

Independent Review Committee 2023 Report to Securityholders

December 31, 2023

Dear Securityholder:

As Chair of the Independent Review Committee (the “IRC”) for certain of the BMO Exchange-Traded Funds (the “ETFs”) managed by BMO Asset Management Inc (the “Manager”), I am pleased to provide you with the IRC’s 2023 Report to Securityholders of the ETFs, as required under National Instrument 81-107 – *Independent Review Committee for Investment Funds* (“NI 81-107”) for the period of January 1, 2023 to December 31, 2023 (the “Period”).

The IRC’s mandate is to review conflict of interest matters identified and referred to the IRC by the Manager and to provide an approval or a recommendation, depending on the nature of the conflict of interest, as required. When considering such matters, the IRC asks itself whether the Manager’s proposed action will achieve a fair and reasonable result for the ETFs.

During the Period, the IRC met with the Manager on a quarterly basis and received the Manager’s reports of compliance with its conflict of interest policies and procedures. On an annual basis, the IRC conducts the following: a review of the Manager’s policies and procedures to confirm they continue to be adequate and effective in respect of the ETFs and a review of its written charter which outlines its mandate, responsibilities, and procedures on how it performs its functions. In addition, the IRC assessed our effectiveness as a committee and the effectiveness and contributions of each of our members.

The members of the IRC, whose names are listed in the report, bring to their roles a combination of educational, professional and diverse experience and skills to adequately address the scope of the conflict of interest matters that come before the IRC. Since the formation of the IRC, its members have been fully satisfied with the open and cooperative attitude of the Manager.

The IRC looks forward to maintaining the highest level of integrity, and cooperation and will continue to carry out its mandate to ensure that the best interests of the ETFs are paramount when the Manager is faced with a conflict of interest matter.

You may request a copy of this report, free of charge in one of two ways: by emailing bmo.etf@bmo.com or calling toll free at 1-800-361-1392. A copy of this report is also available at www.bmo.com/etflegal or on www.sedarplus.ca.

Marlene Davidge
Chair of the Independent Review Committee

Members of the IRC

NAME	RESIDENCE	FIRST APPOINTED
Marlene Davidge <i>(Chair)</i>	Toronto, Ontario	September 6, 2018
Wendy Hannam	Toronto, Ontario	March 22, 2017
Jim Falle	Port Perry, Ontario	March 22, 2017
Jacqueline Allen	Toronto, Ontario	June 6, 2018

The IRC also serves as the independent review committee of other funds managed by BMO Investments Inc. as well as funds managed by BMO Private Investment Counsel Inc. Each member of the IRC is independent of the ETFs, the Manager and any person or company related to the Manager.

During the Period, there was no material relationship that may cause a reasonable person to question a member's independence.

Holdings of Securities

Funds

As at December 31, 2023, the percentage of securities of each series of the ETFs beneficially owned, directly or indirectly, in aggregate, by all members of the IRC did not exceed 10%.

Manager

As at December 31, 2023, no member of the IRC beneficially owned, directly or indirectly, any class or series of voting or equity securities of the Manager.

Service Providers

Bank of Montreal and/or subsidiaries are service providers to the ETFs and the Manager. As at December 31, 2023, the percentage of securities of each class of voting or equity securities of Bank of Montreal and other service providers beneficially owned, directly or indirectly, in aggregate, by all members of the IRC was less than 0.01%.

IRC Compensation and Indemnities

The members of the IRC are entitled to be compensated by the ETFs and to be indemnified by the ETFs in appropriate circumstances. The aggregate compensation, including expenses, paid by the ETFs to the IRC during the Period was \$173,947. This amount was allocated among the ETFs in a manner that was fair and reasonable.

No indemnities were paid to the members of the IRC by the ETFs during the Period.

At least annually, the IRC reviews its compensation in a manner consistent with good governance practices, giving consideration to the following factors:

- a) the best interests of the ETFs
- b) that each ETF must pay its reasonable allocation of the compensation of the IRC from the assets of the ETF
- c) that compensation paid to the IRC by each ETF should fairly and reasonably reflect the general benefits accruing to the ETF
- d) the asset size and number of ETFs and other funds in the BMO Fund Families
- e) the nature and extent of the workload of each IRC member, including the commitment of time and energy that is expected from each member
- f) industry best practices, including industry averages and surveys on IRC compensation
- g) the IRC's most recent annual self-assessment, and
- h) the Manager's recommendations about IRC compensation and expenses, if made.

Conflict of Interest Matters

The Manager refers to the IRC its proposed actions, and its related policies and procedures, for situations in which the Manager or a related entity has or could be perceived to have an interest that may conflict with the Manager's ability to act in the best interests of an ETF. The IRC also takes into account exemptive relief orders obtained by the Manager from the Ontario Securities Commission, particularly if the conflict is at first instance not permitted under securities rules and regulations. The conflict of interest matters that have been brought to the IRC are set forth below.

Approvals pursuant to Standing Instructions

The Manager relied on approvals and standing instructions of the IRC in the Period in relation to the activities set out below. In each case, the standing instructions required the Manager to comply with its related policy and procedure and to report periodically to the IRC.

1. Allowing the ETFs to purchase or hold securities of a related issuer of the Manager or an entity related to the Manager
2. Allowing the ETFs to purchase securities of an issuer, for which a related party acted as an underwriter, in an offering of the securities or at any time during the restricted period following the completion of the offering
3. Allowing the ETFs to purchase or sell debt securities from or to a related dealer when the related dealer is acting as principal
4. Allowing the purchase or sale of portfolio securities between ETFs, or between the ETFs and other investment funds or accounts managed by the Manager or an affiliate (referred to as inter-fund trades and cross-trades)

Positive Recommendations pursuant to Standing Instructions

The Manager received positive recommendations and relied on standing instructions of the IRC with respect to the conflict of interest matters addressed by the policies set out below. In each case, the standing instructions required the Manager to comply with its related policy and procedure and to report periodically to the IRC.

1. **Best Execution** – Includes selection of execution and clearing brokers for the ETFs, including related party brokers
2. **Related Designated Broker** – Allows the Manager to retain a related party to act as the designated broker of a class or series of securities of the ETFs that are listed and traded on an exchange
3. **Errors and Breaches** – Provides how trading, valuation or other errors made within a Fund are identified and corrected
4. **Fund of Fund Transactions** – Sets out the framework for investment decisions for ETFs that invest in other underlying funds
5. **Fund Valuation** – Directs how a Fund's portfolio assets will be valued in order to obtain a fair and accurate net asset value of the Fund
6. **Large Securityholders and Redemptions** – Sets out the steps the Manager will take to manage the impact of large transactions by securityholders in securities of the ETFs
7. **NAV Errors** – Directs the circumstances and manner in which the Manager will correct purchases and redemptions of securities of the ETFs based on an incorrect net asset value or net asset value per unit, including making payments to make the Fund whole and adjusting securityholder accounts

8. **Order Allocation and Aggregation** – Allows the Manager to trade on behalf of multiple clients, including the ETFs, and to allocate trades fairly among clients, including the ETFs
9. **Outside Activities** – Ensures the Manager’s directors, officers and employees adhere to corporate standards governing their outside activities where conflicts of interest may arise
10. **Payment of Fund Expenses** – Allows the Manager to charge expenses to the ETFs, to allocate expenses between the Manager and the ETFs, and to allocate expenses among the ETFs and other investment funds managed by the Manager or an affiliate
11. **Personal Trading** – Restricts most personal trading by certain individuals employed by the Manager but allows those individuals to trade in certain securities for their own account subject to controls
12. **Portfolio Advisor Oversight** – Sets out the framework the Manager will use when selecting and monitoring portfolio advisors, including external portfolio advisors
13. **Proxy Voting and Engagement** – Allows the Manager to exercise a Fund’s proxies although the Manager, a client or an affiliate of the Manager may have an interest in the outcome of the vote
14. **Gifts and Entertainment** – Provides guidelines regarding the acceptance of gifts and entertainment by the Manager’s employees
15. **Related Counterparty** – Sets out the circumstances and terms under which the ETFs may enter into Cash-Settled OTC Derivatives Transactions with a Related Counterparty
16. **Third-Party Currency Manager Oversight** – The Manager along with the Portfolio Managers are responsible for overseeing any conflict of interest matter that may arise when a Portfolio Manager engages a new currency manager and/or monitors the services provided by a currency manager, solely for currency hedging decisions on behalf of an investment fund
17. **Related Entity Cash Term Deposits** – Addresses the conflict of interest that arises when BMO Asset Management Inc., acting in its capacity as the manager and/or portfolio manager of a BMO ETF, invests in a Cash Term Deposit issued by a Related Entity
18. **Related Entity Acting as Prime Broker and Borrowing Agent** – Sets out the policy when BMO Asset Management Inc., acting in its capacity as the manager and/or portfolio manager of a BMO Alternative Fund (each, a “BMO Alt Fund” and collectively, the “BMO Alt Funds”), retains a prime broker on behalf of a BMO Alt Fund from which a BMO Alt Fund may borrow cash and/or securities for the purposes of short selling
19. **Related Entity Acting as Second Custodian** – Sets out the policy when BMO Asset Management Inc., acting in its capacity as the manager and portfolio manager of a BMO precious metal ETF, appoints a related entity to act as second custodian for providing custodian services of bullion assets of the Fund.

The positive recommendations set out above were provided on the basis that the actions achieved a fair and reasonable result for the ETFs.

Compliance

The IRC has not been informed of any instance in which the Manager acted in a conflict of interest matter but did not meet a condition of its policies or imposed by the IRC in its approval, recommendation and/or standing instruction.

The Manager has an obligation to notify the IRC of any such instance.

Schedule A

Exchange Traded Funds

Non-Index BMO ETFs

BMO All-Equity ETF
BMO Balanced ESG ETF
BMO Balanced ETF
BMO Canadian Banks Accelerator ETF*
BMO Canadian Dividend ETF
BMO Canadian High Dividend Covered Call ETF
BMO Conservative ETF
BMO Corporate Discount Bond ETF
BMO Covered Call Canadian Banks ETF
BMO Covered Call Dow Jones Industrial Average
Hedged to CAD ETF
BMO Covered Call Energy ETF*
BMO Covered Call Health Care ETF*
BMO Covered Call Technology ETF
BMO Covered Call US Banks ETF
BMO Covered Call Utilities ETF
BMO Europe High Dividend Covered Call ETF
BMO Europe High Dividend Covered Call Hedged
to CAD ETF
BMO Floating Rate High Yield ETF
BMO Global Agriculture ETF*
BMO Global High Dividend Covered Call ETF
BMO Growth ETF
BMO International Dividend ETF
BMO International Dividend Hedged to CAD ETF
BMO Low Volatility Canadian Equity ETF
BMO Low Volatility Emerging Markets Equity ETF
BMO Low Volatility International Equity ETF
BMO Low Volatility International Equity Hedged
to CAD ETF
BMO Low Volatility US Equity ETF
BMO Low Volatility US Equity Hedged to CAD ETF
BMO Monthly Income ETF
BMO Premium Yield ETF
BMO Short-Term Discount Bond ETF
BMO Ultra Short-Term Bond ETF
BMO Ultra Short-Term US Bond ETF
BMO US Dividend ETF
BMO US Dividend Hedged to CAD ETF
BMO US High Dividend Covered Call ETF
BMO US High Dividend Covered Call Hedged
to CAD ETF

BMO US Put Write ETF
BMO US Put Write Hedged to CAD ETF
BMO USD Cash Management ETF*
BMO US Equity Accelerator Hedged to CAD ETF*
BMO US Equity Buffer Hedged to CAD ETF –
October*

Index BMO ETFs

BMO Aggregate Bond Index ETF
BMO BBB Corporate Bond Index ETF
BMO Canadian Bank Income Index ETF
BMO Canadian MBS Index ETF
BMO Clean Energy Index ETF
BMO Corporate Bond Index ETF
BMO Discount Bond Index ETF
BMO Dow Jones Industrial Average Hedged to CAD
Index ETF
BMO Emerging Markets Bond Hedged to CAD
Index ETF
BMO Equal Weight Banks Index ETF
BMO Equal Weight Global Base Metals Hedged to
CAD Index ETF
BMO Equal Weight Global Gold Index ETF
BMO Equal Weight Industrials Index ETF
BMO Equal Weight Oil & Gas Index ETF
BMO Equal Weight REITs Index ETF
BMO Equal Weight US Banks Hedged to CAD
Index ETF
BMO Equal Weight US Banks Index ETF
BMO Equal Weight US Health Care Hedged to CAD
Index ETF
BMO Equal Weight US Health Care Index ETF
BMO Equal Weight Utilities Index ETF
BMO ESG Corporate Bond Index ETF
BMO ESG High Yield US Corporate Bond Index ETF
BMO ESG US Corporate Bond Hedged to CAD
Index ETF
BMO Global Communications Index ETF
BMO Global Consumer Discretionary Hedged to
CAD Index ETF
BMO Global Consumer Staples Hedged to CAD
Index ETF

Index BMO ETFs (cont'd)

BMO Global Infrastructure Index ETF
BMO Government Bond Index ETF
BMO High Quality Corporate Bond Index ETF
BMO High Yield US Corporate Bond Hedged to CAD Index ETF
BMO High Yield US Corporate Bond Index ETF
BMO Japan Index ETF
BMO Junior Gold Index ETF
BMO Laddered Preferred Share Index ETF
BMO Long Corporate Bond Index ETF
BMO Long Federal Bond Index ETF
BMO Long Provincial Bond Index ETF
BMO Long-Term US Treasury Bond Index ETF
BMO Mid Corporate Bond Index ETF
BMO Mid Federal Bond Index ETF
BMO Mid Provincial Bond Index ETF
BMO Mid-Term US IG Corporate Bond Hedged to CAD Index ETF
BMO Mid-Term US IG Corporate Bond Index ETF
BMO Mid-Term US Treasury Bond Index ETF
BMO MSCI ACWI Paris Aligned Climate Equity Index ETF
BMO MSCI All Country World High Quality Index ETF
BMO MSCI Canada ESG Leaders Index ETF
BMO MSCI Canada Value Index ETF
BMO MSCI China ESG Leaders Index ETF (formerly, BMO China Equity Index ETF)
BMO MSCI EAFE ESG Leaders Index ETF
BMO MSCI EAFE Hedged to CAD Index ETF
BMO MSCI EAFE Index ETF
BMO MSCI Emerging Markets Index ETF
BMO MSCI Europe High Quality Hedged to CAD Index ETF
BMO MSCI Global ESG Leaders Index ETF
BMO MSCI India ESG Leaders Index ETF (formerly, BMO India Equity Index ETF)
BMO MSCI USA High Quality Index ETF
BMO MSCI USA ESG Leaders Index ETF
BMO MSCI USA Value Index ETF

BMO Nasdaq 100 Equity Hedged to CAD Index ETF
BMO Nasdaq 100 Equity Index ETF
BMO Real Return Bond Index ETF
BMO S&P 500 Hedged to CAD Index ETF
BMO S&P 500 Index ETF
BMO S&P US Mid Cap Index ETF
BMO S&P US Small Cap Index ETF
BMO S&P/TSX 60 Index ETF*
BMO S&P/TSX Capped Composite Index ETF
BMO Short Corporate Bond Index ETF
BMO Short Federal Bond Index ETF
BMO Short Provincial Bond Index ETF
BMO Short-Term Bond Index ETF
BMO Short-Term US IG Corporate Bond Hedged to CAD Index ETF
BMO Short-Term US TIPS Index ETF
BMO Short-Term US Treasury Bond Index ETF
BMO US Aggregate Bond Index ETF*
BMO US TIPS Index ETF*
BMO US Preferred Share Hedged to CAD Index ETF
BMO US Preferred Share Index ETF

Alternative BMO ETFs

BMO Long Short Canadian Equity ETF*
BMO Long Short US Equity ETF*

* New funds launched during the period.

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