

## Independent Review Committee 2024 Report to Securityholders

September 30, 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 October 1, 2023 to September 30, 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.

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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”

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 September 30, 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 September 30, 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 September 30, 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%.

## 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 \$133,755. 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:

- the best interests of the Funds
- that each Fund must pay its reasonable allocation of the compensation of the IRC from the assets of the Fund
- that compensation paid to the IRC by each Fund should fairly and reasonably reflect the general benefits accruing to the Funds
- the number, nature and complexity of the Funds for which the IRC acts
- the nature and extent of the workload of each IRC member, including the commitment of time and energy that is expected from each member
- industry best practices, including industry averages and surveys on IRC compensation
- the IRC's most recent annual self-assessment, and
- 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 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).

### *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. **Best Execution** – Includes selection of execution and clearing brokers for the Funds, including related party brokers.
2. **Errors and Breaches** – Provides how trading, valuation or other errors made within a Fund are identified and corrected.
3. **Fund of Fund Transactions** – Sets out the framework for investment decisions for Funds that invest in other underlying funds.
4. **Fund Valuation** – Directs how a Fund's portfolio assets will be valued to obtain a fair and accurate net asset value of the Fund.
5. **Gifts and Entertainment** – Provides guidelines regarding the acceptance of gifts and entertainment by the Manager's employees.
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 Funds.

7. **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.
8. **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.
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 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.
11. **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.
12. **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.
13. **Portfolio Advisor Oversight** – Sets out the framework the Manager will use when selecting and monitoring portfolio advisors, including external portfolio advisors.
14. **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.
15. **Related Counterparty** – Applies to Cash-Settled OTC Derivatives Transactions with a Related Counterparty.
16. **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.

- 17. 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.
- 18. 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 prime broker on behalf of a BMO Alt Fund from which a BMO Alt Fund may borrow cash and/or securities for purposes of short selling.
- 19. 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.
- 20. 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.
- 21. 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.

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

- On December 6, 2023, the Manager received a positive recommendation (pending regulatory exemptive relief which was obtained on February 5, 2024) to appoint Securities Finance Trust Company (SFTC), which is neither a custodian or a sub-custodian of the Funds, to administer some or all of the securities lending, repurchase and reverse repurchase transactions entered into by some or all of the Funds pursuant to a securities lending agreement.
- On March 6, 2024, the Manager received positive recommendation to terminate PIMCO Canada Corp. along with PIMCO LLC, a third-party portfolio manager and sub-advisor respectively, and retain BMO Asset Management Inc., an affiliate of the Manager, as portfolio manager 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 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 Security Funds

BMO Money Market Fund

#### BMO Income Funds

BMO Aggregate Bond ETF Fund  
BMO Core Bond Fund  
BMO Core Plus Bond Fund  
BMO Corporate Bond ETF Fund  
BMO Crossover Bond Fund  
BMO Diversified Income Portfolio  
BMO Emerging Markets Bond Fund  
BMO Global Monthly Income Fund  
BMO Global Strategic Bond Fund  
BMO Monthly Income Fund  
BMO Mortgage and Short-Term Income Fund  
BMO Preferred Share Fund

*(Terminated as of August 16, 2024)*

BMO Strategic Fixed Income Yield Fund\*  
BMO Sustainable Bond Fund  
BMO Sustainable Global Multi-Sector Bond Fund  
*(formerly BMO Global Multi-Sector Bond Fund)*  
BMO Ultra Short-Term Bond ETF Fund  
BMO U.S. Corporate Bond Fund  
BMO U.S. High Yield Bond Fund  
BMO World Bond Fund

#### BMO Growth Funds

BMO ARK Genomic Revolution Fund  
BMO ARK Innovation Fund  
BMO ARK Next Generation Internet Fund  
BMO Asset Allocation Fund  
BMO Brookfield Global Real Estate Tech Fund  
BMO Brookfield Global Renewables  
Infrastructure Fund  
BMO Canadian Banks ETF Fund  
BMO Canadian Equity ETF Fund  
BMO Canadian Equity Fund  
BMO Canadian Income & Growth Fund  
BMO Concentrated Global Equity Fund  
BMO Concentrated U.S. Equity Fund  
*(Terminated as of October 6, 2023)*  
BMO Covered Call Canada High Dividend ETF Fund  
BMO Covered Call Canadian Banks ETF Fund  
BMO Covered Call Energy ETF Fund  
BMO Covered Call Europe High Dividend ETF Fund  
BMO Covered Call U.S. High Dividend ETF Fund  
BMO Covered Call Utilities ETF Fund  
BMO Dividend Fund

BMO European Fund  
BMO Global Climate Transition Fund  
BMO Global Dividend Fund  
BMO Global Dividend Opportunities Fund  
BMO Global Enhanced Income Fund  
BMO Global Equity Fund  
BMO Global Health Care Fund  
BMO Global Income & Growth Fund  
BMO Global Infrastructure Fund  
BMO Global Innovators Fund  
BMO Global Low Volatility ETF Fund  
BMO Global Quality ETF Fund  
BMO Global REIT Fund  
BMO Greater China Fund  
BMO Growth Opportunities Fund  
BMO International Equity ETF Fund  
BMO International Equity Fund  
BMO Japan Fund  
BMO Low Volatility Canadian Equity ETF Fund  
BMO Low Volatility U.S. Equity ETF Fund  
BMO Multi-Factor Equity Fund  
BMO Nasdaq 100 Equity ETF Fund  
BMO North American Dividend Fund  
BMO Premium Yield ETF Fund  
BMO SDG Engagement Global Equity Fund  
*(Terminated as of October 6, 2023)*  
BMO SIA Focused Canadian Equity Fund  
BMO SIA Focused North American Equity Fund  
BMO Strategic Equity Yield Fund  
BMO Sustainable Global Balanced Fund  
*(formerly BMO Global Balanced Fund)*  
BMO Sustainable Opportunities  
Canadian Equity Fund  
BMO Sustainable Opportunities China Equity Fund  
*(Terminated as of August 16, 2024)*  
BMO Sustainable Opportunities Global Equity Fund  
BMO Tactical Balanced ETF Fund  
BMO Tactical Dividend ETF Fund  
BMO Tactical Global Asset Allocation ETF Fund  
BMO Tactical Global Equity ETF Fund  
BMO Tactical Global Growth ETF Fund  
BMO U.S. All Cap Equity Fund  
BMO U.S. Dividend Fund  
BMO U.S. Equity ETF Fund  
BMO U.S. Equity Fund  
BMO U.S. Equity Growth MFR Fund  
BMO U.S. Equity Plus Fund  
BMO U.S. Equity Value MFR Fund  
BMO Women in Leadership Fund

\*New funds launched during the period.



## SCHEDULE "A" (cont'd)

### BMO Equity Growth Funds

BMO Canadian Small Cap Equity Fund  
BMO Clean Energy ETF Fund  
BMO Emerging Markets Fund  
BMO Global Energy Fund  
BMO Precious Metals Fund  
BMO Resource Fund  
BMO U.S. Small Cap Fund

### BMO ETF Portfolios

BMO Balanced ETF Portfolio  
BMO Conservative ETF Portfolio  
BMO Equity Growth ETF Portfolio  
BMO Fixed Income ETF Portfolio  
BMO Growth ETF Portfolio  
BMO Income ETF Portfolio

### BMO U.S. Dollar Funds

BMO USD Balanced ETF Portfolio  
BMO USD Conservative ETF Portfolio  
BMO USD Income ETF Portfolio  
BMO U.S. Dollar Balanced Fund  
BMO U.S. Dollar Dividend Fund  
BMO U.S. Dollar Equity Index Fund  
BMO U.S. Dollar Money Market Fund  
BMO U.S. Dollar Monthly Income Fund

### BMO LifeStage Plus Funds

BMO LifeStage Plus 2025 Fund  
BMO LifeStage Plus 2026 Fund  
BMO LifeStage Plus 2030 Fund

### BMO Managed Portfolios

#### *(formerly BMO FundSelect® Portfolios)*

BMO Managed Balanced Portfolio  
*(formerly BMO FundSelect® Balanced Portfolios)*  
BMO Managed Conservative Portfolio  
BMO Managed Equity Growth Portfolio  
*(formerly, BMO FundSelect®  
Equity Growth Portfolio)*  
BMO Managed Growth Portfolio  
*(formerly, BMO FundSelect® Growth Portfolio)*  
BMO Managed Income Portfolio  
*(formerly, BMO FundSelect® Income Portfolio)*

### BMO Target Education Portfolios

BMO Target Education Income Portfolio  
BMO Target Education 2025 Portfolio  
BMO Target Education 2030 Portfolio  
BMO Target Education 2035 Portfolio  
BMO Target Education 2040 Portfolio

### BMO Retirement Portfolios

BMO Retirement Balanced Portfolio  
BMO Retirement Conservative Portfolio  
BMO Retirement Income Portfolio

### BMO SelectTrust® Portfolios

BMO SelectTrust® Fixed Income Portfolio

### BMO Risk Reduction Funds

BMO Risk Reduction Fixed Income Fund  
BMO Risk Reduction Equity Fund

### BMO Ascent™ Portfolios

BMO Ascent™ Balanced Portfolio  
BMO Ascent™ Conservative Portfolio  
BMO Ascent™ Equity Growth Portfolio  
BMO Ascent™ Growth Portfolio  
BMO Ascent™ Income Portfolio

### BMO Sustainable Portfolios

BMO Sustainable Balanced Portfolio  
BMO Sustainable Conservative Portfolio  
BMO Sustainable Equity Growth Portfolio  
BMO Sustainable Growth Portfolio  
BMO Sustainable Income Portfolio

### BMO Alternative Mutual Fund

BMO Inflation Opportunities Fund\*

\*New funds launched during the period.

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