

Independent Review Committee 2023 Report to Securityholders

December 31, 2023

Dear Securityholder:

As Chair of the Independent Review Committee (the “IRC”) and together with the Members of the IRC for certain of the BMO Mutual Funds (the “Funds”) managed by BMO Investments Inc. (the “Manager”), I am pleased to provide you with the IRC’s 2023 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, 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 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. 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. A copy of this report is also available at <https://www.bmogam.com/ca-en/legal-and-regulatory> or on 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, 2023, the percentage of securities of each series of the Funds 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 Funds 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 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 \$20,690. This amount was allocated among the Funds in a manner that was fair and reasonable.

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, giving consideration to, among other factors the IRC considers important, the following:

- 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 asset size and number of Funds 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 a Fund. 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 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).
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** – Directs the Manager’s directors, officers and employees to adhere to corporate standards governing their outside activities where conflicts of interest may arise

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 Funds, 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 Funds 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 Funds 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. **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
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
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** – Sets out the circumstances and terms under which the Funds may enter into Cash-Settled OTC Derivatives Transactions with a Related Counterparty
17. **Related Entity Acting as Prime Broker and Borrowing Agent** – Sets out the policy of BMO Investments Inc. acting in its capacity as the 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 the purposes of short selling

18. **Related Entity Cash Term Deposits** – Addresses the conflict of interest that arises when BMO Investments Inc., acting in its capacity as the manager of a BMO NI 81-102 Fund, invests in a Cash Term Deposit issued by a Related Entity
19. **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
20. **Third-Party Currency Manager Oversight** – The 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 an investment fund.

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

- On March 29, 2023, the Manager received a positive recommendation to engage a third-party currency manager in the execution of foreign exchange hedging trades on behalf of its Funds
- On September 27, 2023, the Manager received a positive recommendation to invest some, or all of the cash held by BMO Exchange Traded Funds and BMO Mutual Funds into bank accounts, guaranteed deposit certificate and/or term deposit receipts that are considered “evidence of deposit” issued by a bank listed in Schedule I, II or III to the Bank Act (Canada), or trust corporation registered under the Loan and Trust Corporations Act including Bank of Montreal or BMO Trust Company, which are affiliates of the Manager
- On September 27, 2023, the Manager received a positive recommendation to enter into a prime brokerage agreement with BMO Capital Markets (which includes the following legal entities: BMO Nesbitt Burns Inc., BMO Capital Markets Corp., Bank of Montreal, Bank of Montreal Europe plc and/or BMO Capital Markets Limited), an entity related to the Manager, pursuant to which BMO Alternative Funds will borrow cash from BMO Nesbitt Burns Inc.

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 Asian Growth and Income Fund
BMO Canadian Smart Alpha Equity Fund
(formerly BMO Canadian Large Cap Equity Fund)
BMO Canadian Stock Selection Fund
BMO Concentrated Global Balanced Fund
BMO Enterprise Fund
BMO Global Small Cap Fund
BMO Growth & Income Fund
BMO International Value Fund
BMO Monthly Dividend Fund Ltd.
BMO Monthly High Income Fund II
BMO SelectTrust® Balanced Portfolio
BMO SelectTrust® Conservative Portfolio
BMO SelectTrust® Equity Growth Portfolio
BMO SelectTrust® Growth Portfolio
BMO SelectTrust® Income Portfolio

®/™ Registered trademarks/trademark of Bank of Montreal, used under license.