

## Independent Review Committee 2021 Report to Securityholders

December 31, 2021

Dear Securityholder:

As Chair of the Independent Review Committee (the “IRC”) for certain of the BMO Exchange-Traded Funds (the “ETFs”) managed by BMO Asset Management Inc (the “Manager”), I am pleased to provide you with the IRC’s 2021 Report to Securityholders of the ETFs, as required under National Instrument 81-107 – *Independent Review Committee for Investment Funds* (“NI 81-107”) for the period of January 1, 2021 to December 31, 2021 (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 matter presented to the IRC. When considering such matter, the IRC asks itself whether the Manager’s proposed action will achieve a fair and reasonable result for the ETFs.

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. The IRC also conducted a review of the Manager’s policies and procedures to confirm they continue to be adequate and effective in respect of the ETFs. In addition, the IRC assessed our effectiveness as a committee and the effectiveness and contributions of each our members.

The members of the IRC, whose names 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 the ETFs are paramount when the Manager is faced with a conflict of interest matter.

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 of other funds managed by BMO Investments Inc. as well as funds managed by BMO Private Investment Counsel Inc. (collectively, the “BMO Fund Families”). Each member of the IRC is independent of the ETFs, 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

### *Funds*

As at December 31, 2021, the percentage of securities of each series of the ETFs beneficially owned, directly or indirectly, in aggregate, by all members of the IRC did not exceed 10%.

### *Manager*

As at December 31, 2021, no member of the IRC beneficially owned, directly or indirectly, any class or series of voting or equity securities of the Manager.

### *Service Providers*

As at December 31, 2021, the percentage of securities of each class of voting or equity securities of any person or company that provides services to the ETF 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 ETFs and to be indemnified by the ETFs in appropriate circumstances. The aggregate compensation, including expenses, paid by the ETFs to the IRC during the Period was \$162,881. This amount was allocated among the ETFs in an equitable and reasonable manner.

No indemnities were paid to the members of the IRC by the ETFs 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 ETFs;
- b) that each ETF must pay its reasonable allocation of the compensation of the IRC from the assets of the ETF;
- c) that compensation paid to the IRC by each ETF should fairly and reasonably reflect the general benefits accruing to the ETF;
- d) the asset size and number of ETFs and other funds in the BMO Fund Families;
- e) the nature and extent of the workload of each IRC 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 an ETF. 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 ETFs to purchase or hold securities of a related issuer of the Manager or an entity related to the Manager
2. Allowing the ETFs 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 ETFs 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 ETFs, or between the ETFs 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 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. **Portfolio Advisor Oversight Policy**, which sets out the framework the Manager will use when selecting and monitoring portfolio advisors, including external portfolio advisors
2. **Proxy Voting Policy**, which allows the Manager to exercise an ETF's proxies although the Manager, a client or an affiliate of the Manager may have an interest in the outcome of the vote
3. **Errors and Breaches Policy**, which provides how trading, valuation or other errors made within an ETF are identified and corrected
4. **Best Execution Policy**, which includes selection of execution and clearing brokers for the ETFs, including related party brokers
5. **Order Allocation and Aggregation Policy**, which allows the Manager to trade on behalf of multiple clients, including the ETFs, and to allocate trades fairly among clients, including the ETFs
6. **Outside Business Activities Policy**, which ensures the Manager's directors, officers and employees adhere to corporate standards governing their outside business activities where conflicts of interest may arise
7. **Receipt of Gifts and Entertainment Policy**, which provides guidelines regarding the acceptance of gifts and entertainment by the Manager's employees

8. **Large Securityholders and Large Redemptions Policy**, which sets out the steps the Manager will take to manage the impact of large transactions by securityholders in securities of the ETFs
9. **Fund of Fund Transactions Policy**, which sets out the framework for investment decisions for ETFs that invest in other underlying funds
10. **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
11. **Identifying and Correcting NAV Errors Policy**, which directs the circumstances and manner in which the Manager will correct purchases and redemptions of securities of the ETFs based on an incorrect net asset value, including making payments to make the ETF whole and adjusting securityholder accounts
12. **Fund Valuation Policy**, which directs how an ETF's portfolio assets will be valued in order to obtain a fair and accurate net asset value of the ETF
13. **Payment of Fund Expenses Policy**, which allows the Manager to charge expenses to the ETFs, to allocate expenses between the Manager and the ETFs, and to allocate expenses among the ETFs and other investment funds managed by the Manager or an affiliate
14. **Designated Broker Agreement Policy**, which allows the Manager to retain a related party to act as the designated broker of a class or series of securities of the ETFs that are listed and traded on an exchange

The Manager received a positive recommendation to implement new proxy voting policies and procedures based on a Canadian proxy voting administration framework since proxies were previously administered under a global framework with a former European affiliate.

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

### 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

### Exchange Traded Funds

#### Non-Index Funds

BMO Balanced ESG ETF  
BMO Balanced ETF  
BMO Canadian Dividend ETF  
BMO Canadian High Dividend Covered Call ETF  
BMO Conservative ETF  
BMO Covered Call Canadian Banks ETF  
BMO Covered Call Dow Jones Industrial Average  
Hedged to CAD ETF  
BMO Covered Call Technology 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 Global High Dividend Covered Call 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  
BMO Low Volatility US Equity Hedged to CAD ETF  
BMO Monthly Income ETF  
BMO Premium Yield ETF  
BMO Ultra Short-Term Bond ETF  
BMO Ultra Short-Term US Bond ETF  
BMO US Dividend ETF  
BMO US Dividend Hedged to CAD ETF  
BMO US High Dividend Covered Call ETF  
BMO US High Dividend Covered Call Hedged to  
CAD ETF  
BMO US Put Write ETF  
BMO US Put Write Hedged to CAD ETF

#### Index Funds

BMO Aggregate Bond Index ETF  
BMO BBB Corporate Bond Index ETF  
BMO Canadian MBS Index ETF  
BMO Clean Energy 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 ESG Corporate Bond Index ETF  
BMO ESG High Yield US Corporate Bond  
Index ETF\*  
BMO ESG US Corporate Bond 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 Government Bond Index ETF  
BMO High Quality Corporate Bond Index ETF  
BMO High Yield US Corporate Bond Hedged to CAD  
Index ETF  
BMO High Yield US Corporate Bond Index ETF  
BMO Junior Gold Index ETF

## Index Funds (cont'd)

BMO Laddered Preferred Share Index ETF  
BMO Long Corporate Bond Index ETF  
BMO Long Federal Bond Index ETF  
BMO Long Provincial Bond Index ETF  
BMO Long-Term US Treasury Bond Index ETF  
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  
BMO Mid-Term US Treasury Bond Index ETF  
BMO MSCI All Country World High Quality Index ETF  
BMO MSCI Canada ESG Leaders Index ETF  
BMO MSCI Canada Value Index ETF  
BMO MSCI China ESG Leaders Index ETF (formerly, BMO China Equity Index ETF)  
BMO MSCI EAFE ESG Leaders Index ETF  
BMO MSCI EAFE Hedged to CAD Index ETF  
BMO MSCI EAFE Index ETF  
BMO MSCI Emerging Markets Index ETF  
BMO MSCI Europe High Quality Hedged to CAD Index ETF  
BMO MSCI Fintech Innovation Index ETF\*  
BMO MSCI Genomic Innovation Index ETF\*  
BMO MSCI Global ESG Leaders Index ETF  
BMO MSCI India ESG Leaders Index ETF (formerly, BMO India Equity Index ETF)  
BMO MSCI Innovation Index ETF\*  
BMO MSCI Next Gen Internet Innovation Index ETF\*  
BMO MSCI Tech & Industrial Innovation Index ETF\*  
BMO MSCI USA High Quality Index ETF  
BMO MSCI USA ESG Leaders 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  
BMO S&P US Mid Cap Index ETF  
BMO S&P US Small Cap Index ETF  
BMO S&P/TSX Capped Composite Index ETF  
BMO Short Corporate Bond Index ETF  
BMO Short Federal Bond Index ETF  
BMO Short Provincial Bond Index ETF  
BMO Short-Term Bond Index ETF  
BMO Short-Term US IG Corporate Bond Hedged to CAD Index ETF  
BMO Short-Term US TIPS Index ETF\*  
BMO Short-Term US Treasury Bond Index ETF  
BMO US Preferred Share Hedged to CAD Index ETF  
BMO US Preferred Share Index ETF

\* New funds launched during the period.

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