

## 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 Mutual Funds (the “Funds”) managed by BMO Investments Inc. (the “Manager”), I am pleased to provide you with the IRC’s 2021 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, 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 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. 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 Funds. 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 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 Funds 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 (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. (collectively, the “BMO Fund Families”). 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 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 Funds 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 Fund 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 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 \$22,290. This amount was allocated among the Funds in an equitable and reasonable manner.

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 the following factors:

- 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 Fund;
- the asset size and number of Funds and other funds in the BMO Fund Families
- the nature and extent of the workload of each IRC 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 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 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.

- 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)

***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 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
3. Errors and Breaches Policy, which provides how trading, valuation or other errors made within a Fund are identified and corrected
4. 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
5. Receipt of Gifts and Entertainment Policy, which provides guidelines regarding the acceptance of gifts and entertainment by the Manager's employees
6. Frequent and 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 Funds
7. 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 Funds
8. Fund of Fund Transactions Policy, which sets out the framework for investment decisions for Funds that invest in other underlying funds
9. 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
10. 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 Funds based on an incorrect net asset value, including making payments to make the Fund whole and adjusting securityholder accounts

11. Fund Valuation Policy, which directs how a Fund's portfolio assets will be valued in order to obtain a fair and accurate net asset value of the Fund
12. Payment of Fund Expenses Policy, which 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
13. Payment of Income Taxes (BMO Corporate Class Funds) Policy, which allows the Manager to determine the amount of income taxes to be paid by each of the BMO Corporate Class Funds
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 Funds that are listed and traded on an exchange

On March 22, 2021, the Manager received a positive recommendation from the IRC, subject to obtaining all necessary securityholder approvals, for the following mergers:

<b>TERMINATING FUND</b>	<b>CONTINUING FUND</b>
BMO Floating Rate Income Fund	BMO U.S. High Yield Bond Fund
BMO Monthly Dividend Fund Ltd.	BMO Dividend Fund

The merger of BMO Monthly Dividend Fund Ltd. into BMO Dividend Fund did not proceed because securityholders of BMO Monthly Dividend Fund Ltd. did not approve of this merger at a special meeting held on June 18, 2021.

On August 12, 2021, the Manager received a positive recommendation for the following merger:

<b>TERMINATING FUND</b>	<b>CONTINUING FUND</b>
BMO Global Growth & Income Fund	BMO Global Equity Fund

On November 8, 2021, BMO Financial Group announced that it had completed the previously announced sale of the entities that represent its EMEA asset management business to Ameriprise Financial, Inc. ("Ameriprise"). As a result of the closing of this transaction, BMO Asset Management Limited, BMO Global Asset Management (Asia) Limited, LGM Investments Limited and Pyrford International Limited are no longer subsidiaries or affiliates of Bank of Montreal or related or connected to the Manager.

On November 15, 2021, the Manager transferred to Columbia Management Investment Advisers, LLC, Ameriprise's U.S. asset management business, the investment advisory mandates for certain Funds or portions thereof sub-advised by Taplin, Canida & Habacht, LLC. The Manager transferred on December 16, 2021 to Columbia Management Investment Advisers, LLC the investment advisory mandates for certain Funds or portions thereof sub-advised by BMO Asset Management Corp.

The Manager received a positive recommendation for the Manager to enter into a Canadian and U.S. administered master services agreement with State Street Bank and Trust Company for middle office services provided to the Manager and back office services provided to the Funds which were previously administered on a global basis prior to the closing of the EMEA component of the Ameriprise transaction. In addition, 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 prior to the closing of the EMEA component of the Ameriprise transaction.

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 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

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