

## *Independent Review Committee 2024 Report to Securityholders*

December 31, 2024

Dear Securityholder:

As Chair of the Independent Review Committee (the “IRC”) and together with the Members of the IRC for the BMO Mutual Funds listed at Schedule “A” (the “Funds”), managed by BMO Investments Inc. (the “Manager”), I am pleased to provide you with the IRC’s 2024 Report to Securityholders of the Funds, as required under National Instrument 81-107 – *Independent Review Committee for Investment Funds* (“NI 81-107”) for the period of January 1, 2024 to December 31, 2024 (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 Funds.

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 Funds 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 Funds 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: If you purchased your securities at a BMO Bank of Montreal branch or through the BMO Investment Centre, call us toll free at 1-800-665-7700 or email us at [mutualfunds@bmo.com](mailto:mutualfunds@bmo.com). If you purchased your securities through a dealer, call us toll free at 1-800-668-7327 or email us at [clientservices.mutualfunds@bmo.com](mailto:clientservices.mutualfunds@bmo.com). A copy of this report is also available at <https://www.bmogam.com/ca-en/resources/legal-and-regulatory-documents/> or on [www.sedarplus.ca](http://www.sedarplus.ca).

Marlene Davidge

*Chair of the Independent Review Committee*

## Members of the IRC

NAME	RESIDENCE	FIRST APPOINTED
Marlene Davidge (Chair)	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 Asset Management Inc. and BMO Private Investment Counsel Inc. Each member of the IRC is independent of the Funds, 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, 2024, the percentage of securities of each series of the Funds (as set out in Schedule A) beneficially owned, directly or indirectly, in aggregate, by all members of the IRC did not exceed 10%.

### Manager

As at December 31, 2024, no member of the IRC beneficially owned, directly or indirectly, series of voting or equity securities of the Manager.

### Service Providers

Bank of Montreal and/or its subsidiaries are service providers to the Funds and the Manager. As at December 31, 2024, 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 Funds and to be indemnified by the Funds in appropriate circumstances. The aggregate compensation, including expenses, paid by the Funds to the IRC during the Period was \$22,194. A flat fee of \$500 is provided for each fund. The balance is allocated to each fund based on NAV complexity.

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

At least annually, the IRC reviews its compensation in a manner consistent with good governance practices. In doing so, the IRC considers the following important factors in its compensation review:

- a) the best interests of the Funds
- b) that each Fund must pay its reasonable allocation of the compensation of the IRC from the assets of the Fund
- c) that compensation paid to the IRC by each Fund should fairly and reasonably reflect the general benefits accruing to the Fund
- d) the number, nature and complexity of the Funds for which the IRC acts
- 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, if any, made about the IRC's compensation and expenses.

## Conflict of Interest Matters

The Manager is required to refer 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 a Fund.

### Approvals pursuant to Standing Instructions

The Manager relied on approvals and standing instructions of the IRC for 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 Funds to purchase or hold securities of a related issuer of the Manager or an entity related to the Manager.
2. Allowing the Funds, where a related entity acts as a portfolio manager, 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 Funds 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 Funds, or between the Funds and other investment funds or accounts managed by the Manager or an affiliate (referred to as inter-fund trades and cross-trades).
5. Allowing Alternative Mutual Funds to borrow cash from a related prime broker.

***Positive Recommendations  
pursuant to Standing Instructions***

The Manager received positive recommendations and relied on standing instructions of the IRC for the Period 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. **Related Underwriting** – Allowing the Funds, where a third-party acts as a portfolio manager, 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.
2. **Best Execution** – Includes selection of execution and clearing brokers for the Funds, including related party brokers.
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 Funds that invest in other underlying funds.
5. **Fund Valuation** – Directs how a Fund's portfolio assets will be valued to obtain a fair and accurate net asset value of the Fund.
6. **Gifts and Entertainment** – Provides guidelines regarding the acceptance of gifts and entertainment by the Manager's employees
7. **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 Funds.
8. **NAV Errors** – Directs the circumstances and manner in which the Manager will correct purchases and redemptions of securities of the Funds 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.
9. **Order Allocation and Aggregation** – Allows the Manager to trade on behalf of multiple clients, including the Funds, and to allocate trades fairly among clients, including the Funds.
10. **Outside Activities** – Ensures the Manager's directors, officers and employees adhere to corporate standards governing their outside activities where conflicts of interest may arise.
11. **Payment of Fund Expenses** – Allows the Manager to charge expenses to the Funds, to allocate expenses between the Manager and the Funds, and to allocate expenses among the Funds and other investment funds managed by the Manager or an affiliate.
12. **Payment of Income Tax (BMO Corporate Class Funds)** – Allows the Manager to determine the amount of income taxes to be paid by each of the BMO Corporate Class Funds. BMO Corporate Class Funds were terminated on August 25, 2023, as a result the IRC provided positive recommendation on September 4, 2024, to discontinue this Policy.
13. **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.
14. **Portfolio Advisor Oversight** – Sets out the framework the Manager will use when selecting and monitoring portfolio advisors, including external portfolio advisors.
15. **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.

16. **Related Counterparty** – Applies to Cash-Settled OTC Derivatives Transactions with a Related Counterparty.
17. **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 Funds that are listed and traded on an exchange.
18. **Related Entity Cash Term Deposits** – Addresses the conflict of interest that arises when BMO GAM invests in a Cash Term Deposit issued by a Related Entity
19. **Related Entity Acting as Prime Broker and Borrowing Agent** – Sets out the policy of BMO Global Asset Management (BMO GAM), 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”), when retaining a related prime broker on behalf of a BMO Alt Fund from which a BMO Alt Fund may borrow securities for purposes of short selling.
20. **Revenue Share Arrangement with a Related Entity** – Addresses the conflict of interest that arises from the Fund Manager or an affiliate providing specialized securities lending expertise (including, but not limited to, actively participating in the lending strategy, and monitoring and evaluating the performance of the securities lending agents on both the loan and total collateral portfolio) to Securities Finance Trust Company (SFTC), which may improve the revenue generated from the Transactions and earned by the funds. The Fund Manager or an affiliate will receive compensation for providing this specialized securities lending expertise by being allocated a percentage of the revenue generated from the Transactions that would otherwise be allocated to SFTC. The funds will continue to receive the same percentage of revenue generated from the Transactions that they currently receive, which is consistent with industry practice.
21. **Short-Term Trading** – Sets out the steps the Manager will take to monitor, detect, and deter frequent and short-term trading by securityholders in securities of the Funds.
22. **Third-Party Currency Management** – The Fund Managers 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 a fund.
23. **Use Of Client Brokerage Commissions** – Addresses the conflict of interest that may be associated with the use of Client Brokerage Commissions for the return of goods and services other than order execution services and intends to facilitate BMO GAM’s compliance with applicable securities legislation.

*The following conflict of interest matters were reviewed by the IRC:*

On December 15, 2024, the Manager received a positive recommendation for BMO GAM to use client brokerage commissions for the return of goods or services other than order execution such as research goods and services.

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

### 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"**

### ***BMO Mutual Funds***

#### **BMO Income Funds**

BMO Concentrated Global Balanced Fund

BMO Growth & Income Fund

BMO Monthly Dividend Fund Ltd.

BMO Monthly High Income Fund II

#### **BMO Growth Funds**

BMO Asian Growth and Income Fund

BMO Canadian Smart Alpha Equity Fund  
*(formerly BMO Canadian Large Cap Equity Fund)*

BMO Canadian Stock Selection Fund

BMO International Value Fund

#### **BMO Equity Growth Funds**

BMO Global Small Cap Fund

BMO Enterprise Fund

#### **BMO SelectTrust® Portfolios**

BMO SelectTrust® Balanced Portfolio

BMO SelectTrust® Conservative Portfolio

BMO SelectTrust® Equity Growth Portfolio

BMO SelectTrust® Growth Portfolio

BMO SelectTrust® Income Portfolio

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