

Independent Review Committee 2022 Report to Securityholders

September 30, 2022

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 2022 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, 2021 to September 30, 2022 (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, 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.bmo.com/gam/ca/advisor/legal-and-regulatory> or on www.sedar.com.

“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, 2022, 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, 2022, 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 September 30, 2022, 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 \$137,095. 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:

- 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 about IRC compensation and expenses, if made.

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 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.

- Allowing the Funds to purchase or hold securities of a related issuer of the Manager or an entity related to the Manager
- 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
- Allowing the Funds to purchase or sell debt securities from or to a related dealer when the related dealer is acting as principal
- 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)

On March 2, 2022, the Manager obtained the approval for the merger of BMO LifeStage Plus 2022 Fund into BMO Money Market Fund.

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. **Designated Broker Agreement Policy** – 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. **Large Securityholders** – 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
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. **Receipt of Gifts and Entertainment** – Provides guidelines regarding the acceptance of gifts and entertainment by the Manager's employees
16. **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

On December 1, 2021, the Manager received a positive recommendation with respect to BMO Emerging Markets Bond Fund to have Threadneedle Asset Management Limited replace BMO Asset Management Inc. as portfolio manager of the Fund, and the termination of BMO Asset Management Limited as sub-advisor for the Fund.

On June 14, 2021, the Manager received a positive recommendation to permit third-party portfolio advisors to invest in securities underwritten by a BMO entity.

On June 14, 2021, the Manager received a positive recommendation to permit third-party portfolio advisors to enter into foreign currency exchange transactions with Bank of Montreal.

On September 7, 2021, the Manager received a positive recommendation to terminate Columbia Threadneedle Management Limited (formerly BMO Asset Management Limited) as portfolio manager of BMO Global Equity Class and BMO Global Equity Fund and appoint BMO Asset Management Inc., an affiliate of the Manager, as the portfolio manager of the Funds.

On September 7, 2021, the Manager received a positive recommendation to terminate Macquarie Investment Management Advisers as portfolio manager of BMO Global Infrastructure Fund and appoint BMO Asset Management Inc., an affiliate of the Manager, as the portfolio manager of the Fund.

Following the end of the Period, on October 26, 2022, the Manager received a positive recommendation to allow BMO Emerging Markets Bond Fund to enter into FX Transactions with a counterparty that is an entity related to the Currency Manager (State Street Bank and Trust Company).

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 Bond Fund

BMO Core Bond Fund

BMO Core Plus Bond Fund

BMO Crossover Bond Fund

BMO Diversified Income Portfolio

BMO Emerging Markets Bond Fund

BMO Global Monthly Income Fund

BMO Sustainable Global Multi-Sector Bond Fund

(formerly BMO Global Multi-Sector Bond Fund)

BMO Global Strategic Bond Fund

BMO Monthly Income Fund

BMO Mortgage and Short-Term Income Fund

BMO Preferred Share Fund

BMO Sustainable Bond Fund

BMO Tactical Global Bond ETF Fund

BMO U.S. Corporate Bond Fund*

BMO U.S. High Yield Bond Fund

BMO World Bond Fund

BMO Growth Funds

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 Concentrated Global Equity Fund

BMO Concentrated U.S. Equity Fund

BMO Covered Call Canada High Dividend ETF Fund

BMO Covered Call Canadian Banks ETF Fund

BMO Covered Call Europe High Dividend ETF Fund

BMO Covered Call U.S. High Dividend ETF Fund

BMO Dividend Fund

BMO European Fund

BMO Sustainable Global Balanced Fund

(formerly BMO Global Balanced Fund)

BMO Global Dividend Fund

BMO Global Enhanced Income Fund*

BMO Global Equity Fund

BMO Global Infrastructure Fund

BMO Global Quality ETF Fund*

BMO Growth Opportunities Fund

BMO International Equity ETF Fund

BMO Growth Funds (cont'd)

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 SDG Engagement Global Equity Fund

BMO SIA Focused Canadian Equity Fund

BMO SIA Focused North American Equity Fund

BMO Sustainable Opportunities Canadian Equity Fund

BMO Sustainable Opportunities China Equity Fund

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 Plus Fund

BMO Women in Leadership Fund

BMO Equity Growth Funds

BMO Canadian Small Cap Equity Fund

BMO Clean Energy ETF Fund

BMO Emerging Markets Fund

BMO Precious Metals Fund

BMO Resource Fund

BMO U.S. Small Cap Fund

BMO ETF Portfolios

BMO Fixed Income ETF Portfolio

BMO Income ETF Portfolio

BMO Conservative ETF Portfolio

BMO Balanced ETF Portfolio

BMO Growth ETF Portfolio

BMO Equity Growth ETF Portfolio

BMO U.S. Dollar Funds

BMO USD Income ETF Portfolio

BMO USD Conservative ETF Portfolio

BMO USD Balanced 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

**New funds launched during the period.*

SCHEDULE "A" (cont'd)

BMO Corporate Class Funds[±]

BMO Asian Growth and Income Class
BMO Canadian Equity Class
BMO Dividend Class
BMO Global Dividend Class
BMO Global Energy Class
BMO Global Equity Class
BMO Global Low Volatility ETF Class
BMO Greater China Class
BMO International Value Class
BMO U.S. Equity Class
BMO SelectClass[®] Income Portfolio
BMO SelectClass[®] Balanced Portfolio
BMO SelectClass[®] Growth Portfolio
BMO SelectClass[®] Equity Growth Portfolio
BMO Income ETF Portfolio Class
BMO Balanced ETF Portfolio Class
BMO Growth ETF Portfolio Class
BMO Equity Growth ETF Portfolio Class

BMO LifeStage Plus Funds

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

BMO FundSelect[®] Portfolios

BMO FundSelect[®] Income Portfolio
BMO FundSelect[®] Balanced Portfolio
BMO FundSelect[®] Growth Portfolio
BMO FundSelect[®] Equity Growth 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 Income Portfolio
BMO Retirement Conservative Portfolio
BMO Retirement Balanced 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 Growth Portfolio
BMO Sustainable Income Portfolio

**New funds launched during the period.*

± Each fund within this category is a class of BMO Corporate Class Inc., a mutual fund corporation

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