

IRC 2019 Report to Securityholders

December 31, 2019

Dear Securityholder:

As Chair of the Independent Review Committee (the “IRC”) for the exchange-traded funds (the “ETFs”) managed by BMO Asset Management Inc. (the “Manager”), I am pleased to provide you with the 2019 Annual Report to Securityholders of the ETFs, as required under National Instrument 81-107 – *Independent Review Committee for Investment Funds*.

The mandate of the IRC is to review conflict of interest matters identified and referred to the IRC by the Manager and to give an approval or a recommendation, depending on the nature of the conflict of interest matter. A “conflict of interest matter” is a situation where a reasonable person would consider the Manager or an entity related to the Manager to have an interest that may conflict with the Manager’s ability to act in good faith and in the best interests of both the ETFs and the unitholders. In each instance where a conflict of interest matter is identified and referred to the IRC, the focus of the IRC is to determine if the Manager’s proposed action achieves a fair and reasonable result for the ETFs and the unitholders.

At least annually, the IRC will also review and assess the adequacy and effectiveness of the Manager’s written policies and procedures relating to conflict of interest matters in respect of the ETFs, and will conduct a self-assessment of the IRC’s independence, compensation and effectiveness.

The members of the IRC, whose identities are listed in the report, bring to their roles a combination of educational and professional 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 members of the IRC look forward to maintaining the highest level of cooperation and to continuing to carry out its mandate to ensure that the best interests of both the ETFs and the unitholders are paramount when the Manager is faced with a conflict of interest matter.

Marlene Davidge
Chair of the Independent Review Committee

Reporting Period

The Independent Review Committee (the “IRC”) for the exchange-traded funds (the “ETFs”) managed by BMO Asset Management Inc. (the “Manager”), as listed in Schedule “A” to this report, became operational on March 13, 2009. The information disclosed in this report covers the period beginning January 1, 2019 and ending December 31, 2019, the financial year-end for the ETFs (inclusively, the “Period”).

Members of the IRC

NAME	RESIDENCE	FIRST APPOINTED
Marlene Davidge (Chair)	Toronto, Ontario	September 6, 2018
Louise Vaillancourt	Montréal, Quebec	May 1, 2007 ¹
Wendy Hannam	Toronto, Ontario	March 22, 2017
Jim Falle	Port Perry, Ontario	March 22, 2017
Jacqueline Allen	Toronto, Ontario	June 6, 2018

¹ Louise Vaillancourt ceased to act as Chair of the IRC on December 31, 2018. On January 1, 2019, Marlene Davidge was appointed as Chair of the IRC. On April 4, 2019, Louise Vaillancourt retired as an IRC member.

The members of the IRC also serve as members of the IRC for BMO Mutual Funds, BMO Pooled Funds and BMO Private Portfolios. 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 were no relationships that may cause a reasonable person to question a member’s independence.

Holdings of Securities

Funds

As at December 31, 2019, IRC members beneficially owned, directly or indirectly, in aggregate, less than 10% of the outstanding units and/or shares of each series of the ETFs.

Manager

The Manager is an indirect wholly-owned subsidiary of the Bank of Montreal (the “Bank”). As at December 31, 2019, IRC members beneficially owned, directly or indirectly, in aggregate, less than 0.01% of the Bank’s outstanding common shares.

Service Providers

As at December 31, 2019, IRC members did not beneficially own, directly or indirectly, any class or series of voting or equity securities of any other material person or company that provided mutual fund services to the ETFs or the Manager during the Period.

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 for the Period was \$200,649. This amount was allocated among the ETFs, in an equitable and reasonable manner.

The initial compensation of the IRC was set by the Manager. At least annually, the IRC will review compensation in a manner consistent with good governance practices, giving consideration to the following factors, among any other factors the IRC considers important:

- the best interests of both the ETFs and the unitholders;
- the number, nature and complexity of the ETFs;
- 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, if available,
- the IRC’s most recent annual self-assessment; and
- the Manager’s recommendations about IRC compensation and expenses, if made.

During the Period, no amounts were paid to the IRC by the ETFs pursuant to indemnities given by the Funds to the IRC.

Conflict of Interest Matters

National Instrument 81-107 – *Independent Review Committee for Investment Funds* requires the IRC to review all conflict of interest matters identified and referred to the IRC by the Manager and to give an approval or a recommendation, depending on the nature of the conflict of interest matter. The IRC may also issue standing instructions to the Manager in conjunction with an approval or a recommendation to enable the Manager to act in the particular conflict of interest matter on a continuing basis.

The Manager must present its written policies and procedures on each conflict of interest matter and related standing instructions to the IRC for the IRC's review and assessment on an annual basis.

Below is a brief summary of the conflict of interest matters covered by standing instructions that have been identified by the Manager and referred by the Manager to the IRC for the IRC's approval or recommendation:

Conflict of Interest Matter

1. Voting securities held by the Funds (Proxy Voting)
 2. Employee conflict of interest matters, including outside business activities and the acceptance of payments, gifts and entertainment
 3. Identifying and correcting net asset value (NAV) errors
 4. Valuing assets of the Funds
 5. Determining and authorizing the payment of fund expenses
 6. Errors and breaches
 7. Best execution and trade allocation
 8. Frequent trading by securityholders of the Funds
 9. Large securityholders and large redemptions
 10. Fund of Funds Investing
 11. Monitoring services provided by portfolio managers of the Funds, including portfolio managers related to the Manager
 12. Personal trading by employees of the Manager
 13. Investing in debt securities of a related issuer in the secondary market and long-term debt securities of a related issuer in a primary offering
 14. Investing in BMO common shares or BMO preferred shares
 15. Investing in securities during the period of distribution of those securities, or during the 60-day period following the period of distribution, where BMO Nesbitt Burns Inc. (BMONBI), an entity related to the Manager, acts as an underwriter in the distribution of those securities
 16. Purchasing a security from or selling a security to another investment fund managed by the Manager or an affiliate of the Manager (Inter-Fund Trades)
 17. Purchasing government and/or non-government debt securities from BMONBI, who holds the debt securities as principal and/or selling government or non-government debt securities to BMONBI who purchases that debt security as principal
 18. Entering into a Designated Broker Agreement with a Related Entity
-

Compliance

During the Period, the Manager advised the IRC of a matter where it, acting in its capacity as the portfolio advisor to the ETFs, acted in a conflict of interest matter and failed to comply with certain conditions of the IRC's approval.

This matter involved investing in related issuer debt securities in the primary market. The Manager provided the IRC with details in this regard and the Manager has taken steps to avoid a similar occurrence in the future. As required, the IRC notified the securities regulatory authority of this matter.

Schedule "A"

BMO Exchange-Traded Funds

Index BMO ETF:

BMO Aggregate Bond Index ETF

BMO China Equity 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 Global Banks 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

BMO Global Infrastructure Index ETF

BMO Global Insurance Hedged to CAD Index ETF⁺

BMO Government Bond Index ETF

BMO High Yield US Corporate Bond Hedged to CAD
Index ETF

BMO High Yield US Corporate Bond Index ETF

BMO India Equity Index ETF

BMO Junior Gas Index ETF

BMO Junior Gold Index ETF

BMO Junior Oil Index ETF

BMO Laddered Preferred Share Index ETF

BMO Long Corporate Bond Index ETF

BMO Short-Term US IG Corporate Bond Hedged
to CAD Index ETF

BMO Short-Term US Treasury Bond Index ETF
(CAD Units and USD Units)

BMO Long Federal Bond Index ETF

BMO Long Provincial Bond Index ETF

BMO Long-Term US Treasury Bond Index ETF
(CAD Units and USD Units)

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
(CAD Units and USD Units)

BMO Mid-Term US Treasury Bond Index ETF
(CAD Units and USD Units)

BMO MSCI All Country World High Quality
Index ETF

BMO MSCI Canada Value Index ETF

BMO MSCI EAFE Hedged to CAD Index ETF

BMO MSCI EAFE Index ETF

BMO MSCI EAFE Value Index ETF

BMO MSCI Emerging Markets Index ETF

BMO MSCI Europe High Quality Hedged to CAD
Index ETF

BMO MSCI USA High Quality 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 (CAD Units and
USD Units)

BMO S&P/TSX Capped Composite Index ETF

BMO Shiller Select US Index ETF⁺

BMO Short Corporate Bond Index ETF (CAD Units
and Accumulating Units)

BMO Short Federal Bond Index ETF (CAD Units
and Accumulating Units)

BMO Short Provincial Bond Index ETF (CAD Units
and Accumulating Units)

BMO Short-Term Bond Index ETF

BMO US Preferred Share Hedged to CAD Index ETF

BMO US Preferred Share Index ETF (CAD Units
and USD Units)

Non-Index BMO ETF:
BMO Balanced ETF*
BMO Canadian Dividend ETF
BMO Canadian High Dividend Covered Call ETF
BMO China Technology ETF
BMO Conservative ETF*
BMO Covered Call Canadian Banks ETF
BMO Covered Call Dow Jones Industrial Average
Hedged to CAD 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 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 (CAD Units and
USD Units)
BMO Low Volatility US Equity Hedged to CAD ETF
BMO Monthly Income ETF
BMO Ultra Short-Term Bond ETF (CAD Units and
Accumulating Units)
BMO Ultra Short-Term US Bond ETF (USD Units
and Accumulating Units only)
BMO US Dividend ETF (CAD Units and USD Units)
BMO US Dividend Hedged to CAD ETF
BMO US High Dividend Covered Call ETF
(CAD Units and USD Units)
BMO US High Dividend Covered Call Hedged
to CAD ETF
BMO US Put Write ETF (CAD Units and USD Units)
BMO US Put Write Hedged to CAD ETF

* new ETFs

* terminated ETFs as of November 1, 2019