

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 the BMO Private Portfolios (the “Portfolios”) managed by BMO Private Investment Counsel 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 Portfolios.

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 Portfolios, 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, cooperation and will continue to carry out its mandate in order to seek that the best interests of the Portfolios are paramount when the Manager is faced with a conflict of interest matter.

You may request a copy of this report, free of charge by calling toll free at 1-855-852-1026, emailing us at contactcentre@bmo.com or from your BMO Private Wealth professional. A copy of this report is also available at <https://www.bmo.com/privatewealth/regulatory-documents/bpic/> 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 for funds managed by BMO Asset Management Inc. and BMO Investments Inc (collectively, the “BMO Fund Families”). Each member of the IRC is independent of the Portfolios, the Manager and any person or company related to the Manager.

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

Holdings of Securities

Portfolios

As at December 31, 2023, the percentage of securities of the Portfolios 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 Portfolios and the Manager. As at December 31, 2023, the percentage of securities of each class of voting or equity securities of any person or company that provides services to the Portfolio or the Manager, 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 Portfolios and to be indemnified by the Portfolios in appropriate circumstances. The aggregate compensation, including expenses, paid by the Portfolios to the IRC during the Period was \$33,590. This amount was allocated among the Portfolios in an equitable and reasonable manner.

No indemnities were paid to the members of the IRC by the Portfolios 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 Portfolios;
- b) that each Portfolio must pay its reasonable allocation of the compensation of the IRC from the assets of the Portfolio;
- c) that compensation paid to the IRC by each Portfolio should fairly and reasonably reflect the general benefits accruing to the Portfolio;
- d) the asset size and number of Portfolios 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 Portfolio. 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 Portfolios to purchase or hold securities of a related issuer of the Manager or an entity related to the Manager
2. Allowing the Portfolios 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 Portfolios 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 Portfolios, or between the Portfolios and other investment funds or accounts managed by the Manager or an affiliate (referred to as inter-fund trades and cross-trades)
8. Personal Trading Policy, which 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
9. NAV Errors Policy, which directs the circumstances and manner in which the Manager will correct purchases and redemptions of securities of the Portfolios based on an incorrect net asset value, including making payments to make the Portfolio whole and adjusting securityholder accounts

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. Sub-Advisor Oversight Policy, which sets out the framework the Manager will use when selecting and monitoring sub-advisors, including external sub-advisors
2. Proxy Voting Policy, which outlines the guidelines for how a Portfolio's subadvisor may vote proxies in a manner consistent with the best interests of the Portfolio and its security holders
3. Outside Activities Policy, which directs the Manager's directors, officers and employees to adhere to corporate standards governing their outside activities where conflicts of interest may arise
4. Gifts and Entertainment Policy, which provides guidelines regarding the acceptance of gifts and entertainment by the Manager's employees
5. Short-Term Trading Policy, which sets out the steps the Manager will take to monitor, detect and deter frequent and short-term trading by securityholders in securities of the Portfolios
6. Large Securityholder Policy, which sets out the steps the Manager will take to manage the impact of large transactions by securityholders in securities of the Portfolios
7. Fund of Fund Transactions Policy, which sets out the framework for investment decisions for Portfolios that invest in other underlying funds
10. Fund Valuation Policy, which directs how a Portfolio's portfolio assets will be valued in order to obtain a fair and accurate net asset value of the Portfolio
11. Payment of Fund Expenses Policy, which allows the Manager to charge expenses to the Portfolios, to allocate expenses between the Manager and the Portfolios, and to allocate expenses among the Portfolios and other investment funds managed by the Manager or an affiliate
12. Related Counterparty Policy, which sets out the circumstances and terms under which the Portfolios may enter into Cash-Settled OTC Derivatives Transactions with a Related Counterparty

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

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 Private Portfolios

BMO Private Canadian Core Equity Portfolio

BMO Private Canadian Corporate Bond Portfolio

BMO Private Canadian Income Equity Portfolio

BMO Private Canadian Money Market Portfolio

BMO Private Canadian Short-Mid Bond Portfolio

BMO Private Canadian Special Equity Portfolio

BMO Private Diversified Yield Portfolio

BMO Private Emerging Markets Equity Portfolio

BMO Private International Equity Portfolio

BMO Private U.S. Equity Portfolio

BMO Private U.S. Growth Equity Portfolio

BMO Private U.S. Special Equity Portfolio

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