify investment portfolios within the constraints of the investment guidelines.

Where a Fund invests in another investment fund or investment funds, they may be indirectly exposed to the financial instrument risk 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 funds.

a) Currency risk

Currency risk is the risk that the value of financial instruments denominated in currencies, other than the functional currency of the Funds, 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 Funds' functional currency in determining fair value.

b) Interest rate risk

Interest rate risk is the risk that the fair value of the Funds' interest bearing investments will fluctuate due to changes in market interest rates. The Funds' 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.

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.

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 creditworthiness of the debt issuer. Credit risk exposure for over-the-counter derivative instruments is based on the Funds' 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.

e) Liquidity risk

The Funds' exposure to liquidity risk is concentrated in the daily cash redemptions of units. The Funds primarily invest in securities that are traded in active markets and can be readily disposed. In addition, the Funds retain sufficient cash and cash equivalent positions to maintain liquidity. The Funds 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. The proportion of illiquid securities to NAV of the Fund is monitored by the Company to ensure it does not exceed the regulatory limit and does not significantly affect the liquidity required to meet the Fund's financial obligations.

10. Fair value hierarchy

Each 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 the quoted prices in active markets for identical securities.

Level 2 securities are valued based on significant observable market inputs, such as quoted prices from similar securities and quoted prices in inactive markets or based on unobservable inputs to models.

Level 3 securities are valued based on significant unobservable inputs that reflect the Company's determination of assumptions that market participants might reasonably use in valuing the securities.

Fund and Class information

The Fund is authorized to issue an unlimited number of units in each of 100/100 Class A Units and 100/100 Prestige Class Units, which are redeemable at the policyowners' option.

Class	Launch Date
100/100 Class A Units	December 2, 2013
100/100 Prestige Class Units	October 1, 2014

Change in units

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

For the periods ended (in thousands of units)	December 31, 2017	December 31, 2016
100/100 Class A Units		
Units issued and outstanding, beginning of period	2,586	2,548
Issued for cash	454	863
Withdrawn during the period	(1,214)	(825)
Units issued and outstanding, end of period	1,826	2,586
100/100 Prestige Class Units		
Units issued and outstanding, beginning of period	1,012	769
Issued for cash	573	610
Withdrawn during the period	(559)	(367)
Units issued and outstanding, end of period	1,026	1,012

Units held by the Company

The Company held the following units of the Fund:

As at December 31, 2016 Class	Number of Units	Value of Units ($)
100/100 Class A Units	10,000	104
100/100 Prestige Class Units	5,000	50

There were no units held by the Company as at December 31, 2017.

Financial instrument risk

The Fund's objective is to achieve long term capital growth and income. The Fund invests primarily in exchange traded funds that seek to provide broad exposure to publicly listed U.S. companies balanced with high quality Canadian fixed income securities or cash equivalents.

Financial instrument risk of the underlying funds

The Fund is indirectly exposed to currency risk, interest rate risk, other market risk and credit risk through its investment in the underlying funds to the extent the underlying funds were exposed to these risks.

Fair value hierarchy

As at December 31, 2017 Financial assets	Level 1	Level 2	Level 3	Total
Investment funds	30,471	—	—	30,471

As at December 31, 2016 Financial assets	Level 1	Level 2	Level 3	Total
Investment funds	36,729	—	—	36,729

Transfers between levels

There were no transfers between the levels during the 2017 period (2016 – $nil).

Unconsolidated structured entities

Information on the carrying amount and the size of the investments in structured entities is shown in the table below.

Carrying amount	As at December 31, 2017	As at December 31, 2016
BMO Mid Corporate Bond Index ETF	3,987	5,793
BMO Mid Federal Bond Index ETF	7,351	10,696
BMO Mid-Term US IG Corporate Bond Index ETF	904	1,345
BMO S&P 500 Index ETF	18,229	18,895
Total	**30,471**	**36,729**
Percentage of structured entity held		
BMO Mid Corporate Bond Index ETF	0.29%	0.49%
BMO Mid Federal Bond Index ETF	1.40%	2.16%
BMO Mid-Term US IG Corporate Bond Index ETF	0.06%	0.11%
BMO S&P 500 Index ETF	0.42%	0.61%

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

Increase or decrease in net assets held for the benefit of policyowners

The increase (decrease) in net assets held for the benefit of the policyowners for the periods ended December 31, 2017 and December 31, 2016 is calculated as follows:

For the periods ended	December 31, 2017	December 31, 2016
100/100 Class A Units		
Increase (decrease) in net assets held for the benefit of policyowners	885	(135)
Weighted average units outstanding during the period	2,130	2,739
Increase (decrease) in net assets held for the benefit of policyowners per unit	0.42	(0.05)
100/100 Prestige Class Units		
Increase in net assets held for the benefit of policyowners	479	57
Weighted average units outstanding during the period	949	980
Increase in net assets held for the benefit of policyowners per unit	0.50	0.06

Brokerage commissions

For the periods ended	December 31, 2017	December 31, 2016
Total brokerage amounts paid	11	28
Total brokerage amounts paid to related parties	3	24

The Company may select brokers who charge a commission in "soft dollars" if they determine in good faith that the commission is reasonable in relation to the order execution and research services utilized. There were no ascertainable soft dollars paid or payable to dealers by the Fund during the periods.

Concentration risk

The following is a summary of the Fund's concentration risk:

As at	December 31, 2017	December 31, 2016
Investment Funds		
Fixed Income Funds	40.2%	48.1%
US Equity Fund	59.8%	51.0%
Other Assets less Liabilities	0.0%	0.9%
	100.0%	**100.0%**

Financial assets and financial liabilities

Categories of financial assets and financial liabilities

The table below shows the categories of financial assets and financial liabilities except cash:

As at	December 31, 2017	December 31, 2016
Financial assets designated as FVTPL	30,471	36,729
Loans and receivables	117	292
Financial liabilities measured at amortized cost	328	374

Net gains and losses on financial assets and financial liabilities at fair value

For the periods ended	December 31, 2017	December 31, 2016
Net realized gains (losses) on financial assets		
Designated at FVTPL	1,553	(508)
Net realized losses on financial liabilities		
Held for trading	—	(305)
Total net realized gains (losses) on financial assets and financial liabilities	1,553	(813)
Change in unrealized gains on financial assets		
Designated at FVTPL	726	1,812
Total change in net unrealized gains on financial assets and financial liabilities	726	1,812

Offsetting financial assets and financial liabilities

There were no amounts offset as at December 31, 2017 and December 31, 2016.

Financial Highlights (unaudited)

The following table shows selected key financial information about the Fund which is intended to help you understand the Fund's financial performance for the periods indicated.

100/100 Class A Units		2017	2016	2015	2014	2013[4]
		Years ended December 31,				
Net assets (000s)[1]	$	19,761	26,936	26,745	6,214	210
Net asset value per unit	$	10.82	10.41	10.50	10.72	9.98
Units issued and outstanding (000s)[1]		1,826	2,586	2,548	580	21
Management fees	%	1.50	1.50	1.50†	1.55	1.55
Management expense ratio[2]	%	3.09	3.09	3.12	3.26	3.27
Management expense ratio before waivers	%	3.09	3.09	3.12	3.26	3.27
Portfolio turnover rate[3]	%	27.81	101.48	51.12	22.35	—

100/100 Prestige Class Units		2017	2016	2015	2014[5]	2013
		Years ended December 31,				
Net assets (000s)[1]	$	10,724	10,133	7,727	1,870	—
Net asset value per unit	$	10.45	10.02	10.05	10.23	—
Units issued and outstanding (000s)[1]		1,026	1,012	769	183	—
Management fees	%	1.15	1.15	1.15††	1.20	—
Management expense ratio[2]	%	2.64	2.64	2.68	2.94	—
Management expense ratio before waivers	%	2.64	2.64	2.68	2.94	—
Portfolio turnover rate[3]	%	27.81	101.48	51.12	22.35	—

(1) The information is provided as at December 31 of the period shown.

(2) The management expense ratio of a particular class is calculated based on all expenses allocated to the series, as applicable, including all taxes and interest expenses but excluding brokerage commissions and other portfolio transaction costs, divided by the average daily net asset value of that series, annualized.

(3) 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 the fund. For the financial period ended December 31, 2013, no purchases or sales of portfolio securities were made in the Fund. As a result, the portfolio turnover rate for this period was zero.

(4) The information in this column is for the period beginning December 2, 2013 (the class' inception date) and ending December 31, 2013.

(5) The information in this column is for the period beginning October 1, 2014 (the class' inception date) and ending December 31, 2014.

† Effective May 1, 2015, the management fee rate was reduced from 1.55% to 1.50%.

†† Effective May 1, 2015, the management fee rate was reduced from 1.20% to 1.15%.

BMO North American Income Strategy GIF

BMO Insurance

BMO Insurance

STATEMENT OF FINANCIAL POSITION

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

As at	December 31, 2017	December 31, 2016
ASSETS		
CURRENT ASSETS		
Cash	405	696
Investments		
Non-derivative financial assets	52,101	61,975
Subscriptions receivable	17	87
Distribution receivable from investment trusts	217	265
Total assets	52,740	63,023
LIABILITIES		
CURRENT LIABILITIES		
Payable for investments purchased	56	55
Redemptions payable	44	71
Accrued expenses	344	396
Total liabilities	444	522
Net assets held for the benefit of policyowners	52,296	62,501
Net assets held for the benefit of policyowners		
100/100 Class A Units	32,419	46,371
100/100 Prestige Class Units	19,877	16,130
Net assets held for the benefit of policyowners per unit		
100/100 Class A Units	$ 10.84	$ 10.55
100/100 Prestige Class Units	$ 10.38	$ 10.07

STATEMENT OF COMPREHENSIVE INCOME

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

For the periods ended	December 31, 2017	December 31, 2016
INCOME		
Interest income	0	—
Distribution from investment trusts	1,816	1,937
Other changes in fair value of investments and derivatives		
Net realized gain (loss)	702	(1,859)
Change in unrealized appreciation	632	2,970
Net gain in fair value of investments and derivatives	3,150	3,048
Total income	3,150	3,048
EXPENSES		
Management fees (note 8)	845	869
Fixed administration fees (note 8)	157	159
Insurance fees (note 8)	457	463
Interest expense	0	0
Commissions and other portfolio transaction costs (note 8)	18	34
Total expenses	1,477	1,525
Increase in net assets held for the benefit of policyowners	1,673	1,523
Increase in net assets held for the benefit of policyowners		
100/100 Class A Units	1,127	1,141
100/100 Prestige Class Units	546	382
Increase in net assets held for the benefit of policyowners per unit (note 3)		
100/100 Class A Units	0.30	0.27
100/100 Prestige Class Units	0.32	0.29

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

BMO Insurance

STATEMENT OF CHANGES IN NET ASSETS HELD FOR THE BENEFIT OF POLICYOWNERS
(All amounts in thousands of Canadian dollars)

For the periods ended	December 31, 2017	December 31, 2016
100/100 Class A Units		
Net assets held for the benefit of policyowners at beginning of period	46,371	40,293
Increase in net assets held for the benefit of policyowners	1,127	1,141
Withdrawable unit transactions		
Proceeds from withdrawable units issued	6,818	12,593
Withdrawal of withdrawable units	(21,897)	(7,656)
Net (decrease) increase from withdrawable unit transactions	(15,079)	4,937
Net (decrease) increase in net assets held for the benefit of policyowners	(13,952)	6,078
Net assets held for the benefit of policyowners	32,419	46,371
100/100 Prestige Class Units		
Net assets held for the benefit of policyowners at beginning of period	16,130	11,609
Increase in net assets held for the benefit of policyowners	546	382
Withdrawable unit transactions		
Proceeds from withdrawable units issued	11,474	6,195
Withdrawal of withdrawable units	(8,273)	(2,056)
Net increase from withdrawable unit transactions	3,201	4,139
Net increase in net assets held for the benefit of policyowners	3,747	4,521
Net assets held for the benefit of policyowners	19,877	16,130

STATEMENT OF CHANGES IN NET ASSETS HELD FOR THE BENEFIT OF POLICYOWNERS (cont'd)
(All amounts in thousands of Canadian dollars)

For the periods ended	December 31, 2017	December 31, 2016
Total Fund		
Net assets held for the benefit of policyowners at beginning of period	62,501	51,902
Increase in net assets held for the benefit of policyowners	1,673	1,523
Withdrawable unit transactions		
Proceeds from withdrawable units issued	18,292	18,788
Withdrawal of withdrawable units	(30,170)	(9,712)
Net (decrease) increase from withdrawable unit transactions	(11,878)	9,076
Net (decrease) increase in net assets held for the benefit of policyowners	(10,205)	10,599
Net assets held for the benefit of policyowners	52,296	62,501

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

STATEMENT OF CASH FLOWS
(All amounts in thousands of Canadian dollars)

For the periods ended	December 31, 2017	December 31, 2016
Cash flows from operating activities		
Increase in net assets held for the benefit of policyowners	1,673	1,523
Adjustments for:		
Net realized (gain) loss on sale of investments and derivatives	(702)	1,859
Change in unrealized appreciation of investments and derivatives	(632)	(2,970)
Decrease (increase) in distribution receivable from investment trusts	48	(75)
(Decrease) increase in accrued expenses	(52)	82
Non-cash distributions from investment trusts	(347)	(301)
Purchases of investments	(12,233)	(37,392)
Proceeds from sale and maturity of investments	23,789	28,332
Cash inflows on derivatives	—	72
Net cash from operating activities	11,544	(8,870)
Cash flows from financing activities		
Proceeds from issuances of withdrawable units	8,189	18,701
Amounts paid on withdrawal of withdrawable units	(20,024)	(9,648)
Net cash from financing activities	(11,835)	9,053
Net (decrease) increase in cash	(291)	183
Cash at beginning of period	696	513
Cash at end of period	405	696
Supplementary Information		
Interest received, net of withholding taxes*	0	—
Distribution received from investment trusts*	1,517	1,561
Interest expense paid*	0	0

* These items are from operating activities

SCHEDULE OF INVESTMENT PORTFOLIO
(All amounts in thousands of Canadian dollars, unless otherwise noted)

As at December 31, 2017	Number of Units	Cost* ($)	Fair Value ($)
HOLDINGS IN INVESTMENT FUNDS			
Canadian Equity Funds — 25.2%			
BMO Canadian Dividend ETF	208,030	3,534	3,710
BMO Equal Weight REITs Index ETF	59,915	1,203	1,254
BMO Low Volatility Canadian Equity ETF	100,250	2,846	3,069
BMO S&P/TSX Capped Composite Index ETF	235,410	4,583	5,143
		12,166	**13,176**
Fixed Income Funds — 43.9%			
BMO Laddered Preferred Share Index ETF	132,390	1,512	1,556
BMO Mid Corporate Bond Index ETF	432,310	7,133	6,971
BMO Mid Federal Bond Index ETF	801,580	13,485	12,851
BMO Mid-Term US IG Corporate Bond Index ETF	87,490	1,768	1,580
		23,898	**22,958**
Global Equity Fund — 4.7%			
BMO Global Infrastructure Index ETF	70,950	2,556	2,464
International Equity Fund — 7.8%			
BMO MSCI EAFE Index ETF	217,800	3,613	4,080
U.S. Equity Funds — 18.0%			
BMO Low Volatility US Equity ETF	148,110	4,427	4,562
BMO S&P 500 Index ETF	131,630	4,088	4,861
		8,515	**9,423**
Total Investment Portfolio — 99.6%		**50,748**	**52,101**
Other Assets Less Liabilities — 0.4%			195
NET ASSETS HELD FOR THE BENEFIT OF POLICYOWNERS — 100.0%			**52,296**

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

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

(All amounts in thousands of Canadian dollars)

1. The Funds

The BMO Guaranteed Investment Funds (the "Funds") are offered through a variable annuity contract issued by BMO Life Assurance Company (the "Company") under authority of the Insurance Companies Act (Canada) and are regulated by the Canadian Life and Health Insurance Association ("CLHIA"). The Company is the registered owner of the assets of the Funds for the benefit of the policyowners. The address of the Company's registered office is 60 Yonge Street, Toronto, Ontario. The Funds are not separate legal entities. The Funds were established as follows:

Fund	Date Established
BMO Money Market GIF	December 2, 2013
BMO Canadian Balanced Growth GIF	December 2, 2013
BMO Canadian Income Strategy GIF	December 2, 2013
BMO U.S. Balanced Growth GIF	December 2, 2013
BMO North American Income Strategy GIF	December 2, 2013
BMO Fixed Income ETF Portfolio GIF	June 21, 2016
BMO Income ETF Portfolio GIF	June 21, 2016
BMO Conservative ETF Portfolio GIF	June 21, 2016
BMO Balanced ETF Portfolio GIF	June 21, 2016
BMO Growth ETF Portfolio GIF	June 21, 2016
BMO Equity Growth ETF Portfolio GIF	June 21, 2016
BMO Low Volatility U.S. Equity ETF GIF	June 21, 2016
BMO Low Volatility Canadian Equity ETF GIF	June 21, 2016
BMO Monthly Income GIF	January 6, 2017

The Company is the sole issuer of the individual variable insurance contract providing for investment in each Fund.

Each Fund is established under the authority of the Insurance Companies Act. Each of the Funds invest in direct investments or in underlying exchange traded funds or mutual fund units.

The individual variable insurance contract provides guarantees, which are payable either on maturity or on death.

The information provided in these audited financial statements is as at and for the periods ended December 31, 2017 and December 31, 2016.

The financial statements were authorized for issuance by the Board of Directors of the Company on March 26, 2018.

2. Basis of preparation and presentation

These audited annual financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

3. Summary of significant accounting policies

Financial instruments

The Funds record financial instruments at fair value. Investment transactions are accounted for on the trade date. The Funds' investments are either designated at fair value through profit or loss ("FVTPL") at inception or classified as held for trading. The changes in the investment fair values and related transaction costs are recorded in the Funds' Statement of Comprehensive Income.

Financial assets or financial liabilities held for trading are those acquired or incurred principally for the purpose of selling or repurchasing in the near future, or on initial recognition, are part of a portfolio of identified financial instruments that the Funds manage together and that have a recent actual pattern of short-term profit taking. The Funds classify all derivatives as held for trading. The Funds do not designate any derivatives as hedges in a hedging relationship.

The Funds designate all investments at FVTPL, as they have reliably measurable fair values and are part of a group of financial assets or financial liabilities that are managed and have their performance evaluated on a fair value basis in accordance with the Fund's investment strategy.

The Funds' withdrawable units contain multiple contractual obligations and consequently, do not meet the conditions to be classified as equity. As a result, the Funds' obligations for net assets held for the benefit of policyowners are classified as financial liabilities and presented at the withdrawal amounts.

All other financial assets and financial liabilities are measured at amortized cost. Under this method, financial assets and financial liabilities reflect the amount required to be received or paid, discounted, when appropriate, at the contract's effective interest rate.

The Funds have determined that they meet the definition of "investment entity" and as a result, measure subsidiaries, if any, at FVTPL.

Cost of investments
The cost of investments represents the amount paid for each security and is determined on an average cost basis.

Fair value measurement
Investments are recorded at their fair value with the change between this amount and their average cost being recorded as "Change in unrealized appreciation (depreciation)" in the Statement of Comprehensive Income.

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 Company determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

For bonds, debentures, asset-backed securities and other debt securities, fair value is represented by bid prices provided by independent security pricing services. Short-term investments, if any, are fair valued, and in certain circumstances are held at amortized cost which approximates fair value.

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.

Derivatives
Derivative instruments are financial contracts that derive their value from changes in the underlying interest rates, foreign exchange rates or other financial or commodity prices or indices.

Derivative instruments are either regulated exchange traded contracts or negotiated over-the-counter contracts. The Funds may use these instruments for trading purposes, as well as to manage the Funds' risk exposures.

Derivatives are measured at fair value. Realized gains and losses are included in "Net realized gains (losses)" on the Statement of Comprehensive Income and unrealized gains and losses are included in "Change in unrealized appreciation (depreciation)" in the Statement of Comprehensive Income.

Forward currency contracts
A forward currency contract is an agreement between two parties (the Fund and the counterparty) to purchase or sell a currency against another currency at a set price on a future date. The Funds may enter into forward currency contracts for hedging purposes, which can include the economic hedging of all or a portion of the currency exposure of an investment or group of investments, either directly or indirectly.

The Funds may also enter into these contracts for non-hedging purposes, which can include increasing the exposure to a foreign currency, or the shifting of exposure to foreign currency fluctuations from one country to another. The value of forward currency contracts entered into by the Funds is recorded as the difference between the value of the contract on the Valuation Date and the value on the date the contract originated.

Income recognition
Distributions from underlying funds are recognized on the ex-distribution date.

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

Foreign currency translation
The fair value of investments and other assets and liabilities in foreign currencies are translated into the Funds' 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. Foreign exchange gains (losses) on completed transactions are included in "Net realized gain (loss)" and unrealized foreign exchange gains (losses) are included in "Change in unrealized appreciation (depreciation)" in the Statement of Comprehensive Income. Foreign exchange gains (losses) relating to cash, receivables and payables are included in "Foreign exchange gain (loss)" in the Statement of Comprehensive Income.

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

Other assets and liabilities

Distribution receivable from investment trusts, subscriptions receivable and receivable for investments purchased, are initially recorded at fair value and subsequently measured at amortized cost. Similarly, payable for investments purchased, redemptions payable and accrued expenses are measured at amortized cost. Other assets and liabilities are short-term in nature, and are carried at cost or amortized cost.

Increase or decrease in net assets held for the benefit of policyowners from operations per unit

"Increase (decrease) in net assets from operations per unit" of a class in the Statement of Comprehensive Income represents the increase (decrease) in net assets from operations attributable to the class, divided by the weighted average number of units of the class outstanding during the period.

Portfolio turnover rate

The Funds' portfolio turnover rate indicates how actively the Funds' 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.

Income taxes

The Funds are segregated funds under the provisions of the *Income Tax Act (Canada).* The Funds' net income, including net realized capital gains and losses for the calendar year, is allocated to beneficiaries so that the Funds will not be liable for income taxes. As a result, the Funds have determined that they are in substance not taxable and therefore do not record income taxes in the Statement of Comprehensive Income and/or recognize any deferred tax assets or liabilities in the Statement of Financial Position.

Investments in subsidiaries, joint ventures and associates

Subsidiaries are entities over which the Funds have control through their exposure or rights to variable returns from their investment, and have the ability to affect those returns through their power over the entity. The Funds have determined that they are an investment entity and as such, they account for subsidiaries, if any, at fair value. Joint ventures are those where the Funds exercise joint control through an agreement with other shareholders, and associates are investments in which the Funds exert significant influence over operating, investing, and financing decisions (such as entities in which the Funds own 20% – 50% of voting shares), all of which, if any, have been designated at FVTPL.

Unconsolidated structured entities

During the periods, the Funds had no sponsored unconsolidated structured entities. The Funds have determined that the underlying funds in which the Funds 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 Funds. Similarly, investments in securitizations, asset-backed securities and mortgage-backed securities are determined to be interests in unconsolidated structured entities.

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

Mortgage-related securities are created from pools of residential or commercial mortgage loans, including mortgage loans made by savings and loan institutions, mortgage bankers, commercial banks and others. Asset-backed securities are created from many types of assets, including auto loans, credit card receivables, home equity loans, and student loans.

The Funds do not provide and have not committed to providing any additional significant financial information or other support to the unconsolidated structured entities other than its investment in the unconsolidated structured entities.

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 transactions for which the Funds have legally enforceable rights to offset and intend to settle the positions on a net basis. Amounts not offset in the Statement of Financial Position relate to transactions where a master netting arrangement or similar agreement is in place with a right to offset only in the event of default, insolvency or bankruptcy, or where the Funds have no intention of settling on a net basis.

4. Units and unit transactions

The withdrawable units of the Funds are classified as financial liabilities.

The units have no par value and are entitled to allocations, if any. Upon withdrawal, a unit is entitled to a proportionate share of the Fund's NAV. The Funds allocate their net income, including net realized capital gains and capital losses, to ensure the Funds will not be liable for income taxes on capital gains, dividends and interest. The Funds have no restrictions or specific capital requirements on the subscriptions and withdrawal of units. The relevant movements in withdrawable units are shown on the Statement of Changes in Net Assets Held for the Benefit of Policyowners. In accordance with their investment objectives and strategies, and the risk management practices outlined in Note 9, the Funds endeavour to invest the subscriptions received in appropriate investments, while maintaining sufficient liquidity to meet withdrawals, with such liquidity being augmented by short-term borrowings or disposal of investments where necessary.

The NAV per unit of a class is computed by dividing the NAV of the Fund attributable to the class (that is, the total fair value of the assets attributable to the class less the liabilities attributable to the class) by the total number of units of the class of the Fund outstanding at such time.

Expenses directly attributable to a class are charged to that class. Other expenses, income, realized and unrealized gains and losses from investment transactions are allocated proportionately to each class based upon the relative NAV of each class.

75/75 Class A Units are for policyholders that are professionals and business owners seeking downside risk protection and creditor protection.

75/100 Class A Units are for policyholders that are retirees and seniors seeking estate protection or wealth transfer advantages.

100/100 Class A Units are for policyholders that are pre-retires looking for maximum protection and to lock-in market gains as they get closer to retirement.

100/100 Prestige Class Units are only available to policyowners who meet and maintain a minimum investment of $250, either individually or collectively with other policyowners who are their family members and reside at the same address.

Holding Money Market Units were designated for holding purposes. Once a month the deposits were switched to the selected funds. At the close of business on June 20, 2016, the Holding Money Market Units were terminated.

5. Accounting standards issued but not yet adopted

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments, which addresses classification and measurement, impairment and hedge accounting.

The new standard requires assets to be carried at amortized cost, FVTPL or fair value through comprehensive income based on the entity's business model for managing financial assets and the contractual cash flow characteristics of the financial asset. The classification and measurement of liabilities remains generally unchanged with the exception of liabilities recorded at FVTPL.

For these financial liabilities, fair value changes attributable to changes in the entity's own credit risk are to be presented in other comprehensive income unless they affect amounts recorded in income.

The new standard is effective for the Funds for their fiscal year beginning January 1, 2018. The Funds' financial assets and financial liabilities are managed, and the performance of the Fund is evaluated, on a fair value basis. Accordingly, the Company has reached the preliminary conclusion that Fair Value Through Profit and Loss (FVTPL) in accordance with IFRS 9 provides the most appropriate measurement and presentation of the Funds' financial assets and financial liabilities, which aligns with their current measurement and presentation, with little or no modification. Therefore, the Company does not anticipate changes from the Funds' current measurement of their financial assets and financial liabilities as FVTPL. There will be no significant impact on the Funds' financial statements.

The Company will continue to evaluate any further industry and or regulatory updates with respect to the implementation of this new standard.

6. Critical accounting judgements and estimates

The preparation of financial statements requires the use of judgement in applying the Funds' accounting policies and to make estimates and assumptions about the future. The following discusses the most significant accounting judgements and estimates that the Funds have made in preparing their financial statements:

Accounting judgements:

Functional and presentation currency

The Funds unitholders are mainly Canadian residents, with the subscriptions and redemptions of the redeemable units denominated in Canadian dollars. The Funds invest in Canadian dollar denominated securities. The performance of the Funds are measured and reported to the investors in Canadian dollars.

The Company considers the Canadian dollar as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The financial statements are presented in Canadian dollars, which is the Funds' functional and presentation currency.

Classification and measurement of financial instruments and application of fair value option

In classifying and measuring financial instruments held by the Funds, the Company is required to make significant judgements about whether or not the business of the Funds is to invest on a total return basis for the purpose of applying the fair value options for financial assets.

Accounting estimates:

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

7. Management fees and expenses

Each Fund is responsible for the payment of fees and expenses related to its operations. Such fees and expenses include management fees and other recoverable fund operating expenses paid by the Funds. Collectively, all the fees and expenses paid or payable by the Funds, including management fees and other recoverable fund operating expenses divided by the Funds' average NAV, is known as the Management Expense Ratio ("MER").

8. Related party transactions

Management fees

Each Fund pays a management fee for investment management and administration services of the Fund. The management fee varies from Fund to Fund and is calculated and accrued on a daily basis as an annual percentage of the NAV of each Fund.

The management fee of a Fund includes the management fee and expenses charged by the underlying funds. There is no duplication of management fees when the Fund invests in an underlying fund.

Administration fees

Each Fund incurs certain operating expenses that include audit and legal fees and expenses; custodian and transfer agency fees; costs attributable to the administration of the segregated funds, including the cost of the record keeping system; fund accounting and valuation costs; costs of financial reports; including information folders, required to comply with applicable regulatory requirements; filing fees, and statements and communications to policyowners. The Company pays for these expenses and in return, each Fund pays the Company an administration fee of 0.25%. The administration fee is calculated and accrued daily as an annual percentage of the average NAV of each Fund.

Insurance fees

Each Fund pays an insurance fee for the provision of insurance benefits to the Company. The insurance fee differs from Fund to Fund and is calculated and accrued daily as an annual percentage of NAV of each Fund and is included in the management expense ratio.

Brokerage commissions

The Funds may execute trades with and or through BMO Nesbitt Burns Inc., an affiliate of the Company based on established standard brokerage agreements at market prices. These fees, if any, are included in "Commissions and other portfolio transaction costs" in the Statement of Comprehensive Income.

Other related parties

The Company may, on behalf of the Funds, enter into transactions or arrangements with or involving other subsidiaries or affiliates of the Bank of Montreal, or certain other persons or companies that are related or connected to the Company. These transactions or arrangements may include transactions or arrangements with or involving subsidiaries or affiliates of the Bank of Montreal, BMO Asset Management Inc., or other investment funds offered by Bank of Montreal, and may involve the purchase or sale of portfolio securities through or from a subsidiary or affiliates of the Bank of Montreal, the purchase or sale of securities issued or guaranteed by a subsidiary or affiliates of the Bank of Montreal, entering into forward contracts with a subsidiary or affiliates of the Bank of Montreal acting as the counterparty, the purchase or redemption of units of other Bank of Montreal investment funds or the provision of services to the Company.

9. Financial instrument risk

The Funds may be exposed to a variety of financial risks that are concentrated in their investment holdings. The concentration risk table groups securities by asset type, geographic region and/or market segment. The Funds' risk management practices outline the monitoring of compliance to investment guidelines. The Company manages the potential effects of these financial risks on the Funds' performance by employing and overseeing professional and experienced portfolio advisors that regularly monitor the Funds' positions, market events and diversify investment portfolios within the constraints of the investment guidelines.

Where a Fund invests in another investment fund or investment funds, they may be indirectly exposed to the financial instrument risk 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 funds.

a) Currency risk

Currency risk is the risk that the value of financial instruments denominated in currencies, other than the functional currency of the Funds, 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 Funds' functional currency in determining fair value.

b) Interest rate risk

Interest rate risk is the risk that the fair value of the Funds' interest bearing investments will fluctuate due to changes in market interest rates. The Funds' 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.

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.

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 creditworthiness of the debt issuer. Credit risk exposure for over-the-counter derivative instruments is based on the Funds' 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.

e) Liquidity risk

The Funds' exposure to liquidity risk is concentrated in the daily cash redemptions of units. The Funds primarily invest in securities that are traded in active markets and can be readily disposed. In addition, the Funds retain sufficient cash and cash equivalent positions to maintain liquidity. The Funds 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. The proportion of illiquid securities to NAV of the Fund is monitored by the Company to ensure it does not exceed the regulatory limit and does not significantly affect the liquidity required to meet the Fund's financial obligations.

10. Fair value hierarchy

Each 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 the quoted prices in active markets for identical securities.

Level 2 securities are valued based on significant observable market inputs, such as quoted prices from similar securities and quoted prices in inactive markets or based on unobservable inputs to models.

Level 3 securities are valued based on significant unobservable inputs that reflect the Company's determination of assumptions that market participants might reasonably use in valuing the securities.

Fund and Class information

The Fund is authorized to issue an unlimited number of units in each of 100/100 Class A Units and 100/100 Prestige Class Units, which are redeemable at the policyowners' option.

Class	Launch Date
100/100 Class A Units	December 2, 2013
100/100 Prestige Class Units	October 1, 2014

Change in units

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

For the periods ended (in thousands of units)	December 31, 2017	December 31, 2016
100/100 Class A Units		
Units issued and outstanding, beginning of period	4,394	3,911
Issued for cash	636	1,215
Withdrawn during the period	(2,039)	(732)
Units issued and outstanding, end of period	2,991	4,394
100/100 Prestige Class Units		
Units issued and outstanding, beginning of period	1,602	1,186
Issued for cash	1,119	621
Withdrawn during the period	(806)	(205)
Units issued and outstanding, end of period	1,915	1,602

Units held by the Company

The Company held the following units of the Fund:

As at December 31, 2016 Class	Number of Units	Value of Units ($)
100/100 Class A Units	10,000	106
100/100 Prestige Class Units	5,000	50

There were no units held by the Company as at December 31, 2017.

Financial instrument risk

The Fund's objective is to achieve long term capital growth and monthly income. The Fund invests primarily in exchange traded funds that invest in Canadian and U.S. income-generating securities: dividend-paying common stocks, preferred shares, income trusts, as well as high quality Canadian fixed income securities or cash equivalents.

Financial instrument risk of the underlying funds

The Fund is indirectly exposed to currency risk, interest rate risk, other market risk and credit risk through its investment in the underlying funds to the extent the underlying funds were exposed to these risks.

Fair value hierarchy

As at December 31, 2017 Financial assets	Level 1	Level 2	Level 3	Total
Investment funds	52,101	—	—	52,101

As at December 31, 2016 Financial assets	Level 1	Level 2	Level 3	Total
Investment funds	61,975	—	—	61,975

Transfers between levels

There were no transfers between the levels during the 2017 period (2016 – $nil).

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

Unconsolidated structured entities

Information on the carrying amount and the size of the investments in structured entities is shown in the table below.

Carrying amount	As at December 31, 2017	As at December 31, 2016
BMO Canadian Dividend ETF	3,710	3,881
BMO Equal Weight REITs Index ETF	1,254	1,308
BMO Global Infrastructure Index ETF	2,464	2,589
BMO Laddered Preferred Share Index ETF	1,556	1,653
BMO Low Volatility Canadian Equity ETF	3,069	3,221
BMO Low Volatility US Equity ETF	4,562	4,838
BMO Mid Corporate Bond Index ETF	6,971	9,641
BMO Mid Federal Bond Index ETF	12,851	17,836
BMO Mid-Term US IG Corporate Bond Index ETF	1,580	2,243
BMO MSCI EAFE Index ETF	4,080	6,422
BMO S&P 500 Index ETF	4,861	5,117
BMO S&P/TSX Capped Composite Index ETF	5,143	3,226
Total	**52,101**	**61,975**

Percentage of structured entity held		
BMO Canadian Dividend ETF	0.42%	0.55%
BMO Equal Weight REITs Index ETF	0.26%	0.32%
BMO Global Infrastructure Index ETF	0.81%	0.91%
BMO Laddered Preferred Share Index ETF	0.07%	0.10%
BMO Low Volatility Canadian Equity ETF	0.58%	0.25%
BMO Low Volatility US Equity ETF	0.26%	0.59%
BMO Mid Corporate Bond Index ETF	0.51%	0.82%
BMO Mid Federal Bond Index ETF	2.57%	3.60%
BMO Mid-Term US IG Corporate Bond Index ETF	0.11%	0.64%
BMO MSCI EAFE Index ETF	0.20%	0.57%
BMO S&P 500 Index ETF	0.11%	0.16%
BMO S&P/TSX Capped Composite Index ETF	0.16%	0.19%

Increase or decrease in net assets held for the benefit of policyowners

The increase (decrease) in net assets held for the benefit of policyowners for the periods end December 31, 2017 and December 31, 2016 is calculated as follows:

For the periods ended	December 31, 2017	December 31, 2016
100/100 Class A Units		
Increase in net assets held for the benefit of policyowners	1,127	1,141
Weighted average units outstanding during the period	3,696	4,299
Increase in net assets held for the benefit of policyowners per unit	0.30	0.27
100/100 Prestige Class Units		
Increase in net assets held for the benefit of policyowners	546	382
Weighted average units outstanding during the period	1,680	1,322
Increase in net assets held for the benefit of policyowners per unit	0.32	0.29

Brokerage commissions

For the periods ended	December 31, 2017	December 31, 2016
Total brokerage amounts paid	18	34
Total brokerage amounts paid to related parties	6	28

The Company may select brokers who charge a commission in "soft dollars" if they determine in good faith that the commission is reasonable in relation to the order execution and research services utilized. There were no ascertainable soft dollars paid or payable to dealers by the Fund during the periods.

Concentration risk

The following is a summary of the Fund's concentration risk:

As at	December 31, 2017	December 31, 2016
Investment Funds		
Canadian Equity Funds	25.2%	21.3%
Fixed Income Funds	43.9%	47.6%
Global Equity Fund	4.7%	4.1%
International Equity Fund	7.8%	10.3%
U.S. Equity Funds	18.0%	15.9%
Other Assets less Liabilities	0.4%	0.8%
	100.0%	**100.0%**

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

Financial assets and financial liabilities

Categories of financial assets and financial liabilities

The table below shows the categories of financial assets and financial liabilities except cash:

As at	December 31, 2017	December 31, 2016
Financial assets designated as FVTPL	52,101	61,975
Loans and receivables	234	352
Financial liabilities measured at amortized cost	444	522

Net gains and losses on financial assets and financial liabilities at fair value

For the periods ended	December 31, 2017	December 31, 2016
Net realized gains on financial assets		
Designated at FVTPL	2,518	6
Held for trading	—	72
Total net realized gains on financial assets and financial liabilities	2,518	78
Change in unrealized gains on financial assets		
Designated at FVTPL	632	2,970
Total change in net unrealized gains on financial assets and financial liabilities	632	2,970

Offsetting financial assets and financial liabilities

There were no amounts offset as at December 31, 2017 and December 31, 2016.

Financial Highlights (unaudited)

The following table shows selected key financial information about the Fund which is intended to help you understand the Fund's financial performance for the periods indicated.

100/100 Class A Units		Years ended December 31, 2017	2016	2015	2014	2013[4]
Net assets (000s)[1]	$	32,419	46,371	40,293	14,314	179
Net asset value per unit	$	10.84	10.55	10.30	10.71	9.99
Units issued and outstanding (000s)[1]		2,991	4,394	3,911	1,337	18
Management fees	%	1.70	1.70	1.70	1.70	1.70
Management expense ratio[2]	%	2.97	2.96	2.95	2.94	3.03
Management expense ratio before waivers	%	2.97	2.96	2.95	2.94	3.03
Portfolio turnover rate[3]	%	21.57	49.19	34.95	15.57	—

100/100 Prestige Class Units		Years ended December 31, 2017	2016	2015	2014[5]	2013
Net assets (000s)[1]	$	19,877	16,130	11,609	4,665	—
Net asset value per unit	$	10.38	10.07	9.79	10.13	—
Units issued and outstanding (000s)[1]		1,915	1,602	1,186	460	—
Management fees	%	1.35	1.35	1.35	1.35	—
Management expense ratio[2]	%	2.52	2.52	2.51	2.63	—
Management expense ratio before waivers	%	2.52	2.52	2.51	2.63	—
Portfolio turnover rate[3]	%	21.57	49.19	34.95	15.57	—

(1) The information is provided as at December 31 of the period shown.

(2) The management expense ratio of a particular class is calculated based on all expenses allocated to the series, as applicable, including all taxes and interest expenses but excluding brokerage commissions and other portfolio transaction costs, divided by the average daily net asset value of that series, annualized.

(3) 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 the fund. For the financial period ended December 31, 2013, no purchases or sales of portfolio securities were made in the Fund. As a result, the portfolio turnover rate for this period was zero.

(4) The information in this column is for the period beginning December 2, 2013 (the class' inception date) and ending December 31, 2013.

(5) The information in this column is for the period beginning October 1, 2014 (the class' inception date) and ending December 31, 2014.

BMO Fixed Income ETF Portfolio GIF

BMO Insurance

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

As at	December 31, 2017	December 31, 2016
ASSETS		
CURRENT ASSETS		
Cash	87	51
Investments		
Non-derivative financial assets	2,049	1,787
Subscriptions receivable	0	—
Total assets	2,136	1,838
LIABILITIES		
CURRENT LIABILITIES		
Redemptions payable	0	—
Accrued expenses	11	6
Total liabilities	11	6
Net assets held for the benefit of policyowners	2,125	1,832
Net assets held for the benefit of policyowners		
75/75 Class A Units	989	708
75/100 Class A Units	1,136	1,124
Net assets held for the benefit of policyowners per unit		
75/75 Class A Units	$ 9.86	$ 9.90
75/100 Class A Units	$ 9.85	$ 9.89

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

For the periods ended	December 31, 2017	December 31, 2016
INCOME		
Distribution from investment trusts	60	14
Other changes in fair value of investments and derivatives		
Net realized loss	(13)	(2)
Change in unrealized depreciation	(20)	(28)
Net gain (loss) in fair value of investments and derivatives	27	(16)
Total income (loss)	27	(16)
EXPENSES		
Management fees (note 8)	28	5
Fixed administration fees (note 8)	5	1
Insurance fees (note 8)	7	2
Interest expense	0	—
Total expenses	40	8
Decrease in net assets held for the benefit of policyowners	(13)	(24)
Decrease in net assets held for the benefit of policyowners		
75/75 Class A Units	(12)	(4)
75/100 Class A Units	(1)	(20)
Decrease in net assets held for the benefit of policyowners per unit (note 3)		
75/75 Class A Units	(0.11)	(0.19)
75/100 Class A Units	(0.01)	(0.40)

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

STATEMENT OF CHANGES IN NET ASSETS HELD FOR THE BENEFIT OF POLICYOWNERS

(All amounts in thousands of Canadian dollars)

For the periods ended	December 31, 2017	December 31, 2016
75/75 Class A Units		
Net assets held for the benefit of policyowners at beginning of period	708	—
Decrease in net assets held for the benefit of policyowners	(12)	(4)
Withdrawable unit transactions		
Proceeds from withdrawable units issued	782	717
Withdrawal of withdrawable units	(489)	(5)
Net increase from withdrawable unit transactions	293	712
Net increase in net assets held for the benefit of policyowners	281	708
Net assets held for the benefit of policyowners	989	708
75/100 Class A Units		
Net assets held for the benefit of policyowners at beginning of period	1,124	—
Decrease in net assets held for the benefit of policyowners	(1)	(20)
Withdrawable unit transactions		
Proceeds from withdrawable units issued	886	1,378
Withdrawal of withdrawable units	(873)	(234)
Net increase from withdrawable unit transactions	13	1,144
Net increase in net assets held for the benefit of policyowners	12	1,124
Net assets held for the benefit of policyowners	1,136	1,124

STATEMENT OF CHANGES IN NET ASSETS HELD FOR THE BENEFIT OF POLICYOWNERS (cont'd)

(All amounts in thousands of Canadian dollars)

For the periods ended	December 31, 2017	December 31, 2016
Total Fund		
Net assets held for the benefit of policyowners at beginning of period	1,832	—
Decrease in net assets held for the benefit of policyowners	(13)	(24)
Withdrawable unit transactions		
Proceeds from withdrawable units issued	1,668	2,095
Withdrawal of withdrawable units	(1,362)	(239)
Net increase from withdrawable unit transactions	306	1,856
Net increase in net assets held for the benefit of policyowners	293	1,832
Net assets held for the benefit of policyowners	2,125	1,832

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

STATEMENT OF CASH FLOWS

(All amounts in thousands of Canadian dollars)

For the periods ended	December 31, 2017	December 31, 2016
Cash flows from operating activities		
Decrease in net assets held for the benefit of policyowners	(13)	(24)
Adjustments for:		
Net realized loss on sale of investments and derivatives	13	2
Change in unrealized depreciation of investments and derivatives	20	28
Increase in accrued expenses	5	6
Non-cash distributions from investment trusts	(60)	(14)
Purchases of investments	(1,470)	(1,986)
Proceeds from sale and maturity of investments	1,235	183
Net cash from operating activities	(270)	(1,805)
Cash flows from financing activities		
Proceeds from issuances of withdrawable units	1,668	2,095
Amounts paid on withdrawal of withdrawable units	(1,362)	(239)
Net cash from financing activities	306	1,856
Net increase in cash	36	51
Cash at beginning of period	51	—
Cash at end of period	87	51
Supplementary Information		
Interest expense paid*	0	—

* These items are from operating activities

SCHEDULE OF INVESTMENT PORTFOLIO

(All amounts in thousands of Canadian dollars, unless otherwise noted)

As at December 31, 2017	Number of Units	Cost* ($)	Fair Value ($)
HOLDINGS IN INVESTMENT FUND			
Fixed Income Fund — 96.4%			
BMO Fixed Income ETF Portfolio, Series I	205,030	2,097	2,049
Total Investment Portfolio — 96.4%		**2,097**	**2,049**
Other Assets Less Liabilities — 3.6%			76
NET ASSETS HELD FOR THE BENEFIT OF POLICYOWNERS — 100.0%			**2,125**

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

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

(All amounts in thousands of Canadian dollars)

1. The Funds

The BMO Guaranteed Investment Funds (the "Funds") are offered through a variable annuity contract issued by BMO Life Assurance Company (the "Company") under authority of the Insurance Companies Act (Canada) and are regulated by the Canadian Life and Health Insurance Association ("CLHIA"). The Company is the registered owner of the assets of the Funds for the benefit of the policyowners. The address of the Company's registered office is 60 Yonge Street, Toronto, Ontario. The Funds are not separate legal entities. The Funds were established as follows:

Fund	Date Established
BMO Money Market GIF	December 2, 2013
BMO Canadian Balanced Growth GIF	December 2, 2013
BMO Canadian Income Strategy GIF	December 2, 2013
BMO U.S. Balanced Growth GIF	December 2, 2013
BMO North American Income Strategy GIF	December 2, 2013
BMO Fixed Income ETF Portfolio GIF	June 21, 2016
BMO Income ETF Portfolio GIF	June 21, 2016
BMO Conservative ETF Portfolio GIF	June 21, 2016
BMO Balanced ETF Portfolio GIF	June 21, 2016
BMO Growth ETF Portfolio GIF	June 21, 2016
BMO Equity Growth ETF Portfolio GIF	June 21, 2016
BMO Low Volatility U.S. Equity ETF GIF	June 21, 2016
BMO Low Volatility Canadian Equity ETF GIF	June 21, 2016
BMO Monthly Income GIF	January 6, 2017

The Company is the sole issuer of the individual variable insurance contract providing for investment in each Fund.

Each Fund is established under the authority of the Insurance Companies Act. Each of the Funds invest in direct investments or in underlying exchange traded funds or mutual fund units.

The individual variable insurance contract provides guarantees, which are payable either on maturity or on death.

The information provided in these audited financial statements is as at and for the periods ended December 31, 2017 and December 31, 2016.

The financial statements were authorized for issuance by the Board of Directors of the Company on March 26, 2018.

2. Basis of preparation and presentation

These audited annual financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

3. Summary of significant accounting policies

Financial instruments

The Funds record financial instruments at fair value. Investment transactions are accounted for on the trade date. The Funds' investments are either designated at fair value through profit or loss ("FVTPL") at inception or classified as held for trading. The changes in the investment fair values and related transaction costs are recorded in the Funds' Statement of Comprehensive Income.

Financial assets or financial liabilities held for trading are those acquired or incurred principally for the purpose of selling or repurchasing in the near future, or on initial recognition, are part of a portfolio of identified financial instruments that the Funds manage together and that have a recent actual pattern of short-term profit taking. The Funds classify all derivatives as held for trading. The Funds do not designate any derivatives as hedges in a hedging relationship.

The Funds designate all investments at FVTPL, as they have reliably measurable fair values and are part of a group of financial assets or financial liabilities that are managed and have their performance evaluated on a fair value basis in accordance with the Fund's investment strategy.

The Funds' withdrawable units contain multiple contractual obligations and consequently, do not meet the conditions to be classified as equity. As a result, the Funds' obligations for net assets held for the benefit of policyowners are classified as financial liabilities and presented at the withdrawal amounts.

All other financial assets and financial liabilities are measured at amortized cost. Under this method, financial assets and financial liabilities reflect the amount required to be received or paid, discounted, when appropriate, at the contract's effective interest rate.

The Funds have determined that they meet the definition of "investment entity" and as a result, measure subsidiaries, if any, at FVTPL.

Cost of investments
The cost of investments represents the amount paid for each security and is determined on an average cost basis.

Fair value measurement
Investments are recorded at their fair value with the change between this amount and their average cost being recorded as "Change in unrealized appreciation (depreciation)" in the Statement of Comprehensive Income.

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 Company determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

For bonds, debentures, asset-backed securities and other debt securities, fair value is represented by bid prices provided by independent security pricing services. Short-term investments, if any, are fair valued, and in certain circumstances are held at amortized cost which approximates fair value.

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.

Derivatives
Derivative instruments are financial contracts that derive their value from changes in the underlying interest rates, foreign exchange rates or other financial or commodity prices or indices.

Derivative instruments are either regulated exchange traded contracts or negotiated over-the-counter contracts. The Funds may use these instruments for trading purposes, as well as to manage the Funds' risk exposures.

Derivatives are measured at fair value. Realized gains and losses are included in "Net realized gains (losses)" on the Statement of Comprehensive Income and unrealized gains and losses are included in "Change in unrealized appreciation (depreciation)" in the Statement of Comprehensive Income.

Forward currency contracts
A forward currency contract is an agreement between two parties (the Fund and the counterparty) to purchase or sell a currency against another currency at a set price on a future date. The Funds may enter into forward currency contracts for hedging purposes, which can include the economic hedging of all or a portion of the currency exposure of an investment or group of investments, either directly or indirectly.

The Funds may also enter into these contracts for non-hedging purposes, which can include increasing the exposure to a foreign currency, or the shifting of exposure to foreign currency fluctuations from one country to another. The value of forward currency contracts entered into by the Funds is recorded as the difference between the value of the contract on the Valuation Date and the value on the date the contract originated.

Income recognition
Distributions from underlying funds are recognized on the ex-distribution date.

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

Foreign currency translation
The fair value of investments and other assets and liabilities in foreign currencies are translated into the Funds' 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. Foreign exchange gains (losses) on completed transactions are included in "Net realized gain (loss)" and unrealized foreign exchange gains (losses) are included in "Change in unrealized appreciation (depreciation)" in the Statement of Comprehensive Income. Foreign exchange gains (losses) relating to cash, receivables and payables are included in "Foreign exchange gain (loss)" in the Statement of Comprehensive Income.

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

Other assets and liabilities

Distribution receivable from investment trusts, subscriptions receivable and receivable for investments purchased, are initially recorded at fair value and subsequently measured at amortized cost. Similarly, payable for investments purchased, redemptions payable and accrued expenses are measured at amortized cost. Other assets and liabilities are short-term in nature, and are carried at cost or amortized cost.

Increase or decrease in net assets held for the benefit of policyowners from operations per unit

"Increase (decrease) in net assets from operations per unit" of a class in the Statement of Comprehensive Income represents the increase (decrease) in net assets from operations attributable to the class, divided by the weighted average number of units of the class outstanding during the period.

Portfolio turnover rate

The Funds' portfolio turnover rate indicates how actively the Funds' 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.

Income taxes

The Funds are segregated funds under the provisions of the *Income Tax Act (Canada).* The Funds' net income, including net realized capital gains and losses for the calendar year, is allocated to beneficiaries so that the Funds will not be liable for income taxes. As a result, the Funds have determined that they are in substance not taxable and therefore do not record income taxes in the Statement of Comprehensive Income and/or recognize any deferred tax assets or liabilities in the Statement of Financial Position.

Investments in subsidiaries, joint ventures and associates

Subsidiaries are entities over which the Funds have control through their exposure or rights to variable returns from their investment, and have the ability to affect those returns through their power over the entity. The Funds have determined that they are an investment entity and as such, they account for subsidiaries, if any, at fair value. Joint ventures are those where the Funds exercise joint control through an agreement with other shareholders, and associates are investments in which the Funds exert significant influence over operating, investing, and financing decisions (such as entities in which the Funds own 20% – 50% of voting shares), all of which, if any, have been designated at FVTPL.

Unconsolidated structured entities

During the periods, the Funds had no sponsored unconsolidated structured entities. The Funds have determined that the underlying funds in which the Funds 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 Funds. Similarly, investments in securitizations, asset-backed securities and mortgage-backed securities are determined to be interests in unconsolidated structured entities.

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

Mortgage-related securities are created from pools of residential or commercial mortgage loans, including mortgage loans made by savings and loan institutions, mortgage bankers, commercial banks and others. Asset-backed securities are created from many types of assets, including auto loans, credit card receivables, home equity loans, and student loans.

The Funds do not provide and have not committed to providing any additional significant financial information or other support to the unconsolidated structured entities other than its investment in the unconsolidated structured entities.

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 transactions for which the Funds have legally enforceable rights to offset and intend to settle the positions on a net basis. Amounts not offset in the Statement of Financial Position relate to transactions where a master netting arrangement or similar agreement is in place with a right to offset only in the event of default, insolvency or bankruptcy, or where the Funds have no intention of settling on a net basis.

4. Units and unit transactions

The withdrawable units of the Funds are classified as financial liabilities.

The units have no par value and are entitled to allocations, if any. Upon withdrawal, a unit is entitled to a proportionate share of the Fund's NAV. The Funds allocate their net income, including net realized capital gains and capital losses, to ensure the Funds will not be liable for income taxes on capital gains, dividends and interest. The Funds have no restrictions or specific capital requirements on the subscriptions and withdrawal of units. The relevant movements in withdrawable units are shown on the Statement of Changes in Net Assets Held for the Benefit of Policyowners. In accordance with their investment objectives and strategies, and the risk management practices outlined in Note 9, the Funds endeavour to invest the subscriptions received in appropriate investments, while maintaining sufficient liquidity to meet withdrawals, with such liquidity being augmented by short-term borrowings or disposal of investments where necessary.

The NAV per unit of a class is computed by dividing the NAV of the Fund attributable to the class (that is, the total fair value of the assets attributable to the class less the liabilities attributable to the class) by the total number of units of the class of the Fund outstanding at such time.

Expenses directly attributable to a class are charged to that class. Other expenses, income, realized and unrealized gains and losses from investment transactions are allocated proportionately to each class based upon the relative NAV of each class.

75/75 Class A Units are for policyholders that are professionals and business owners seeking downside risk protection and creditor protection.

75/100 Class A Units are for policyholders that are retirees and seniors seeking estate protection or wealth transfer advantages.

100/100 Class A Units are for policyholders that are pre-retires looking for maximum protection and to lock-in market gains as they get closer to retirement.

100/100 Prestige Class Units are only available to policyowners who meet and maintain a minimum investment of $250, either individually or collectively with other policyowners who are their family members and reside at the same address.

Holding Money Market Units were designated for holding purposes. Once a month the deposits were switched to the selected funds. At the close of business on June 20, 2016, the Holding Money Market Units were terminated.

5. Accounting standards issued but not yet adopted

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments, which addresses classification and measurement, impairment and hedge accounting.

The new standard requires assets to be carried at amortized cost, FVTPL or fair value through comprehensive income based on the entity's business model for managing financial assets and the contractual cash flow characteristics of the financial asset. The classification and measurement of liabilities remains generally unchanged with the exception of liabilities recorded at FVTPL.

For these financial liabilities, fair value changes attributable to changes in the entity's own credit risk are to be presented in other comprehensive income unless they affect amounts recorded in income.

The new standard is effective for the Funds for their fiscal year beginning January 1, 2018. The Funds' financial assets and financial liabilities are managed, and the performance of the Fund is evaluated, on a fair value basis. Accordingly, the Company has reached the preliminary conclusion that Fair Value Through Profit and Loss (FVTPL) in accordance with IFRS 9 provides the most appropriate measurement and presentation of the Funds' financial assets and financial liabilities, which aligns with their current measurement and presentation, with little or no modification. Therefore, the Company does not anticipate changes from the Funds' current measurement of their financial assets and financial liabilities as FVTPL. There will be no significant impact on the Funds' financial statements.

The Company will continue to evaluate any further industry and or regulatory updates with respect to the implementation of this new standard.

6. Critical accounting judgements and estimates

The preparation of financial statements requires the use of judgement in applying the Funds' accounting policies and to make estimates and assumptions about the future. The following discusses the most significant accounting judgements and estimates that the Funds have made in preparing their financial statements:

Accounting judgements:

Functional and presentation currency

The Funds unitholders are mainly Canadian residents, with the subscriptions and redemptions of the redeemable units denominated in Canadian dollars. The Funds invest in Canadian dollar denominated securities. The performance of the Funds are measured and reported to the investors in Canadian dollars.

The Company considers the Canadian dollar as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The financial statements are presented in Canadian dollars, which is the Funds' functional and presentation currency.

Classification and measurement of financial instruments and application of fair value option

In classifying and measuring financial instruments held by the Funds, the Company is required to make significant judgements about whether or not the business of the Funds is to invest on a total return basis for the purpose of applying the fair value options for financial assets.

Accounting estimates:

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

7. Management fees and expenses

Each Fund is responsible for the payment of fees and expenses related to its operations. Such fees and expenses include management fees and other recoverable fund operating expenses paid by the Funds. Collectively, all the fees and expenses paid or payable by the Funds, including management fees and other recoverable fund operating expenses divided by the Funds' average NAV, is known as the Management Expense Ratio ("MER").

8. Related party transactions

Management fees

Each Fund pays a management fee for investment management and administration services of the Fund. The management fee varies from Fund to Fund and is calculated and accrued on a daily basis as an annual percentage of the NAV of each Fund.

The management fee of a Fund includes the management fee and expenses charged by the underlying funds. There is no duplication of management fees when the Fund invests in an underlying fund.

Administration fees

Each Fund incurs certain operating expenses that include audit and legal fees and expenses; custodian and transfer agency fees; costs attributable to the administration of the segregated funds, including the cost of the record keeping system; fund accounting and valuation costs; costs of financial reports; including information folders, required to comply with applicable regulatory requirements; filing fees, and statements and communications to policyowners. The Company pays for these expenses and in return, each Fund pays the Company an administration fee of 0.25%. The administration fee is calculated and accrued daily as an annual percentage of the average NAV of each Fund.

Insurance fees

Each Fund pays an insurance fee for the provision of insurance benefits to the Company. The insurance fee differs from Fund to Fund and is calculated and accrued daily as an annual percentage of NAV of each Fund and is included in the management expense ratio.

Brokerage commissions

The Funds may execute trades with and or through BMO Nesbitt Burns Inc., an affiliate of the Company based on established standard brokerage agreements at market prices. These fees, if any, are included in "Commissions and other portfolio transaction costs" in the Statement of Comprehensive Income.

Other related parties

The Company may, on behalf of the Funds, enter into transactions or arrangements with or involving other subsidiaries or affiliates of the Bank of Montreal, or certain other persons or companies that are related or connected to the Company. These transactions or arrangements may include transactions or arrangements with or involving subsidiaries or affiliates of the Bank of Montreal, BMO Asset Management Inc., or other investment funds offered by Bank of Montreal, and may involve the purchase or sale of portfolio securities through or from a subsidiary or affiliates of the Bank of Montreal, the purchase or sale of securities issued or guaranteed by a subsidiary or affiliates of the Bank of Montreal, entering into forward contracts with a subsidiary or affiliates of the Bank of Montreal acting as the counterparty, the purchase or redemption of units of other Bank of Montreal investment funds or the provision of services to the Company.

9. Financial instrument risk

The Funds may be exposed to a variety of financial risks that are concentrated in their investment holdings. The concentration risk table groups securities by asset type, geographic region and/or market segment. The Funds' risk management practices outline the monitoring of compliance to investment guidelines. The Company manages the potential effects of these financial risks on the Funds' performance by employing and overseeing professional and experienced portfolio advisors that regularly monitor the Funds' positions, market events and diversify investment portfolios within the constraints of the investment guidelines.

Where a Fund invests in another investment fund or investment funds, they may be indirectly exposed to the financial instrument risk 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 funds.

a) Currency risk

Currency risk is the risk that the value of financial instruments denominated in currencies, other than the functional currency of the Funds, 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 Funds' functional currency in determining fair value.

b) Interest rate risk

Interest rate risk is the risk that the fair value of the Funds' interest bearing investments will fluctuate due to changes in market interest rates. The Funds' 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.

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.

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 creditworthiness of the debt issuer. Credit risk exposure for over-the-counter derivative instruments is based on the Funds' 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.

e) Liquidity risk

The Funds' exposure to liquidity risk is concentrated in the daily cash redemptions of units. The Funds primarily invest in securities that are traded in active markets and can be readily disposed. In addition, the Funds retain sufficient cash and cash equivalent positions to maintain liquidity. The Funds 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. The proportion of illiquid securities to NAV of the Fund is monitored by the Company to ensure it does not exceed the regulatory limit and does not significantly affect the liquidity required to meet the Fund's financial obligations.

10. Fair value hierarchy

Each 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 the quoted prices in active markets for identical securities.

Level 2 securities are valued based on significant observable market inputs, such as quoted prices from similar securities and quoted prices in inactive markets or based on unobservable inputs to models.

Level 3 securities are valued based on significant unobservable inputs that reflect the Company's determination of assumptions that market participants might reasonably use in valuing the securities.

Fund and Class information

The Fund is authorized to issue an unlimited number of units in each of 75/75 Class A Units and 75/100 Class A Units, which are redeemable at the policyowners' option.

Class	Launch Date
75/75 Class A Units	June 21, 2016
75/100 Class A Units	June 21, 2016

Change in units

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

For the periods ended (in thousands of units)	December 31, 2017	December 31, 2016
75/75 Class A Units		
Units issued and outstanding, beginning of period	72	—
Issued for cash	78	72
Withdrawn during the period	(50)	(0)
Units issued and outstanding, end of period	100	72
75/100 Class A Units		
Units issued and outstanding, beginning of period	114	—
Issued for cash	89	137
Withdrawn during the period	(88)	(23)
Units issued and outstanding, end of period	115	114

Units held by the Company

The Company held the following units of the Fund:

As at December 31, 2016 Class	Number of Units	Value of Units ($)
75/75 Class A Units	5,000	49
75/100 Class A Units	5,000	49

There were no units held by the Company as at December 31, 2017.

Financial instrument risk

The Fund invests in the BMO Fixed Income ETF Portfolio ("underlying fund"). The investment objective of the underlying fund is to preserve the value of investments by investing primarily in exchange traded funds that invest in Canadian, U.S. and international fixed income securities. The underlying fund may also invest in other mutual funds or invest directly in individual fixed income securities and cash or cash equivalents.

Financial instrument risk of the underlying fund

The Fund is indirectly exposed to currency risk, interest rate risk, other market risk and credit risk through its investment in the underlying fund to the extent the underlying fund was exposed to these risks.

Fair value hierarchy

As at December 31, 2017 Financial assets	Level 1	Level 2	Level 3	Total
Investment fund	2,049	—	—	2,049

As at December 31, 2016 Financial assets	Level 1	Level 2	Level 3	Total
Investment fund	1,787	—	—	1,787

Transfers between levels

There were no transfers between the levels during the 2017 period (2016 – $nil).

Unconsolidated structured entities

Information on the carrying amount and the size of the investments in structured entities is shown in the table below.

Carrying amount	As at December 31, 2017	As at December 31, 2016
BMO Fixed Income ETF Portfolio, Series I	2,049	1,787
Total	**2,049**	**1,787**
Percentage of structured entity held		
BMO Fixed Income ETF Portfolio, Series I	2.46%	2.35%

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

Increase or decrease in net assets held for the benefit of policyowners

The increase (decrease) in net assets held for the benefit of policyowners for the periods ended December 31, 2017 and December 31, 2016 is calculated as follows:

For the periods ended	December 31, 2017	December 31, 2016
75/75 Class A Units		
Decrease in net assets held for the benefit of policyowners	(12)	(4)
Weighted average units outstanding during the period	106	21
Decrease in net assets held for the benefit of policyowners per unit	(0.11)	(0.19)
75/100 Class A Units		
Decrease in net assets held for the benefit of policyowners	(1)	(20)
Weighted average units outstanding during the period	88	49
Decrease in net assets held for the benefit of policyowners per unit	(0.01)	(0.40)

Brokerage commissions

There were no brokerage commissions charged to the Fund during the periods ended December 31, 2017 and December 31, 2016.

Concentration risk

The following is a summary of the Fund's concentration risk through its investment in the underlying fund:

As at	December 31, 2017	December 31, 2016
Investment Funds		
Fixed Income Funds	95.8%	97.5%
Other Assets less Liabilities	4.2%	2.5%
	100.0%	**100.0%**

Financial assets and financial liabilities

Categories of financial assets and financial liabilities

The table below shows the categories of financial assets and financial liabilities except cash:

As at	December 31, 2017	December 31, 2016
Financial assets designated as FVTPL	2,049	1,787
Financial liabilities measured at amortized cost	11	6

Net gains and losses on financial assets and financial liabilities at fair value

For the periods ended	December 31, 2017	December 31, 2016
Net realized gains on financial assets		
Designated at FVTPL	47	12
Total net realized gains on financial assets and financial liabilities	47	12
Change in unrealized losses on financial assets		
Designated at FVTPL	(20)	(28)
Total change in unrealized losses on financial assets and financial liabilities	(20)	(28)

Offsetting financial assets and financial liabilities

There were no amounts offset as at December 31, 2017 and December 31, 2016.

Financial Highlights (unaudited)

The following table shows selected key financial information about the Fund which is intended to help you understand the Fund's financial performance for the periods indicated.

75/75 Class A Units		Years ended December 31, 2017	2016[4]
Net assets (000s)[1]	$	989	708
Net asset value per unit	$	9.86	9.90
Units issued and outstanding (000s)[1]		100	72
Management fees	%	1.30	1.30
Management expense ratio[2]	%	2.01	2.00
Management expense ratio before waivers	%	2.01	2.00
Portfolio turnover rate[3]	%	65.93	27.63

75/100 Class A Units		Years ended December 31, 2017	2016[4]
Net assets (000s)[1]	$	1,136	1,124
Net asset value per unit	$	9.85	9.89
Units issued and outstanding (000s)[1]		115	114
Management fees	%	1.30	1.30
Management expense ratio[2]	%	2.11	2.11
Management expense ratio before waivers	%	2.11	2.11
Portfolio turnover rate[3]	%	65.93	27.63

(1) The information is provided as at December 31 of the period shown.

(2) The management expense ratio of a particular class is calculated based on all expenses allocated to the series, as applicable, including all taxes and interest expenses but excluding brokerage commissions and other portfolio transaction costs, divided by the average daily net asset value of that series, annualized.

(3) 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 the fund.

(4) The information in this column is for the period beginning June 21, 2016 (the class' inception date) and ending December 31, 2016.

BMO Guaranteed Investment Funds 2017

ANNUAL FINANCIAL STATEMENTS

December 31, 2017

BMO Income ETF Portfolio GIF

BMO Insurance

BMO Income ETF Portfolio GIF

STATEMENT OF FINANCIAL POSITION

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

As at	December 31, 2017	December 31, 2016
ASSETS		
CURRENT ASSETS		
Cash	133	278
Investments		
Non-derivative financial assets	9,224	3,745
Subscriptions receivable	—	30
Total assets	9,357	4,053
LIABILITIES		
CURRENT LIABILITIES		
Payable for investments purchased	—	200
Redemptions payable	—	21
Accrued expenses	56	13
Total liabilities	56	234
Net assets held for the benefit of policyowners	9,301	3,819
Net assets held for the benefit of policyowners		
75/75 Class A Units	4,118	1,359
75/100 Class A Units	5,183	2,460
Net assets held for the benefit of policyowners per unit		
75/75 Class A Units	$ 10.31	$ 10.12
75/100 Class A Units	$ 10.28	$ 10.11

STATEMENT OF COMPREHENSIVE INCOME

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

For the periods ended	December 31, 2017	December 31, 2016
INCOME		
Distribution from investment trusts	223	41
Other changes in fair value of investments and derivatives		
Net realized gain	11	0
Change in unrealized appreciation (depreciation)	86	(30)
Net gain in fair value of investments and derivatives	320	11
Total income	320	11
EXPENSES		
Management fees (note 8)	114	10
Fixed administration fees (note 8)	21	2
Insurance fees (note 8)	34	3
Interest expense	0	—
Total expenses	169	15
Increase (decrease) in net assets held for the benefit of policyowners	151	(4)
Increase (decrease) in net assets held for the benefit of policyowners		
75/75 Class A Units	59	1
75/100 Class A Units	92	(5)
Increase (decrease) in net assets held for the benefit of policyowners per unit (note 3)		
75/75 Class A Units	0.18	0.04
75/100 Class A Units	0.24	(0.06)

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

STATEMENT OF CHANGES IN NET ASSETS HELD FOR THE BENEFIT OF POLICYOWNERS

(All amounts in thousands of Canadian dollars)

For the periods ended	December 31, 2017	December 31, 2016
75/75 Class A Units		
Net assets held for the benefit of policyowners at beginning of period	1,359	—
Increase in net assets held for the benefit of policyowners	59	1
Withdrawable unit transactions		
Proceeds from withdrawable units issued	3,099	1,379
Withdrawal of withdrawable units	(399)	(21)
Net increase from withdrawable unit transactions	2,700	1,358
Net increase in net assets held for the benefit of policyowners	2,759	1,359
Net assets held for the benefit of policyowners	4,118	1,359
75/100 Class A Units		
Net assets held for the benefit of policyowners at beginning of period	2,460	—
Increase (decrease) in net assets held for the benefit of policyowners	92	(5)
Withdrawable unit transactions		
Proceeds from withdrawable units issued	3,799	2,470
Withdrawal of withdrawable units	(1,168)	(5)
Net increase from withdrawable unit transactions	2,631	2,465
Net increase in net assets held for the benefit of policyowners	2,723	2,460
Net assets held for the benefit of policyowners	5,183	2,460

STATEMENT OF CHANGES IN NET ASSETS HELD FOR THE BENEFIT OF POLICYOWNERS (cont'd)

(All amounts in thousands of Canadian dollars)

For the periods ended	December 31, 2017	December 31, 2016
Total Fund		
Net assets held for the benefit of policyowners at beginning of period	3,819	—
Increase (decrease) in net assets held for the benefit of policyowners	151	(4)
Withdrawable unit transactions		
Proceeds from withdrawable units issued	6,898	3,849
Withdrawal of withdrawable units	(1,567)	(26)
Net increase from withdrawable unit transactions	5,331	3,823
Net increase in net assets held for the benefit of policyowners	5,482	3,819
Net assets held for the benefit of policyowners	9,301	3,819

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

STATEMENT OF CASH FLOWS

(All amounts in thousands of Canadian dollars)

For the periods ended	December 31, 2017	December 31, 2016
Cash flows from operating activities		
Increase (decrease) in net assets held for the benefit of policyowners	151	(4)
Adjustments for:		
Net realized gain on sale of investments and derivatives	(11)	(0)
Change in unrealized (appreciation) depreciation of investments and derivatives	(86)	30
Increase in accrued expenses	43	13
Non-cash distributions from investment trusts	(223)	(41)
Purchases of investments	(6,585)	(3,624)
Proceeds from sale and maturity of investments	1,226	90
Net cash from operating activities	(5,485)	(3,536)
Cash flows from financing activities		
Proceeds from issuances of withdrawable units	6,928	3,819
Amounts paid on withdrawal of withdrawable units	(1,588)	(5)
Net cash from financing activities	5,340	3,814
Net (decrease) increase in cash	(145)	278
Cash at beginning of period	278	—
Cash at end of period	133	278
Supplementary Information		
Interest expense paid*	0	—

* These items are from operating activities

SCHEDULE OF INVESTMENT PORTFOLIO

(All amounts in thousands of Canadian dollars, unless otherwise noted)

As at December 31, 2017	Number of Units	Cost* ($)	Fair Value ($)
HOLDINGS IN INVESTMENT FUND			
Fixed Income Fund — 99.2%			
BMO Income ETF Portfolio, Series I	834,832	9,168	9,224
Total Investment Portfolio — 99.2%		**9,168**	**9,224**
Other Assets Less Liabilities — 0.8%			77
NET ASSETS HELD FOR THE BENEFIT OF POLICYOWNERS — 100.0%			**9,301**

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

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

(All amounts in thousands of Canadian dollars)

1. The Funds

The BMO Guaranteed Investment Funds (the "Funds") are offered through a variable annuity contract issued by BMO Life Assurance Company (the "Company") under authority of the Insurance Companies Act (Canada) and are regulated by the Canadian Life and Health Insurance Association ("CLHIA"). The Company is the registered owner of the assets of the Funds for the benefit of the policyowners. The address of the Company's registered office is 60 Yonge Street, Toronto, Ontario. The Funds are not separate legal entities. The Funds were established as follows:

Fund	Date Established
BMO Money Market GIF	December 2, 2013
BMO Canadian Balanced Growth GIF	December 2, 2013
BMO Canadian Income Strategy GIF	December 2, 2013
BMO U.S. Balanced Growth GIF	December 2, 2013
BMO North American Income Strategy GIF	December 2, 2013
BMO Fixed Income ETF Portfolio GIF	June 21, 2016
BMO Income ETF Portfolio GIF	June 21, 2016
BMO Conservative ETF Portfolio GIF	June 21, 2016
BMO Balanced ETF Portfolio GIF	June 21, 2016
BMO Growth ETF Portfolio GIF	June 21, 2016
BMO Equity Growth ETF Portfolio GIF	June 21, 2016
BMO Low Volatility U.S. Equity ETF GIF	June 21, 2016
BMO Low Volatility Canadian Equity ETF GIF	June 21, 2016
BMO Monthly Income GIF	January 6, 2017

The Company is the sole issuer of the individual variable insurance contract providing for investment in each Fund.

Each Fund is established under the authority of the Insurance Companies Act. Each of the Funds invest in direct investments or in underlying exchange traded funds or mutual fund units.

The individual variable insurance contract provides guarantees, which are payable either on maturity or on death.

The information provided in these audited financial statements is as at and for the periods ended December 31, 2017 and December 31, 2016.

The financial statements were authorized for issuance by the Board of Directors of the Company on March 26, 2018.

2. Basis of preparation and presentation

These audited annual financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

3. Summary of significant accounting policies

Financial instruments

The Funds record financial instruments at fair value. Investment transactions are accounted for on the trade date. The Funds' investments are either designated at fair value through profit or loss ("FVTPL") at inception or classified as held for trading. The changes in the investment fair values and related transaction costs are recorded in the Funds' Statement of Comprehensive Income.

Financial assets or financial liabilities held for trading are those acquired or incurred principally for the purpose of selling or repurchasing in the near future, or on initial recognition, are part of a portfolio of identified financial instruments that the Funds manage together and that have a recent actual pattern of short-term profit taking. The Funds classify all derivatives as held for trading. The Funds do not designate any derivatives as hedges in a hedging relationship.

The Funds designate all investments at FVTPL, as they have reliably measurable fair values and are part of a group of financial assets or financial liabilities that are managed and have their performance evaluated on a fair value basis in accordance with the Fund's investment strategy.

The Funds' withdrawable units contain multiple contractual obligations and consequently, do not meet the conditions to be classified as equity. As a result, the Funds' obligations for net assets held for the benefit of policyowners are classified as financial liabilities and presented at the withdrawal amounts.

All other financial assets and financial liabilities are measured at amortized cost. Under this method, financial assets and financial liabilities reflect the amount required to be received or paid, discounted, when appropriate, at the contract's effective interest rate.

The Funds have determined that they meet the definition of "investment entity" and as a result, measure subsidiaries, if any, at FVTPL.

Cost of investments
The cost of investments represents the amount paid for each security and is determined on an average cost basis.

Fair value measurement
Investments are recorded at their fair value with the change between this amount and their average cost being recorded as "Change in unrealized appreciation (depreciation)" in the Statement of Comprehensive Income.

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 Company determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

For bonds, debentures, asset-backed securities and other debt securities, fair value is represented by bid prices provided by independent security pricing services. Short-term investments, if any, are fair valued, and in certain circumstances are held at amortized cost which approximates fair value.

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.

Derivatives
Derivative instruments are financial contracts that derive their value from changes in the underlying interest rates, foreign exchange rates or other financial or commodity prices or indices.

Derivative instruments are either regulated exchange traded contracts or negotiated over-the-counter contracts. The Funds may use these instruments for trading purposes, as well as to manage the Funds' risk exposures.

Derivatives are measured at fair value. Realized gains and losses are included in "Net realized gains (losses)" on the Statement of Comprehensive Income and unrealized gains and losses are included in "Change in unrealized appreciation (depreciation)" in the Statement of Comprehensive Income.

Forward currency contracts
A forward currency contract is an agreement between two parties (the Fund and the counterparty) to purchase or sell a currency against another currency at a set price on a future date. The Funds may enter into forward currency contracts for hedging purposes, which can include the economic hedging of all or a portion of the currency exposure of an investment or group of investments, either directly or indirectly.

The Funds may also enter into these contracts for non-hedging purposes, which can include increasing the exposure to a foreign currency, or the shifting of exposure to foreign currency fluctuations from one country to another. The value of forward currency contracts entered into by the Funds is recorded as the difference between the value of the contract on the Valuation Date and the value on the date the contract originated.

Income recognition
Distributions from underlying funds are recognized on the ex-distribution date.

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

Foreign currency translation
The fair value of investments and other assets and liabilities in foreign currencies are translated into the Funds' 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. Foreign exchange gains (losses) on completed transactions are included in "Net realized gain (loss)" and unrealized foreign exchange gains (losses) are included in "Change in unrealized appreciation (depreciation)" in the Statement of Comprehensive Income. Foreign exchange gains (losses) relating to cash, receivables and payables are included in "Foreign exchange gain (loss)" in the Statement of Comprehensive Income.

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

Other assets and liabilities

Distribution receivable from investment trusts, subscriptions receivable and receivable for investments purchased, are initially recorded at fair value and subsequently measured at amortized cost. Similarly, payable for investments purchased, redemptions payable and accrued expenses are measured at amortized cost. Other assets and liabilities are short-term in nature, and are carried at cost or amortized cost.

Increase or decrease in net assets held for the benefit of policyowners from operations per unit

"Increase (decrease) in net assets from operations per unit" of a class in the Statement of Comprehensive Income represents the increase (decrease) in net assets from operations attributable to the class, divided by the weighted average number of units of the class outstanding during the period.

Portfolio turnover rate

The Funds' portfolio turnover rate indicates how actively the Funds' 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.

Income taxes

The Funds are segregated funds under the provisions of the *Income Tax Act (Canada).* The Funds' net income, including net realized capital gains and losses for the calendar year, is allocated to beneficiaries so that the Funds will not be liable for income taxes. As a result, the Funds have determined that they are in substance not taxable and therefore do not record income taxes in the Statement of Comprehensive Income and/or recognize any deferred tax assets or liabilities in the Statement of Financial Position.

Investments in subsidiaries, joint ventures and associates

Subsidiaries are entities over which the Funds have control through their exposure or rights to variable returns from their investment, and have the ability to affect those returns through their power over the entity. The Funds have determined that they are an investment entity and as such, they account for subsidiaries, if any, at fair value. Joint ventures are those where the Funds exercise joint control through an agreement with other shareholders, and associates are investments in which the Funds exert significant influence over operating, investing, and financing decisions (such as entities in which the Funds own 20% – 50% of voting shares), all of which, if any, have been designated at FVTPL.

Unconsolidated structured entities

During the periods, the Funds had no sponsored unconsolidated structured entities. The Funds have determined that the underlying funds in which the Funds 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 Funds. Similarly, investments in securitizations, asset-backed securities and mortgage-backed securities are determined to be interests in unconsolidated structured entities.

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

Mortgage-related securities are created from pools of residential or commercial mortgage loans, including mortgage loans made by savings and loan institutions, mortgage bankers, commercial banks and others. Asset-backed securities are created from many types of assets, including auto loans, credit card receivables, home equity loans, and student loans.

The Funds do not provide and have not committed to providing any additional significant financial information or other support to the unconsolidated structured entities other than its investment in the unconsolidated structured entities.

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 transactions for which the Funds have legally enforceable rights to offset and intend to settle the positions on a net basis. Amounts not offset in the Statement of Financial Position relate to transactions where a master netting arrangement or similar agreement is in place with a right to offset only in the event of default, insolvency or bankruptcy, or where the Funds have no intention of settling on a net basis.

4. Units and unit transactions

The withdrawable units of the Funds are classified as financial liabilities.

The units have no par value and are entitled to allocations, if any. Upon withdrawal, a unit is entitled to a proportionate share of the Fund's NAV. The Funds allocate their net income, including net realized capital gains and capital losses, to ensure the Funds will not be liable for income taxes on capital gains, dividends and interest. The Funds have no restrictions or specific capital requirements on the subscriptions and withdrawal of units. The relevant movements in withdrawable units are shown on the Statement of Changes in Net Assets Held for the Benefit of Policyowners. In accordance with their investment objectives and strategies, and the risk management practices outlined in Note 9, the Funds endeavour to invest the subscriptions received in appropriate investments, while maintaining sufficient liquidity to meet withdrawals, with such liquidity being augmented by short-term borrowings or disposal of investments where necessary.

The NAV per unit of a class is computed by dividing the NAV of the Fund attributable to the class (that is, the total fair value of the assets attributable to the class less the liabilities attributable to the class) by the total number of units of the class of the Fund outstanding at such time.

Expenses directly attributable to a class are charged to that class. Other expenses, income, realized and unrealized gains and losses from investment transactions are allocated proportionately to each class based upon the relative NAV of each class.

75/75 Class A Units are for policyholders that are professionals and business owners seeking downside risk protection and creditor protection.

75/100 Class A Units are for policyholders that are retirees and seniors seeking estate protection or wealth transfer advantages.

100/100 Class A Units are for policyholders that are pre-retires looking for maximum protection and to lock-in market gains as they get closer to retirement.

100/100 Prestige Class Units are only available to policyowners who meet and maintain a minimum investment of $250, either individually or collectively with other policyowners who are their family members and reside at the same address.

Holding Money Market Units were designated for holding purposes. Once a month the deposits were switched to the selected funds. At the close of business on June 20, 2016, the Holding Money Market Units were terminated.

5. Accounting standards issued but not yet adopted

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments, which addresses classification and measurement, impairment and hedge accounting.

The new standard requires assets to be carried at amortized cost, FVTPL or fair value through comprehensive income based on the entity's business model for managing financial assets and the contractual cash flow characteristics of the financial asset. The classification and measurement of liabilities remains generally unchanged with the exception of liabilities recorded at FVTPL.

For these financial liabilities, fair value changes attributable to changes in the entity's own credit risk are to be presented in other comprehensive income unless they affect amounts recorded in income.

The new standard is effective for the Funds for their fiscal year beginning January 1, 2018. The Funds' financial assets and financial liabilities are managed, and the performance of the Fund is evaluated, on a fair value basis. Accordingly, the Company has reached the preliminary conclusion that Fair Value Through Profit and Loss (FVTPL) in accordance with IFRS 9 provides the most appropriate measurement and presentation of the Funds' financial assets and financial liabilities, which aligns with their current measurement and presentation, with little or no modification. Therefore, the Company does not anticipate changes from the Funds' current measurement of their financial assets and financial liabilities as FVTPL. There will be no significant impact on the Funds' financial statements.

The Company will continue to evaluate any further industry and or regulatory updates with respect to the implementation of this new standard.

6. Critical accounting judgements and estimates

The preparation of financial statements requires the use of judgement in applying the Funds' accounting policies and to make estimates and assumptions about the future. The following discusses the most significant accounting judgements and estimates that the Funds have made in preparing their financial statements:

Accounting judgements:

Functional and presentation currency

The Funds unitholders are mainly Canadian residents, with the subscriptions and redemptions of the redeemable units denominated in Canadian dollars. The Funds invest in Canadian dollar denominated securities. The performance of the Funds are measured and reported to the investors in Canadian dollars.

The Company considers the Canadian dollar as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The financial statements are presented in Canadian dollars, which is the Funds' functional and presentation currency.

Classification and measurement of financial instruments and application of fair value option

In classifying and measuring financial instruments held by the Funds, the Company is required to make significant judgements about whether or not the business of the Funds is to invest on a total return basis for the purpose of applying the fair value options for financial assets.

Accounting estimates:

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

7. Management fees and expenses

Each Fund is responsible for the payment of fees and expenses related to its operations. Such fees and expenses include management fees and other recoverable fund operating expenses paid by the Funds. Collectively, all the fees and expenses paid or payable by the Funds, including management fees and other recoverable fund operating expenses divided by the Funds' average NAV, is known as the Management Expense Ratio ("MER").

8. Related party transactions

Management fees

Each Fund pays a management fee for investment management and administration services of the Fund. The management fee varies from Fund to Fund and is calculated and accrued on a daily basis as an annual percentage of the NAV of each Fund.

The management fee of a Fund includes the management fee and expenses charged by the underlying funds. There is no duplication of management fees when the Fund invests in an underlying fund.

Administration fees

Each Fund incurs certain operating expenses that include audit and legal fees and expenses; custodian and transfer agency fees; costs attributable to the administration of the segregated funds, including the cost of the record keeping system; fund accounting and valuation costs; costs of financial reports; including information folders, required to comply with applicable regulatory requirements; filing fees, and statements and communications to policyowners. The Company pays for these expenses and in return, each Fund pays the Company an administration fee of 0.25%. The administration fee is calculated and accrued daily as an annual percentage of the average NAV of each Fund.

Insurance fees

Each Fund pays an insurance fee for the provision of insurance benefits to the Company. The insurance fee differs from Fund to Fund and is calculated and accrued daily as an annual percentage of NAV of each Fund and is included in the management expense ratio.

Brokerage commissions

The Funds may execute trades with and or through BMO Nesbitt Burns Inc., an affiliate of the Company based on established standard brokerage agreements at market prices. These fees, if any, are included in "Commissions and other portfolio transaction costs" in the Statement of Comprehensive Income.

Other related parties

The Company may, on behalf of the Funds, enter into transactions or arrangements with or involving other subsidiaries or affiliates of the Bank of Montreal, or certain other persons or companies that are related or connected to the Company. These transactions or arrangements may include transactions or arrangements with or involving subsidiaries or affiliates of the Bank of Montreal, BMO Asset Management Inc., or other investment funds offered by Bank of Montreal, and may involve the purchase or sale of portfolio securities through or from a subsidiary or affiliates of the Bank of Montreal, the purchase or sale of securities issued or guaranteed by a subsidiary or affiliates of the Bank of Montreal, entering into forward contracts with a subsidiary or affiliates of the Bank of Montreal acting as the counterparty, the purchase or redemption of units of other Bank of Montreal investment funds or the provision of services to the Company.

9. Financial instrument risk

The Funds may be exposed to a variety of financial risks that are concentrated in their investment holdings. The concentration risk table groups securities by asset type, geographic region and/or market segment. The Funds' risk management practices outline the monitoring of compliance to investment guidelines. The Company manages the potential effects of these financial risks on the Funds' performance by employing and overseeing professional and experienced portfolio advisors that regularly monitor the Funds' positions, market events and diversify investment portfolios within the constraints of the investment guidelines.

Where a Fund invests in another investment fund or investment funds, they may be indirectly exposed to the financial instrument risk 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 funds.

a) Currency risk

Currency risk is the risk that the value of financial instruments denominated in currencies, other than the functional currency of the Funds, 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 Funds' functional currency in determining fair value.

b) Interest rate risk

Interest rate risk is the risk that the fair value of the Funds' interest bearing investments will fluctuate due to changes in market interest rates. The Funds' 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.

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.

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 creditworthiness of the debt issuer. Credit risk exposure for over-the-counter derivative instruments is based on the Funds' 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.

e) Liquidity risk

The Funds' exposure to liquidity risk is concentrated in the daily cash redemptions of units. The Funds primarily invest in securities that are traded in active markets and can be readily disposed. In addition, the Funds retain sufficient cash and cash equivalent positions to maintain liquidity. The Funds 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. The proportion of illiquid securities to NAV of the Fund is monitored by the Company to ensure it does not exceed the regulatory limit and does not significantly affect the liquidity required to meet the Fund's financial obligations.

10. Fair value hierarchy

Each 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 the quoted prices in active markets for identical securities.

Level 2 securities are valued based on significant observable market inputs, such as quoted prices from similar securities and quoted prices in inactive markets or based on unobservable inputs to models.

Level 3 securities are valued based on significant unobservable inputs that reflect the Company's determination of assumptions that market participants might reasonably use in valuing the securities.

Fund and Class information

The Fund is authorized to issue an unlimited number of units in each of 75/75 Class A Units and 75/100 Class A Units, which are redeemable at the policyowners' option.

Class	Launch Date
75/75 Class A Units	June 21, 2016
75/100 Class A Units	June 21, 2016

Change in units

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

For the periods ended (in thousands of units)	December 31, 2017	December 31, 2016
75/75 Class A Units		
Units issued and outstanding, beginning of period	134	—
Issued for cash	304	136
Withdrawn during the period	(39)	(2)
Units issued and outstanding, end of period	399	134
75/100 Class A Units		
Units issued and outstanding, beginning of period	243	—
Issued for cash	375	244
Withdrawn during the period	(114)	(1)
Units issued and outstanding, end of period	504	243

Units held by the Company

The Company held the following units of the Fund:

As at December 31, 2016 Class	Number of Units	Value of Units ($)
75/75 Class A Units	5,000	51
75/100 Class A Units	5,000	51

There were no units held by the Company as at December 31, 2017.

Financial instrument risk

The Fund invests in the BMO Income ETF Portfolio ("underlying fund"). The investment objective of the underlying fund is to preserve the value of investments by investing primarily in exchange traded funds that invest in fixed income securities with a lesser exposure to exchange traded funds that invest in Canadian, U.S. and international equity securities. The underlying fund may also invest in other mutual funds or invest directly in individual fixed income or equity securities and cash or cash equivalents.

Financial instrument risk of the underlying fund

The Fund is indirectly exposed to currency risk, interest rate risk, other market risk and credit risk through its investment in the underlying fund to the extent the underlying fund was exposed to these risks.

Fair value hierarchy

As at December 31, 2017 Financial assets	Level 1	Level 2	Level 3	Total
Investment fund	9,224	—	—	9,224

As at December 31, 2016 Financial assets	Level 1	Level 2	Level 3	Total
Investment fund	3,745	—	—	3,745

Transfers between levels

There were no transfers between the levels during the 2017 period (2016 – $nil).

Unconsolidated structured entities

Information on the carrying amount and the size of the investments in structured entities is shown in the table below.

Carrying amount	As at December 31, 2017	As at December 31, 2016
BMO Income ETF Portfolio, Series I	9,224	3,745
Total	**9,224**	**3,745**
Carrying amount as a % of the underlying fund's Net Assets		
BMO Income ETF Portfolio, Series I	1.18%	0.74%

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

Increase or decrease in net assets held for the benefit of policyowners

The decrease in net assets held for the benefit of policyowners for the periods ended December 31, 2017 and December 31, 2016 is calculated as follows:

For the periods ended	December 31, 2017	December 31, 2016
75/75 Class A Units		
Increase in net assets held for the benefit of policyowners	59	1
Weighted average units outstanding during the period	324	35
Increase in net assets held for the benefit of policyowners per unit	0.18	0.04

75/100 Prestige Class Units		
Increase (decrease) in net assets held for the benefit of policyowners	92	(5)
Weighted average units outstanding during the period	386	86
Increase (decrease) in net assets held for the benefit of policyowners per unit	0.24	(0.06)

Brokerage commissions

There were no brokerage commissions charged to the Fund during the periods ended December 31, 2017 and December 31, 2016.

Concentration risk

The following is a summary of the Fund's concentration risk through its investment in the underlying fund:

As at	December 31, 2017	December 31, 2016
Investment Funds		
Canadian Equity Funds	7.8%	9.6%
Emerging Markets Equity Fund	1.1%	—%
Fixed Income Funds	73.8%	72.3%
International Equity Funds	7.1%	6.7%
US Equity Funds	8.6%	7.6%
Other Assets less Liabilities	1.6%	3.8%
	100.0%	**100.0%**

Financial assets and financial liabilities

Categories of financial assets and financial liabilities

The table below shows the categories of financial assets and financial liabilities except cash:

As at	December 31, 2017	December 31, 2016
Financial assets designated as FVTPL	9,224	3,745
Loans and receivables	—	30
Financial liabilities measured at amortized cost	56	234

Net gains and losses on financial assets and financial liabilities at fair value

For the periods ended	December 31, 2017	December 31, 2016
Net realized gains on financial assets		
Designated at FVTPL	234	41
Total net realized gains on financial assets and financial liabilities	234	41
Change in unrealized gains (losses) on financial assets		
Designated at FVTPL	86	(30)
Total change in net unrealized gains (losses) on financial assets and financial liabilities	86	(30)

Offsetting financial assets and financial liabilities

There were no amounts offset as at December 31, 2017 and December 31, 2016.

BMO Income ETF Portfolio GIF

Supplementary Information

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

December 31, 2017

BMO Insurance

Financial Highlights (unaudited)

The following table shows selected key financial information about the Fund which is intended to help you understand the Fund's financial performance for the periods indicated.

75/75 Class A Units		Years ended December 31, 2017	2016[4]
Net assets (000s)[1]	$	4,118	1,359
Net asset value per unit	$	10.31	10.12
Units issued and outstanding (000s)[1]		399	134
Management fees	%	1.40	1.40
Management expense ratio[2]	%	2.22	2.22
Management expense ratio before waivers	%	2.22	2.22
Portfolio turnover rate[3]	%	17.37	7.21

75/100 Class A Units		Years ended December 31, 2017	2016[4]
Net assets (000s)[1]	$	5,183	2,460
Net asset value per unit	$	10.28	10.11
Units issued and outstanding (000s)[1]		504	243
Management fees	%	1.40	1.40
Management expense ratio[2]	%	2.43	2.43
Management expense ratio before waivers	%	2.43	2.43
Portfolio turnover rate[3]	%	17.37	7.21

(1) The information is provided as at December 31 of the period shown.

(2) The management expense ratio of a particular class is calculated based on all expenses allocated to the series, as applicable, including all taxes and interest expenses but excluding brokerage commissions and other portfolio transaction costs, divided by the average daily net asset value of that series, annualized.

(3) 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 the fund.

(4) The information in this column is for the period beginning June 21, 2016 (the class' inception date) and ending December 31, 2016.

BMO Guaranteed Investment Funds 2017

ANNUAL FINANCIAL STATEMENTS

December 31, 2017

BMO Conservative ETF Portfolio GIF

BMO Insurance

STATEMENT OF FINANCIAL POSITION

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

As at	December 31, 2017	December 31, 2016
ASSETS		
CURRENT ASSETS		
Cash	463	—
Investments		
Non-derivative financial assets	26,486	5,292
Receivable for investments sold	—	400
Subscriptions receivable	1,657	58
Total assets	28,606	5,750
LIABILITIES		
CURRENT LIABILITIES		
Bank indebtedness	—	255
Redemptions payable	879	—
Accrued expenses	157	19
Total liabilities	1,036	274
Net assets held for the benefit of policyowners	27,570	5,476
Net assets held for the benefit of policyowners		
75/75 Class A Units	5,678	1,278
75/100 Class A Units	14,330	4,198
100/100 Class A Units	4,624	—
100/100 Prestige Class Units	2,938	—
Net assets held for the benefit of policyowners per unit		
75/75 Class A Units	$ 10.63	$ 10.30
75/100 Class A Units	$ 10.58	$ 10.29
100/100 Class A Units	$ 10.19	$ —
100/100 Prestige Class Units	$ 10.24	$ —

STATEMENT OF COMPREHENSIVE INCOME

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

For the periods ended	December 31, 2017	December 31, 2016
INCOME		
Distribution from investment trusts	522	47
Other changes in fair value of investments and derivatives		
Net realized gain	12	2
Change in unrealized appreciation	301	16
Net gain in fair value of investments and derivatives	835	65
Total income	835	65
EXPENSES		
Management fees (note 8)	260	14
Fixed administration fees (note 8)	47	3
Insurance fees (note 8)	111	5
Total expenses	418	22
Increase in net assets held for the benefit of policyowners	417	43
Increase in net assets held for the benefit of policyowners		
75/75 Class A Units	108	12
75/100 Class A Units	245	31
100/100 Class A Units	35	—
100/100 Prestige Class Units	29	—
Increase in net assets held for the benefit of policyowners per unit (note 3)		
75/75 Class A Units	0.35	0.33
75/100 Class A Units	0.25	0.23
100/100 Class A Units	0.13	—
100/100 Prestige Class Units	0.35	—

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

STATEMENT OF CHANGES IN NET ASSETS HELD FOR THE BENEFIT OF POLICYOWNERS

(All amounts in thousands of Canadian dollars)

For the periods ended	December 31, 2017	December 31, 2016
75/75 Class A Units		
Net assets held for the benefit of policyowners at beginning of period	1,278	—
Increase in net assets held for the benefit of policyowners	108	12
Withdrawable unit transactions		
Proceeds from withdrawable units issued	4,668	1,691
Withdrawal of withdrawable units	(376)	(425)
Net increase from withdrawable unit transactions	4,292	1,266
Net increase in net assets held for the benefit of policyowners	4,400	1,278
Net assets held for the benefit of policyowners	5,678	1,278
75/100 Class A Units		
Net assets held for the benefit of policyowners at beginning of period	4,198	—
Increase in net assets held for the benefit of policyowners	245	31
Withdrawable unit transactions		
Proceeds from withdrawable units issued	11,149	4,167
Withdrawal of withdrawable units	(1,262)	—
Net increase from withdrawable unit transactions	9,887	4,167
Net increase in net assets held for the benefit of policyowners	10,132	4,198
Net assets held for the benefit of policyowners	14,330	4,198

STATEMENT OF CHANGES IN NET ASSETS HELD FOR THE BENEFIT OF POLICYOWNERS (cont'd)

(All amounts in thousands of Canadian dollars)

For the periods ended	December 31, 2017	December 31, 2016
100/100 Class A Units		
Net assets held for the benefit of policyowners at beginning of period	—	—
Increase in net assets held for the benefit of policyowners	35	—
Withdrawable unit transactions		
Proceeds from withdrawable units issued	7,582	—
Withdrawal of withdrawable units	(2,993)	—
Net increase from withdrawable unit transactions	4,589	—
Net increase in net assets held for the benefit of policyowners	4,624	—
Net assets held for the benefit of policyowners	4,624	—
100/100 Prestige Class Units		
Net assets held for the benefit of policyowners at beginning of period	—	—
Increase in net assets held for the benefit of policyowners	29	—
Withdrawable unit transactions		
Proceeds from withdrawable units issued	3,001	—
Withdrawal of withdrawable units	(92)	—
Net increase from withdrawable unit transactions	2,909	—
Net increase in net assets held for the benefit of policyowners	2,938	—
Net assets held for the benefit of policyowners	2,938	—

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

STATEMENT OF CHANGES IN NET ASSETS HELD FOR THE BENEFIT OF POLICYOWNERS (cont'd)

(All amounts in thousands of Canadian dollars)

For the periods ended	December 31, 2017	December 31, 2016
Total Fund		
Net assets held for the benefit of policyowners at beginning of period	5,476	—
Increase in net assets held for the benefit of policyowners	417	43
Withdrawable unit transactions		
Proceeds from withdrawable units issued	26,400	5,858
Withdrawal of withdrawable units	(4,723)	(425)
Net increase from withdrawable unit transactions	21,677	5,433
Net increase in net assets held for the benefit of policyowners	22,094	5,476
Net assets held for the benefit of policyowners	27,570	5,476

STATEMENT OF CASH FLOWS

(All amounts in thousands of Canadian dollars)

For the periods ended	December 31, 2017	December 31, 2016
Cash flows from operating activities		
Increase in net assets held for the benefit of policyowners	417	43
Adjustments for:		
Net realized gain on sale of investments and derivatives	(12)	(2)
Change in unrealized appreciation of investments and derivatives	(301)	(16)
Increase in accrued expenses	138	19
Non-cash distributions from investment trusts	(522)	(47)
Purchases of investments	(20,874)	(5,628)
Proceeds from sale and maturity of investments	915	1
Net cash from operating activities	(20,239)	(5,630)
Cash flows from financing activities		
Proceeds from issuances of withdrawable units	22,095	5,800
Amounts paid on withdrawal of withdrawable units	(1,138)	(425)
Net cash from financing activities	20,957	5,375
Net increase (decrease) in cash	718	(255)
Bank indebtedness at beginning of period	(255)	—
Cash and bank indebtedness at end of period	463	(255)

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

SCHEDULE OF INVESTMENT PORTFOLIO
(All amounts in thousands of Canadian dollars, unless otherwise noted)

As at December 31, 2017	Number of Units	Cost* ($)	Fair Value ($)
HOLDINGS IN INVESTMENT FUND			
Fixed Income Fund — 96.1%			
BMO Conservative ETF Portfolio, Series I	2,260,679	26,169	26,486
Total Investment Portfolio — 96.1%		**26,169**	**26,486**
Other Assets Less Liabilities — 3.9%			1,084
NET ASSETS HELD FOR THE BENEFIT OF POLICYOWNERS — 100.0%			**27,570**

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

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

(All amounts in thousands of Canadian dollars)

BMO Insurance

1. The Funds

The BMO Guaranteed Investment Funds (the "Funds") are offered through a variable annuity contract issued by BMO Life Assurance Company (the "Company") under authority of the Insurance Companies Act (Canada) and are regulated by the Canadian Life and Health Insurance Association ("CLHIA"). The Company is the registered owner of the assets of the Funds for the benefit of the policyowners. The address of the Company's registered office is 60 Yonge Street, Toronto, Ontario. The Funds are not separate legal entities. The Funds were established as follows:

Fund	Date Established
BMO Money Market GIF	December 2, 2013
BMO Canadian Balanced Growth GIF	December 2, 2013
BMO Canadian Income Strategy GIF	December 2, 2013
BMO U.S. Balanced Growth GIF	December 2, 2013
BMO North American Income Strategy GIF	December 2, 2013
BMO Fixed Income ETF Portfolio GIF	June 21, 2016
BMO Income ETF Portfolio GIF	June 21, 2016
BMO Conservative ETF Portfolio GIF	June 21, 2016
BMO Balanced ETF Portfolio GIF	June 21, 2016
BMO Growth ETF Portfolio GIF	June 21, 2016
BMO Equity Growth ETF Portfolio GIF	June 21, 2016
BMO Low Volatility U.S. Equity ETF GIF	June 21, 2016
BMO Low Volatility Canadian Equity ETF GIF	June 21, 2016
BMO Monthly Income GIF	January 6, 2017

The Company is the sole issuer of the individual variable insurance contract providing for investment in each Fund.

Each Fund is established under the authority of the Insurance Companies Act. Each of the Funds invest in direct investments or in underlying exchange traded funds or mutual fund units.

The individual variable insurance contract provides guarantees, which are payable either on maturity or on death.

The information provided in these audited financial statements is as at and for the periods ended December 31, 2017 and December 31, 2016.

The financial statements were authorized for issuance by the Board of Directors of the Company on March 26, 2018.

2. Basis of preparation and presentation

These audited annual financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

3. Summary of significant accounting policies

Financial instruments

The Funds record financial instruments at fair value. Investment transactions are accounted for on the trade date. The Funds' investments are either designated at fair value through profit or loss ("FVTPL") at inception or classified as held for trading. The changes in the investment fair values and related transaction costs are recorded in the Funds' Statement of Comprehensive Income.

Financial assets or financial liabilities held for trading are those acquired or incurred principally for the purpose of selling or repurchasing in the near future, or on initial recognition, are part of a portfolio of identified financial instruments that the Funds manage together and that have a recent actual pattern of short-term profit taking. The Funds classify all derivatives as held for trading. The Funds do not designate any derivatives as hedges in a hedging relationship.

The Funds designate all investments at FVTPL, as they have reliably measurable fair values and are part of a group of financial assets or financial liabilities that are managed and have their performance evaluated on a fair value basis in accordance with the Fund's investment strategy.

The Funds' withdrawable units contain multiple contractual obligations and consequently, do not meet the conditions to be classified as equity. As a result, the Funds' obligations for net assets held for the benefit of policyowners are classified as financial liabilities and presented at the withdrawal amounts.

All other financial assets and financial liabilities are measured at amortized cost. Under this method, financial assets and financial liabilities reflect the amount required to be received or paid, discounted, when appropriate, at the contract's effective interest rate.

The Funds have determined that they meet the definition of "investment entity" and as a result, measure subsidiaries, if any, at FVTPL.

Cost of investments
The cost of investments represents the amount paid for each security and is determined on an average cost basis.

Fair value measurement
Investments are recorded at their fair value with the change between this amount and their average cost being recorded as "Change in unrealized appreciation (depreciation)" in the Statement of Comprehensive Income.

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 Company determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

For bonds, debentures, asset-backed securities and other debt securities, fair value is represented by bid prices provided by independent security pricing services. Short-term investments, if any, are fair valued, and in certain circumstances are held at amortized cost which approximates fair value.

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.

Derivatives
Derivative instruments are financial contracts that derive their value from changes in the underlying interest rates, foreign exchange rates or other financial or commodity prices or indices.

Derivative instruments are either regulated exchange traded contracts or negotiated over-the-counter contracts. The Funds may use these instruments for trading purposes, as well as to manage the Funds' risk exposures.

Derivatives are measured at fair value. Realized gains and losses are included in "Net realized gains (losses)" on the Statement of Comprehensive Income and unrealized gains and losses are included in "Change in unrealized appreciation (depreciation)" in the Statement of Comprehensive Income.

Forward currency contracts
A forward currency contract is an agreement between two parties (the Fund and the counterparty) to purchase or sell a currency against another currency at a set price on a future date. The Funds may enter into forward currency contracts for hedging purposes, which can include the economic hedging of all or a portion of the currency exposure of an investment or group of investments, either directly or indirectly.

The Funds may also enter into these contracts for non-hedging purposes, which can include increasing the exposure to a foreign currency, or the shifting of exposure to foreign currency fluctuations from one country to another. The value of forward currency contracts entered into by the Funds is recorded as the difference between the value of the contract on the Valuation Date and the value on the date the contract originated.

Income recognition
Distributions from underlying funds are recognized on the ex-distribution date.

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

Foreign currency translation
The fair value of investments and other assets and liabilities in foreign currencies are translated into the Funds' 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. Foreign exchange gains (losses) on completed transactions are included in "Net realized gain (loss)" and unrealized foreign exchange gains (losses) are included in "Change in unrealized appreciation (depreciation)" in the Statement of Comprehensive Income. Foreign exchange gains (losses) relating to cash, receivables and payables are included in "Foreign exchange gain (loss)" in the Statement of Comprehensive Income.

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

Other assets and liabilities

Distribution receivable from investment trusts, subscriptions receivable and receivable for investments purchased, are initially recorded at fair value and subsequently measured at amortized cost. Similarly, payable for investments purchased, redemptions payable and accrued expenses are measured at amortized cost. Other assets and liabilities are short-term in nature, and are carried at cost or amortized cost.

Increase or decrease in net assets held for the benefit of policyowners from operations per unit

"Increase (decrease) in net assets from operations per unit" of a class in the Statement of Comprehensive Income represents the increase (decrease) in net assets from operations attributable to the class, divided by the weighted average number of units of the class outstanding during the period.

Portfolio turnover rate

The Funds' portfolio turnover rate indicates how actively the Funds' 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.

Income taxes

The Funds are segregated funds under the provisions of the *Income Tax Act (Canada).* The Funds' net income, including net realized capital gains and losses for the calendar year, is allocated to beneficiaries so that the Funds will not be liable for income taxes. As a result, the Funds have determined that they are in substance not taxable and therefore do not record income taxes in the Statement of Comprehensive Income and/or recognize any deferred tax assets or liabilities in the Statement of Financial Position.

Investments in subsidiaries, joint ventures and associates

Subsidiaries are entities over which the Funds have control through their exposure or rights to variable returns from their investment, and have the ability to affect those returns through their power over the entity. The Funds have determined that they are an investment entity and as such, they account for subsidiaries, if any, at fair value. Joint ventures are those where the Funds exercise joint control through an agreement with other shareholders, and associates are investments in which the Funds exert significant influence over operating, investing, and financing decisions (such as entities in which the Funds own 20% – 50% of voting shares), all of which, if any, have been designated at FVTPL.

Unconsolidated structured entities

During the periods, the Funds had no sponsored unconsolidated structured entities. The Funds have determined that the underlying funds in which the Funds 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 Funds. Similarly, investments in securitizations, asset-backed securities and mortgage-backed securities are determined to be interests in unconsolidated structured entities.

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

Mortgage-related securities are created from pools of residential or commercial mortgage loans, including mortgage loans made by savings and loan institutions, mortgage bankers, commercial banks and others. Asset-backed securities are created from many types of assets, including auto loans, credit card receivables, home equity loans, and student loans.

The Funds do not provide and have not committed to providing any additional significant financial information or other support to the unconsolidated structured entities other than its investment in the unconsolidated structured entities.

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 transactions for which the Funds have legally enforceable rights to offset and intend to settle the positions on a net basis. Amounts not offset in the Statement of Financial Position relate to transactions where a master netting arrangement or similar agreement is in place with a right to offset only in the event of default, insolvency or bankruptcy, or where the Funds have no intention of settling on a net basis.

4. Units and unit transactions

The withdrawable units of the Funds are classified as financial liabilities.

The units have no par value and are entitled to allocations, if any. Upon withdrawal, a unit is entitled to a proportionate share of the Fund's NAV. The Funds allocate their net income, including net realized capital gains and capital losses, to ensure the Funds will not be liable for income taxes on capital gains, dividends and interest. The Funds have no restrictions or specific capital requirements on the subscriptions and withdrawal of units. The relevant movements in withdrawable units are shown on the Statement of Changes in Net Assets Held for the Benefit of Policyowners. In accordance with their investment objectives and strategies, and the risk management practices outlined in Note 9, the Funds endeavour to invest the subscriptions received in appropriate investments, while maintaining sufficient liquidity to meet withdrawals, with such liquidity being augmented by short-term borrowings or disposal of investments where necessary.

The NAV per unit of a class is computed by dividing the NAV of the Fund attributable to the class (that is, the total fair value of the assets attributable to the class less the liabilities attributable to the class) by the total number of units of the class of the Fund outstanding at such time.

Expenses directly attributable to a class are charged to that class. Other expenses, income, realized and unrealized gains and losses from investment transactions are allocated proportionately to each class based upon the relative NAV of each class.

75/75 Class A Units are for policyholders that are professionals and business owners seeking downside risk protection and creditor protection.

75/100 Class A Units are for policyholders that are retirees and seniors seeking estate protection or wealth transfer advantages.

100/100 Class A Units are for policyholders that are pre-retires looking for maximum protection and to lock-in market gains as they get closer to retirement.

100/100 Prestige Class Units are only available to policyowners who meet and maintain a minimum investment of $250, either individually or collectively with other policyowners who are their family members and reside at the same address.

Holding Money Market Units were designated for holding purposes. Once a month the deposits were switched to the selected funds. At the close of business on June 20, 2016, the Holding Money Market Units were terminated.

5. Accounting standards issued but not yet adopted

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments, which addresses classification and measurement, impairment and hedge accounting.

The new standard requires assets to be carried at amortized cost, FVTPL or fair value through comprehensive income based on the entity's business model for managing financial assets and the contractual cash flow characteristics of the financial asset. The classification and measurement of liabilities remains generally unchanged with the exception of liabilities recorded at FVTPL.

For these financial liabilities, fair value changes attributable to changes in the entity's own credit risk are to be presented in other comprehensive income unless they affect amounts recorded in income.

The new standard is effective for the Funds for their fiscal year beginning January 1, 2018. The Funds' financial assets and financial liabilities are managed, and the performance of the Fund is evaluated, on a fair value basis. Accordingly, the Company has reached the preliminary conclusion that Fair Value Through Profit and Loss (FVTPL) in accordance with IFRS 9 provides the most appropriate measurement and presentation of the Funds' financial assets and financial liabilities, which aligns with their current measurement and presentation, with little or no modification. Therefore, the Company does not anticipate changes from the Funds' current measurement of their financial assets and financial liabilities as FVTPL. There will be no significant impact on the Funds' financial statements.

The Company will continue to evaluate any further industry and or regulatory updates with respect to the implementation of this new standard.

6. Critical accounting judgements and estimates

The preparation of financial statements requires the use of judgement in applying the Funds' accounting policies and to make estimates and assumptions about the future. The following discusses the most significant accounting judgements and estimates that the Funds have made in preparing their financial statements:

Accounting judgements:

Functional and presentation currency

The Funds unitholders are mainly Canadian residents, with the subscriptions and redemptions of the redeemable units denominated in Canadian dollars. The Funds invest in Canadian dollar denominated securities. The performance of the Funds are measured and reported to the investors in Canadian dollars.

The Company considers the Canadian dollar as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The financial statements are presented in Canadian dollars, which is the Funds' functional and presentation currency.

Classification and measurement of financial instruments and application of fair value option

In classifying and measuring financial instruments held by the Funds, the Company is required to make significant judgements about whether or not the business of the Funds is to invest on a total return basis for the purpose of applying the fair value options for financial assets.

Accounting estimates:

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

7. Management fees and expenses

Each Fund is responsible for the payment of fees and expenses related to its operations. Such fees and expenses include management fees and other recoverable fund operating expenses paid by the Funds. Collectively, all the fees and expenses paid or payable by the Funds, including management fees and other recoverable fund operating expenses divided by the Funds' average NAV, is known as the Management Expense Ratio ("MER").

8. Related party transactions

Management fees

Each Fund pays a management fee for investment management and administration services of the Fund. The management fee varies from Fund to Fund and is calculated and accrued on a daily basis as an annual percentage of the NAV of each Fund.

The management fee of a Fund includes the management fee and expenses charged by the underlying funds. There is no duplication of management fees when the Fund invests in an underlying fund.

Administration fees

Each Fund incurs certain operating expenses that include audit and legal fees and expenses; custodian and transfer agency fees; costs attributable to the administration of the segregated funds, including the cost of the record keeping system; fund accounting and valuation costs; costs of financial reports; including information folders, required to comply with applicable regulatory requirements; filing fees, and statements and communications to policyowners. The Company pays for these expenses and in return, each Fund pays the Company an administration fee of 0.25%. The administration fee is calculated and accrued daily as an annual percentage of the average NAV of each Fund.

Insurance fees

Each Fund pays an insurance fee for the provision of insurance benefits to the Company. The insurance fee differs from Fund to Fund and is calculated and accrued daily as an annual percentage of NAV of each Fund and is included in the management expense ratio.

Brokerage commissions

The Funds may execute trades with and or through BMO Nesbitt Burns Inc., an affiliate of the Company based on established standard brokerage agreements at market prices. These fees, if any, are included in "Commissions and other portfolio transaction costs" in the Statement of Comprehensive Income.

Other related parties

The Company may, on behalf of the Funds, enter into transactions or arrangements with or involving other subsidiaries or affiliates of the Bank of Montreal, or certain other persons or companies that are related or connected to the Company. These transactions or arrangements may include transactions or arrangements with or involving subsidiaries or affiliates of the Bank of Montreal, BMO Asset Management Inc., or other investment funds offered by Bank of Montreal, and may involve the purchase or sale of portfolio securities through or from a subsidiary or affiliates of the Bank of Montreal, the purchase or sale of securities issued or guaranteed by a subsidiary or affiliates of the Bank of Montreal, entering into forward contracts with a subsidiary or affiliates of the Bank of Montreal acting as the counterparty, the purchase or redemption of units of other Bank of Montreal investment funds or the provision of services to the Company.

9. Financial instrument risk

The Funds may be exposed to a variety of financial risks that are concentrated in their investment holdings. The concentration risk table groups securities by asset type, geographic region and/or market segment. The Funds' risk management practices outline the monitoring of compliance to investment guidelines. The Company manages the potential effects of these financial risks on the Funds' performance by employing and overseeing professional and experienced portfolio advisors that regularly monitor the Funds' positions, market events and diversify investment portfolios within the constraints of the investment guidelines.

Where a Fund invests in another investment fund or investment funds, they may be indirectly exposed to the financial instrument risk 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 funds.

a) Currency risk

Currency risk is the risk that the value of financial instruments denominated in currencies, other than the functional currency of the Funds, 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 Funds' functional currency in determining fair value.

b) Interest rate risk

Interest rate risk is the risk that the fair value of the Funds' interest bearing investments will fluctuate due to changes in market interest rates. The Funds' 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.

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.

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 creditworthiness of the debt issuer. Credit risk exposure for over-the-counter derivative instruments is based on the Funds' 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.

e) Liquidity risk

The Funds' exposure to liquidity risk is concentrated in the daily cash redemptions of units. The Funds primarily invest in securities that are traded in active markets and can be readily disposed. In addition, the Funds retain sufficient cash and cash equivalent positions to maintain liquidity. The Funds 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. The proportion of illiquid securities to NAV of the Fund is monitored by the Company to ensure it does not exceed the regulatory limit and does not significantly affect the liquidity required to meet the Fund's financial obligations.

10. Fair value hierarchy

Each 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 the quoted prices in active markets for identical securities.

Level 2 securities are valued based on significant observable market inputs, such as quoted prices from similar securities and quoted prices in inactive markets or based on unobservable inputs to models.

Level 3 securities are valued based on significant unobservable inputs that reflect the Company's determination of assumptions that market participants might reasonably use in valuing the securities.

Fund and Class information

The Fund is authorized to issue an unlimited number of units in each of 75/75 Class A Units, 75/100 Class A Units, 100/100 Class A Units and 100/100 Prestige Class Units and which are redeemable at the policyowners' option.

Class	Launch Date
75/75 Class A Units	June 21, 2016
75/100 Class A Units	June 21, 2016
100/100 Class A Units	January 9, 2017
100/100 Prestige Class Units	January 9, 2017

Change in units

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

For the periods ended (in thousands of units)	December 31, 2017	December 31, 2016
75/75 Class A Units		
Units issued and outstanding, beginning of period	124	—
Issued for cash	446	165
Withdrawn during the period	(36)	(41)
Units issued and outstanding, end of period	534	124
75/100 Class A Units		
Units issued and outstanding, beginning of period	408	—
Issued for cash	1,066	408
Withdrawn during the period	(120)	—
Units issued and outstanding, end of period	1,354	408
100/100 Class A Units		
Units issued and outstanding, beginning of period	—	—
Issued for cash	749	—
Withdrawn during the period	(295)	—
Units issued and outstanding, end of period	454	—
100/100 Prestige Class Units		
Units issued and outstanding, beginning of period	—	—
Issued for cash	296	—
Withdrawn during the period	(9)	—
Units issued and outstanding, end of period	287	—

Units held by the Company

The Company held the following units of the Fund:

As at December 31, 2016 Class	Number of Units	Value of Units ($)
75/75 Class A Units	5,000	52
75/100 Class A Units	5,000	51

There were no units held by the Company as at December 31, 2017.

Financial instrument risk

The Fund invests in the BMO Conservative ETF Portfolio ("underlying fund"). The investment objective of the underlying fund is to preserve the value of investments and, to a lesser extent, provide some potential growth by investing primarily in exchange traded funds that invest in Canadian, U.S. and international fixed income and equity securities. The underlying fund may also invest in other mutual funds or invest directly in individual fixed income and equity securities and cash or cash equivalents.

Financial instrument risk of the underlying fund

The Fund is indirectly exposed to currency risk, interest rate risk, other market risk and credit risk through its investment in the underlying fund to the extent the underlying fund was exposed to these risks.

Fair value hierarchy

As at December 31, 2017 Financial assets	Level 1	Level 2	Level 3	Total
Investment fund	26,486	—	—	26,486

As at December 31, 2016 Financial assets	Level 1	Level 2	Level 3	Total
Investment fund	5,292	—	—	5,292

Transfer between levels

There were no transfers between the levels during the 2017 period (2016 – $nil).

Unconsolidated structured entities

Information on the carrying amount and the size of the investments in structured entities is shown in the table below.

Carrying amount	As at December 31, 2017	As at December 31, 2016
BMO Conservative ETF Portfolio, Series I	26,486	5,292
Total	**26,486**	**5,292**
Carrying amount as a % of the underlying fund's Net Assets		
BMO Conservative ETF Portfolio, Series I	3.52%	1.87%

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

Increase or decrease in net assets held for the benefit of policyowners

The increase (decrease) in net assets held for the benefit of policyowners for the periods ended December 31, 2017 and December 31, 2016 is calculated as follows:

For the periods ended	December 31, 2017	December 31, 2016
75/75 Class A Units		
Increase in net assets held for the benefit of policyowners	108	12
Weighted average units outstanding during the period	314	38
Increase in net assets held for the benefit of policyowners per unit	0.35	0.33
75/100 Class A Units		
Increase in net assets held for the benefit of policyowners	245	31
Weighted average units outstanding during the period	975	131
Increase in net assets held for the benefit of policyowners per unit	0.25	0.23
100/100 Class A Units		
Increase in net assets held for the benefit of policyowners	35	—
Weighted average units outstanding during the period	267	—
Increase in net assets held for the benefit of policyowners per unit	0.13	—
100/100 Prestige Class Units		
Increase in net assets held for the benefit of policyowners	29	—
Weighted average units outstanding during the period	82	—
Increase in net assets held for the benefit of policyowners per unit	0.35	—

Brokerage commissions

There were no brokerage commissions charged to the Fund during the periods ended December 31, 2017 and December 31, 2016.

Concentration risk

The following is a summary of the Fund's concentration risk through its investment in the underlying fund:

As at	December 31, 2017	December 31, 2016
Investment Funds		
Canadian Equity Funds	12.4%	17.1%
Emerging Markets Equity Fund	1.7%	—
Fixed Income Funds	56.7%	56.8%
US Equity Funds	13.6%	12.3%
International Equity Funds	10.8%	8.6%
Other Assets less Liabilities	4.8%	5.2%
	100.0%	**100.0%**

Financial assets and financial liabilities

Categories of financial assets and financial liabilities

The table below shows the categories of financial assets and financial liabilities except cash:

As at	December 31, 2017	December 31, 2016
Financial assets designated as FVTPL	26,486	5,292
Loans and receivables	1,657	458
Financial liabilities measured at amortized cost	1,036	274

Net gains and losses on financial assets and financial liabilities at fair value

For the periods ended	December 31, 2017	December 31, 2016
Net realized gains on financial assets		
Designated at FVTPL	534	49
Total net realized gains on financial assets and financial liabilities	534	49
Change in unrealized gains on financial assets		
Designated at FVTPL	301	16
Total change in net unrealized gains on financial assets and financial liabilities	301	16

Offsetting financial assets and financial liabilities

There were no amounts offset as at December 31, 2017 and December 31, 2016.

Financial Highlights (unaudited)

The following table shows selected key financial information about the Fund which is intended to help you understand the Fund's financial performance for the periods indicated.

75/75 Class A Units		Years ended December 31, 2017	2016[4]
Net assets (000s)[1]	$	5,678	1,278
Net asset value per unit	$	10.63	10.30
Units issued and outstanding (000s)[1]		534	124
Management fees	%	1.40	1.40
Management expense ratio[2]	%	2.25	2.25
Management expense ratio before waivers	%	2.25	2.25
Portfolio turnover rate[3]	%	3.14	23.27

75/100 Class A Units		Years ended December 31, 2017	2016[4]
Net assets (000s)[1]	$	14,330	4,198
Net asset value per unit	$	10.58	10.29
Units issued and outstanding (000s)[1]		1,354	408
Management fees	%	1.40	1.40
Management expense ratio[2]	%	2.45	2.45
Management expense ratio before waivers	%	2.45	2.45
Portfolio turnover rate[3]	%	3.14	23.27

100/100 Class A Units		January 9, 2017 to December 31, 2017
Net assets (000s)	$	4,624
Net asset value per unit	$	10.19
Units issued and outstanding (000s)		454
Management fees	%	1.40
Management expense ratio	%	2.88
Management expense ratio before waivers	%	2.88
Portfolio turnover rate	%	3.14

100/100 Prestige Class Units		January 9, 2017 to December 31, 2017
Net assets (000s)	$	2,938
Net asset value per unit	$	10.24
Units issued and outstanding (000s)		287
Management fees	%	1.05
Management expense ratio	%	2.50
Management expense ratio before waivers	%	2.50
Portfolio turnover rate	%	3.14

(1) The information is provided as at December 31 of the period shown.

(2) The management expense ratio of a particular class is calculated based on all expenses allocated to the series, as applicable, including all taxes and interest expenses but excluding brokerage commissions and other portfolio transaction costs, divided by the average daily net asset value of that series, annualized.

(3) 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 the fund.

(4) The information in this column is for the period beginning June 21, 2016 (the class' inception date) and ending December 31, 2016.

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BMO Balanced ETF Portfolio GIF

BMO Insurance

STATEMENT OF FINANCIAL POSITION

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

As at	December 31, 2017	December 31, 2016
ASSETS		
CURRENT ASSETS		
Cash	2,255	364
Investments		
Non-derivative financial assets	94,030	9,141
Subscriptions receivable	191	132
Total assets	96,476	9,637
LIABILITIES		
CURRENT LIABILITIES		
Payable for investments purchased	660	—
Redemptions payable	93	5
Accrued expenses	569	38
Total liabilities	1,322	43
Net assets held for the benefit of policyowners	95,154	9,594
Net assets held for the benefit of policyowners		
75/75 Class A Units	17,768	846
75/100 Class A Units	42,124	8,748
100/100 Class A Units	20,279	—
100/100 Prestige Class Units	14,983	—
Net assets held for the benefit of policyowners per unit		
75/75 Class A Units	$ 11.08	$ 10.47
75/100 Class A Units	$ 11.03	$ 10.46
100/100 Class A Units	$ 10.44	$ —
100/100 Prestige Class Units	$ 10.49	$ —

STATEMENT OF COMPREHENSIVE INCOME

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

For the periods ended	December 31, 2017	December 31, 2016
INCOME		
Distribution from investment trusts	1,928	285
Other changes in fair value of investments and derivatives		
Net realized (loss) gain	(0)	0
Change in unrealized appreciation (depreciation)	2,181	(98)
Net gain in fair value of investments and derivatives	4,109	187
Total income	4,109	187
EXPENSES		
Management fees (note 8)	839	27
Fixed administration fees (note 8)	149	5
Insurance fees (note 8)	425	11
Total expenses	1,413	43
Increase in net assets held for the benefit of policyowners	2,696	144
Increase in net assets held for the benefit of policyowners		
75/75 Class A Units	502	21
75/100 Class A Units	1,395	123
100/100 Class A Units	441	—
100/100 Prestige Class Units	358	—
Increase in net assets held for the benefit of policyowners per unit (note 3)		
75/75 Class A Units	0.57	0.46
75/100 Class A Units	0.57	0.46
100/100 Class A Units	0.39	—
100/100 Prestige Class Units	0.52	—

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

BMO Insurance

STATEMENT OF CHANGES IN NET ASSETS HELD FOR THE BENEFIT OF POLICYOWNERS

(All amounts in thousands of Canadian dollars)

For the periods ended	December 31, 2017	December 31, 2016
75/75 Class A Units		
Net assets held for the benefit of policyowners at beginning of period	846	—
Increase in net assets held for the benefit of policyowners	502	21
Withdrawable unit transactions		
Proceeds from withdrawable units issued	17,565	869
Withdrawal of withdrawable units	(1,145)	(44)
Net increase from withdrawable unit transactions	16,420	825
Net increase in net assets held for the benefit of policyowners	16,922	846
Net assets held for the benefit of policyowners	17,768	846
75/100 Class A Units		
Net assets held for the benefit of policyowners at beginning of period	8,748	—
Increase in net assets held for the benefit of policyowners	1,395	123
Withdrawable unit transactions		
Proceeds from withdrawable units issued	34,634	8,655
Withdrawal of withdrawable units	(2,653)	(30)
Net increase from withdrawable unit transactions	31,981	8,625
Net increase in net assets held for the benefit of policyowners	33,376	8,748
Net assets held for the benefit of policyowners	42,124	8,748

STATEMENT OF CHANGES IN NET ASSETS HELD FOR THE BENEFIT OF POLICYOWNERS (cont'd)

(All amounts in thousands of Canadian dollars)

For the periods ended	December 31, 2017	December 31, 2016
100/100 Class A Units		
Net assets held for the benefit of policyowners at beginning of period	—	—
Increase in net assets held for the benefit of policyowners	441	—
Withdrawable unit transactions		
Proceeds from withdrawable units issued	27,968	—
Withdrawal of withdrawable units	(8,130)	—
Net increase from withdrawable unit transactions	19,838	—
Net increase in net assets held for the benefit of policyowners	20,279	—
Net assets held for the benefit of policyowners	20,279	—
100/100 Prestige Class Units		
Net assets held for the benefit of policyowners at beginning of period	—	—
Increase in net assets held for the benefit of policyowners	358	—
Withdrawable unit transactions		
Proceeds from withdrawable units issued	14,925	—
Withdrawal of withdrawable units	(300)	—
Net increase from withdrawable unit transactions	14,625	—
Net increase in net assets held for the benefit of policyowners	14,983	—
Net assets held for the benefit of policyowners	14,983	—

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

STATEMENT OF CHANGES IN NET ASSETS HELD FOR THE BENEFIT OF POLICYOWNERS (cont'd)

(All amounts in thousands of Canadian dollars)

For the periods ended	December 31, 2017	December 31, 2016
Total Fund		
Net assets held for the benefit of policyowners at beginning of period	9,594	—
Increase in net assets held for the benefit of policyowners	2,696	144
Distributions to policyowners from:		
Withdrawable unit transactions		
Proceeds from withdrawable units issued	95,092	9,524
Withdrawal of withdrawable units	(12,228)	(74)
Net increase from withdrawable unit transactions	82,864	9,450
Net increase in net assets held for the benefit of policyowners	85,560	9,594
Net assets held for the benefit of policyowners	95,154	9,594

STATEMENT OF CASH FLOWS

(All amounts in thousands of Canadian dollars)

For the periods ended	December 31, 2017	December 31, 2016
Cash flows from operating activities		
Increase in net assets held for the benefit of policyowners	2,696	144
Adjustments for:		
Net realized loss (gain) on sale of investments and derivatives	0	(0)
Change in unrealized (appreciation) depreciation of investments and derivatives	(2,181)	98
Increase in accrued expenses	531	38
Non-cash distributions from investment trusts	(1,928)	(285)
Purchases of investments	(80,255)	(8,955)
Proceeds from sale and maturity of investments	135	1
Net cash from operating activities	(81,002)	(8,959)
Cash flows from financing activities		
Proceeds from issuances of withdrawable units	87,850	9,392
Amounts paid on withdrawal of withdrawable units	(4,957)	(69)
Net cash from financing activities	82,893	9,323
Net increase in cash	1,891	364
Cash at beginning of period	364	—
Cash at end of period	2,255	364

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

SCHEDULE OF INVESTMENT PORTFOLIO
(All amounts in thousands of Canadian dollars, unless otherwise noted)

As at December 31, 2017	Number of Units	Cost* ($)	Fair Value ($)
HOLDINGS IN INVESTMENT FUND			
Global Equity Fund — 98.8%			
BMO Balanced ETF Portfolio, Series I	7,389,990	91,947	94,030
Total Investment Portfolio — 98.8%		**91,947**	**94,030**
Other Assets Less Liabilities — 1.2%			1,124
NET ASSETS HELD FOR THE BENEFIT OF POLICYOWNERS — 100.0%			**95,154**

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

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

(All amounts in thousands of Canadian dollars)

1. The Funds

The BMO Guaranteed Investment Funds (the "Funds") are offered through a variable annuity contract issued by BMO Life Assurance Company (the "Company") under authority of the Insurance Companies Act (Canada) and are regulated by the Canadian Life and Health Insurance Association ("CLHIA"). The Company is the registered owner of the assets of the Funds for the benefit of the policyowners. The address of the Company's registered office is 60 Yonge Street, Toronto, Ontario. The Funds are not separate legal entities. The Funds were established as follows:

Fund	Date Established
BMO Money Market GIF	December 2, 2013
BMO Canadian Balanced Growth GIF	December 2, 2013
BMO Canadian Income Strategy GIF	December 2, 2013
BMO U.S. Balanced Growth GIF	December 2, 2013
BMO North American Income Strategy GIF	December 2, 2013
BMO Fixed Income ETF Portfolio GIF	June 21, 2016
BMO Income ETF Portfolio GIF	June 21, 2016
BMO Conservative ETF Portfolio GIF	June 21, 2016
BMO Balanced ETF Portfolio GIF	June 21, 2016
BMO Growth ETF Portfolio GIF	June 21, 2016
BMO Equity Growth ETF Portfolio GIF	June 21, 2016
BMO Low Volatility U.S. Equity ETF GIF	June 21, 2016
BMO Low Volatility Canadian Equity ETF GIF	June 21, 2016
BMO Monthly Income GIF	January 6, 2017

The Company is the sole issuer of the individual variable insurance contract providing for investment in each Fund.

Each Fund is established under the authority of the Insurance Companies Act. Each of the Funds invest in direct investments or in underlying exchange traded funds or mutual fund units.

The individual variable insurance contract provides guarantees, which are payable either on maturity or on death.

The information provided in these audited financial statements is as at and for the periods ended December 31, 2017 and December 31, 2016.

The financial statements were authorized for issuance by the Board of Directors of the Company on March 26, 2018.

2. Basis of preparation and presentation

These audited annual financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

3. Summary of significant accounting policies

Financial instruments

The Funds record financial instruments at fair value. Investment transactions are accounted for on the trade date. The Funds' investments are either designated at fair value through profit or loss ("FVTPL") at inception or classified as held for trading. The changes in the investment fair values and related transaction costs are recorded in the Funds' Statement of Comprehensive Income.

Financial assets or financial liabilities held for trading are those acquired or incurred principally for the purpose of selling or repurchasing in the near future, or on initial recognition, are part of a portfolio of identified financial instruments that the Funds manage together and that have a recent actual pattern of short-term profit taking. The Funds classify all derivatives as held for trading. The Funds do not designate any derivatives as hedges in a hedging relationship.

The Funds designate all investments at FVTPL, as they have reliably measurable fair values and are part of a group of financial assets or financial liabilities that are managed and have their performance evaluated on a fair value basis in accordance with the Fund's investment strategy.

The Funds' withdrawable units contain multiple contractual obligations and consequently, do not meet the conditions to be classified as equity. As a result, the Funds' obligations for net assets held for the benefit of policyowners are classified as financial liabilities and presented at the withdrawal amounts.

All other financial assets and financial liabilities are measured at amortized cost. Under this method, financial assets and financial liabilities reflect the amount required to be received or paid, discounted, when appropriate, at the contract's effective interest rate.

The Funds have determined that they meet the definition of "investment entity" and as a result, measure subsidiaries, if any, at FVTPL.

Cost of investments
The cost of investments represents the amount paid for each security and is determined on an average cost basis.

Fair value measurement
Investments are recorded at their fair value with the change between this amount and their average cost being recorded as "Change in unrealized appreciation (depreciation)" in the Statement of Comprehensive Income.

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 Company determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

For bonds, debentures, asset-backed securities and other debt securities, fair value is represented by bid prices provided by independent security pricing services. Short-term investments, if any, are fair valued, and in certain circumstances are held at amortized cost which approximates fair value.

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.

Derivatives
Derivative instruments are financial contracts that derive their value from changes in the underlying interest rates, foreign exchange rates or other financial or commodity prices or indices.

Derivative instruments are either regulated exchange traded contracts or negotiated over-the-counter contracts. The Funds may use these instruments for trading purposes, as well as to manage the Funds' risk exposures.

Derivatives are measured at fair value. Realized gains and losses are included in "Net realized gains (losses)" on the Statement of Comprehensive Income and unrealized gains and losses are included in "Change in unrealized appreciation (depreciation)" in the Statement of Comprehensive Income.

Forward currency contracts
A forward currency contract is an agreement between two parties (the Fund and the counterparty) to purchase or sell a currency against another currency at a set price on a future date. The Funds may enter into forward currency contracts for hedging purposes, which can include the economic hedging of all or a portion of the currency exposure of an investment or group of investments, either directly or indirectly.

The Funds may also enter into these contracts for non-hedging purposes, which can include increasing the exposure to a foreign currency, or the shifting of exposure to foreign currency fluctuations from one country to another. The value of forward currency contracts entered into by the Funds is recorded as the difference between the value of the contract on the Valuation Date and the value on the date the contract originated.

Income recognition
Distributions from underlying funds are recognized on the ex-distribution date.

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

Foreign currency translation
The fair value of investments and other assets and liabilities in foreign currencies are translated into the Funds' 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. Foreign exchange gains (losses) on completed transactions are included in "Net realized gain (loss)" and unrealized foreign exchange gains (losses) are included in "Change in unrealized appreciation (depreciation)" in the Statement of Comprehensive Income. Foreign exchange gains (losses) relating to cash, receivables and payables are included in "Foreign exchange gain (loss)" in the Statement of Comprehensive Income.

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

Other assets and liabilities

Distribution receivable from investment trusts, subscriptions receivable and receivable for investments purchased, are initially recorded at fair value and subsequently measured at amortized cost. Similarly, payable for investments purchased, redemptions payable and accrued expenses are measured at amortized cost. Other assets and liabilities are short-term in nature, and are carried at cost or amortized cost.

Increase or decrease in net assets held for the benefit of policyowners from operations per unit

"Increase (decrease) in net assets from operations per unit" of a class in the Statement of Comprehensive Income represents the increase (decrease) in net assets from operations attributable to the class, divided by the weighted average number of units of the class outstanding during the period.

Portfolio turnover rate

The Funds' portfolio turnover rate indicates how actively the Funds' 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.

Income taxes

The Funds are segregated funds under the provisions of the *Income Tax Act (Canada).* The Funds' net income, including net realized capital gains and losses for the calendar year, is allocated to beneficiaries so that the Funds will not be liable for income taxes. As a result, the Funds have determined that they are in substance not taxable and therefore do not record income taxes in the Statement of Comprehensive Income and/or recognize any deferred tax assets or liabilities in the Statement of Financial Position.

Investments in subsidiaries, joint ventures and associates

Subsidiaries are entities over which the Funds have control through their exposure or rights to variable returns from their investment, and have the ability to affect those returns through their power over the entity. The Funds have determined that they are an investment entity and as such, they account for subsidiaries, if any, at fair value. Joint ventures are those where the Funds exercise joint control through an agreement with other shareholders, and associates are investments in which the Funds exert significant influence over operating, investing, and financing decisions (such as entities in which the Funds own 20% – 50% of voting shares), all of which, if any, have been designated at FVTPL.

Unconsolidated structured entities

During the periods, the Funds had no sponsored unconsolidated structured entities. The Funds have determined that the underlying funds in which the Funds 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 Funds. Similarly, investments in securitizations, asset-backed securities and mortgage-backed securities are determined to be interests in unconsolidated structured entities.

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

Mortgage-related securities are created from pools of residential or commercial mortgage loans, including mortgage loans made by savings and loan institutions, mortgage bankers, commercial banks and others. Asset-backed securities are created from many types of assets, including auto loans, credit card receivables, home equity loans, and student loans.

The Funds do not provide and have not committed to providing any additional significant financial information or other support to the unconsolidated structured entities other than its investment in the unconsolidated structured entities.

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 transactions for which the Funds have legally enforceable rights to offset and intend to settle the positions on a net basis. Amounts not offset in the Statement of Financial Position relate to transactions where a master netting arrangement or similar agreement is in place with a right to offset only in the event of default, insolvency or bankruptcy, or where the Funds have no intention of settling on a net basis.

4. Units and unit transactions

The withdrawable units of the Funds are classified as financial liabilities.

The units have no par value and are entitled to allocations, if any. Upon withdrawal, a unit is entitled to a proportionate share of the Fund's NAV. The Funds allocate their net income, including net realized capital gains and capital losses, to ensure the Funds will not be liable for income taxes on capital gains, dividends and interest. The Funds have no restrictions or specific capital requirements on the subscriptions and withdrawal of units. The relevant movements in withdrawable units are shown on the Statement of Changes in Net Assets Held for the Benefit of Policyowners. In accordance with their investment objectives and strategies, and the risk management practices outlined in Note 9, the Funds endeavour to invest the subscriptions received in appropriate investments, while maintaining sufficient liquidity to meet withdrawals, with such liquidity being augmented by short-term borrowings or disposal of investments where necessary.

The NAV per unit of a class is computed by dividing the NAV of the Fund attributable to the class (that is, the total fair value of the assets attributable to the class less the liabilities attributable to the class) by the total number of units of the class of the Fund outstanding at such time.

Expenses directly attributable to a class are charged to that class. Other expenses, income, realized and unrealized gains and losses from investment transactions are allocated proportionately to each class based upon the relative NAV of each class.

75/75 Class A Units are for policyholders that are professionals and business owners seeking downside risk protection and creditor protection.

75/100 Class A Units are for policyholders that are retirees and seniors seeking estate protection or wealth transfer advantages.

100/100 Class A Units are for policyholders that are pre-retires looking for maximum protection and to lock-in market gains as they get closer to retirement.

100/100 Prestige Class Units are only available to policyowners who meet and maintain a minimum investment of $250, either individually or collectively with other policyowners who are their family members and reside at the same address.

Holding Money Market Units were designated for holding purposes. Once a month the deposits were switched to the selected funds. At the close of business on June 20, 2016, the Holding Money Market Units were terminated.

5. Accounting standards issued but not yet adopted

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments, which addresses classification and measurement, impairment and hedge accounting.

The new standard requires assets to be carried at amortized cost, FVTPL or fair value through comprehensive income based on the entity's business model for managing financial assets and the contractual cash flow characteristics of the financial asset. The classification and measurement of liabilities remains generally unchanged with the exception of liabilities recorded at FVTPL.

For these financial liabilities, fair value changes attributable to changes in the entity's own credit risk are to be presented in other comprehensive income unless they affect amounts recorded in income.

The new standard is effective for the Funds for their fiscal year beginning January 1, 2018. The Funds' financial assets and financial liabilities are managed, and the performance of the Fund is evaluated, on a fair value basis. Accordingly, the Company has reached the preliminary conclusion that Fair Value Through Profit and Loss (FVTPL) in accordance with IFRS 9 provides the most appropriate measurement and presentation of the Funds' financial assets and financial liabilities, which aligns with their current measurement and presentation, with little or no modification. Therefore, the Company does not anticipate changes from the Funds' current measurement of their financial assets and financial liabilities as FVTPL. There will be no significant impact on the Funds' financial statements.

The Company will continue to evaluate any further industry and or regulatory updates with respect to the implementation of this new standard.

6. Critical accounting judgements and estimates

The preparation of financial statements requires the use of judgement in applying the Funds' accounting policies and to make estimates and assumptions about the future. The following discusses the most significant accounting judgements and estimates that the Funds have made in preparing their financial statements:

Accounting judgements:

Functional and presentation currency

The Funds unitholders are mainly Canadian residents, with the subscriptions and redemptions of the redeemable units denominated in Canadian dollars. The Funds invest in Canadian dollar denominated securities. The performance of the Funds are measured and reported to the investors in Canadian dollars.

The Company considers the Canadian dollar as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The financial statements are presented in Canadian dollars, which is the Funds' functional and presentation currency.

Classification and measurement of financial instruments and application of fair value option

In classifying and measuring financial instruments held by the Funds, the Company is required to make significant judgements about whether or not the business of the Funds is to invest on a total return basis for the purpose of applying the fair value options for financial assets.

Accounting estimates:

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

7. Management fees and expenses

Each Fund is responsible for the payment of fees and expenses related to its operations. Such fees and expenses include management fees and other recoverable fund operating expenses paid by the Funds. Collectively, all the fees and expenses paid or payable by the Funds, including management fees and other recoverable fund operating expenses divided by the Funds' average NAV, is known as the Management Expense Ratio ("MER").

8. Related party transactions

Management fees

Each Fund pays a management fee for investment management and administration services of the Fund. The management fee varies from Fund to Fund and is calculated and accrued on a daily basis as an annual percentage of the NAV of each Fund.

The management fee of a Fund includes the management fee and expenses charged by the underlying funds. There is no duplication of management fees when the Fund invests in an underlying fund.

Administration fees

Each Fund incurs certain operating expenses that include audit and legal fees and expenses; custodian and transfer agency fees; costs attributable to the administration of the segregated funds, including the cost of the record keeping system; fund accounting and valuation costs; costs of financial reports; including information folders, required to comply with applicable regulatory requirements; filing fees, and statements and communications to policyowners. The Company pays for these expenses and in return, each Fund pays the Company an administration fee of 0.25%. The administration fee is calculated and accrued daily as an annual percentage of the average NAV of each Fund.

Insurance fees

Each Fund pays an insurance fee for the provision of insurance benefits to the Company. The insurance fee differs from Fund to Fund and is calculated and accrued daily as an annual percentage of NAV of each Fund and is included in the management expense ratio.

Brokerage commissions

The Funds may execute trades with and or through BMO Nesbitt Burns Inc., an affiliate of the Company based on established standard brokerage agreements at market prices. These fees, if any, are included in "Commissions and other portfolio transaction costs" in the Statement of Comprehensive Income.

Other related parties

The Company may, on behalf of the Funds, enter into transactions or arrangements with or involving other subsidiaries or affiliates of the Bank of Montreal, or certain other persons or companies that are related or connected to the Company. These transactions or arrangements may include transactions or arrangements with or involving subsidiaries or affiliates of the Bank of Montreal, BMO Asset Management Inc., or other investment funds offered by Bank of Montreal, and may involve the purchase or sale of portfolio securities through or from a subsidiary or affiliates of the Bank of Montreal, the purchase or sale of securities issued or guaranteed by a subsidiary or affiliates of the Bank of Montreal, entering into forward contracts with a subsidiary or affiliates of the Bank of Montreal acting as the counterparty, the purchase or redemption of units of other Bank of Montreal investment funds or the provision of services to the Company.

9. Financial instrument risk

The Funds may be exposed to a variety of financial risks that are concentrated in their investment holdings. The concentration risk table groups securities by asset type, geographic region and/or market segment. The Funds' risk management practices outline the monitoring of compliance to investment guidelines. The Company manages the potential effects of these financial risks on the Funds' performance by employing and overseeing professional and experienced portfolio advisors that regularly monitor the Funds' positions, market events and diversify investment portfolios within the constraints of the investment guidelines.

Where a Fund invests in another investment fund or investment funds, they may be indirectly exposed to the financial instrument risk 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 funds.

a) Currency risk

Currency risk is the risk that the value of financial instruments denominated in currencies, other than the functional currency of the Funds, 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 Funds' functional currency in determining fair value.

b) Interest rate risk

Interest rate risk is the risk that the fair value of the Funds' interest bearing investments will fluctuate due to changes in market interest rates. The Funds' 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.

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.

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 creditworthiness of the debt issuer. Credit risk exposure for over-the-counter derivative instruments is based on the Funds' 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.

e) Liquidity risk

The Funds' exposure to liquidity risk is concentrated in the daily cash redemptions of units. The Funds primarily invest in securities that are traded in active markets and can be readily disposed. In addition, the Funds retain sufficient cash and cash equivalent positions to maintain liquidity. The Funds 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. The proportion of illiquid securities to NAV of the Fund is monitored by the Company to ensure it does not exceed the regulatory limit and does not significantly affect the liquidity required to meet the Fund's financial obligations.

10. Fair value hierarchy

Each 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 the quoted prices in active markets for identical securities.

Level 2 securities are valued based on significant observable market inputs, such as quoted prices from similar securities and quoted prices in inactive markets or based on unobservable inputs to models.

Level 3 securities are valued based on significant unobservable inputs that reflect the Company's determination of assumptions that market participants might reasonably use in valuing the securities.

Fund and Class information

The Fund is authorized to issue an unlimited number of units in each of 75/75 Class A Units, 75/100 Class A Units, 100/100 Class A Units and 100/100 Prestige Class Units which are redeemable at the policyowners' option.

Class	Launch Date
75/75 Class A Units	June 21, 2016
75/100 Class A Units	June 21, 2016
100/100 Class A Units	January 9, 2017
100/100 Prestige Class Units	January 9, 2017

Change in units

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

For the periods ended (in thousands of units)	December 31, 2017	December 31, 2016
75/75 Class A Units		
Units issued and outstanding, beginning of period	81	—
Issued for cash	1,629	85
Withdrawn during the period	(106)	(4)
Units issued and outstanding, end of period	1,604	81
75/100 Class A Units		
Units issued and outstanding, beginning of period	837	—
Issued for cash	3,229	840
Withdrawn during the period	(246)	(3)
Units issued and outstanding, end of period	3,820	837
100/100 Class A Units		
Units issued and outstanding, beginning of period	—	—
Issued for cash	2,736	—
Withdrawn during the period	(793)	—
Units issued and outstanding, end of period	1,943	—
100/100 Prestige Class Units		
Units issued and outstanding, beginning of period	—	—
Issued for cash	1,458	—
Withdrawn during the period	(29)	—
Units issued and outstanding, end of period	1,429	—

Units held by the Company

The Company held the following units of the Fund:

As at December 31, 2016 Class	Number of Units	Value of Units ($)
75/75 Class A Units	5,000	51
75/100 Class A Units	5,000	52

There were no units held by the Company as at December 31, 2017.

Financial instrument risk

The Fund invests in the BMO Balanced ETF Portfolio ("underlying fund"). The investment objective of the underlying fund is to provide a balanced portfolio by investing primarily in exchange traded funds that invest in Canadian, U.S. and international fixed income and equity securities. The underlying fund may also invest in other mutual funds or invest directly in individual fixed income and equity securities and cash or cash equivalents.

Financial instrument risk of the underlying fund

The Fund is indirectly exposed to currency risk, interest rate risk, other market risk and credit risk through its investment in the underlying fund to the extent the underlying fund was exposed to these risks.

Fair value hierarchy

As at December 31, 2017 Financial assets	Level 1	Level 2	Level 3	Total
Investment fund	94,030	—	—	94,030

As at December 31, 2016 Financial assets	Level 1	Level 2	Level 3	Total
Investment fund	9,141	—	—	9,141

Transfers between levels

There were no transfers between the levels during the 2017 period (2016 – $nil)

Unconsolidated structured entities

Information on the carrying amount and the size of the investments in structured entities is shown in the table below.

Carrying amount	As at December 31, 2017	As at December 31, 2016
BMO Balanced ETF Portfolio, Series I	94,030	9,141
Total	**94,030**	**9,141**
Percentage of structured entity held		
BMO Balanced ETF Portfolio, Series I	4.42%	0.94%

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

Increase or decrease in net assets held for the benefit of policyowners

The increase in net assets held for the benefit of policyowners for the periods ended December 31, 2017 and December 31, 2016 is calculated as follows:

For the periods ended	December 31, 2017	December 31, 2016
75/75 Class A Units		
Increase in net assets held for the benefit of policyowners	502	21
Weighted average units outstanding during the period	876	46
Increase in net assets held for the benefit of policyowners per unit	0.57	0.46
75/100 Class A Units		
Increase in net assets held for the benefit of policyowners	1,395	123
Weighted average units outstanding during the period	2,454	265
Increase in net assets held for the benefit of policyowners per unit	0.57	0.46
100/100 Class A Units		
Increase in net assets held for the benefit of policyowners	441	—
Weighted average units outstanding during the period	1,142	—
Increase in net assets held for the benefit of policyowners per unit	0.39	—
100/100 Prestige Class Units		
Increase in net assets held for the benefit of policyowners	358	—
Weighted average units outstanding during the period	692	—
Increase in net assets held for the benefit of policyowners per unit	0.52	—

Brokerage commissions

There were no brokerage commissions charged to the Fund during the periods ended December 31, 2017 and December 31, 2016.

Concentration risk

The following is a summary of the Fund's concentration risk through its investment in the underlying fund:

As at	December 31, 2017	December 31, 2016
Investment Funds		
Canadian Equity Funds	18.8%	23.4%
Emerging Markets Equity Funds	3.3%	4.3%
Fixed Income Funds	38.9%	37.4%
International Equity Funds	15.9%	12.6%
U.S. Equity Funds	21.0%	15.7%
Other Assets less Liabilities	2.1%	6.6%
	100.0%	**100.0%**

Financial assets and financial liabilities

Categories of financial assets and financial liabilities

The table below shows the categories of financial assets and financial liabilities except cash:

As at	December 31, 2017	December 31, 2016
Financial assets designated as FVTPL	94,030	9,141
Loans and receivables	191	132
Financial liabilities measured at amortized cost	1,322	43

Net gains and losses on financial assets and financial liabilities

For the periods ended	December 31, 2017	December 31, 2016
Net realized gains on financial assets		
Designated at FVTPL	1,928	285
Total net realized gains on financial assets and financial liabilities	1,928	285
Change in unrealized gains (losses) on financial assets		
Designated at FVTPL	2,181	(98)
Total change in net unrealized gains (losses) on financial assets and financial liabilities	2,181	(98)

Offsetting financial assets and financial liabilities

There were no amounts offset as at December 31, 2017 and December 31, 2016.

BMO Balanced ETF Portfolio GIF

BMO Insurance

Supplementary Information

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

December 31, 2017

Financial Highlights (unaudited)

The following table shows selected key financial information about the Fund which is intended to help you understand the Fund's financial performance for the periods indicated.

75/75 Class A Units		Years ended December 31, 2017	2016[4]
Net assets (000s)[1]	$	17,768	846
Net asset value per unit	$	11.08	10.47
Units issued and outstanding (000s)[1]		1,604	81
Management fees	%	1.45	1.45
Management expense ratio[2]	%	2.27	2.27
Management expense ratio before waivers	%	2.27	2.27
Portfolio turnover rate[3]	%	0.26	0.02

75/100 Class A Units		Years ended December 31, 2017	2016[4]
Net assets (000s)[1]	$	42,124	8,748
Net asset value per unit	$	11.03	10.46
Units issued and outstanding (000s)[1]		3,820	837
Management fees	%	1.45	1.45
Management expense ratio[2]	%	2.56	2.56
Management expense ratio before waivers	%	2.56	2.56
Portfolio turnover rate[3]	%	0.26	0.02

100/100 Class A Units		January 9, 2017 to December 31, 2017
Net assets (000s)[1]	$	20,279
Net asset value per unit	$	10.44
Units issued and outstanding (000s)[1]		1,943
Management fees	%	1.45
Management expense ratio[2]	%	3.02
Management expense ratio before waivers	%	3.02
Portfolio turnover rate[3]	%	0.26

100/100 Prestige Class Units		January 9, 2017 to December 31, 2017
Net assets (000s)[1]	$	14,983
Net asset value per unit	$	10.49
Units issued and outstanding (000s)[1]		1,429
Management fees	%	1.10
Management expense ratio[2]	%	2.58
Management expense ratio before waivers	%	2.58
Portfolio turnover rate[3]	%	0.26

(1) The information is provided as at December 31 of the period shown.

(2) The management expense ratio of a particular class is calculated based on all expenses allocated to the series, as applicable, including all taxes and interest expenses but excluding brokerage commissions and other portfolio transaction costs, divided by the average daily net asset value of that series, annualized.

(3) 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 the fund.

(4) The information in this column is for the period beginning June 21, 2016 (the class' inception date) and ending December 31, 2016.

BMO Guaranteed Investment Funds 2017

ANNUAL FINANCIAL STATEMENTS

December 31, 2017

BMO Growth ETF Portfolio GIF

BMO Insurance

STATEMENT OF FINANCIAL POSITION

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

As at	December 31, 2017	December 31, 2016
ASSETS		
CURRENT ASSETS		
Cash	483	94
Investments		
Non-derivative financial assets	15,306	2,024
Subscriptions receivable	15	—
Total assets	15,804	2,118
LIABILITIES		
CURRENT LIABILITIES		
Payable for investments purchased	225	—
Redemptions payable	0	—
Accrued expenses	89	7
Total liabilities	314	7
Net assets held for the benefit of policyowners	15,490	2,111
Net assets held for the benefit of policyowners		
75/75 Class A Units	5,443	1,168
75/100 Class A Units	10,047	943
Net assets held for the benefit of policyowners per unit		
75/75 Class A Units	$ 11.56	$ 10.70
75/100 Class A Units	$ 11.51	$ 10.69

STATEMENT OF COMPREHENSIVE INCOME

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

For the periods ended	December 31, 2017	December 31, 2016
INCOME		
Distribution from investment trusts	327	37
Other changes in fair value of investments and derivatives		
Net realized gain	4	1
Change in unrealized appreciation	509	12
Net gain in fair value of investments and derivatives	840	50
Total income	840	50
EXPENSES		
Management fees (note 8)	130	6
Fixed administration fees (note 8)	22	1
Insurance fees (note 8)	58	2
Total expenses	210	9
Increase in net assets held for the benefit of policyowners	630	41
Increase in net assets held for the benefit of policyowners		
75/75 Class A Units	251	25
75/100 Class A Units	379	16
Increase in net assets held for the benefit of policyowners per unit (note 3)		
75/75 Class A Units	0.92	0.68
75/100 Class A Units	0.83	0.64

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

STATEMENT OF CHANGES IN NET ASSETS HELD FOR THE BENEFIT OF POLICYOWNERS
(All amounts in thousands of Canadian dollars)

For the periods ended	December 31, 2017	December 31, 2016
75/75 Class A Units		
Net assets held for the benefit of policyowners at beginning of period	1,168	—
Increase in net assets held for the benefit of policyowners	251	25
Withdrawable unit transactions		
Proceeds from withdrawable units issued	4,279	1,386
Withdrawal of withdrawable units	(255)	(243)
Net increase from withdrawable unit transactions	4,024	1,143
Net increase in net assets held for the benefit of policyowners	4,275	1,168
Net assets held for the benefit of policyowners	5,443	1,168
75/100 Class A Units		
Net assets held for the benefit of policyowners at beginning of period	943	—
Increase in net assets held for the benefit of policyowners	379	16
Withdrawable unit transactions		
Proceeds from withdrawable units issued	9,395	927
Withdrawal of withdrawable units	(670)	—
Net increase from withdrawable unit transactions	8,725	927
Net increase in net assets held for the benefit of policyowners	9,104	943
Net assets held for the benefit of policyowners	10,047	943

STATEMENT OF CHANGES IN NET ASSETS HELD FOR THE BENEFIT OF POLICYOWNERS (cont'd)
(All amounts in thousands of Canadian dollars)

For the periods ended	December 31, 2017	December 31, 2016
Total Fund		
Net assets held for the benefit of policyowners at beginning of period	2,111	—
Increase in net assets held for the benefit of policyowners	630	41
Withdrawable unit transactions		
Proceeds from withdrawable units issued	13,674	2,313
Withdrawal of withdrawable units	(925)	(243)
Net increase from withdrawable unit transactions	12,749	2,070
Net increase in net assets held for the benefit of policyowners	13,379	2,111
Net assets held for the benefit of policyowners	15,490	2,111

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

STATEMENT OF CASH FLOWS
(All amounts in thousands of Canadian dollars)

For the periods ended	December 31, 2017	December 31, 2016
Cash flows from operating activities		
Increase in net assets held for the benefit of policyowners	630	41
Adjustments for:		
Net realized gain on sale of investments and derivatives	(4)	(1)
Change in unrealized appreciation of investments and derivatives	(509)	(12)
Increase in accrued expenses	82	7
Non-cash distributions from investment trusts	(327)	(37)
Purchases of investments	(12,317)	(1,975)
Proceeds from sale and maturity of investments	100	1
Net cash from operating activities	(12,345)	(1,976)
Cash flows from financing activities		
Proceeds from issuances of withdrawable units	13,659	2,313
Amounts paid on withdrawal of withdrawable units	(925)	(243)
Net cash from financing activities	12,734	2,070
Net increase in cash	389	94
Cash at beginning of period	94	—
Cash at end of period	483	94

SCHEDULE OF INVESTMENT PORTFOLIO
(All amounts in thousands of Canadian dollars, unless otherwise noted)

As at December 31, 2017	Number of Units	Cost* ($)	Fair Value ($)
HOLDINGS IN INVESTMENT FUND — 98.8%			
Global Equity Fund — 98.8%			
BMO Growth ETF Portfolio, Series I	1,149,798	14,785	15,306
Total Investment Portfolio — 98.8%		**14,785**	**15,306**
Other Assets Less Liabilities — 1.2%			184
NET ASSETS HELD FOR THE BENEFIT OF POLICYOWNERS — 100.0%			**15,490**

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

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

(All amounts in thousands of Canadian dollars)

1. The Funds

The BMO Guaranteed Investment Funds (the "Funds") are offered through a variable annuity contract issued by BMO Life Assurance Company (the "Company") under authority of the Insurance Companies Act (Canada) and are regulated by the Canadian Life and Health Insurance Association ("CLHIA"). The Company is the registered owner of the assets of the Funds for the benefit of the policyowners. The address of the Company's registered office is 60 Yonge Street, Toronto, Ontario. The Funds are not separate legal entities. The Funds were established as follows:

Fund	Date Established
BMO Money Market GIF	December 2, 2013
BMO Canadian Balanced Growth GIF	December 2, 2013
BMO Canadian Income Strategy GIF	December 2, 2013
BMO U.S. Balanced Growth GIF	December 2, 2013
BMO North American Income Strategy GIF	December 2, 2013
BMO Fixed Income ETF Portfolio GIF	June 21, 2016
BMO Income ETF Portfolio GIF	June 21, 2016
BMO Conservative ETF Portfolio GIF	June 21, 2016
BMO Balanced ETF Portfolio GIF	June 21, 2016
BMO Growth ETF Portfolio GIF	June 21, 2016
BMO Equity Growth ETF Portfolio GIF	June 21, 2016
BMO Low Volatility U.S. Equity ETF GIF	June 21, 2016
BMO Low Volatility Canadian Equity ETF GIF	June 21, 2016
BMO Monthly Income GIF	January 6, 2017

The Company is the sole issuer of the individual variable insurance contract providing for investment in each Fund.

Each Fund is established under the authority of the Insurance Companies Act. Each of the Funds invest in direct investments or in underlying exchange traded funds or mutual fund units.

The individual variable insurance contract provides guarantees, which are payable either on maturity or on death.

The information provided in these audited financial statements is as at and for the periods ended December 31, 2017 and December 31, 2016.

The financial statements were authorized for issuance by the Board of Directors of the Company on March 26, 2018.

2. Basis of preparation and presentation

These audited annual financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

3. Summary of significant accounting policies

Financial instruments

The Funds record financial instruments at fair value. Investment transactions are accounted for on the trade date. The Funds' investments are either designated at fair value through profit or loss ("FVTPL") at inception or classified as held for trading. The changes in the investment fair values and related transaction costs are recorded in the Funds' Statement of Comprehensive Income.

Financial assets or financial liabilities held for trading are those acquired or incurred principally for the purpose of selling or repurchasing in the near future, or on initial recognition, are part of a portfolio of identified financial instruments that the Funds manage together and that have a recent actual pattern of short-term profit taking. The Funds classify all derivatives as held for trading. The Funds do not designate any derivatives as hedges in a hedging relationship.

The Funds designate all investments at FVTPL, as they have reliably measurable fair values and are part of a group of financial assets or financial liabilities that are managed and have their performance evaluated on a fair value basis in accordance with the Fund's investment strategy.

The Funds' withdrawable units contain multiple contractual obligations and consequently, do not meet the conditions to be classified as equity. As a result, the Funds' obligations for net assets held for the benefit of policyowners are classified as financial liabilities and presented at the withdrawal amounts.

All other financial assets and financial liabilities are measured at amortized cost. Under this method, financial assets and financial liabilities reflect the amount required to be received or paid, discounted, when appropriate, at the contract's effective interest rate.

The Funds have determined that they meet the definition of "investment entity" and as a result, measure subsidiaries, if any, at FVTPL.

Cost of investments

The cost of investments represents the amount paid for each security and is determined on an average cost basis.

Fair value measurement

Investments are recorded at their fair value with the change between this amount and their average cost being recorded as "Change in unrealized appreciation (depreciation)" in the Statement of Comprehensive Income.

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 Company determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

For bonds, debentures, asset-backed securities and other debt securities, fair value is represented by bid prices provided by independent security pricing services. Short-term investments, if any, are fair valued, and in certain circumstances are held at amortized cost which approximates fair value.

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.

Derivatives
Derivative instruments are financial contracts that derive their value from changes in the underlying interest rates, foreign exchange rates or other financial or commodity prices or indices.

Derivative instruments are either regulated exchange traded contracts or negotiated over-the-counter contracts. The Funds may use these instruments for trading purposes, as well as to manage the Funds' risk exposures.

Derivatives are measured at fair value. Realized gains and losses are included in "Net realized gains (losses)" on the Statement of Comprehensive Income and unrealized gains and losses are included in "Change in unrealized appreciation (depreciation)" in the Statement of Comprehensive Income.

Forward currency contracts
A forward currency contract is an agreement between two parties (the Fund and the counterparty) to purchase or sell a currency against another currency at a set price on a future date. The Funds may enter into forward currency contracts for hedging purposes, which can include the economic hedging of all or a portion of the currency exposure of an investment or group of investments, either directly or indirectly.

The Funds may also enter into these contracts for non-hedging purposes, which can include increasing the exposure to a foreign currency, or the shifting of exposure to foreign currency fluctuations from one country to another. The value of forward currency contracts entered into by the Funds is recorded as the difference between the value of the contract on the Valuation Date and the value on the date the contract originated.

Income recognition
Distributions from underlying funds are recognized on the ex-distribution date.

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

Foreign currency translation
The fair value of investments and other assets and liabilities in foreign currencies are translated into the Funds' 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. Foreign exchange gains (losses) on completed transactions are included in "Net realized gain (loss)" and unrealized foreign exchange gains (losses) are included in "Change in unrealized appreciation (depreciation)" in the Statement of Comprehensive Income. Foreign exchange gains (losses) relating to cash, receivables and payables are included in "Foreign exchange gain (loss)" in the Statement of Comprehensive Income.

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

Other assets and liabilities

Distribution receivable from investment trusts, subscriptions receivable and receivable for investments purchased, are initially recorded at fair value and subsequently measured at amortized cost. Similarly, payable for investments purchased, redemptions payable and accrued expenses are measured at amortized cost. Other assets and liabilities are short-term in nature, and are carried at cost or amortized cost.

Increase or decrease in net assets held for the benefit of policyowners from operations per unit

"Increase (decrease) in net assets from operations per unit" of a class in the Statement of Comprehensive Income represents the increase (decrease) in net assets from operations attributable to the class, divided by the weighted average number of units of the class outstanding during the period.

Portfolio turnover rate

The Funds' portfolio turnover rate indicates how actively the Funds' 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.

Income taxes

The Funds are segregated funds under the provisions of the *Income Tax Act (Canada).* The Funds' net income, including net realized capital gains and losses for the calendar year, is allocated to beneficiaries so that the Funds will not be liable for income taxes. As a result, the Funds have determined that they are in substance not taxable and therefore do not record income taxes in the Statement of Comprehensive Income and/or recognize any deferred tax assets or liabilities in the Statement of Financial Position.

Investments in subsidiaries, joint ventures and associates

Subsidiaries are entities over which the Funds have control through their exposure or rights to variable returns from their investment, and have the ability to affect those returns through their power over the entity. The Funds have determined that they are an investment entity and as such, they account for subsidiaries, if any, at fair value. Joint ventures are those where the Funds exercise joint control through an agreement with other shareholders, and associates are investments in which the Funds exert significant influence over operating, investing, and financing decisions (such as entities in which the Funds own 20% – 50% of voting shares), all of which, if any, have been designated at FVTPL.

Unconsolidated structured entities

During the periods, the Funds had no sponsored unconsolidated structured entities. The Funds have determined that the underlying funds in which the Funds 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 Funds. Similarly, investments in securitizations, asset-backed securities and mortgage-backed securities are determined to be interests in unconsolidated structured entities.

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

Mortgage-related securities are created from pools of residential or commercial mortgage loans, including mortgage loans made by savings and loan institutions, mortgage bankers, commercial banks and others. Asset-backed securities are created from many types of assets, including auto loans, credit card receivables, home equity loans, and student loans.

The Funds do not provide and have not committed to providing any additional significant financial information or other support to the unconsolidated structured entities other than its investment in the unconsolidated structured entities.

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 transactions for which the Funds have legally enforceable rights to offset and intend to settle the positions on a net basis. Amounts not offset in the Statement of Financial Position relate to transactions where a master netting arrangement or similar agreement is in place with a right to offset only in the event of default, insolvency or bankruptcy, or where the Funds have no intention of settling on a net basis.

4. Units and unit transactions

The withdrawable units of the Funds are classified as financial liabilities.

The units have no par value and are entitled to allocations, if any. Upon withdrawal, a unit is entitled to a proportionate share of the Fund's NAV. The Funds allocate their net income, including net realized capital gains and capital losses, to ensure the Funds will not be liable for income taxes on capital gains, dividends and interest. The Funds have no restrictions or specific capital requirements on the subscriptions and withdrawal of units. The relevant movements in withdrawable units are shown on the Statement of Changes in Net Assets Held for the Benefit of Policyowners. In accordance with their investment objectives and strategies, and the risk management practices outlined in Note 9, the Funds endeavour to invest the subscriptions received in appropriate investments, while maintaining sufficient liquidity to meet withdrawals, with such liquidity being augmented by short-term borrowings or disposal of investments where necessary.

The NAV per unit of a class is computed by dividing the NAV of the Fund attributable to the class (that is, the total fair value of the assets attributable to the class less the liabilities attributable to the class) by the total number of units of the class of the Fund outstanding at such time.

Expenses directly attributable to a class are charged to that class. Other expenses, income, realized and unrealized gains and losses from investment transactions are allocated proportionately to each class based upon the relative NAV of each class.

75/75 Class A Units are for policyholders that are professionals and business owners seeking downside risk protection and creditor protection.

75/100 Class A Units are for policyholders that are retirees and seniors seeking estate protection or wealth transfer advantages.

100/100 Class A Units are for policyholders that are pre-retires looking for maximum protection and to lock-in market gains as they get closer to retirement.

100/100 Prestige Class Units are only available to policyowners who meet and maintain a minimum investment of $250, either individually or collectively with other policyowners who are their family members and reside at the same address.

Holding Money Market Units were designated for holding purposes. Once a month the deposits were switched to the selected funds. At the close of business on June 20, 2016, the Holding Money Market Units were terminated.

5. Accounting standards issued but not yet adopted

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments, which addresses classification and measurement, impairment and hedge accounting.

The new standard requires assets to be carried at amortized cost, FVTPL or fair value through comprehensive income based on the entity's business model for managing financial assets and the contractual cash flow characteristics of the financial asset. The classification and measurement of liabilities remains generally unchanged with the exception of liabilities recorded at FVTPL.

For these financial liabilities, fair value changes attributable to changes in the entity's own credit risk are to be presented in other comprehensive income unless they affect amounts recorded in income.

The new standard is effective for the Funds for their fiscal year beginning January 1, 2018. The Funds' financial assets and financial liabilities are managed, and the performance of the Fund is evaluated, on a fair value basis. Accordingly, the Company has reached the preliminary conclusion that Fair Value Through Profit and Loss (FVTPL) in accordance with IFRS 9 provides the most appropriate measurement and presentation of the Funds' financial assets and financial liabilities, which aligns with their current measurement and presentation, with little or no modification. Therefore, the Company does not anticipate changes from the Funds' current measurement of their financial assets and financial liabilities as FVTPL. There will be no significant impact on the Funds' financial statements.

The Company will continue to evaluate any further industry and or regulatory updates with respect to the implementation of this new standard.

6. Critical accounting judgements and estimates

The preparation of financial statements requires the use of judgement in applying the Funds' accounting policies and to make estimates and assumptions about the future. The following discusses the most significant accounting judgements and estimates that the Funds have made in preparing their financial statements:

Accounting judgements:

Functional and presentation currency

The Funds unitholders are mainly Canadian residents, with the subscriptions and redemptions of the redeemable units denominated in Canadian dollars. The Funds invest in Canadian dollar denominated securities. The performance of the Funds are measured and reported to the investors in Canadian dollars.

The Company considers the Canadian dollar as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The financial statements are presented in Canadian dollars, which is the Funds' functional and presentation currency.

Classification and measurement of financial instruments and application of fair value option

In classifying and measuring financial instruments held by the Funds, the Company is required to make significant judgements about whether or not the business of the Funds is to invest on a total return basis for the purpose of applying the fair value options for financial assets.

Accounting estimates:

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

7. Management fees and expenses

Each Fund is responsible for the payment of fees and expenses related to its operations. Such fees and expenses include management fees and other recoverable fund operating expenses paid by the Funds. Collectively, all the fees and expenses paid or payable by the Funds, including management fees and other recoverable fund operating expenses divided by the Funds' average NAV, is known as the Management Expense Ratio ("MER").

8. Related party transactions

Management fees

Each Fund pays a management fee for investment management and administration services of the Fund. The management fee varies from Fund to Fund and is calculated and accrued on a daily basis as an annual percentage of the NAV of each Fund.

The management fee of a Fund includes the management fee and expenses charged by the underlying funds. There is no duplication of management fees when the Fund invests in an underlying fund.

Administration fees

Each Fund incurs certain operating expenses that include audit and legal fees and expenses; custodian and transfer agency fees; costs attributable to the administration of the segregated funds, including the cost of the record keeping system; fund accounting and valuation costs; costs of financial reports; including information folders, required to comply with applicable regulatory requirements; filing fees, and statements and communications to policyowners. The Company pays for these expenses and in return, each Fund pays the Company an administration fee of 0.25%. The administration fee is calculated and accrued daily as an annual percentage of the average NAV of each Fund.

Insurance fees

Each Fund pays an insurance fee for the provision of insurance benefits to the Company. The insurance fee differs from Fund to Fund and is calculated and accrued daily as an annual percentage of NAV of each Fund and is included in the management expense ratio.

Brokerage commissions

The Funds may execute trades with and or through BMO Nesbitt Burns Inc., an affiliate of the Company based on established standard brokerage agreements at market prices. These fees, if any, are included in "Commissions and other portfolio transaction costs" in the Statement of Comprehensive Income.

Other related parties

The Company may, on behalf of the Funds, enter into transactions or arrangements with or involving other subsidiaries or affiliates of the Bank of Montreal, or certain other persons or companies that are related or connected to the Company. These transactions or arrangements may include transactions or arrangements with or involving subsidiaries or affiliates of the Bank of Montreal, BMO Asset Management Inc., or other investment funds offered by Bank of Montreal, and may involve the purchase or sale of portfolio securities through or from a subsidiary or affiliates of the Bank of Montreal, the purchase or sale of securities issued or guaranteed by a subsidiary or affiliates of the Bank of Montreal, entering into forward contracts with a subsidiary or affiliates of the Bank of Montreal acting as the counterparty, the purchase or redemption of units of other Bank of Montreal investment funds or the provision of services to the Company.

9. Financial instrument risk

The Funds may be exposed to a variety of financial risks that are concentrated in their investment holdings. The concentration risk table groups securities by asset type, geographic region and/or market segment. The Funds' risk management practices outline the monitoring of compliance to investment guidelines. The Company manages the potential effects of these financial risks on the Funds' performance by employing and overseeing professional and experienced portfolio advisors that regularly monitor the Funds' positions, market events and diversify investment portfolios within the constraints of the investment guidelines.

Where a Fund invests in another investment fund or investment funds, they may be indirectly exposed to the financial instrument risk 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 funds.

a) Currency risk

Currency risk is the risk that the value of financial instruments denominated in currencies, other than the functional currency of the Funds, 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 Funds' functional currency in determining fair value.

b) Interest rate risk

Interest rate risk is the risk that the fair value of the Funds' interest bearing investments will fluctuate due to changes in market interest rates. The Funds' 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.

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.

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 creditworthiness of the debt issuer. Credit risk exposure for over-the-counter derivative instruments is based on the Funds' 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.

e) Liquidity risk

The Funds' exposure to liquidity risk is concentrated in the daily cash redemptions of units. The Funds primarily invest in securities that are traded in active markets and can be readily disposed. In addition, the Funds retain sufficient cash and cash equivalent positions to maintain liquidity. The Funds 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. The proportion of illiquid securities to NAV of the Fund is monitored by the Company to ensure it does not exceed the regulatory limit and does not significantly affect the liquidity required to meet the Fund's financial obligations.

10. Fair value hierarchy

Each 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 the quoted prices in active markets for identical securities.

Level 2 securities are valued based on significant observable market inputs, such as quoted prices from similar securities and quoted prices in inactive markets or based on unobservable inputs to models.

Level 3 securities are valued based on significant unobservable inputs that reflect the Company's determination of assumptions that market participants might reasonably use in valuing the securities.

Fund and Class information

The Fund is authorized to issue an unlimited number of units in each of 75/75 Class A Units and 75/100 Class A Units, which are redeemable at the policyowners' option.

Class	Launch Date
75/75 Class A Units	June 21, 2016
75/100 Class A Units	June 21, 2016

Change in units

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

For the periods ended (in thousands of units)	December 31, 2017	December 31, 2016
75/75 Class A Units		
Units issued and outstanding, beginning of period	109	—
Issued for cash	385	132
Withdrawn during the period	(23)	(23)
Units issued and outstanding, end of period	471	109
75/100 Class A Units		
Units issued and outstanding, beginning of period	88	—
Issued for cash	845	88
Withdrawn during the period	(60)	—
Units issued and outstanding, end of period	873	88

Units held by the Company

The Company held the following units of the Fund:

As at December 31, 2016 Class	Number of Units	Value of Units ($)
75/75 Class A Units	5,000	54
75/100 Class A Units	5,000	53

There were no units held by the Company as at December 31, 2017.

Financial instrument risk

The Fund invests in the BMO Growth ETF Portfolio ("underlying fund"). The investment objective of the underlying fund is to provide long-term growth by investing primarily in exchange traded funds that invest in Canadian, U.S. and international equity securities and, to a lesser extent, fixed income securities. The underlying fund may also invest in other mutual funds or invest directly in individual fixed income and equity securities and cash or cash equivalents.

Financial instrument risk of the underlying fund

The Fund is indirectly exposed to currency risk, interest rate risk, other market risk and credit risk through its investment in the underlying fund to the extent the underlying fund was exposed to these risks.

Fair value hierarchy

As at December 31, 2017 Financial assets	Level 1	Level 2	Level 3	Total
Investment fund	15,306	—	—	15,306

As at December 31, 2016 Financial assets	Level 1	Level 2	Level 3	Total
Investment fund	2,024	—	—	2,024

Transfers between levels

There were no transfers between the levels during the 2017 period (2016 – $nil).

Unconsolidated structured entities

Information on the carrying amount and the size of the investments in structured entities is shown in the table below.

Carrying amount	As at December 31, 2017	As at December 31, 2016
BMO Growth ETF Portfolio, Series I	15,306	2,024
Total	**15,306**	**2,024**
Percentage of structured entity held		
BMO Growth ETF Portfolio, Series I	0.31%	0.72%

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

Increase or decrease in net assets held for the benefit of policyowners

The increase (decrease) in net assets held for the benefit of policyowners for the period ended December 31, 2017 is calculated as follows:

For the periods ended	December 31, 2017	December 31, 2016
75/75 Class A Units		
Increase in net assets held for the benefit of policyowners	251	25
Weighted average units outstanding during the period	271	36
Increase in net assets held for the benefit of policyowners per unit	0.92	0.68

For the periods ended	December 31, 2017	December 31, 2016
75/100 Class A Units		
Increase in net assets held for the benefit of policyowners	379	16
Weighted average units outstanding during the period	456	26
Increase in net assets held for the benefit of policyowners per unit	0.83	0.64

Brokerage commissions

There were no brokerage commissions charged to the Fund during the periods ended December 31, 2017 and December 31, 2016.

Concentration risk

The following is a summary of the Fund's concentration risk through its investment in the underlying fund:

As at	December 31, 2017	December 31, 2016
Investment Funds		
Canadian Equity Funds	23.9%	29.1%
Emerging Markets Equity Funds	4.5%	6.3%
Fixed Income Funds	19.7%	19.0%
International Equity Funds	21.1%	17.8%
U.S. Equity Funds	28.7%	21.5%
Other Assets less Liabilities	2.1%	6.3%
	100.0%	**100.0%**

Financial assets and financial liabilities

Categories of financial assets and financial liabilities

The table below shows the categories of financial assets and financial liabilities except cash:

As at	December 31, 2017	December 31, 2016
Financial assets designated as FVTPL	15,306	2,024
Loans and receivables	15	—
Financial liabilities measured at amortized cost	314	7

Net gains and losses on financial assets and financial liabilities at fair value

For the periods ended	December 31, 2017	December 31, 2016
Net realized gains on financial assets		
Designated at FVTPL	331	38
Total net realized gains on financial assets and financial liabilities	331	38
Change in unrealized gains on financial assets		
Designated at FVTPL	509	12
Total change in unrealized gains on financial assets	509	12

Offsetting financial assets and financial liabilities

There were no amounts offset as at December 31, 2017 and December 31, 2016.

BMO Growth ETF Portfolio GIF

Supplementary Information

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

December 31, 2017

Financial Highlights (unaudited)

The following table shows selected key financial information about the Fund which is intended to help you understand the Fund's financial performance for the period indicated.

75/75 Class A Units		Years ended December 31, 2017	2016[4]
Net assets (000s)[1]	$	5,443	1,168
Net asset value per unit	$	11.56	10.70
Units issued and outstanding (000s)[1]		471	109
Management fees	%	1.45	1.45
Management expense ratio[2]	%	2.42	2.42
Management expense ratio before waivers	%	2.42	2.42
Portfolio turnover rate[3]	%	1.26	0.07

75/100 Class A Units		Years ended December 31, 2017	2016[4]
Net assets (000s)[1]	$	10,047	943
Net asset value per unit	$	11.51	10.69
Units issued and outstanding (000s)[1]		873	88
Management fees	%	1.45	1.45
Management expense ratio[2]	%	2.70	2.71
Management expense ratio before waivers	%	2.70	2.71
Portfolio turnover rate[3]	%	1.26	0.07

(1) The information is provided as at December 31 of the period shown.

(2) The management expense ratio of a particular class is calculated based on all expenses allocated to the series, as applicable, including all taxes and interest expenses but excluding brokerage commissions and other portfolio transaction costs, divided by the average daily net asset value of that series, annualized.

(3) 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 the fund.

(4) The information shown in this column is for the period beginning June 21, 2016 (the class' inception date) and ending December 31, 2016.

BMO Guaranteed Investment Funds 2017

ANNUAL FINANCIAL STATEMENTS

December 31, 2017

BMO Equity Growth ETF Portfolio GIF

BMO Insurance

BMO Insurance

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

As at	December 31, 2017	December 31, 2016
ASSETS		
CURRENT ASSETS		
Cash	398	73
Investments		
Non-derivative financial assets	10,542	1,236
Subscriptions receivable	74	—
Total assets	11,014	1,309
LIABILITIES		
CURRENT LIABILITIES		
Payable for investments purchased	220	—
Accrued expenses	65	5
Total liabilities	285	5
Net assets held for the benefit of policyowners	10,729	1,304
Net assets held for the benefit of policyowners		
75/75 Class A Units	2,914	116
75/100 Class A Units	7,815	1,188
Net assets held for the benefit of policyowners per unit		
75/75 Class A Units	$ 12.10	$ 10.83
75/100 Class A Units	$ 12.03	$ 10.81

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

For the periods ended	December 31, 2017	December 31, 2016
INCOME		
Distribution from investment trusts	220	23
Other changes in fair value of investments and derivatives		
Net realized gain	—	0
Change in unrealized appreciation	559	14
Net gain in fair value of investments and derivatives	779	37
Total income	779	37
EXPENSES		
Management fees (note 8)	104	3
Fixed administration fees (note 8)	17	1
Insurance fees (note 8)	48	2
Total expenses	169	6
Increase in net assets held for the benefit of policyowners	610	31
Increase in net assets held for the benefit of policyowners		
75/75 Class A Units	125	4
75/100 Class A Units	485	27
Increase in net assets held for the benefit of policyowners per unit (note 3)		
75/75 Class A Units	0.97	0.73
75/100 Class A Units	1.19	0.87

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

STATEMENT OF CHANGES IN NET ASSETS HELD FOR THE BENEFIT OF POLICYOWNERS
(All amounts in thousands of Canadian dollars)

For the periods ended	December 31, 2017	December 31, 2016
75/75 Class A Units		
Net assets held for the benefit of policyowners at beginning of period	116	—
Increase in net assets held for the benefit of policyowners	125	4
Withdrawable unit transactions		
Proceeds from withdrawable units issued	2,806	112
Withdrawal of withdrawable units	(133)	—
Net increase from withdrawable unit transactions	2,673	112
Net increase in net assets held for the benefit of policyowners	2,798	116
Net assets held for the benefit of policyowners	2,914	116
75/100 Class A Units		
Net assets held for the benefit of policyowners at beginning of period	1,188	—
Increase in net assets held for the benefit of policyowners	485	27
Withdrawable unit transactions		
Proceeds from withdrawable units issued	6,346	1,168
Withdrawal of withdrawable units	(204)	(7)
Net increase from withdrawable unit transactions	6,142	1,161
Net increase in net assets held for the benefit of policyowners	6,627	1,188
Net assets held for the benefit of policyowners	7,815	1,188

STATEMENT OF CHANGES IN NET ASSETS HELD FOR THE BENEFIT OF POLICYOWNERS (cont'd)
(All amounts in thousands of Canadian dollars)

For the periods ended	December 31, 2017	December 31, 2016
Total Fund		
Net assets held for the benefit of policyowners at beginning of period	1,304	—
Increase in net assets held for the benefit of policyowners	610	31
Withdrawable unit transactions		
Proceeds from withdrawable units issued	9,152	1,280
Withdrawal of withdrawable units	(337)	(7)
Net increase from withdrawable unit transactions	8,815	1,273
Net increase in net assets held for the benefit of policyowners	9,425	1,304
Net assets held for the benefit of policyowners	10,729	1,304

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

STATEMENT OF CASH FLOWS

(All amounts in thousands of Canadian dollars)

For the periods ended	December 31, 2017	December 31, 2016
Cash flows from operating activities		
Increase in net assets held for the benefit of policyowners	610	31
Adjustments for:		
Net realized loss on sale of investments and derivatives	—	(0)
Change in unrealized appreciation of investments and derivatives	(559)	(14)
Increase in accrued expenses	60	5
Non-cash distributions from investment trusts	(220)	(23)
Purchases of investments	(8,307)	(1,200)
Proceeds from sale and maturity of investments	—	1
Net cash from operating activities	(8,416)	(1,200)
Cash flows from financing activities		
Proceeds from issuances of withdrawable units	9,078	1,280
Amounts paid on withdrawal of withdrawable units	(337)	(7)
Net cash from financing activities	8,741	1,273
Net increase in cash	325	73
Cash at beginning of period	73	—
Cash at end of period	398	73

SCHEDULE OF INVESTMENT PORTFOLIO

(All amounts in thousands of Canadian dollars, unless otherwise noted)

As at December 31, 2017	Number of Units	Cost* ($)	Fair Value ($)
HOLDINGS IN INVESTMENT FUND			
Global Equity Fund — 98.3%			
BMO Equity Growth ETF Portfolio, Series I	730,470	9,969	10,542
Total Investment Portfolio — 98.3%		**9,969**	**10,542**
Other Assets Less Liabilities — 1.7%			187
NET ASSETS HELD FOR THE BENEFIT OF POLICYOWNERS — 100.0%			**10,729**

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

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

(All amounts in thousands of Canadian dollars)

BMO Insurance

1. The Funds

The BMO Guaranteed Investment Funds (the "Funds") are offered through a variable annuity contract issued by BMO Life Assurance Company (the "Company") under authority of the Insurance Companies Act (Canada) and are regulated by the Canadian Life and Health Insurance Association ("CLHIA"). The Company is the registered owner of the assets of the Funds for the benefit of the policyowners. The address of the Company's registered office is 60 Yonge Street, Toronto, Ontario. The Funds are not separate legal entities. The Funds were established as follows:

Fund	Date Established
BMO Money Market GIF	December 2, 2013
BMO Canadian Balanced Growth GIF	December 2, 2013
BMO Canadian Income Strategy GIF	December 2, 2013
BMO U.S. Balanced Growth GIF	December 2, 2013
BMO North American Income Strategy GIF	December 2, 2013
BMO Fixed Income ETF Portfolio GIF	June 21, 2016
BMO Income ETF Portfolio GIF	June 21, 2016
BMO Conservative ETF Portfolio GIF	June 21, 2016
BMO Balanced ETF Portfolio GIF	June 21, 2016
BMO Growth ETF Portfolio GIF	June 21, 2016
BMO Equity Growth ETF Portfolio GIF	June 21, 2016
BMO Low Volatility U.S. Equity ETF GIF	June 21, 2016
BMO Low Volatility Canadian Equity ETF GIF	June 21, 2016
BMO Monthly Income GIF	January 6, 2017

The Company is the sole issuer of the individual variable insurance contract providing for investment in each Fund.

Each Fund is established under the authority of the Insurance Companies Act. Each of the Funds invest in direct investments or in underlying exchange traded funds or mutual fund units.

The individual variable insurance contract provides guarantees, which are payable either on maturity or on death.

The information provided in these audited financial statements is as at and for the periods ended December 31, 2017 and December 31, 2016.

The financial statements were authorized for issuance by the Board of Directors of the Company on March 26, 2018.

2. Basis of preparation and presentation

These audited annual financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

3. Summary of significant accounting policies

Financial instruments

The Funds record financial instruments at fair value. Investment transactions are accounted for on the trade date. The Funds' investments are either designated at fair value through profit or loss ("FVTPL") at inception or classified as held for trading. The changes in the investment fair values and related transaction costs are recorded in the Funds' Statement of Comprehensive Income.

Financial assets or financial liabilities held for trading are those acquired or incurred principally for the purpose of selling or repurchasing in the near future, or on initial recognition, are part of a portfolio of identified financial instruments that the Funds manage together and that have a recent actual pattern of short-term profit taking. The Funds classify all derivatives as held for trading. The Funds do not designate any derivatives as hedges in a hedging relationship.

The Funds designate all investments at FVTPL, as they have reliably measurable fair values and are part of a group of financial assets or financial liabilities that are managed and have their performance evaluated on a fair value basis in accordance with the Fund's investment strategy.

The Funds' withdrawable units contain multiple contractual obligations and consequently, do not meet the conditions to be classified as equity. As a result, the Funds' obligations for net assets held for the benefit of policyowners are classified as financial liabilities and presented at the withdrawal amounts.

All other financial assets and financial liabilities are measured at amortized cost. Under this method, financial assets and financial liabilities reflect the amount required to be received or paid, discounted, when appropriate, at the contract's effective interest rate.

The Funds have determined that they meet the definition of "investment entity" and as a result, measure subsidiaries, if any, at FVTPL.

Cost of investments
The cost of investments represents the amount paid for each security and is determined on an average cost basis.

Fair value measurement
Investments are recorded at their fair value with the change between this amount and their average cost being recorded as "Change in unrealized appreciation (depreciation)" in the Statement of Comprehensive Income.

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 Company determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

For bonds, debentures, asset-backed securities and other debt securities, fair value is represented by bid prices provided by independent security pricing services. Short-term investments, if any, are fair valued, and in certain circumstances are held at amortized cost which approximates fair value.

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.

Derivatives
Derivative instruments are financial contracts that derive their value from changes in the underlying interest rates, foreign exchange rates or other financial or commodity prices or indices.

Derivative instruments are either regulated exchange traded contracts or negotiated over-the-counter contracts. The Funds may use these instruments for trading purposes, as well as to manage the Funds' risk exposures.

Derivatives are measured at fair value. Realized gains and losses are included in "Net realized gains (losses)" on the Statement of Comprehensive Income and unrealized gains and losses are included in "Change in unrealized appreciation (depreciation)" in the Statement of Comprehensive Income.

Forward currency contracts
A forward currency contract is an agreement between two parties (the Fund and the counterparty) to purchase or sell a currency against another currency at a set price on a future date. The Funds may enter into forward currency contracts for hedging purposes, which can include the economic hedging of all or a portion of the currency exposure of an investment or group of investments, either directly or indirectly.

The Funds may also enter into these contracts for non-hedging purposes, which can include increasing the exposure to a foreign currency, or the shifting of exposure to foreign currency fluctuations from one country to another. The value of forward currency contracts entered into by the Funds is recorded as the difference between the value of the contract on the Valuation Date and the value on the date the contract originated.

Income recognition
Distributions from underlying funds are recognized on the ex-distribution date.

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

Foreign currency translation
The fair value of investments and other assets and liabilities in foreign currencies are translated into the Funds' 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. Foreign exchange gains (losses) on completed transactions are included in "Net realized gain (loss)" and unrealized foreign exchange gains (losses) are included in "Change in unrealized appreciation (depreciation)" in the Statement of Comprehensive Income. Foreign exchange gains (losses) relating to cash, receivables and payables are included in "Foreign exchange gain (loss)" in the Statement of Comprehensive Income.

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

Other assets and liabilities

Distribution receivable from investment trusts, subscriptions receivable and receivable for investments purchased, are initially recorded at fair value and subsequently measured at amortized cost. Similarly, payable for investments purchased, redemptions payable and accrued expenses are measured at amortized cost. Other assets and liabilities are short-term in nature, and are carried at cost or amortized cost.

Increase or decrease in net assets held for the benefit of policyowners from operations per unit

"Increase (decrease) in net assets from operations per unit" of a class in the Statement of Comprehensive Income represents the increase (decrease) in net assets from operations attributable to the class, divided by the weighted average number of units of the class outstanding during the period.

Portfolio turnover rate

The Funds' portfolio turnover rate indicates how actively the Funds' 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.

Income taxes

The Funds are segregated funds under the provisions of the *Income Tax Act (Canada).* The Funds' net income, including net realized capital gains and losses for the calendar year, is allocated to beneficiaries so that the Funds will not be liable for income taxes. As a result, the Funds have determined that they are in substance not taxable and therefore do not record income taxes in the Statement of Comprehensive Income and/or recognize any deferred tax assets or liabilities in the Statement of Financial Position.

Investments in subsidiaries, joint ventures and associates

Subsidiaries are entities over which the Funds have control through their exposure or rights to variable returns from their investment, and have the ability to affect those returns through their power over the entity. The Funds have determined that they are an investment entity and as such, they account for subsidiaries, if any, at fair value. Joint ventures are those where the Funds exercise joint control through an agreement with other shareholders, and associates are investments in which the Funds exert significant influence over operating, investing, and financing decisions (such as entities in which the Funds own 20% – 50% of voting shares), all of which, if any, have been designated at FVTPL.

Unconsolidated structured entities

During the periods, the Funds had no sponsored unconsolidated structured entities. The Funds have determined that the underlying funds in which the Funds 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 Funds. Similarly, investments in securitizations, asset-backed securities and mortgage-backed securities are determined to be interests in unconsolidated structured entities.

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

Mortgage-related securities are created from pools of residential or commercial mortgage loans, including mortgage loans made by savings and loan institutions, mortgage bankers, commercial banks and others. Asset-backed securities are created from many types of assets, including auto loans, credit card receivables, home equity loans, and student loans.

The Funds do not provide and have not committed to providing any additional significant financial information or other support to the unconsolidated structured entities other than its investment in the unconsolidated structured entities.

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 transactions for which the Funds have legally enforceable rights to offset and intend to settle the positions on a net basis. Amounts not offset in the Statement of Financial Position relate to transactions where a master netting arrangement or similar agreement is in place with a right to offset only in the event of default, insolvency or bankruptcy, or where the Funds have no intention of settling on a net basis.

4. Units and unit transactions

The withdrawable units of the Funds are classified as financial liabilities.

The units have no par value and are entitled to allocations, if any. Upon withdrawal, a unit is entitled to a proportionate share of the Fund's NAV. The Funds allocate their net income, including net realized capital gains and capital losses, to ensure the Funds will not be liable for income taxes on capital gains, dividends and interest. The Funds have no restrictions or specific capital requirements on the subscriptions and withdrawal of units. The relevant movements in withdrawable units are shown on the Statement of Changes in Net Assets Held for the Benefit of Policyowners. In accordance with their investment objectives and strategies, and the risk management practices outlined in Note 9, the Funds endeavour to invest the subscriptions received in appropriate investments, while maintaining sufficient liquidity to meet withdrawals, with such liquidity being augmented by short-term borrowings or disposal of investments where necessary.

The NAV per unit of a class is computed by dividing the NAV of the Fund attributable to the class (that is, the total fair value of the assets attributable to the class less the liabilities attributable to the class) by the total number of units of the class of the Fund outstanding at such time.

Expenses directly attributable to a class are charged to that class. Other expenses, income, realized and unrealized gains and losses from investment transactions are allocated proportionately to each class based upon the relative NAV of each class.

75/75 Class A Units are for policyholders that are professionals and business owners seeking downside risk protection and creditor protection.

75/100 Class A Units are for policyholders that are retirees and seniors seeking estate protection or wealth transfer advantages.

100/100 Class A Units are for policyholders that are pre-retires looking for maximum protection and to lock-in market gains as they get closer to retirement.

100/100 Prestige Class Units are only available to policyowners who meet and maintain a minimum investment of $250, either individually or collectively with other policyowners who are their family members and reside at the same address.

Holding Money Market Units were designated for holding purposes. Once a month the deposits were switched to the selected funds. At the close of business on June 20, 2016, the Holding Money Market Units were terminated.

5. Accounting standards issued but not yet adopted

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments, which addresses classification and measurement, impairment and hedge accounting.

The new standard requires assets to be carried at amortized cost, FVTPL or fair value through comprehensive income based on the entity's business model for managing financial assets and the contractual cash flow characteristics of the financial asset. The classification and measurement of liabilities remains generally unchanged with the exception of liabilities recorded at FVTPL.

For these financial liabilities, fair value changes attributable to changes in the entity's own credit risk are to be presented in other comprehensive income unless they affect amounts recorded in income.

The new standard is effective for the Funds for their fiscal year beginning January 1, 2018. The Funds' financial assets and financial liabilities are managed, and the performance of the Fund is evaluated, on a fair value basis. Accordingly, the Company has reached the preliminary conclusion that Fair Value Through Profit and Loss (FVTPL) in accordance with IFRS 9 provides the most appropriate measurement and presentation of the Funds' financial assets and financial liabilities, which aligns with their current measurement and presentation, with little or no modification. Therefore, the Company does not anticipate changes from the Funds' current measurement of their financial assets and financial liabilities as FVTPL. There will be no significant impact on the Funds' financial statements.

The Company will continue to evaluate any further industry and or regulatory updates with respect to the implementation of this new standard.

6. Critical accounting judgements and estimates

The preparation of financial statements requires the use of judgement in applying the Funds' accounting policies and to make estimates and assumptions about the future. The following discusses the most significant accounting judgements and estimates that the Funds have made in preparing their financial statements:

Accounting judgements:

Functional and presentation currency

The Funds unitholders are mainly Canadian residents, with the subscriptions and redemptions of the redeemable units denominated in Canadian dollars. The Funds invest in Canadian dollar denominated securities. The performance of the Funds are measured and reported to the investors in Canadian dollars.

The Company considers the Canadian dollar as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The financial statements are presented in Canadian dollars, which is the Funds' functional and presentation currency.

Classification and measurement of financial instruments and application of fair value option

In classifying and measuring financial instruments held by the Funds, the Company is required to make significant judgements about whether or not the business of the Funds is to invest on a total return basis for the purpose of applying the fair value options for financial assets.

Accounting estimates:

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

7. Management fees and expenses

Each Fund is responsible for the payment of fees and expenses related to its operations. Such fees and expenses include management fees and other recoverable fund operating expenses paid by the Funds. Collectively, all the fees and expenses paid or payable by the Funds, including management fees and other recoverable fund operating expenses divided by the Funds' average NAV, is known as the Management Expense Ratio ("MER").

8. Related party transactions

Management fees

Each Fund pays a management fee for investment management and administration services of the Fund. The management fee varies from Fund to Fund and is calculated and accrued on a daily basis as an annual percentage of the NAV of each Fund.

The management fee of a Fund includes the management fee and expenses charged by the underlying funds. There is no duplication of management fees when the Fund invests in an underlying fund.

Administration fees

Each Fund incurs certain operating expenses that include audit and legal fees and expenses; custodian and transfer agency fees; costs attributable to the administration of the segregated funds, including the cost of the record keeping system; fund accounting and valuation costs; costs of financial reports; including information folders, required to comply with applicable regulatory requirements; filing fees, and statements and communications to policyowners. The Company pays for these expenses and in return, each Fund pays the Company an administration fee of 0.25%. The administration fee is calculated and accrued daily as an annual percentage of the average NAV of each Fund.

Insurance fees

Each Fund pays an insurance fee for the provision of insurance benefits to the Company. The insurance fee differs from Fund to Fund and is calculated and accrued daily as an annual percentage of NAV of each Fund and is included in the management expense ratio.

Brokerage commissions

The Funds may execute trades with and or through BMO Nesbitt Burns Inc., an affiliate of the Company based on established standard brokerage agreements at market prices. These fees, if any, are included in "Commissions and other portfolio transaction costs" in the Statement of Comprehensive Income.

Other related parties

The Company may, on behalf of the Funds, enter into transactions or arrangements with or involving other subsidiaries or affiliates of the Bank of Montreal, or certain other persons or companies that are related or connected to the Company. These transactions or arrangements may include transactions or arrangements with or involving subsidiaries or affiliates of the Bank of Montreal, BMO Asset Management Inc., or other investment funds offered by Bank of Montreal, and may involve the purchase or sale of portfolio securities through or from a subsidiary or affiliates of the Bank of Montreal, the purchase or sale of securities issued or guaranteed by a subsidiary or affiliates of the Bank of Montreal, entering into forward contracts with a subsidiary or affiliates of the Bank of Montreal acting as the counterparty, the purchase or redemption of units of other Bank of Montreal investment funds or the provision of services to the Company.

9. Financial instrument risk

The Funds may be exposed to a variety of financial risks that are concentrated in their investment holdings. The concentration risk table groups securities by asset type, geographic region and/or market segment. The Funds' risk management practices outline the monitoring of compliance to investment guidelines. The Company manages the potential effects of these financial risks on the Funds' performance by employing and overseeing professional and experienced portfolio advisors that regularly monitor the Funds' positions, market events and diversify investment portfolios within the constraints of the investment guidelines.

Where a Fund invests in another investment fund or investment funds, they may be indirectly exposed to the financial instrument risk 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 funds.

a) Currency risk

Currency risk is the risk that the value of financial instruments denominated in currencies, other than the functional currency of the Funds, 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 Funds' functional currency in determining fair value.

b) Interest rate risk

Interest rate risk is the risk that the fair value of the Funds' interest bearing investments will fluctuate due to changes in market interest rates. The Funds' 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.

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.

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 creditworthiness of the debt issuer. Credit risk exposure for over-the-counter derivative instruments is based on the Funds' 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.

e) Liquidity risk

The Funds' exposure to liquidity risk is concentrated in the daily cash redemptions of units. The Funds primarily invest in securities that are traded in active markets and can be readily disposed. In addition, the Funds retain sufficient cash and cash equivalent positions to maintain liquidity. The Funds 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. The proportion of illiquid securities to NAV of the Fund is monitored by the Company to ensure it does not exceed the regulatory limit and does not significantly affect the liquidity required to meet the Fund's financial obligations.

10. Fair value hierarchy

Each 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 the quoted prices in active markets for identical securities.

Level 2 securities are valued based on significant observable market inputs, such as quoted prices from similar securities and quoted prices in inactive markets or based on unobservable inputs to models.

Level 3 securities are valued based on significant unobservable inputs that reflect the Company's determination of assumptions that market participants might reasonably use in valuing the securities.

Fund and Class information

The Fund is authorized to issue an unlimited number of units in each of 75/75 Class A Units and 75/100 Class A Units, which are redeemable at the policyowners' option.

Class	Launch Date
75/75 Class A Units	June 21, 2016
75/100 Class A Units	June 21, 2016

Change in units

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

For the periods ended (in thousands of units)	December 31, 2017	December 31, 2016
75/75 Class A Units		
Units issued and outstanding, beginning of period	11	—
Issued for cash	241	11
Withdrawn during the period	(11)	—
Units issued and outstanding, end of period	241	11
75/100 Class A Units		
Units issued and outstanding, beginning of period	110	—
Issued for cash	557	111
Withdrawn during the period	(17)	(1)
Units issued and outstanding, end of period	650	110

Units held by the Company

The Company held the following units of the Fund:

As at December 31, 2016 Class	Number of Units	Value of Units ($)
75/75 Class A Units	5,000	54
75/100 Class A Units	5,000	54

There were no units held by the Company as at December 31, 2017.

Financial instrument risk

The Fund invests in the BMO Equity Growth ETF Portfolio ("underlying fund"). The investment objective of the underlying fund is to provide long-term growth by investing primarily in exchange traded funds that invest in Canadian, U.S. and international equity securities. The underlying fund may also invest in other mutual funds or invest directly in individual equity securities and cash or cash equivalents.

Financial instrument risk of the underlying fund

The Fund is indirectly exposed to currency risk, interest rate risk, other market risk and credit risk through its investment in the underlying fund to the extent the underlying fund was exposed to these risks.

Fair value hierarchy

As at December 31, 2017 Financial assets	Level 1	Level 2	Level 3	Total
Investment fund	10,542	—	—	10,542

As at December 31, 2016 Financial assets	Level 1	Level 2	Level 3	Total
Investment fund	1,236	—	—	1,236

Transfers between levels

There were no transfers between the levels during the 2017 period (2016 – $nil).

Unconsolidated structured entities

Information on the carrying amount and the size of the investments in structured entities is shown in the table below.

Carrying amount	As at December 31, 2017	As at December 31, 2016
BMO Equity Growth ETF Portfolio, Series I	10,542	1,236
Total	**10,542**	**1,236**
Percentage of structured entity held		
BMO Equity Growth ETF Portfolio, Series I	4.88%	1.54%

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

Increase or decrease in net assets held for the benefit of policyowners

The increase (decrease) in net assets held for the benefit of policyowners for the period ended December 31, 2017 is calculated as follows:

For the periods ended	December 31, 2017	December 31, 2016
75/75 Class A Units		
Increase in net assets held for the benefit of policyowners	125	4
Weighted average units outstanding during the period	129	6
Increase in net assets held for the benefit of policyowners per unit	0.97	0.73
75/100 Class A Units		
Increase in net assets held for the benefit of policyowners	485	27
Weighted average units outstanding during the period	409	31
Increase in net assets held for the benefit of policyowners per unit	1.19	0.87

Brokerage commissions

There were no brokerage commissions charged to the Fund during the periods ended December 31, 2017 and December 31, 2016.

Concentration risk

The following is a summary of the Fund's concentration risk through its investment in the underlying fund:

As at	December 31, 2017	December 31, 2016
Investment Funds		
Canadian Equity Funds	27.2%	29.7%
Emerging Markets Equity Funds	5.9%	7.5%
International Equity Funds	27.4%	26.8%
U.S. Equity Funds	36.1%	28.7%
Other Assets less Liabilities	3.4%	7.3%
	100.0%	**100.0%**

Financial assets and financial liabilities

Categories of financial assets and financial liabilities

The table below shows the categories of financial assets and financial liabilities except cash:

As at	December 31, 2017	December 31, 2016
Financial assets designated as FVTPL	10,542	1,236
Loans and receivables	74	—
Financial liabilities measured at amortized cost	285	5

Net gains and losses on financial assets and financial liabilities at fair value

For the periods ended	December 31, 2017	December 31, 2016
Net realized gains on financial assets		
Designated at FVTPL	220	23
Total net realized gains on financial assets and financial liabilities	220	23
Change in unrealized gains on financial assets		
Designated at FVTPL	559	14
Total change in net unrealized gains on financial assets and financial liabilities	559	14

Offsetting financial assets and financial liabilities

There were no amounts offset as at December 31, 2017 and December 31, 2016.

BMO Insurance

Financial Highlights (unaudited)

The following table shows selected key financial information about the Fund which is intended to help you understand the Fund's financial performance for the period indicated.

75/75 Class A Units		Years ended December 31, 2017	2016[4]
Net assets (000s)[1]	$	2,914	116
Net asset value per unit	$	12.10	10.83
Units issued and outstanding (000s)[1]		241	11
Management fees	%	1.50	1.50
Management expense ratio[2]	%	2.49	2.49
Management expense ratio before waivers	%	2.49	2.49
Portfolio turnover rate[3]	%	—	0.12

75/100 Class A Units		Years ended December 31, 2017	2016[4]
Net assets (000s)[1]	$	7,815	1,188
Net asset value per unit	$	12.03	10.81
Units issued and outstanding (000s)[1]		650	110
Management fees	%	1.50	1.50
Management expense ratio[2]	%	2.83	2.83
Management expense ratio before waivers	%	2.83	2.83
Portfolio turnover rate[3]	%	—	0.12

(1) The information is provided as at December 31 of the period shown.

(2) The management expense ratio of a particular class is calculated based on all expenses allocated to the series, as applicable, including all taxes and interest expenses but excluding brokerage commissions and other portfolio transaction costs, divided by the average daily net asset value of that series, annualized.

(3) 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 ratio and the performance of the fund. For the financial period ended December 31, 2017, no sales of portfolio securities were made in the Fund. As a result, the portfolio turnover rate for the period was zero.

(4) The information in this column is for the period beginning June 21, 2016 (the class' inception date) and ending December 31, 2016.

BMO Guaranteed Investment Funds 2017

ANNUAL FINANCIAL STATEMENTS

December 31, 2017

BMO Low Volatility U.S. Equity ETF GIF

BMO Insurance

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

As at	December 31, 2017	December 31, 2016
ASSETS		
CURRENT ASSETS		
Cash	84	110
Investments		
Non-derivative financial assets	12,198	3,471
Subscriptions receivable	51	20
Distribution receivable from investment trusts	69	16
Total assets	12,402	3,617
LIABILITIES		
CURRENT LIABILITIES		
Payable for investments purchased	23	81
Redemptions payable	1	—
Accrued expenses	72	16
Total liabilities	96	97
Net assets held for the benefit of policyowners	12,306	3,520
Net assets held for the benefit of policyowners		
75/75 Class A Units	3,677	866
75/100 Class A Units	8,629	2,654
Net assets held for the benefit of policyowners per unit		
75/75 Class A Units	$ 10.55	$ 10.27
75/100 Class A Units	$ 10.50	$ 10.25

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

For the periods ended	December 31, 2017	December 31, 2016
INCOME		
Distribution from investment trusts	372	125
Other changes in fair value of investments and derivatives		
Net realized gain	1	(0)
Change in unrealized appreciation (depreciation)	(2)	(83)
Net gain in fair value of investments and derivatives	371	42
Total income	371	42
EXPENSES		
Management fees (note 8)	116	11
Fixed administration fees (note 8)	24	2
Insurance fees (note 8)	72	7
Commissions and other portfolio transaction costs (note 8)	3	1
Total expenses	215	21
Increase in net assets held for the benefit of policyowners	156	21
Increase in net assets held for the benefit of policyowners		
75/75 Class A Units	28	4
75/100 Class A Units	128	17
Increase in net assets held for the benefit of policyowners per unit (note 3)		
75/75 Class A Units	0.11	0.09
75/100 Class A Units	0.22	0.16

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

BMO Low Volatility U.S. Equity ETF GIF

(cont'd)

BMO Insurance

STATEMENT OF CHANGES IN NET ASSETS HELD FOR THE BENEFIT OF POLICYOWNERS

(All amounts in thousands of Canadian dollars)

For the periods ended	December 31, 2017	December 31, 2016
75/75 Class A Units		
Net assets held for the benefit of policyowners at beginning of period	866	—
Increase in net assets held for the benefit of policyowners	28	4
Withdrawable unit transactions		
Proceeds from withdrawable units issued	3,337	868
Withdrawal of withdrawable units	(554)	(6)
Net increase from withdrawable unit transactions	2,783	862
Net increase in net assets held for the benefit of policyowners	2,811	866
Net assets held for the benefit of policyowners	3,677	866
75/100 Class A Units		
Net assets held for the benefit of policyowners at beginning of period	2,654	—
Increase in net assets held for the benefit of policyowners	128	17
Withdrawable unit transactions		
Proceeds from withdrawable units issued	6,933	2,654
Withdrawal of withdrawable units	(1,086)	(17)
Net increase from withdrawable unit transactions	5,847	2,637
Net increase in net assets held for the benefit of policyowners	5,975	2,654
Net assets held for the benefit of policyowners	8,629	2,654

STATEMENT OF CHANGES IN NET ASSETS HELD FOR THE BENEFIT OF POLICYOWNERS (cont'd)

(All amounts in thousands of Canadian dollars)

For the periods ended	December 31, 2017	December 31, 2016
Total Fund		
Net assets held for the benefit of policyowners at beginning of period	3,520	—
Increase in net assets held for the benefit of policyowners	156	21
Withdrawable unit transactions		
Proceeds from withdrawable units issued	10,270	3,522
Withdrawal of withdrawable units	(1,640)	(23)
Net increase from withdrawable unit transactions	8,630	3,499
Net increase in net assets held for the benefit of policyowners	8,786	3,520
Net assets held for the benefit of policyowners	12,306	3,520

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

BMO Low Volatility U.S. Equity ETF GIF

(cont'd)

STATEMENT OF CASH FLOWS

(All amounts in thousands of Canadian dollars)

For the periods ended	December 31, 2017	December 31, 2016
Cash flows from operating activities		
Increase in net assets held for the benefit of policyowners	156	21
Adjustments for:		
Net realized gain on sale of investments and derivatives	(1)	0
Change in unrealized (appreciation) depreciation of investments and derivatives	2	83
Increase in distribution receivable from investment trusts	(53)	(16)
Increase in accrued expenses	56	16
Non-cash distributions from investment trusts	(179)	(102)
Purchases of investments	(9,244)	(3,465)
Proceeds from sale and maturity of investments	637	94
Net cash from operating activities	(8,626)	(3,369)
Cash flows from financing activities		
Proceeds from issuances of withdrawable units	10,239	3,502
Amounts paid on withdrawal of withdrawable units	(1,639)	(23)
Net cash from financing activities	8,600	3,479
Net increase in cash	(26)	110
Cash at beginning of period	110	—
Cash at end of period	84	110
Supplementary Information		
Distribution received from investment trusts*	140	7

* These items are from operating activities

SCHEDULE OF INVESTMENT PORTFOLIO

(All amounts in thousands of Canadian dollars, unless otherwise noted)

As at December 31, 2017	Number of Units	Cost* ($)	Fair Value ($)
HOLDINGS IN INVESTMENT FUND			
U.S. Equity Fund — 99.1%			
BMO Low Volatility US Equity ETF	396,020	12,283	12,198
Total Investment Portfolio — 99.1%		**12,283**	**12,198**
Other Assets Less Liabilities — 0.9%			108
NET ASSETS HELD FOR THE BENEFIT OF POLICYOWNERS — 100.0%			**12,306**

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

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

(All amounts in thousands of Canadian dollars)

1. The Funds

The BMO Guaranteed Investment Funds (the "Funds") are offered through a variable annuity contract issued by BMO Life Assurance Company (the "Company") under authority of the Insurance Companies Act (Canada) and are regulated by the Canadian Life and Health Insurance Association ("CLHIA"). The Company is the registered owner of the assets of the Funds for the benefit of the policyowners. The address of the Company's registered office is 60 Yonge Street, Toronto, Ontario. The Funds are not separate legal entities. The Funds were established as follows:

Fund	Date Established
BMO Money Market GIF	December 2, 2013
BMO Canadian Balanced Growth GIF	December 2, 2013
BMO Canadian Income Strategy GIF	December 2, 2013
BMO U.S. Balanced Growth GIF	December 2, 2013
BMO North American Income Strategy GIF	December 2, 2013
BMO Fixed Income ETF Portfolio GIF	June 21, 2016
BMO Income ETF Portfolio GIF	June 21, 2016
BMO Conservative ETF Portfolio GIF	June 21, 2016
BMO Balanced ETF Portfolio GIF	June 21, 2016
BMO Growth ETF Portfolio GIF	June 21, 2016
BMO Equity Growth ETF Portfolio GIF	June 21, 2016
BMO Low Volatility U.S. Equity ETF GIF	June 21, 2016
BMO Low Volatility Canadian Equity ETF GIF	June 21, 2016
BMO Monthly Income GIF	January 6, 2017

The Company is the sole issuer of the individual variable insurance contract providing for investment in each Fund.

Each Fund is established under the authority of the Insurance Companies Act. Each of the Funds invest in direct investments or in underlying exchange traded funds or mutual fund units.

The individual variable insurance contract provides guarantees, which are payable either on maturity or on death.

The information provided in these audited financial statements is as at and for the periods ended December 31, 2017 and December 31, 2016.

The financial statements were authorized for issuance by the Board of Directors of the Company on March 26, 2018.

2. Basis of preparation and presentation

These audited annual financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

3. Summary of significant accounting policies

Financial instruments

The Funds record financial instruments at fair value. Investment transactions are accounted for on the trade date. The Funds' investments are either designated at fair value through profit or loss ("FVTPL") at inception or classified as held for trading. The changes in the investment fair values and related transaction costs are recorded in the Funds' Statement of Comprehensive Income.

Financial assets or financial liabilities held for trading are those acquired or incurred principally for the purpose of selling or repurchasing in the near future, or on initial recognition, are part of a portfolio of identified financial instruments that the Funds manage together and that have a recent actual pattern of short-term profit taking. The Funds classify all derivatives as held for trading. The Funds do not designate any derivatives as hedges in a hedging relationship.

The Funds designate all investments at FVTPL, as they have reliably measurable fair values and are part of a group of financial assets or financial liabilities that are managed and have their performance evaluated on a fair value basis in accordance with the Fund's investment strategy.

The Funds' withdrawable units contain multiple contractual obligations and consequently, do not meet the conditions to be classified as equity. As a result, the Funds' obligations for net assets held for the benefit of policyowners are classified as financial liabilities and presented at the withdrawal amounts.

All other financial assets and financial liabilities are measured at amortized cost. Under this method, financial assets and financial liabilities reflect the amount required to be received or paid, discounted, when appropriate, at the contract's effective interest rate.

The Funds have determined that they meet the definition of "investment entity" and as a result, measure subsidiaries, if any, at FVTPL.

Cost of investments

The cost of investments represents the amount paid for each security and is determined on an average cost basis.

Fair value measurement

Investments are recorded at their fair value with the change between this amount and their average cost being recorded as "Change in unrealized appreciation (depreciation)" in the Statement of Comprehensive Income.

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 Company determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

For bonds, debentures, asset-backed securities and other debt securities, fair value is represented by bid prices provided by independent security pricing services. Short-term investments, if any, are fair valued, and in certain circumstances are held at amortized cost which approximates fair value.

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.

Derivatives
Derivative instruments are financial contracts that derive their value from changes in the underlying interest rates, foreign exchange rates or other financial or commodity prices or indices.

Derivative instruments are either regulated exchange traded contracts or negotiated over-the-counter contracts. The Funds may use these instruments for trading purposes, as well as to manage the Funds' risk exposures.

Derivatives are measured at fair value. Realized gains and losses are included in "Net realized gains (losses)" on the Statement of Comprehensive Income and unrealized gains and losses are included in "Change in unrealized appreciation (depreciation)" in the Statement of Comprehensive Income.

Forward currency contracts
A forward currency contract is an agreement between two parties (the Fund and the counterparty) to purchase or sell a currency against another currency at a set price on a future date. The Funds may enter into forward currency contracts for hedging purposes, which can include the economic hedging of all or a portion of the currency exposure of an investment or group of investments, either directly or indirectly.

The Funds may also enter into these contracts for non-hedging purposes, which can include increasing the exposure to a foreign currency, or the shifting of exposure to foreign currency fluctuations from one country to another. The value of forward currency contracts entered into by the Funds is recorded as the difference between the value of the contract on the Valuation Date and the value on the date the contract originated.

Income recognition
Distributions from underlying funds are recognized on the ex-distribution date.

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

Foreign currency translation
The fair value of investments and other assets and liabilities in foreign currencies are translated into the Funds' 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. Foreign exchange gains (losses) on completed transactions are included in "Net realized gain (loss)" and unrealized foreign exchange gains (losses) are included in "Change in unrealized appreciation (depreciation)" in the Statement of Comprehensive Income. Foreign exchange gains (losses) relating to cash, receivables and payables are included in "Foreign exchange gain (loss)" in the Statement of Comprehensive Income.

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

Other assets and liabilities

Distribution receivable from investment trusts, subscriptions receivable and receivable for investments purchased, are initially recorded at fair value and subsequently measured at amortized cost. Similarly, payable for investments purchased, redemptions payable and accrued expenses are measured at amortized cost. Other assets and liabilities are short-term in nature, and are carried at cost or amortized cost.

Increase or decrease in net assets held for the benefit of policyowners from operations per unit

"Increase (decrease) in net assets from operations per unit" of a class in the Statement of Comprehensive Income represents the increase (decrease) in net assets from operations attributable to the class, divided by the weighted average number of units of the class outstanding during the period.

Portfolio turnover rate

The Funds' portfolio turnover rate indicates how actively the Funds' 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.

Income taxes

The Funds are segregated funds under the provisions of the *Income Tax Act (Canada).* The Funds' net income, including net realized capital gains and losses for the calendar year, is allocated to beneficiaries so that the Funds will not be liable for income taxes. As a result, the Funds have determined that they are in substance not taxable and therefore do not record income taxes in the Statement of Comprehensive Income and/or recognize any deferred tax assets or liabilities in the Statement of Financial Position.

Investments in subsidiaries, joint ventures and associates

Subsidiaries are entities over which the Funds have control through their exposure or rights to variable returns from their investment, and have the ability to affect those returns through their power over the entity. The Funds have determined that they are an investment entity and as such, they account for subsidiaries, if any, at fair value. Joint ventures are those where the Funds exercise joint control through an agreement with other shareholders, and associates are investments in which the Funds exert significant influence over operating, investing, and financing decisions (such as entities in which the Funds own 20% – 50% of voting shares), all of which, if any, have been designated at FVTPL.

Unconsolidated structured entities

During the periods, the Funds had no sponsored unconsolidated structured entities. The Funds have determined that the underlying funds in which the Funds 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 Funds. Similarly, investments in securitizations, asset-backed securities and mortgage-backed securities are determined to be interests in unconsolidated structured entities.

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

Mortgage-related securities are created from pools of residential or commercial mortgage loans, including mortgage loans made by savings and loan institutions, mortgage bankers, commercial banks and others. Asset-backed securities are created from many types of assets, including auto loans, credit card receivables, home equity loans, and student loans.

The Funds do not provide and have not committed to providing any additional significant financial information or other support to the unconsolidated structured entities other than its investment in the unconsolidated structured entities.

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 transactions for which the Funds have legally enforceable rights to offset and intend to settle the positions on a net basis. Amounts not offset in the Statement of Financial Position relate to transactions where a master netting arrangement or similar agreement is in place with a right to offset only in the event of default, insolvency or bankruptcy, or where the Funds have no intention of settling on a net basis.

4. Units and unit transactions

The withdrawable units of the Funds are classified as financial liabilities.

The units have no par value and are entitled to allocations, if any. Upon withdrawal, a unit is entitled to a proportionate share of the Fund's NAV. The Funds allocate their net income, including net realized capital gains and capital losses, to ensure the Funds will not be liable for income taxes on capital gains, dividends and interest. The Funds have no restrictions or specific capital requirements on the subscriptions and withdrawal of units. The relevant movements in withdrawable units are shown on the Statement of Changes in Net Assets Held for the Benefit of Policyowners. In accordance with their investment objectives and strategies, and the risk management practices outlined in Note 9, the Funds endeavour to invest the subscriptions received in appropriate investments, while maintaining sufficient liquidity to meet withdrawals, with such liquidity being augmented by short-term borrowings or disposal of investments where necessary.

The NAV per unit of a class is computed by dividing the NAV of the Fund attributable to the class (that is, the total fair value of the assets attributable to the class less the liabilities attributable to the class) by the total number of units of the class of the Fund outstanding at such time.

Expenses directly attributable to a class are charged to that class. Other expenses, income, realized and unrealized gains and losses from investment transactions are allocated proportionately to each class based upon the relative NAV of each class.

75/75 Class A Units are for policyholders that are professionals and business owners seeking downside risk protection and creditor protection.

75/100 Class A Units are for policyholders that are retirees and seniors seeking estate protection or wealth transfer advantages.

100/100 Class A Units are for policyholders that are pre-retires looking for maximum protection and to lock-in market gains as they get closer to retirement.

100/100 Prestige Class Units are only available to policyowners who meet and maintain a minimum investment of $250, either individually or collectively with other policyowners who are their family members and reside at the same address.

Holding Money Market Units were designated for holding purposes. Once a month the deposits were switched to the selected funds. At the close of business on June 20, 2016, the Holding Money Market Units were terminated.

5. Accounting standards issued but not yet adopted

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments, which addresses classification and measurement, impairment and hedge accounting.

The new standard requires assets to be carried at amortized cost, FVTPL or fair value through comprehensive income based on the entity's business model for managing financial assets and the contractual cash flow characteristics of the financial asset. The classification and measurement of liabilities remains generally unchanged with the exception of liabilities recorded at FVTPL.

For these financial liabilities, fair value changes attributable to changes in the entity's own credit risk are to be presented in other comprehensive income unless they affect amounts recorded in income.

The new standard is effective for the Funds for their fiscal year beginning January 1, 2018. The Funds' financial assets and financial liabilities are managed, and the performance of the Fund is evaluated, on a fair value basis. Accordingly, the Company has reached the preliminary conclusion that Fair Value Through Profit and Loss (FVTPL) in accordance with IFRS 9 provides the most appropriate measurement and presentation of the Funds' financial assets and financial liabilities, which aligns with their current measurement and presentation, with little or no modification. Therefore, the Company does not anticipate changes from the Funds' current measurement of their financial assets and financial liabilities as FVTPL. There will be no significant impact on the Funds' financial statements.

The Company will continue to evaluate any further industry and or regulatory updates with respect to the implementation of this new standard.

6. Critical accounting judgements and estimates

The preparation of financial statements requires the use of judgement in applying the Funds' accounting policies and to make estimates and assumptions about the future. The following discusses the most significant accounting judgements and estimates that the Funds have made in preparing their financial statements:

Accounting judgements:

Functional and presentation currency

The Funds unitholders are mainly Canadian residents, with the subscriptions and redemptions of the redeemable units denominated in Canadian dollars. The Funds invest in Canadian dollar denominated securities. The performance of the Funds are measured and reported to the investors in Canadian dollars.

The Company considers the Canadian dollar as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The financial statements are presented in Canadian dollars, which is the Funds' functional and presentation currency.

Classification and measurement of financial instruments and application of fair value option

In classifying and measuring financial instruments held by the Funds, the Company is required to make significant judgements about whether or not the business of the Funds is to invest on a total return basis for the purpose of applying the fair value options for financial assets.

Accounting estimates:

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

7. Management fees and expenses

Each Fund is responsible for the payment of fees and expenses related to its operations. Such fees and expenses include management fees and other recoverable fund operating expenses paid by the Funds. Collectively, all the fees and expenses paid or payable by the Funds, including management fees and other recoverable fund operating expenses divided by the Funds' average NAV, is known as the Management Expense Ratio ("MER").

8. Related party transactions

Management fees

Each Fund pays a management fee for investment management and administration services of the Fund. The management fee varies from Fund to Fund and is calculated and accrued on a daily basis as an annual percentage of the NAV of each Fund.

The management fee of a Fund includes the management fee and expenses charged by the underlying funds. There is no duplication of management fees when the Fund invests in an underlying fund.

Administration fees

Each Fund incurs certain operating expenses that include audit and legal fees and expenses; custodian and transfer agency fees; costs attributable to the administration of the segregated funds, including the cost of the record keeping system; fund accounting and valuation costs; costs of financial reports; including information folders, required to comply with applicable regulatory requirements; filing fees, and statements and communications to policyowners. The Company pays for these expenses and in return, each Fund pays the Company an administration fee of 0.25%. The administration fee is calculated and accrued daily as an annual percentage of the average NAV of each Fund.

Insurance fees

Each Fund pays an insurance fee for the provision of insurance benefits to the Company. The insurance fee differs from Fund to Fund and is calculated and accrued daily as an annual percentage of NAV of each Fund and is included in the management expense ratio.

Brokerage commissions

The Funds may execute trades with and or through BMO Nesbitt Burns Inc., an affiliate of the Company based on established standard brokerage agreements at market prices. These fees, if any, are included in "Commissions and other portfolio transaction costs" in the Statement of Comprehensive Income.

Other related parties

The Company may, on behalf of the Funds, enter into transactions or arrangements with or involving other subsidiaries or affiliates of the Bank of Montreal, or certain other persons or companies that are related or connected to the Company. These transactions or arrangements may include transactions or arrangements with or involving subsidiaries or affiliates of the Bank of Montreal, BMO Asset Management Inc., or other investment funds offered by Bank of Montreal, and may involve the purchase or sale of portfolio securities through or from a subsidiary or affiliates of the Bank of Montreal, the purchase or sale of securities issued or guaranteed by a subsidiary or affiliates of the Bank of Montreal, entering into forward contracts with a subsidiary or affiliates of the Bank of Montreal acting as the counterparty, the purchase or redemption of units of other Bank of Montreal investment funds or the provision of services to the Company.

9. Financial instrument risk

The Funds may be exposed to a variety of financial risks that are concentrated in their investment holdings. The concentration risk table groups securities by asset type, geographic region and/or market segment. The Funds' risk management practices outline the monitoring of compliance to investment guidelines. The Company manages the potential effects of these financial risks on the Funds' performance by employing and overseeing professional and experienced portfolio advisors that regularly monitor the Funds' positions, market events and diversify investment portfolios within the constraints of the investment guidelines.

Where a Fund invests in another investment fund or investment funds, they may be indirectly exposed to the financial instrument risk 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 funds.

a) Currency risk

Currency risk is the risk that the value of financial instruments denominated in currencies, other than the functional currency of the Funds, 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 Funds' functional currency in determining fair value.

b) Interest rate risk

Interest rate risk is the risk that the fair value of the Funds' interest bearing investments will fluctuate due to changes in market interest rates. The Funds' 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.

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.

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 creditworthiness of the debt issuer. Credit risk exposure for over-the-counter derivative instruments is based on the Funds' 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.

e) Liquidity risk

The Funds' exposure to liquidity risk is concentrated in the daily cash redemptions of units. The Funds primarily invest in securities that are traded in active markets and can be readily disposed. In addition, the Funds retain sufficient cash and cash equivalent positions to maintain liquidity. The Funds 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. The proportion of illiquid securities to NAV of the Fund is monitored by the Company to ensure it does not exceed the regulatory limit and does not significantly affect the liquidity required to meet the Fund's financial obligations.

10. Fair value hierarchy

Each 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 the quoted prices in active markets for identical securities.

Level 2 securities are valued based on significant observable market inputs, such as quoted prices from similar securities and quoted prices in inactive markets or based on unobservable inputs to models.

Level 3 securities are valued based on significant unobservable inputs that reflect the Company's determination of assumptions that market participants might reasonably use in valuing the securities.

Fund and Class information

The Fund is authorized to issue an unlimited number of units in each of 75/75 Class A Units and 75/100 Class A Units, which are redeemable at the policyowners' option.

Class	Launch Date
75/75 Class A Units	June 21, 2016
75/100 Class A Units	June 21, 2016

Change in units

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

For the periods ended (in thousands of units)	December 31, 2017	December 31, 2016
75/75 Class A Units		
Units issued and outstanding, beginning of period	84	—
Issued for cash	319	85
Withdrawn during the period	(54)	(1)
Units issued and outstanding, end of period	349	84
75/100 Class A Units		
Units issued and outstanding, beginning of period	259	—
Issued for cash	668	261
Withdrawn during the period	(105)	(2)
Units issued and outstanding, end of period	822	259

Units held by the Company

The Company held the following units of the Fund:

As at December 31, 2016 Class	Number of Units	Value of Units ($)
75/75 Class A Units	5,000	51
75/100 Class A Units	5,000	51

There were no units held by the Company as at December 31, 2017.

Financial instrument risk

The Fund invests in the BMO Low Volatility US Equity ETF ("underlying fund"). The investment objective of the underlying fund is to provide exposure to the performance of a portfolio of U.S. securities with the potential for long-term capital growth. Securities will be selected from the largest capitalization U.S. equity universe. The securities that have the lowest sensitivity to market movements (beta) will be selected for the portfolio and they will be weighted so that a higher allocation is given to securities with lower betas.

Financial instrument risk of the underlying fund

The Fund is indirectly exposed to currency risk, interest rate risk, other market risk and credit risk through its investment in the underlying fund to the extent the underlying fund was exposed to these risks.

Fair value hierarchy

As at December 31, 2017 Financial assets	Level 1	Level 2	Level 3	Total
Investment fund	12,198	—	—	12,198

As at December 31, 2016 Financial assets	Level 1	Level 2	Level 3	Total
Investment fund	3,471	—	—	3,471

Transfers between levels

There were no transfers between the levels during the 2017 period (2016 – $nil).

Unconsolidated structured entities

Information on the carrying amount and the size of the investments in structured entities is shown in the table below.

Carrying amount	As at December 31, 2017	As at December 31, 2016
BMO Low Volatility US Equity ETF	12,198	3,471
Total	**12,198**	**3,471**
Percentage of structured entity held		
BMO Low Volatility US Equity ETF	1.54%	0.42%

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

Increase or decrease in net assets held for the benefit of policyowners

The increase (decrease) in net assets held for the benefit of policyowners for the periods ended December 31, 2017 and December 31, 2016 is calculated as follows:

For the periods ended	December 31, 2017	December 31, 2016
75/75 Class A Units		
Increase in net assets held for the benefit of policyowners	28	4
Weighted average units outstanding during the period	249	37
Increase in net assets held for the benefit of policyowners per unit	0.11	0.09
75/100 Class A Units		
Increase in net assets held for the benefit of policyowners	128	17
Weighted average units outstanding during the period	580	104
Increase in net assets held for the benefit of policyowners per unit	0.22	0.16

Brokerage commissions

For the periods ended	December 31, 2017	December 31, 2016
Total brokerage amounts paid	3	1
Total brokerage amounts paid to related parties	0	0

The Company may select brokers who charge a commission in "soft dollars" if they determine in good faith that the commission is reasonable in relation to the order execution and research services utilized. There were no ascertainable soft dollars paid or payable to dealers by the Fund during the periods.

Concentration risk

The following is a summary of the Fund's concentration risk through its investment in the underlying fund:

As at	December 31, 2017	December 31, 2016
Equities		
Consumer Discretionary	13.3%	11.6%
Consumer Staples	17.4%	20.3%
Financials	8.1%	2.6%
Health Care	16.1%	16.6%
Industrials	8.2%	9.4%
Information Technology	1.2%	2.5%
Materials	2.7%	1.4%
Real Estate	7.8%	8.8%
Telecommunication Services	1.4%	4.5%
Utilities	21.9%	20.7%
Other Assets less Liabilities	1.9%	1.6%
	100.0%	**100.0%**

Financial assets and financial liabilities

Categories of financial assets and financial liabilities

The table below shows the categories of financial assets and financial liabilities except cash:

As at	December 31, 2017	December 31, 2016
Financial assets designated as FVTPL	12,198	3,471
Loans and receivables	120	36
Financial liabilities measured at amortized cost	96	97

Net gains and losses on financial assets and financial liabilities at fair value

For the periods ended	December 31, 2017	December 31, 2016
Net realized gains on financial assets		
Designated at FVTPL	373	125
Total net realized gains on financial assets and financial liabilities	373	125
Change in unrealized losses on financial assets		
Designated at FVTPL	(2)	(83)
Total change in unrealized losses on financial assets and financial liabilities	(2)	(83)

Offsetting financial assets and financial liabilities

There were no amounts offset as at December 31, 2017 and December 31, 2016.

BMO Low Volatility U.S. Equity ETF GIF

Supplementary Information

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

December 31, 2017

BMO Insurance

Financial Highlights (unaudited)

The following table shows selected key financial information about the Fund which is intended to help you understand the Fund's financial performance for the periods indicated.

75/75 Class A Units		Years ended December 31, 2017	2016[4]
Net assets (000s)[1]	$	3,677	866
Net asset value per unit	$	10.55	10.27
Units issued and outstanding (000s)[1]		349	84
Management fees	%	1.50	1.50
Management expense ratio[2]	%	2.57	2.57
Management expense ratio before waivers	%	2.57	2.57
Portfolio turnover rate[3]	%	7.57	5.93

75/100 Class A Units		Years ended December 31, 2017	2016[4]
Net assets (000s)[1]	$	8,629	2,654
Net asset value per unit	$	10.50	10.25
Units issued and outstanding (000s)[1]		822	259
Management fees	%	1.50	1.50
Management expense ratio[2]	%	2.91	2.92
Management expense ratio before waivers	%	2.91	2.92
Portfolio turnover rate[3]	%	7.57	5.93

(1) The information is provided as at December 31 of the period shown.

(2) The management expense ratio of a particular class is calculated based on all expenses allocated to the series, as applicable, including all taxes and interest expenses but excluding brokerage commissions and other portfolio transaction costs, divided by the average daily net asset value of that series, annualized.

(3) 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 the fund.

(4) The information in this column is for the period beginning June 21, 2016 (the class' inception date) and ending December 31, 2016.

BMO Guaranteed Investment Funds 2017

ANNUAL FINANCIAL STATEMENTS

December 31, 2017

BMO Low Volatility Canadian Equity ETF GIF

BMO Insurance

STATEMENT OF FINANCIAL POSITION

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

As at	December 31, 2017	December 31, 2016
ASSETS		
CURRENT ASSETS		
Cash	110	113
Investments		
Non-derivative financial assets	13,229	3,190
Subscriptions receivable	145	0
Distribution receivable from investment trusts	86	19
Total assets	13,570	3,322
LIABILITIES		
CURRENT LIABILITIES		
Payable for investments purchased	43	88
Redemptions payable	1	—
Accrued expenses	77	14
Total liabilities	121	102
Net assets held for the benefit of policyowners	13,449	3,220
Net assets held for the benefit of policyowners		
75/75 Class A Units	4,184	772
75/100 Class A Units	9,265	2,448
Net assets held for the benefit of policyowners per unit		
75/75 Class A Units	$ 11.22	$ 10.34
75/100 Class A Units	$ 11.15	$ 10.32

STATEMENT OF COMPREHENSIVE INCOME

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

For the periods ended	December 31, 2017	December 31, 2016
INCOME		
Distribution from investment trusts	465	27
Other changes in fair value of investments and derivatives		
Net realized gain (loss)	17	(0)
Change in unrealized appreciation (depreciation)	338	(2)
Net gain in fair value of investments and derivatives	820	25
Total income	820	25
EXPENSES		
Management fees (note 8)	117	10
Fixed administration fees (note 8)	24	2
Insurance fees (note 8)	72	7
Commissions and other portfolio transaction costs (note 8)	3	1
Total expenses	216	20
Increase in net assets held for the benefit of policyowners	604	5
Increase in net assets held for the benefit of policyowners		
75/75 Class A Units	176	2
75/100 Class A Units	428	3
Increase in net assets held for the benefit of policyowners per unit (note 3)		
75/75 Class A Units	0.77	0.07
75/100 Class A Units	0.75	0.03

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

STATEMENT OF CHANGES IN NET ASSETS HELD FOR THE BENEFIT OF POLICYOWNERS

(All amounts in thousands of Canadian dollars)

For the periods ended	December 31, 2017	December 31, 2016
75/75 Class A Units		
Net assets held for the benefit of policyowners at beginning of period	772	—
Increase in net assets held for the benefit of policyowners	176	2
Withdrawable unit transactions		
Proceeds from withdrawable units issued	3,396	775
Withdrawal of withdrawable units	(160)	(5)
Net increase from withdrawable unit transactions	3,236	770
Net increase in net assets held for the benefit of policyowners	3,412	772
Net assets held for the benefit of policyowners	4,184	772
75/100 Class A Units		
Net assets held for the benefit of policyowners at beginning of period	2,448	—
Increase in net assets held for the benefit of policyowners	428	3
Withdrawable unit transactions		
Proceeds from withdrawable units issued	7,453	2,461
Withdrawal of withdrawable units	(1,064)	(16)
Net increase from withdrawable unit transactions	6,389	2,445
Net increase in net assets held for the benefit of policyowners	6,817	2,448
Net assets held for the benefit of policyowners	9,265	2,448

STATEMENT OF CHANGES IN NET ASSETS HELD FOR THE BENEFIT OF POLICYOWNERS (cont'd)

(All amounts in thousands of Canadian dollars)

For the periods ended	December 31, 2017	December 31, 2016
Total Fund		
Net assets held for the benefit of policyowners at beginning of period	3,220	—
Increase in net assets held for the benefit of policyowners	604	5
Withdrawable unit transactions		
Proceeds from withdrawable units issued	10,849	3,236
Withdrawal of withdrawable units	(1,224)	(21)
Net increase from withdrawable unit transactions	9,625	3,215
Net increase in net assets held for the benefit of policyowners	10,229	3,220
Net assets held for the benefit of policyowners	13,449	3,220

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

STATEMENT OF CASH FLOWS
(All amounts in thousands of Canadian dollars)

For the periods ended	**December 31, 2017**	**December 31, 2016**
Cash flows from operating activities		
Increase in net assets held for the benefit of policyowners	604	5
Adjustments for:		
Net realized (gain) loss on sale of investments and derivatives	(17)	0
Change in unrealized (appreciation) depreciation of investments and derivatives	(338)	2
Increase in distribution receivable from investment trusts	(67)	(19)
Increase in accrued expenses	63	14
Purchases of investments	(10,127)	(3,204)
Proceeds from sale and maturity of investments	398	100
Net cash from operating activities	(9,484)	(3,102)
Cash flows from financing activities		
Proceeds from issuances of withdrawable units	10,704	3,236
Amounts paid on withdrawal of withdrawable units	(1,223)	(21)
Net cash from financing activities	9,481	3,215
Net (decrease) increase in cash	(3)	113
Cash at beginning of period	113	—
Cash at end of period	110	113
Supplementary Information		
Distribution received from investment trusts*	398	8

* These items are from operating activities

SCHEDULE OF INVESTMENT PORTFOLIO
(All amounts in thousands of Canadian dollars, unless otherwise noted)

As at December 31, 2017	**Number of Units**	**Cost* ($)**	**Fair Value ($)**
HOLDINGS IN INVESTMENT FUND			
Canadian Equity Fund — 98.4%			
BMO Low Volatility Canadian Equity ETF	432,105	12,893	13,229
Total Investment Portfolio — 98.4%		**12,893**	**13,229**
Other Assets Less Liabilities — 1.6%			220
NET ASSETS HELD FOR THE BENEFIT OF POLICYOWNERS — 100.0%			**13,449**

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

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

(All amounts in thousands of Canadian dollars)

1. The Funds

The BMO Guaranteed Investment Funds (the "Funds") are offered through a variable annuity contract issued by BMO Life Assurance Company (the "Company") under authority of the Insurance Companies Act (Canada) and are regulated by the Canadian Life and Health Insurance Association ("CLHIA"). The Company is the registered owner of the assets of the Funds for the benefit of the policyowners. The address of the Company's registered office is 60 Yonge Street, Toronto, Ontario. The Funds are not separate legal entities. The Funds were established as follows:

Fund	Date Established
BMO Money Market GIF	December 2, 2013
BMO Canadian Balanced Growth GIF	December 2, 2013
BMO Canadian Income Strategy GIF	December 2, 2013
BMO U.S. Balanced Growth GIF	December 2, 2013
BMO North American Income Strategy GIF	December 2, 2013
BMO Fixed Income ETF Portfolio GIF	June 21, 2016
BMO Income ETF Portfolio GIF	June 21, 2016
BMO Conservative ETF Portfolio GIF	June 21, 2016
BMO Balanced ETF Portfolio GIF	June 21, 2016
BMO Growth ETF Portfolio GIF	June 21, 2016
BMO Equity Growth ETF Portfolio GIF	June 21, 2016
BMO Low Volatility U.S. Equity ETF GIF	June 21, 2016
BMO Low Volatility Canadian Equity ETF GIF	June 21, 2016
BMO Monthly Income GIF	January 6, 2017

The Company is the sole issuer of the individual variable insurance contract providing for investment in each Fund.

Each Fund is established under the authority of the Insurance Companies Act. Each of the Funds invest in direct investments or in underlying exchange traded funds or mutual fund units.

The individual variable insurance contract provides guarantees, which are payable either on maturity or on death.

The information provided in these audited financial statements is as at and for the periods ended December 31, 2017 and December 31, 2016.

The financial statements were authorized for issuance by the Board of Directors of the Company on March 26, 2018.

2. Basis of preparation and presentation

These audited annual financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

3. Summary of significant accounting policies

Financial instruments

The Funds record financial instruments at fair value. Investment transactions are accounted for on the trade date. The Funds' investments are either designated at fair value through profit or loss ("FVTPL") at inception or classified as held for trading. The changes in the investment fair values and related transaction costs are recorded in the Funds' Statement of Comprehensive Income.

Financial assets or financial liabilities held for trading are those acquired or incurred principally for the purpose of selling or repurchasing in the near future, or on initial recognition, are part of a portfolio of identified financial instruments that the Funds manage together and that have a recent actual pattern of short-term profit taking. The Funds classify all derivatives as held for trading. The Funds do not designate any derivatives as hedges in a hedging relationship.

The Funds designate all investments at FVTPL, as they have reliably measurable fair values and are part of a group of financial assets or financial liabilities that are managed and have their performance evaluated on a fair value basis in accordance with the Fund's investment strategy.

The Funds' withdrawable units contain multiple contractual obligations and consequently, do not meet the conditions to be classified as equity. As a result, the Funds' obligations for net assets held for the benefit of policyowners are classified as financial liabilities and presented at the withdrawal amounts.

All other financial assets and financial liabilities are measured at amortized cost. Under this method, financial assets and financial liabilities reflect the amount required to be received or paid, discounted, when appropriate, at the contract's effective interest rate.

The Funds have determined that they meet the definition of "investment entity" and as a result, measure subsidiaries, if any, at FVTPL.

Cost of investments
The cost of investments represents the amount paid for each security and is determined on an average cost basis.

Fair value measurement
Investments are recorded at their fair value with the change between this amount and their average cost being recorded as "Change in unrealized appreciation (depreciation)" in the Statement of Comprehensive Income.

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 Company determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

For bonds, debentures, asset-backed securities and other debt securities, fair value is represented by bid prices provided by independent security pricing services. Short-term investments, if any, are fair valued, and in certain circumstances are held at amortized cost which approximates fair value.

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.

Derivatives
Derivative instruments are financial contracts that derive their value from changes in the underlying interest rates, foreign exchange rates or other financial or commodity prices or indices.

Derivative instruments are either regulated exchange traded contracts or negotiated over-the-counter contracts. The Funds may use these instruments for trading purposes, as well as to manage the Funds' risk exposures.

Derivatives are measured at fair value. Realized gains and losses are included in "Net realized gains (losses)" on the Statement of Comprehensive Income and unrealized gains and losses are included in "Change in unrealized appreciation (depreciation)" in the Statement of Comprehensive Income.

Forward currency contracts
A forward currency contract is an agreement between two parties (the Fund and the counterparty) to purchase or sell a currency against another currency at a set price on a future date. The Funds may enter into forward currency contracts for hedging purposes, which can include the economic hedging of all or a portion of the currency exposure of an investment or group of investments, either directly or indirectly.

The Funds may also enter into these contracts for non-hedging purposes, which can include increasing the exposure to a foreign currency, or the shifting of exposure to foreign currency fluctuations from one country to another. The value of forward currency contracts entered into by the Funds is recorded as the difference between the value of the contract on the Valuation Date and the value on the date the contract originated.

Income recognition
Distributions from underlying funds are recognized on the ex-distribution date.

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

Foreign currency translation
The fair value of investments and other assets and liabilities in foreign currencies are translated into the Funds' 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. Foreign exchange gains (losses) on completed transactions are included in "Net realized gain (loss)" and unrealized foreign exchange gains (losses) are included in "Change in unrealized appreciation (depreciation)" in the Statement of Comprehensive Income. Foreign exchange gains (losses) relating to cash, receivables and payables are included in "Foreign exchange gain (loss)" in the Statement of Comprehensive Income.

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

Other assets and liabilities

Distribution receivable from investment trusts, subscriptions receivable and receivable for investments purchased, are initially recorded at fair value and subsequently measured at amortized cost. Similarly, payable for investments purchased, redemptions payable and accrued expenses are measured at amortized cost. Other assets and liabilities are short-term in nature, and are carried at cost or amortized cost.

Increase or decrease in net assets held for the benefit of policyowners from operations per unit

"Increase (decrease) in net assets from operations per unit" of a class in the Statement of Comprehensive Income represents the increase (decrease) in net assets from operations attributable to the class, divided by the weighted average number of units of the class outstanding during the period.

Portfolio turnover rate

The Funds' portfolio turnover rate indicates how actively the Funds' 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.

Income taxes

The Funds are segregated funds under the provisions of the *Income Tax Act (Canada).* The Funds' net income, including net realized capital gains and losses for the calendar year, is allocated to beneficiaries so that the Funds will not be liable for income taxes. As a result, the Funds have determined that they are in substance not taxable and therefore do not record income taxes in the Statement of Comprehensive Income and/or recognize any deferred tax assets or liabilities in the Statement of Financial Position.

Investments in subsidiaries, joint ventures and associates

Subsidiaries are entities over which the Funds have control through their exposure or rights to variable returns from their investment, and have the ability to affect those returns through their power over the entity. The Funds have determined that they are an investment entity and as such, they account for subsidiaries, if any, at fair value. Joint ventures are those where the Funds exercise joint control through an agreement with other shareholders, and associates are investments in which the Funds exert significant influence over operating, investing, and financing decisions (such as entities in which the Funds own 20% – 50% of voting shares), all of which, if any, have been designated at FVTPL.

Unconsolidated structured entities

During the periods, the Funds had no sponsored unconsolidated structured entities. The Funds have determined that the underlying funds in which the Funds 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 Funds. Similarly, investments in securitizations, asset-backed securities and mortgage-backed securities are determined to be interests in unconsolidated structured entities.

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

Mortgage-related securities are created from pools of residential or commercial mortgage loans, including mortgage loans made by savings and loan institutions, mortgage bankers, commercial banks and others. Asset-backed securities are created from many types of assets, including auto loans, credit card receivables, home equity loans, and student loans.

The Funds do not provide and have not committed to providing any additional significant financial information or other support to the unconsolidated structured entities other than its investment in the unconsolidated structured entities.

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 transactions for which the Funds have legally enforceable rights to offset and intend to settle the positions on a net basis. Amounts not offset in the Statement of Financial Position relate to transactions where a master netting arrangement or similar agreement is in place with a right to offset only in the event of default, insolvency or bankruptcy, or where the Funds have no intention of settling on a net basis.

4. Units and unit transactions

The withdrawable units of the Funds are classified as financial liabilities.

The units have no par value and are entitled to allocations, if any. Upon withdrawal, a unit is entitled to a proportionate share of the Fund's NAV. The Funds allocate their net income, including net realized capital gains and capital losses, to ensure the Funds will not be liable for income taxes on capital gains, dividends and interest. The Funds have no restrictions or specific capital requirements on the subscriptions and withdrawal of units. The relevant movements in withdrawable units are shown on the Statement of Changes in Net Assets Held for the Benefit of Policyowners. In accordance with their investment objectives and strategies, and the risk management practices outlined in Note 9, the Funds endeavour to invest the subscriptions received in appropriate investments, while maintaining sufficient liquidity to meet withdrawals, with such liquidity being augmented by short-term borrowings or disposal of investments where necessary.

The NAV per unit of a class is computed by dividing the NAV of the Fund attributable to the class (that is, the total fair value of the assets attributable to the class less the liabilities attributable to the class) by the total number of units of the class of the Fund outstanding at such time.

Expenses directly attributable to a class are charged to that class. Other expenses, income, realized and unrealized gains and losses from investment transactions are allocated proportionately to each class based upon the relative NAV of each class.

75/75 Class A Units are for policyholders that are professionals and business owners seeking downside risk protection and creditor protection.

75/100 Class A Units are for policyholders that are retirees and seniors seeking estate protection or wealth transfer advantages.

100/100 Class A Units are for policyholders that are pre-retires looking for maximum protection and to lock-in market gains as they get closer to retirement.

100/100 Prestige Class Units are only available to policyowners who meet and maintain a minimum investment of $250, either individually or collectively with other policyowners who are their family members and reside at the same address.

Holding Money Market Units were designated for holding purposes. Once a month the deposits were switched to the selected funds. At the close of business on June 20, 2016, the Holding Money Market Units were terminated.

5. Accounting standards issued but not yet adopted

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments, which addresses classification and measurement, impairment and hedge accounting.

The new standard requires assets to be carried at amortized cost, FVTPL or fair value through comprehensive income based on the entity's business model for managing financial assets and the contractual cash flow characteristics of the financial asset. The classification and measurement of liabilities remains generally unchanged with the exception of liabilities recorded at FVTPL.

For these financial liabilities, fair value changes attributable to changes in the entity's own credit risk are to be presented in other comprehensive income unless they affect amounts recorded in income.

The new standard is effective for the Funds for their fiscal year beginning January 1, 2018. The Funds' financial assets and financial liabilities are managed, and the performance of the Fund is evaluated, on a fair value basis. Accordingly, the Company has reached the preliminary conclusion that Fair Value Through Profit and Loss (FVTPL) in accordance with IFRS 9 provides the most appropriate measurement and presentation of the Funds' financial assets and financial liabilities, which aligns with their current measurement and presentation, with little or no modification. Therefore, the Company does not anticipate changes from the Funds' current measurement of their financial assets and financial liabilities as FVTPL. There will be no significant impact on the Funds' financial statements.

The Company will continue to evaluate any further industry and or regulatory updates with respect to the implementation of this new standard.

6. Critical accounting judgements and estimates

The preparation of financial statements requires the use of judgement in applying the Funds' accounting policies and to make estimates and assumptions about the future. The following discusses the most significant accounting judgements and estimates that the Funds have made in preparing their financial statements:

Accounting judgements:

Functional and presentation currency

The Funds unitholders are mainly Canadian residents, with the subscriptions and redemptions of the redeemable units denominated in Canadian dollars. The Funds invest in Canadian dollar denominated securities. The performance of the Funds are measured and reported to the investors in Canadian dollars.

The Company considers the Canadian dollar as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The financial statements are presented in Canadian dollars, which is the Funds' functional and presentation currency.

Classification and measurement of financial instruments and application of fair value option

In classifying and measuring financial instruments held by the Funds, the Company is required to make significant judgements about whether or not the business of the Funds is to invest on a total return basis for the purpose of applying the fair value options for financial assets.

Accounting estimates:

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

7. Management fees and expenses

Each Fund is responsible for the payment of fees and expenses related to its operations. Such fees and expenses include management fees and other recoverable fund operating expenses paid by the Funds. Collectively, all the fees and expenses paid or payable by the Funds, including management fees and other recoverable fund operating expenses divided by the Funds' average NAV, is known as the Management Expense Ratio ("MER").

8. Related party transactions

Management fees

Each Fund pays a management fee for investment management and administration services of the Fund. The management fee varies from Fund to Fund and is calculated and accrued on a daily basis as an annual percentage of the NAV of each Fund.

The management fee of a Fund includes the management fee and expenses charged by the underlying funds. There is no duplication of management fees when the Fund invests in an underlying fund.

Administration fees

Each Fund incurs certain operating expenses that include audit and legal fees and expenses; custodian and transfer agency fees; costs attributable to the administration of the segregated funds, including the cost of the record keeping system; fund accounting and valuation costs; costs of financial reports; including information folders, required to comply with applicable regulatory requirements; filing fees, and statements and communications to policyowners. The Company pays for these expenses and in return, each Fund pays the Company an administration fee of 0.25%. The administration fee is calculated and accrued daily as an annual percentage of the average NAV of each Fund.

Insurance fees

Each Fund pays an insurance fee for the provision of insurance benefits to the Company. The insurance fee differs from Fund to Fund and is calculated and accrued daily as an annual percentage of NAV of each Fund and is included in the management expense ratio.

Brokerage commissions

The Funds may execute trades with and or through BMO Nesbitt Burns Inc., an affiliate of the Company based on established standard brokerage agreements at market prices. These fees, if any, are included in "Commissions and other portfolio transaction costs" in the Statement of Comprehensive Income.

Other related parties

The Company may, on behalf of the Funds, enter into transactions or arrangements with or involving other subsidiaries or affiliates of the Bank of Montreal, or certain other persons or companies that are related or connected to the Company. These transactions or arrangements may include transactions or arrangements with or involving subsidiaries or affiliates of the Bank of Montreal, BMO Asset Management Inc., or other investment funds offered by Bank of Montreal, and may involve the purchase or sale of portfolio securities through or from a subsidiary or affiliates of the Bank of Montreal, the purchase or sale of securities issued or guaranteed by a subsidiary or affiliates of the Bank of Montreal, entering into forward contracts with a subsidiary or affiliates of the Bank of Montreal acting as the counterparty, the purchase or redemption of units of other Bank of Montreal investment funds or the provision of services to the Company.

9. Financial instrument risk

The Funds may be exposed to a variety of financial risks that are concentrated in their investment holdings. The concentration risk table groups securities by asset type, geographic region and/or market segment. The Funds' risk management practices outline the monitoring of compliance to investment guidelines. The Company manages the potential effects of these financial risks on the Funds' performance by employing and overseeing professional and experienced portfolio advisors that regularly monitor the Funds' positions, market events and diversify investment portfolios within the constraints of the investment guidelines.

Where a Fund invests in another investment fund or investment funds, they may be indirectly exposed to the financial instrument risk 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 funds.

a) Currency risk

Currency risk is the risk that the value of financial instruments denominated in currencies, other than the functional currency of the Funds, 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 Funds' functional currency in determining fair value.

b) Interest rate risk

Interest rate risk is the risk that the fair value of the Funds' interest bearing investments will fluctuate due to changes in market interest rates. The Funds' 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.

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.

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 creditworthiness of the debt issuer. Credit risk exposure for over-the-counter derivative instruments is based on the Funds' 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.

e) Liquidity risk

The Funds' exposure to liquidity risk is concentrated in the daily cash redemptions of units. The Funds primarily invest in securities that are traded in active markets and can be readily disposed. In addition, the Funds retain sufficient cash and cash equivalent positions to maintain liquidity. The Funds 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. The proportion of illiquid securities to NAV of the Fund is monitored by the Company to ensure it does not exceed the regulatory limit and does not significantly affect the liquidity required to meet the Fund's financial obligations.

10. Fair value hierarchy

Each 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 the quoted prices in active markets for identical securities.

Level 2 securities are valued based on significant observable market inputs, such as quoted prices from similar securities and quoted prices in inactive markets or based on unobservable inputs to models.

Level 3 securities are valued based on significant unobservable inputs that reflect the Company's determination of assumptions that market participants might reasonably use in valuing the securities.

Fund and Class information

The Fund is authorized to issue an unlimited number of units in each of 75/75 Class A Units and 75/100 Class A Units, which are redeemable at the policyowners' option.

Class	Launch Date
75/75 Class A Units	June 21, 2016
75/100 Class A Units	June 21, 2016

Change in units

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

For the periods ended (in thousands of units)	December 31, 2017	December 31, 2016
75/75 Class A Units		
Units issued and outstanding, beginning of period	75	—
Issued for cash	313	75
Withdrawn during the period	(15)	(0)
Units issued and outstanding, end of period	373	75
75/100 Class A Units		
Units issued and outstanding, beginning of period	237	—
Issued for cash	692	239
Withdrawn during the period	(98)	(2)
Units issued and outstanding, end of period	831	237

Units held by the Company

The Company held the following units of the Fund:

As at December 31, 2016 Class	Number of Units	Value of Units ($)
75/75 Class A Units	5,000	52
75/100 Class A Units	5,000	52

There were no units held by the Company as at December 31, 2017.

Financial instrument risk

The Fund invests in the BMO Low Volatility Canadian Equity ETF ("underlying fund"). The investment objective of the underlying fund is to provide exposure to the performance of a portfolio of Canadian equities with the potential for long-term capital growth. Securities will be selected from the largest and most liquid securities in Canada. The securities that have the lowest sensitivity to market movement (beta) will be selected for the portfolio and it will be weighted so that a higher allocation is given to securities with lower one year beta, although any investment in a single issuer will be made only in accordance with applicable Canadian security legislation.

Financial instrument risk of the underlying fund

The Fund is indirectly exposed to currency risk, interest rate risk, other market risk and credit risk through its investment in the underlying fund to the extent the underlying fund was exposed to these risks.

Fair value hierarchy

As at December 31, 2017 Financial assets	Level 1	Level 2	Level 3	Total
Investment fund	13,229	—	—	13,229

As at December 31, 2016 Financial assets	Level 1	Level 2	Level 3	Total
Investment fund	3,190	—	—	3,190

Transfers between levels

There were no transfers between the levels during the 2017 period (2016 – $nil).

Unconsolidated structured entities

Information on the carrying amount and the size of the investments in structured entities is shown in the table below.

Carrying amount	As at December 31, 2017	As at December 31, 2016
BMO Low Volatility Canadian Equity ETF	13,229	3,190
Total	**13,229**	**3,190**
Carrying amount as a % of the underlying fund's Net Assets		
BMO Low Volatility Canadian Equity ETF	1.13%	0.25%

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

Increase or decrease in net assets held for the benefit of policyowners

The increase (decrease) in net assets held for the benefit of policyowners for the periods ended December 31, 2017 and December 31, 2016 is calculated as follows:

For the periods ended	December 31, 2017	December 31, 2016
75/75 Class A Units		
Increase in net assets held for the benefit of policyowners	176	2
Weighted average units outstanding during the period	228	34
Increase in net assets held for the benefit of policyowners per unit	0.77	0.07
75/100 Class A Units		
Increase in net assets held for the benefit of policyowners	428	3
Weighted average units outstanding during the period	571	101
Increase in net assets held for the benefit of policyowners per unit	0.75	0.03

Brokerage commissions

For the periods ended	December 31, 2017	December 31, 2016
Total brokerage amounts paid	3	1
Total brokerage amounts paid to related parties	0	0

The Company may select brokers who charge a commission in "soft dollars" if they determine in good faith that the commission is reasonable in relation to the order execution and research services utilized. There were no ascertainable soft dollars paid or payable to dealers by the Fund during the periods.

Concentration risk

The following is a summary of the Fund's concentration risk through its investment in the underlying fund:

As at	December 31, 2017	December 31, 2016
Equities		
Consumer Discretionary	12.8%	9.7%
Consumer Staples	13.8%	14.4%
Energy	1.3%	3.2%
Financials	22.9%	23.0%
Industrials	6.7%	4.8%
Information Technology	5.8%	6.3%
Materials	3.8%	3.9%
Real Estate	11.4%	12.4%
Telecommunication Services	6.8%	7.7%
Utilities	13.4%	13.2%
Other Assets less Liabilities	1.3%	1.4%
	100.0%	**100.0%**

Financial assets and financial liabilities

Categories of financial assets and financial liabilities

The table below shows the categories of financial assets and financial liabilities except cash:

As at	December 31, 2017	December 31, 2016
Financial assets designated as FVTPL	13,229	3,190
Loans and receivables	231	19
Financial liabilities measured at amortized cost	121	102

Net gains and losses on financial assets and financial liabilities at fair value

For the periods ended	December 31, 2017	December 31, 2016
Net realized gains on financial assets		
Designated at FVTPL	482	27
Total net realized gains on financial assets and financial liabilities	482	27
Change in unrealized gains (losses) on financial assets		
Designated at FVTPL	338	(2)
Total change in unrealized gains (losses) on financial assets and financial liabilities	338	(2)

Offsetting financial assets and financial liabilities

There were no amounts offset as at December 31, 2017 and December 31, 2016.

BMO Low Volatility Canadian Equity ETF GIF

Supplementary Information

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

December 31, 2017

Financial Highlights (unaudited)

The following table shows selected key financial information about the Fund which is intended to help you understand the Fund's financial performance for the periods indicated.

75/75 Class A Units		Years ended December 31, 2017	2016[4]
Net assets (000s)[1]	$	4,184	772
Net asset value per unit	$	11.22	10.34
Units issued and outstanding (000s)[1]		373	75
Management fees	%	1.55	1.55
Management expense ratio[2]	%	2.57	2.57
Management expense ratio before waivers	%	2.57	2.57
Portfolio turnover rate[3]	%	7.23	6.84

75/100 Class A Units		Years ended December 31, 2017	2016[4]
Net assets (000s)[1]	$	9,265	2,448
Net asset value per unit	$	11.15	10.32
Units issued and outstanding (000s)[1]		831	237
Management fees	%	1.55	1.55
Management expense ratio[2]	%	2.97	2.97
Management expense ratio before waivers	%	2.97	2.97
Portfolio turnover rate[3]	%	7.23	6.84

(1) The information is provided as at December 31 of the period shown.

(2) The management expense ratio of a particular class is calculated based on all expenses allocated to the series, as applicable, including all taxes and interest expenses but excluding brokerage commissions and other portfolio transaction costs, divided by the average daily net asset value of that series, annualized.

(3) 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 the fund.

(4) The information in this column is for the period beginning June 21, 2016 (the class' inception date) and ending December 31, 2016.

BMO Guaranteed Investment Funds 2017

ANNUAL FINANCIAL STATEMENTS

December 31, 2017

BMO Monthly Income GIF

BMO Insurance

BMO Insurance

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

As at	December 31, 2017
ASSETS	
CURRENT ASSETS	
Cash	1,360
Investments	
Non-derivative financial assets	26,982
Subscriptions receivable	423
Total assets	28,765
LIABILITIES	
CURRENT LIABILITIES	
Payable for investments purchased	895
Redemptions payable	3
Accrued expenses	175
Total liabilities	1,073
Net assets held for the benefit of policyowners	27,692
Net assets held for the benefit of policyowners	
75/75 Class A Units	3,958
75/100 Class A Units	4,988
100/100 Class A Units	9,763
100/100 Prestige Class Units	8,983
Net assets held for the benefit of policyowners per unit	
75/75 Class A Units	$ 10.43
75/100 Class A Units	$ 10.41
100/100 Class A Units	$ 10.37
100/100 Prestige Class Units	$ 10.41

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

For the period ended	December 31, 2017
INCOME	
Interest income	0
Distribution from investment trusts	1,409
Other changes in fair value of investments and derivatives	
Net realized loss	(2)
Unrealized depreciation	(454)
Net gain in fair value of investments and derivatives	953
Total income	953
EXPENSES	
Management fees (note 8)	265
Fixed administration fees (note 8)	44
Insurance fees (note 8)	162
Interest expense	0
Total expenses	471
Increase in net assets held for the benefit of policyowners	482
Increase in net assets held for the benefit of policyowners	
75/75 Class A Units	77
75/100 Class A Units	70
100/100 Class A Units	192
100/100 Prestige Class Units	143
Increase in net assets held for the benefit of policyowners per unit (note 3)	
75/75 Class A Units	0.49
75/100 Class A Units	0.25
100/100 Class A Units	0.28
100/100 Prestige Class Units	0.30

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

STATEMENT OF CHANGES IN NET ASSETS HELD FOR THE BENEFIT OF POLICYOWNERS

(All amounts in thousands of Canadian dollars)

For the period ended	**December 31, 2017**
75/75 Class A Units	
Net assets held for the benefit of policyowners at beginning of period	—
Increase in net assets held for the benefit of policyowners	77
Withdrawable unit transactions	
Proceeds from withdrawable units issued	4,092
Withdrawal of withdrawable units	(211)
Net increase from withdrawable unit transactions	3,881
Net increase in net assets held for the benefit of policyowners	3,958
Net assets held for the benefit of policyowners	3,958
75/100 Class A Units	
Net assets held for the benefit of policyowners at beginning of period	—
Increase in net assets held for the benefit of policyowners	70
Withdrawable unit transactions	
Proceeds from withdrawable units issued	5,327
Withdrawal of withdrawable units	(409)
Net increase from withdrawable unit transactions	4,918
Net increase in net assets held for the benefit of policyowners	4,988
Net assets held for the benefit of policyowners	4,988

STATEMENT OF CHANGES IN NET ASSETS HELD FOR THE BENEFIT OF POLICYOWNERS (cont'd)

(All amounts in thousands of Canadian dollars)

For the period ended	**December 31, 2017**
100/100 Class A Units	
Net assets held for the benefit of policyowners at beginning of period	—
Increase in net assets held for the benefit of policyowners	192
Withdrawable unit transactions	
Proceeds from withdrawable units issued	13,773
Withdrawal of withdrawable units	(4,202)
Net increase from withdrawable unit transactions	9,571
Net increase in net assets held for the benefit of policyowners	9,763
Net assets held for the benefit of policyowners	9,763
100/100 Prestige Class Units	
Net assets held for the benefit of policyowners at beginning of period	—
Increase in net assets held for the benefit of policyowners	143
Withdrawable unit transactions	
Proceeds from withdrawable units issued	9,516
Withdrawal of withdrawable units	(676)
Net increase from withdrawable unit transactions	8,840
Net increase in net assets held for the benefit of policyowners	8,983
Net assets held for the benefit of policyowners	8,983

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

STATEMENT OF CHANGES IN NET ASSETS HELD FOR THE BENEFIT OF POLICYOWNERS (cont'd)

(All amounts in thousands of Canadian dollars)

For the period ended	December 31, 2017
Total Fund	
Net assets held for the benefit of policyowners at beginning of period	—
Increase in net assets held for the benefit of policyowners	482
Withdrawable unit transactions	
Proceeds from withdrawable units issued	32,708
Withdrawal of withdrawable units	(5,498)
Net increase from withdrawable unit transactions	27,210
Net increase in net assets held for the benefit of policyowners	27,692
Net assets held for the benefit of policyowners	27,692

STATEMENT OF CASH FLOWS

(All amounts in thousands of Canadian dollars)

For the period ended	December 31, 2017
Cash flows from operating activities	
Increase in net assets held for the benefit of policyowners	482
Adjustments for:	
Net realized loss on sale of investments and derivatives	2
Change in unrealized depreciation of investments and derivatives	454
Increase in accrued expenses	175
Non-cash distributions from investment trusts	(1,409)
Purchases of investments	(25,484)
Proceeds from sale and maturity of investments	350
Net cash from operating activities	(25,430)
Cash flows from financing activities	
Proceeds from issuances of withdrawable units	28,718
Amounts paid on withdrawal of withdrawable units	(1,928)
Net cash from financing activities	26,790
Net increase in cash	1,360
Cash at beginning of period	—
Cash at end of period	1,360
Supplementary Information	
Interest received, net of withholding taxes*	0
Interest expense paid*	0

*These items are from operating activities

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

SCHEDULE OF INVESTMENT PORTFOLIO

(All amounts in thousands of Canadian dollars, unless otherwise noted)

As at December 31, 2017	Number of Units	Cost* ($)	Fair Value ($)
HOLDINGS IN INVESTMENT FUND			
Canadian Balanced Fund — 97.4%			
BMO Monthly Income Fund, Series I	2,983,152	27,436	26,982
Total Investment Portfolio — 97.4%		**27,436**	**26,982**
Other Assets Less Liabilities — 2.6%			710
NET ASSETS HELD FOR THE BENEFIT OF POLICYOWNERS — 100.0%			**27,692**

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

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

(All amounts in thousands of Canadian dollars)

1. The Funds

The BMO Guaranteed Investment Funds (the "Funds") are offered through a variable annuity contract issued by BMO Life Assurance Company (the "Company") under authority of the Insurance Companies Act (Canada) and are regulated by the Canadian Life and Health Insurance Association ("CLHIA"). The Company is the registered owner of the assets of the Funds for the benefit of the policyowners. The address of the Company's registered office is 60 Yonge Street, Toronto, Ontario. The Funds are not separate legal entities. The Funds were established as follows:

Fund	Date Established
BMO Money Market GIF	December 2, 2013
BMO Canadian Balanced Growth GIF	December 2, 2013
BMO Canadian Income Strategy GIF	December 2, 2013
BMO U.S. Balanced Growth GIF	December 2, 2013
BMO North American Income Strategy GIF	December 2, 2013
BMO Fixed Income ETF Portfolio GIF	June 21, 2016
BMO Income ETF Portfolio GIF	June 21, 2016
BMO Conservative ETF Portfolio GIF	June 21, 2016
BMO Balanced ETF Portfolio GIF	June 21, 2016
BMO Growth ETF Portfolio GIF	June 21, 2016
BMO Equity Growth ETF Portfolio GIF	June 21, 2016
BMO Low Volatility U.S. Equity ETF GIF	June 21, 2016
BMO Low Volatility Canadian Equity ETF GIF	June 21, 2016
BMO Monthly Income GIF	January 6, 2017

The Company is the sole issuer of the individual variable insurance contract providing for investment in each Fund.

Each Fund is established under the authority of the Insurance Companies Act. Each of the Funds invest in direct investments or in underlying exchange traded funds or mutual fund units.

The individual variable insurance contract provides guarantees, which are payable either on maturity or on death.

The information provided in these audited financial statements is as at and for the periods ended December 31, 2017 and December 31, 2016.

The financial statements were authorized for issuance by the Board of Directors of the Company on March 26, 2018.

2. Basis of preparation and presentation

These audited annual financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

3. Summary of significant accounting policies

Financial instruments

The Funds record financial instruments at fair value. Investment transactions are accounted for on the trade date. The Funds' investments are either designated at fair value through profit or loss ("FVTPL") at inception or classified as held for trading. The changes in the investment fair values and related transaction costs are recorded in the Funds' Statement of Comprehensive Income.

Financial assets or financial liabilities held for trading are those acquired or incurred principally for the purpose of selling or repurchasing in the near future, or on initial recognition, are part of a portfolio of identified financial instruments that the Funds manage together and that have a recent actual pattern of short-term profit taking. The Funds classify all derivatives as held for trading. The Funds do not designate any derivatives as hedges in a hedging relationship.

The Funds designate all investments at FVTPL, as they have reliably measurable fair values and are part of a group of financial assets or financial liabilities that are managed and have their performance evaluated on a fair value basis in accordance with the Fund's investment strategy.

The Funds' withdrawable units contain multiple contractual obligations and consequently, do not meet the conditions to be classified as equity. As a result, the Funds' obligations for net assets held for the benefit of policyowners are classified as financial liabilities and presented at the withdrawal amounts.

All other financial assets and financial liabilities are measured at amortized cost. Under this method, financial assets and financial liabilities reflect the amount required to be received or paid, discounted, when appropriate, at the contract's effective interest rate.

The Funds have determined that they meet the definition of "investment entity" and as a result, measure subsidiaries, if any, at FVTPL.

Cost of investments
The cost of investments represents the amount paid for each security and is determined on an average cost basis.

Fair value measurement
Investments are recorded at their fair value with the change between this amount and their average cost being recorded as "Change in unrealized appreciation (depreciation)" in the Statement of Comprehensive Income.

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 Company determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

For bonds, debentures, asset-backed securities and other debt securities, fair value is represented by bid prices provided by independent security pricing services. Short-term investments, if any, are fair valued, and in certain circumstances are held at amortized cost which approximates fair value.

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.

Derivatives
Derivative instruments are financial contracts that derive their value from changes in the underlying interest rates, foreign exchange rates or other financial or commodity prices or indices.

Derivative instruments are either regulated exchange traded contracts or negotiated over-the-counter contracts. The Funds may use these instruments for trading purposes, as well as to manage the Funds' risk exposures.

Derivatives are measured at fair value. Realized gains and losses are included in "Net realized gains (losses)" on the Statement of Comprehensive Income and unrealized gains and losses are included in "Change in unrealized appreciation (depreciation)" in the Statement of Comprehensive Income.

Forward currency contracts
A forward currency contract is an agreement between two parties (the Fund and the counterparty) to purchase or sell a currency against another currency at a set price on a future date. The Funds may enter into forward currency contracts for hedging purposes, which can include the economic hedging of all or a portion of the currency exposure of an investment or group of investments, either directly or indirectly.

The Funds may also enter into these contracts for non-hedging purposes, which can include increasing the exposure to a foreign currency, or the shifting of exposure to foreign currency fluctuations from one country to another. The value of forward currency contracts entered into by the Funds is recorded as the difference between the value of the contract on the Valuation Date and the value on the date the contract originated.

Income recognition
Distributions from underlying funds are recognized on the ex-distribution date.

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

Foreign currency translation
The fair value of investments and other assets and liabilities in foreign currencies are translated into the Funds' 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. Foreign exchange gains (losses) on completed transactions are included in "Net realized gain (loss)" and unrealized foreign exchange gains (losses) are included in "Change in unrealized appreciation (depreciation)" in the Statement of Comprehensive Income. Foreign exchange gains (losses) relating to cash, receivables and payables are included in "Foreign exchange gain (loss)" in the Statement of Comprehensive Income.

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

Other assets and liabilities

Distribution receivable from investment trusts, subscriptions receivable and receivable for investments purchased, are initially recorded at fair value and subsequently measured at amortized cost. Similarly, payable for investments purchased, redemptions payable and accrued expenses are measured at amortized cost. Other assets and liabilities are short-term in nature, and are carried at cost or amortized cost.

Increase or decrease in net assets held for the benefit of policyowners from operations per unit

"Increase (decrease) in net assets from operations per unit" of a class in the Statement of Comprehensive Income represents the increase (decrease) in net assets from operations attributable to the class, divided by the weighted average number of units of the class outstanding during the period.

Portfolio turnover rate

The Funds' portfolio turnover rate indicates how actively the Funds' 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.

Income taxes

The Funds are segregated funds under the provisions of the *Income Tax Act (Canada).* The Funds' net income, including net realized capital gains and losses for the calendar year, is allocated to beneficiaries so that the Funds will not be liable for income taxes. As a result, the Funds have determined that they are in substance not taxable and therefore do not record income taxes in the Statement of Comprehensive Income and/or recognize any deferred tax assets or liabilities in the Statement of Financial Position.

Investments in subsidiaries, joint ventures and associates

Subsidiaries are entities over which the Funds have control through their exposure or rights to variable returns from their investment, and have the ability to affect those returns through their power over the entity. The Funds have determined that they are an investment entity and as such, they account for subsidiaries, if any, at fair value. Joint ventures are those where the Funds exercise joint control through an agreement with other shareholders, and associates are investments in which the Funds exert significant influence over operating, investing, and financing decisions (such as entities in which the Funds own 20% – 50% of voting shares), all of which, if any, have been designated at FVTPL.

Unconsolidated structured entities

During the periods, the Funds had no sponsored unconsolidated structured entities. The Funds have determined that the underlying funds in which the Funds 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 Funds. Similarly, investments in securitizations, asset-backed securities and mortgage-backed securities are determined to be interests in unconsolidated structured entities.

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

Mortgage-related securities are created from pools of residential or commercial mortgage loans, including mortgage loans made by savings and loan institutions, mortgage bankers, commercial banks and others. Asset-backed securities are created from many types of assets, including auto loans, credit card receivables, home equity loans, and student loans.

The Funds do not provide and have not committed to providing any additional significant financial information or other support to the unconsolidated structured entities other than its investment in the unconsolidated structured entities.

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 transactions for which the Funds have legally enforceable rights to offset and intend to settle the positions on a net basis. Amounts not offset in the Statement of Financial Position relate to transactions where a master netting arrangement or similar agreement is in place with a right to offset only in the event of default, insolvency or bankruptcy, or where the Funds have no intention of settling on a net basis.

4. Units and unit transactions

The withdrawable units of the Funds are classified as financial liabilities.

The units have no par value and are entitled to allocations, if any. Upon withdrawal, a unit is entitled to a proportionate share of the Fund's NAV. The Funds allocate their net income, including net realized capital gains and capital losses, to ensure the Funds will not be liable for income taxes on capital gains, dividends and interest. The Funds have no restrictions or specific capital requirements on the subscriptions and withdrawal of units. The relevant movements in withdrawable units are shown on the Statement of Changes in Net Assets Held for the Benefit of Policyowners. In accordance with their investment objectives and strategies, and the risk management practices outlined in Note 9, the Funds endeavour to invest the subscriptions received in appropriate investments, while maintaining sufficient liquidity to meet withdrawals, with such liquidity being augmented by short-term borrowings or disposal of investments where necessary.

The NAV per unit of a class is computed by dividing the NAV of the Fund attributable to the class (that is, the total fair value of the assets attributable to the class less the liabilities attributable to the class) by the total number of units of the class of the Fund outstanding at such time.

Expenses directly attributable to a class are charged to that class. Other expenses, income, realized and unrealized gains and losses from investment transactions are allocated proportionately to each class based upon the relative NAV of each class.

75/75 Class A Units are for policyholders that are professionals and business owners seeking downside risk protection and creditor protection.

75/100 Class A Units are for policyholders that are retirees and seniors seeking estate protection or wealth transfer advantages.

100/100 Class A Units are for policyholders that are pre-retires looking for maximum protection and to lock-in market gains as they get closer to retirement.

100/100 Prestige Class Units are only available to policyowners who meet and maintain a minimum investment of $250, either individually or collectively with other policyowners who are their family members and reside at the same address.

Holding Money Market Units were designated for holding purposes. Once a month the deposits were switched to the selected funds. At the close of business on June 20, 2016, the Holding Money Market Units were terminated.

BMO Insurance

5. Accounting standards issued but not yet adopted

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments, which addresses classification and measurement, impairment and hedge accounting.

The new standard requires assets to be carried at amortized cost, FVTPL or fair value through comprehensive income based on the entity's business model for managing financial assets and the contractual cash flow characteristics of the financial asset. The classification and measurement of liabilities remains generally unchanged with the exception of liabilities recorded at FVTPL.

For these financial liabilities, fair value changes attributable to changes in the entity's own credit risk are to be presented in other comprehensive income unless they affect amounts recorded in income.

The new standard is effective for the Funds for their fiscal year beginning January 1, 2018. The Funds' financial assets and financial liabilities are managed, and the performance of the Fund is evaluated, on a fair value basis. Accordingly, the Company has reached the preliminary conclusion that Fair Value Through Profit and Loss (FVTPL) in accordance with IFRS 9 provides the most appropriate measurement and presentation of the Funds' financial assets and financial liabilities, which aligns with their current measurement and presentation, with little or no modification. Therefore, the Company does not anticipate changes from the Funds' current measurement of their financial assets and financial liabilities as FVTPL. There will be no significant impact on the Funds' financial statements.

The Company will continue to evaluate any further industry and or regulatory updates with respect to the implementation of this new standard.

6. Critical accounting judgements and estimates

The preparation of financial statements requires the use of judgement in applying the Funds' accounting policies and to make estimates and assumptions about the future. The following discusses the most significant accounting judgements and estimates that the Funds have made in preparing their financial statements:

Accounting judgements:

Functional and presentation currency

The Funds unitholders are mainly Canadian residents, with the subscriptions and redemptions of the redeemable units denominated in Canadian dollars. The Funds invest in Canadian dollar denominated securities. The performance of the Funds are measured and reported to the investors in Canadian dollars.

The Company considers the Canadian dollar as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The financial statements are presented in Canadian dollars, which is the Funds' functional and presentation currency.

Classification and measurement of financial instruments and application of fair value option

In classifying and measuring financial instruments held by the Funds, the Company is required to make significant judgements about whether or not the business of the Funds is to invest on a total return basis for the purpose of applying the fair value options for financial assets.

Accounting estimates:

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

7. Management fees and expenses

Each Fund is responsible for the payment of fees and expenses related to its operations. Such fees and expenses include management fees and other recoverable fund operating expenses paid by the Funds. Collectively, all the fees and expenses paid or payable by the Funds, including management fees and other recoverable fund operating expenses divided by the Funds' average NAV, is known as the Management Expense Ratio ("MER").

8. Related party transactions

Management fees

Each Fund pays a management fee for investment management and administration services of the Fund. The management fee varies from Fund to Fund and is calculated and accrued on a daily basis as an annual percentage of the NAV of each Fund.

The management fee of a Fund includes the management fee and expenses charged by the underlying funds. There is no duplication of management fees when the Fund invests in an underlying fund.

Administration fees

Each Fund incurs certain operating expenses that include audit and legal fees and expenses; custodian and transfer agency fees; costs attributable to the administration of the segregated funds, including the cost of the record keeping system; fund accounting and valuation costs; costs of financial reports; including information folders, required to comply with applicable regulatory requirements; filing fees, and statements and communications to policyowners. The Company pays for these expenses and in return, each Fund pays the Company an administration fee of 0.25%. The administration fee is calculated and accrued daily as an annual percentage of the average NAV of each Fund.

Insurance fees

Each Fund pays an insurance fee for the provision of insurance benefits to the Company. The insurance fee differs from Fund to Fund and is calculated and accrued daily as an annual percentage of NAV of each Fund and is included in the management expense ratio.

Brokerage commissions

The Funds may execute trades with and or through BMO Nesbitt Burns Inc., an affiliate of the Company based on established standard brokerage agreements at market prices. These fees, if any, are included in "Commissions and other portfolio transaction costs" in the Statement of Comprehensive Income.

Other related parties

The Company may, on behalf of the Funds, enter into transactions or arrangements with or involving other subsidiaries or affiliates of the Bank of Montreal, or certain other persons or companies that are related or connected to the Company. These transactions or arrangements may include transactions or arrangements with or involving subsidiaries or affiliates of the Bank of Montreal, BMO Asset Management Inc., or other investment funds offered by Bank of Montreal, and may involve the purchase or sale of portfolio securities through or from a subsidiary or affiliates of the Bank of Montreal, the purchase or sale of securities issued or guaranteed by a subsidiary or affiliates of the Bank of Montreal, entering into forward contracts with a subsidiary or affiliates of the Bank of Montreal acting as the counterparty, the purchase or redemption of units of other Bank of Montreal investment funds or the provision of services to the Company.

9. Financial instrument risk

The Funds may be exposed to a variety of financial risks that are concentrated in their investment holdings. The concentration risk table groups securities by asset type, geographic region and/or market segment. The Funds' risk management practices outline the monitoring of compliance to investment guidelines. The Company manages the potential effects of these financial risks on the Funds' performance by employing and overseeing professional and experienced portfolio advisors that regularly monitor the Funds' positions, market events and diversify investment portfolios within the constraints of the investment guidelines.

Where a Fund invests in another investment fund or investment funds, they may be indirectly exposed to the financial instrument risk 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 funds.

a) Currency risk

Currency risk is the risk that the value of financial instruments denominated in currencies, other than the functional currency of the Funds, 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 Funds' functional currency in determining fair value.

b) Interest rate risk

Interest rate risk is the risk that the fair value of the Funds' interest bearing investments will fluctuate due to changes in market interest rates. The Funds' 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.

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.

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 creditworthiness of the debt issuer. Credit risk exposure for over-the-counter derivative instruments is based on the Funds' 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.

e) Liquidity risk

The Funds' exposure to liquidity risk is concentrated in the daily cash redemptions of units. The Funds primarily invest in securities that are traded in active markets and can be readily disposed. In addition, the Funds retain sufficient cash and cash equivalent positions to maintain liquidity. The Funds 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. The proportion of illiquid securities to NAV of the Fund is monitored by the Company to ensure it does not exceed the regulatory limit and does not significantly affect the liquidity required to meet the Fund's financial obligations.

10. Fair value hierarchy

Each 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 the quoted prices in active markets for identical securities.

Level 2 securities are valued based on significant observable market inputs, such as quoted prices from similar securities and quoted prices in inactive markets or based on unobservable inputs to models.

Level 3 securities are valued based on significant unobservable inputs that reflect the Company's determination of assumptions that market participants might reasonably use in valuing the securities.

Fund and Class information

The Fund is authorized to issue an unlimited number of units in each of 75/75 Class A Units, 75/100 Class A Units, 100/100 Class A Units and 100/100 Prestige Class Units, which are redeemable at the policyowners' option.

Class	Launch Date
75/75 Class A Units	January 6, 2017
75/100 Class A Units	January 6, 2017
100/100 Class A Units	January 6, 2017
100/100 Prestige Class Units	January 6, 2017

Change in units

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

For the period ended (in thousands of units)	December 31, 2017
75/75 Class A Units	
Units issued and outstanding, beginning of period	—
Issued for cash	399
Withdrawn during the period	(20)
Units issued and outstanding, end of period	379
75/100 Class A Units	
Units issued and outstanding, beginning of period	—
Issued for cash	519
Withdrawn during the period	(40)
Units issued and outstanding, end of period	479
100/100 Class A Units	
Units issued and outstanding, beginning of period	—
Issued for cash	1,349
Withdrawn during the period	(408)
Units issued and outstanding, end of period	941
100/100 Prestige Class Units	
Units issued and outstanding, beginning of period	—
Issued for cash	929
Withdrawn during the period	(66)
Units issued and outstanding, end of period	863

Units held by the Company

There were no units held by the Company as at December 31, 2017.

Financial instrument risk

The Fund invests in the BMO Monthly Income Fund, Series I ("underlying fund"). The investment objective of the underlying fund is to provide a fixed monthly distribution and to preserve the value of investments.

The Fund invested primarily in Canadian fixed income securities with higher-than-average yields, issued by the federal government, provincial governments, government agencies and corporations as well as preferred and common shares, real estate investment trusts, royalty trusts and other high-yielding investments.

Financial instrument risk of the underlying fund

The Fund is indirectly exposed to currency risk, interest rate risk, other market risk and credit risk through its investment in the underlying fund to the extent the underlying fund was exposed to these risks.

Fair value hierarchy

As at December 31, 2017 Financial assets	Level 1	Level 2	Level 3	Total
Investment fund	26,982	—	—	26,982

Unconsolidated structured entities

Information on the carrying amount and size of the investments in structured entities is shown in the table below.

Carrying amount	As at December 31, 2017
BMO Monthly Income Fund, Series I	26,982
Total	**26,982**
Carrying amount as a % of the underlying fund's Net Assets	
BMO Monthly Income Fund, Series I	0.62%

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

BMO Insurance

Increase or decrease in net assets held for the benefit of policyowners

The increase (decrease) in net assets held for the benefit of policy owners for the period ended December 31, 2017 is as follows:

For the period ended	December 31, 2017
75/75 Class A Units	
Increase in net assets held for the benefit of policyowners	77
Weighted average units outstanding during the period	158
Increase in net assets held for the benefit of policyowners per unit	0.49
75/100 Class A Units	
Increase in net assets held for the benefit of policyowners	70
Weighted average units outstanding during the period	281
Increase in net assets held for the benefit of policyowners per unit	0.25
100/100 Class A Units	
Increase in net assets held for the benefit of policyowners	192
Weighted average units outstanding during the period	673
Increase in net assets held for the benefit of policyowners per unit	0.28
100/100 Prestige Class Units	
Increase in net assets held for the benefit of policyowners	143
Weighted average units outstanding during the period	485
Increase in net assets held for the benefit of policyowners per unit	0.30

Brokerage commissions

There were no brokerage commissions charged to the Fund during the period ended December 31, 2017.

Concentration risk

The following is a summary of the Fund's concentration risk through its investment in the underlying fund:

As at	December 31, 2017
Money Market Investments	0.8%
Bonds and Debentures	39.6%
Canadian Equities	32.0%
U.S. Equities	14.4%
International Equities	10.2%
Other Assets less Liabilities	3.0%
	100.0%

Financial assets and financial liabilities

Categories of financial assets and financial liabilities

The table below shows the categories of financial assets and financial liabilities except cash:

As at	December 31, 2017
Financial assets designated as FVTPL	26,982
Loans and receivables	423
Financial liabilities measured at amortized cost	1,073

Net gains and losses on financial assets and financial liabilities at fair value

For the period ended	December 31, 2017
Net realized gains on financial assets	
Designated at FVTPL	1,407
Total net realized gains on financial assets and financial liabilities	1,407
Change in unrealized losses on financial assets	
Designated at FVTPL	(454)
Total change in net unrealized losses on financial assets and financial liabilities	(454)

Offsetting financial assets and financial liabilities

There were no amounts offset as at December 31, 2017.

BMO Monthly Income GIF

Supplementary Information

(All amounts in thousands of Canadian dollars, except per unit data)
December 31, 2017

Financial Highlights (unaudited)

The following table shows selected key financial information about the Fund which is intended to help you understand the Fund's financial performance for the period indicated.

75/75 Class A Units		January 6, 2017 to December 31, 2017
Net assets (000s)[1]	$	3,958
Net asset value per unit[1]	$	10.43
Units issued and outstanding (000s)[1]		379
Management fees	%	1.60
Management expense ratio[2]	%	2.59
Management expense ratio before waivers	%	2.59
Portfolio turnover rate[3]	%	2.08

75/100 Class A Units		January 6, 2017 to December 31, 2017
Net assets (000s)[1]	$	4,988
Net asset value per unit[1]	$	10.41
Units issued and outstanding (000s)[1]		479
Management fees	%	1.60
Management expense ratio[2]	%	2.76
Management expense ratio before waivers	%	2.76
Portfolio turnover rate[3]	%	2.08

100/100 Class A Units		January 6, 2017 to December 31, 2017
Net assets (000s)[1]	$	9,763
Net asset value per unit[1]	$	10.37
Units issued and outstanding (000s)[1]		941
Management fees	%	1.60
Management expense ratio[2]	%	3.20
Management expense ratio before waivers	%	3.20
Portfolio turnover rate[3]	%	2.08

100/100 Prestige Class Units		January 6, 2017 to December 31, 2017
Net assets (000s)[1]	$	8,983
Net asset value per unit[1]	$	10.41
Units issued and outstanding (000s)[1]		863
Management fees	%	1.25
Management expense ratio[2]	%	2.75
Management expense ratio before waivers	%	2.75
Portfolio turnover rate[3]	%	2.08

(1) The information is provided as at December 31 of the period shown.

(2) The management expense ratio of a particular class is calculated based on all expenses allocated to the series, as applicable, including all taxes and interest expenses but excluding brokerage commissions and other portfolio transaction costs, divided by the average daily net asset value of that series, annualized.

(3) 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 ratio and the performance of the fund.

BMO Insurance

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www.bmo.com/advisor/guaranteed-investment-funds.html
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BMO Life Assurance Company is the sole issuer and guarantor of the BMO GIF individual variable insurance contract. This document provides general information. Please consult the Policy Provisions and Information Folder for details of BMO GIF.

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