

Annual Information Form

December 18, 2020



BMO GLOBAL WATER SOLUTIONS TACTIC™ FUND

Offering the following classes of mutual fund units:

Class A

Class D

Class F

Class I

No securities regulatory authority has expressed an opinion about these securities. It is an offence to claim otherwise.

The Fund and the Units of the Fund offered under this annual information form are not registered with the United States Securities and Exchange Commission and they are sold in the United States only in reliance on exemptions from registration.

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Certificate of BMO Global Water Solutions TACTIC™ Fund (the “Fund”) and the Manager and Promoter of the Fund
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1. GENERAL INTRODUCTION

This annual information form contains information about the BMO Global Water Solutions TACTIC™ Fund.

In this document, “we”, “us”, “our” and “Manager” refer to BMO Nesbitt Burns Inc.

We refer to the BMO Global Water Solutions TACTIC™ Fund as the “Fund”. Please refer to “*Name, Formation and History of the Fund*” for details concerning the history of the Fund.

The Fund is a trust organized under the laws of Ontario and offers the classes of units (the “**Units**”) specified on the front cover of this annual information form.

References to “Class A Units”, “Class D Units”, “Class F Units” and “Class I Units” are to the Class A Units, Class D Units, Class F Units and Class I Units of the BMO Global Water Solutions TACTIC™ Fund, respectively.

The Fund was originally established as a closed-end investment fund (Global Water Solutions Fund) under the laws of Ontario. On December 7, 2018 (the “**Effective Date**”), Global Water Solutions Fund changed its name to “BMO Global Water Solutions TACTIC™ Fund” and the Fund converted from a closed-end fund into an open-end (daily redeemable) mutual fund (the “**Conversion**”).

References to time are to local time in Toronto, Ontario.

2. NAME, FORMATION AND HISTORY OF THE FUND

The registered address of the Fund is c/o BMO Nesbitt Burns Inc., 1 First Canadian Place, 100 King Street West, 8th Floor, Toronto, Ontario, M5X 1A1.

The Fund is an open-ended mutual fund trust governed by the master declaration of trust as amended and restated on the Effective Date (the “**Master Declaration of Trust**”) between the Manager and CIBC Mellon Trust Company (the “**Trustee**”). See *Responsibility for operations of the Fund*. The Master Declaration of Trust provides for the establishment of an independent review committee for the Fund in accordance with National Instrument 81-107 – *Independent Review Committee for Investment Funds* (“**NI 81-107**”).

Unless otherwise indicated, all references to dollar amounts in this Annual Information Form are to Canadian dollars. Any capitalized terms used but not defined herein have the meaning given to them in the Master Declaration of Trust.

The Fund was originally established as a non-redeemable investment fund (Global Water Solutions Fund) established as a trust under the laws of the Province of Ontario pursuant to a declaration of trust dated January 29, 2015 (as supplemented, amended or restated from time to time, the “**Global Water Declaration of Trust**”). The Global Water Declaration of Trust was amended by Amendment No. 1 dated May 3, 2016. BMO Nesbitt Burns Inc. was the manager and investment fund manager of the Fund and KBI Global Investors (North America) Ltd. (formerly known as Kleinwort Benson Investors International Ltd.) was retained as portfolio manager of the Fund.

As approved at a special meeting of unitholders of the Fund held on November 12, 2018, the Fund, among other things, changed its name to “BMO Global Water Solutions TACTIC™ Fund”, and converted from a closed-end, non-redeemable investment fund into an open-ended mutual fund.

Class X Units of the Fund were available to investors whose units of Global Water Solutions Fund were converted to Class X Units of the Fund at the Effective Date. Class X Units of the Fund were automatically converted to Class A Units of the Fund on or about February 28, 2019. Class X Units are no longer offered and no Class X Units of the Fund remain outstanding.

3. INVESTMENT PRACTICES AND RESTRICTIONS

(a) Investment Restrictions

The investment practices of the Fund are subject to various restrictions imposed by applicable securities laws, by policies of the Canadian securities administrators, and by the Master Declaration of Trust. The Fund has adopted the standard mutual fund investment restrictions and practices contained in securities legislation, including National Instrument 81-102 – *Investment Funds* (“**NI 81-102**”). These are designed in part to ensure that the investments of the Fund are diversified and relatively liquid and to ensure the proper administration of the Fund. The Fund is managed in accordance with these restrictions and practices.

The Fund currently qualifies, and is expected to continue to qualify as a “mutual fund trust” as defined in the *Income Tax Act* (Canada) (the “**Tax Act**”) at all times. The Fund will not engage in any undertaking other than the investment of its funds in property for the purposes of the Tax Act.

Provided that the Fund qualifies as a mutual fund trust at a particular time, Units of the Fund will be qualified investments for a registered retirement savings plan (“**RRSP**”), a registered retirement income fund (“**RRIF**”), a deferred profit sharing plan, a registered education savings plan (“**RESP**”), a registered disability savings plan (“**RDSP**”) or a tax-free savings account (“**TFSA**”) (collectively, “**Registered Plans**”) at such time. Owners of RRSPs, RRIFs, TFSAs, RDSPs and RESPs should consult their own advisors as to whether Units would be a “prohibited investment” for their RRSP, RRIF, TFSA, RDSP or RESP having regard to their circumstances.

The Fund has not deviated in the last year from the requirements in the Tax Act in order to qualify as a mutual fund trust.

The Fund will not mix its investments with investments of other persons. The investments of the Fund will be kept separate from the investments of, and from all other property belonging to, or in the custody of, CIBC Mellon Trust Company, or any other custodian of assets of the Fund.

The fundamental investment objective of the Fund may only be changed with the approval of a majority of the votes cast at a meeting of unitholders of the Fund called for that purpose.

(b) Investments in derivative instruments

The Fund will use derivatives only in compliance with the securities regulations applicable to mutual funds or exemptions received therefrom. These requirements include that:

- the Fund will enter into a derivative only if the counterparty, or an affiliate that has fully and unconditionally guaranteed the obligations of the counterparty under the derivative, has an approved credit rating for this purpose; and
- when the Fund uses derivatives for purposes other than hedging, it will hold enough cash and securities to fully cover its position in the derivative.

(c) Exemptive Relief

The Fund has not sought exemptive relief from securities regulatory authorities to vary any of the investment restrictions and practices contained in applicable securities laws.

(d) Proxy Voting Policies and Procedures

The Manager has delegated the voting of proxies of the Fund's portfolio securities to the Fund's portfolio manager as part of the portfolio manager's management of the Fund's portfolio, subject to the Manager's continuing oversight. The portfolio manager voting proxies on behalf of the Fund must do so in a manner consistent with the best interests of the Fund and its unitholders.

The Manager has established policies and procedures to be considered, in conjunction with the portfolio manager's own policies and procedures, in determining how to vote on matters for which the Fund receives proxy materials for a meeting of securityholders of an issuer. Due to the variety of proxy voting issues that may arise, the following summary of the proxy voting policies and procedures is not exhaustive and is intended to provide guidance but does not necessarily dictate how each issue must be voted in each instance. Further, the Manager or a portfolio manager may depart from their respective proxy voting policies and procedures or not vote a proxy, in order to avoid voting decisions that may be contrary to the best interests of the Fund and its unitholders.

The policies and procedures established by the Manager (the "**Proxy Voting Guidelines**") include:

- i. a standing policy for dealing with routine matters on which the Fund may vote. In particular, the Proxy Voting Guidelines apply general guidelines to a number of routine matters. These guidelines vary, depending on the specific matter involved. Routine matters include: election of directors; appointment of auditors; changes in capital structure; and an increase in authorized stock;
- ii. the circumstances under which the Fund will deviate from the standing policy for routine matters. The Proxy Voting Guidelines provide that the Fund's portfolio manager may depart from the general guidelines with respect to routine matters, in order to avoid voting decisions that may be contrary to the best interests of the Fund and the Fund's unitholders. For example, the Proxy Voting Guidelines provide that the Fund will typically support management's recommendations regarding the appointment of an auditor, but may vote against such a recommendation if the fees for services are excessive or if there are other reasons to question the independence or quality of the company's auditors;
- iii. the policies under which, and the procedures by which, the Fund will determine how to vote or refrain from voting on non-routine matters. These policies vary depending on the specific matter involved. Non-routine matters include: corporate restructurings; mergers and acquisitions; proposals affecting shareholder rights; corporate governance; executive compensation; social and environmental issues; and shareholder proposals. For example, with respect to shareholders rights, the Proxy Voting Guidelines provide that the Fund will typically vote in favour of proposals that give shareholders a greater voice in the affairs of the company and oppose any measure that seeks to limit those rights; and
- iv. procedures to ensure that portfolio securities held by the Fund are voted in accordance with the instructions of the Manager. This includes the requirement of the portfolio manager to provide to the Manager on a quarterly basis a certificate confirming that it has voted all securities held by the Fund in accordance with the Proxy Voting Guidelines.

The following three situations involving the voting of proxies present a potential material conflict of interest:

- voting proxies in respect of a shareholders meeting of the Manager or any of its affiliates;
- voting proxies of an issuer in respect of a proposed merger or other corporate reorganization or transaction involving the issuer (or any of its affiliates) and the Manager, or any of its affiliates; and
- voting proxies of an issuer in regard to the nomination or election of any officer or director of the Manager to the board of directors of that issuer.

In those instances where the Manager or an affiliate is not acting as portfolio manager, the voting responsibility will be outsourced to the portfolio manager who will vote the proxies in the best interests of the Fund without reference to, or influence from the Manager. In those instances where the Manager or an affiliate acts as portfolio manager, the Manager will employ a leading, independent proxy agent (the “**Proxy Agent**”) who provides in-depth analysis, guidelines and voting recommendations for proxy proposals (e.g., Glass, Lewis & Co.) and vote the proxies to be consistent with the Proxy Agent’s recommendation.

A conflict of interest may exist if the portfolio manager, its personnel or another related entity has a business relationship with (or is actively soliciting business from) either the company soliciting the proxy or a third party that has a material interest in the outcome of a proxy vote or that is actively lobbying for a particular outcome of a proxy vote. Conflicts of interest also may arise if an individual employed by the portfolio manager that is involved in the proxy vote decision has a direct or indirect personal relationship or other interest in either the company soliciting the proxy or in a third party that has a material interest in the outcome of a proxy vote, or that is lobbying for a particular outcome of a proxy vote.

The portfolio manager of the Fund has procedures in place to identify potential conflicts of interest. When the portfolio manager becomes aware of any vote that presents a conflict, the portfolio manager must vote such proxy question in a manner consistent with, and uninfluenced by considerations other than, the best interest of the Fund and its unitholders.

The policies and procedures that the Fund follows when voting proxies relating to portfolio securities are available on request, at no cost, by calling 1-866-864-7760 (English) or 1-866-529-0017 (French) or by writing to the Manager, 1 First Canadian Place, 100 King Street West, 8th Floor, Toronto, Ontario, M5X 1A1.

The Fund’s proxy voting record for the most recent period ended June 30 of each year is, or will be, available free of charge to any unitholder of the Fund upon request at any time after August 31 of the relevant year by calling 1-866-864-7760 (English) or 1-866-529-0017 (French).

The proxy voting record is also available on our website at www.bmonotes.com or by contacting us by email at admin.dealerservices@bmonb.com.

4. DESCRIPTION OF UNITS OFFERED BY THE FUND

The Fund offers four (4) unhedged classes of Units: Class A Units, Class D Units, Class F Units and Class I Units. The Fund is authorized to issue an unlimited number of Units of each Class.

The Fund is divided into Units of participation which may be issued in one or more classes as determined by the Manager from time to time. Each Unit of a Class is entitled to participate equally in distributions on Units of that Class made by the Fund (other than Redeemer’s Gains) and on liquidation. Your interest in the Fund is shown by how many Units of a Class are registered in your name. There is no limit to the number of Units of

each Class of the Fund that can be issued. No Unit in the Fund has any preference or priority over another Unit of the same Class of the Fund.

No unitholder holds any assets of the Fund. Unitholders have only those rights mentioned in this annual information form, in the simplified prospectus and as created in the Master Declaration of Trust.

Units of the Fund have the following attributes:

1. at any meeting of unitholders, each unitholder will be entitled to one vote for each whole Unit registered in the unitholder's name;
2. on the termination of the Fund, the assets of the Fund will be distributed and all Units in the Fund will share in the value of the Fund;
3. the Units have no dividend rights, but you may participate in any distributions by the Fund;
4. the Units of the Fund do not carry rights to any other fund;
5. the Units of the Fund may be redeemed, possibly subject to costs (see *Redemption of Units*);
6. the Units of the Fund cannot be transferred except in limited circumstances;
7. there is no liability for further calls or assessments; and
8. the Units of the Fund may be sub-divided or consolidated by the Manager.

Subject to certain exceptions, the following changes cannot be made to the Fund unless a majority of the votes cast at a meeting of unitholders of the Fund called for that purpose approve:

1. a change in basis of calculation of a fee or expense that is charged to the Fund in a way that could result in an increase in charges to the Fund, except where:
 - (i) the Fund is at arm's length with the person or company charging the fee;
 - (ii) the unitholders have received at least 60 days' notice before the effective date of the change; and
 - (iii) the right to notice described in (ii) is disclosed in the prospectus of the Fund;
2. the introduction of a fee or expense to be charged to the Fund or directly to unitholders by the Fund or the Manager in connection with the holding of Units that could result in an increase in charges to the Fund or to unitholders;
3. a change in the manager of the Fund (other than to an affiliate of BMO Nesbitt Burns Inc.);
4. a change in the auditors of the Fund;
5. a change in the fundamental investment objectives of the Fund;
6. in certain cases, the Fund undertakes a reorganization with, or transfer of its assets to, another fund or acquires another fund's assets; or
7. if the net asset value per Unit of the Fund will be calculated less often.

The Manager will give unitholders of the Fund 60 days' written notice of any other amendment to the Master Declaration of Trust except that the Manager may amend the Master Declaration of Trust without approval of or notice to unitholders of the Fund, if the proposed amendment:

- is not expected to materially adversely affect the interests of unitholders;
- is intended to ensure compliance with applicable laws, regulations rules or policies;
- is intended to remove conflicts or inconsistencies or to correct typographical, clerical or other errors; or
- is intended to facilitate the administration of the Fund or to respond to amendments to the Tax Act which might otherwise adversely affect the interests of the Fund or its unitholders.

5. VALUATION OF PORTFOLIO SECURITIES

In determining the Class net asset value ("NAV") of a class of Units of the Fund at any time, the company appointed from time to time by the Manager to calculate the NAV and the NAV per Unit of the Fund (the "**Valuation Agent**"), uses the following principles:

- (a) the value of any cash on hand or on deposit, bills and demand notes and accounts receivable, prepaid expenses, cash dividends and interest declared or accrued and not yet received, are valued at the full amount or at what the Valuation Agent considers to be the fair value;
- (b) bonds, debentures and other debt securities shall be marked to market based on prices obtained from a recognized pricing service at 4:00 p.m. (Toronto Time) or such other time the Manager deems appropriate on each valuation date (the "**Valuation Time**") on the Business Day and any other day designated by the Manager on which the Class Net Asset Values of the Fund will be calculated (the "**Valuation Date**"). Short-term investments, including notes and money market instruments, shall be recorded at their fair value;
- (c) any security that is listed or dealt in on a stock exchange shall be valued at the closing sale price (or such other value as the securities regulatory authorities may permit) last reported at the Valuation Time on the Valuation Date on the principal stock exchange on which such security is traded, or, if no reliable closing sale price is available at that time, the security shall be fair valued;
- (d) securities of any mutual funds held by the Fund shall be valued at the reported net asset value of the applicable security of that mutual fund;
- (e) foreign currency accounts shall be expressed in Canadian dollars on the following basis: (i) investments and other assets shall be valued by applying the applicable exchange rate at the Valuation Time; and (ii) purchases and sales of investments, income and expenses shall be recorded by applying the applicable exchange rate on the dates of such transactions;
- (f) the Fund's holdings, other than those referable to a class of Units denominated in U.S. dollars, if any, shall be valued in Canadian dollars before the NAV of the Fund is calculated;
- (g) forward foreign exchange contracts shall be valued as the difference between the value of the contract on the date the contract was originated and the value of the contract on the Valuation Date. Foreign exchange options shall be valued at their quoted market value. When the contract or option closes or expires, a realized foreign exchange gain or loss shall be recognized;

- (h) forward contracts shall be valued as the difference between the current price and the purchase price (i.e. the mark to market value of the contract);
- (i) clearing corporation options shall be valued at the current market value;
- (j) should the Fund write a covered clearing corporation option, the premium received shall be considered a deferred credit with a value equal to the current market value of an option that would have the effect of closing the position. Any difference resulting from revaluation will be treated as an unrealized gain or loss. Deferred credits will be deducted to arrive at the NAV of the Fund;
- (k) futures contracts shall be valued at the outstanding current margin payable or receivable;
- (l) bullion, coins, certificates or other evidences of precious metals shall be valued at current market value;
- (m) restricted securities shall be valued according to reported quotations in common use, or according to the following method, whichever is less: restricted securities shall be valued at that percentage of the market value of unrestricted securities which the Fund paid to acquire them, provided that if the time period during which the restrictions on these securities will apply is known, the price may be adjusted to reflect this time period;
- (n) all other assets shall be valued at the Valuation Agent's best estimate of fair value; and
- (o) if any investment cannot be valued under the foregoing rules or if the foregoing rules are at any time considered by the Valuation Agent to be inappropriate under the circumstances, then, notwithstanding the foregoing rules, the Valuation Agent shall make such valuation as it considers fair and reasonable.

The Valuation Agent may also determine the fair value of securities in the following circumstances: (i) when there is a halt trade on a security which is normally traded on an exchange; (ii) with respect to securities that trade on markets that have closed prior to the time of calculation of the NAV of the Fund when there is sufficient evidence that the closing price on the market is not the most appropriate value at the time of valuation; and (iii) when there are investment or currency restrictions imposed by a country that affect the Fund's ability to liquidate the assets held in that market.

Each portfolio transaction will be reflected in the calculation of NAV per Unit no later than the calculation of NAV per Unit next made after the date on which the transaction becomes binding. The issue of Units will be reflected in the calculation of NAV per Unit next made after the issue date for such Units, which may be up to two Business Days after the date that the subscription order for such Units is accepted. The conversion or redemption of Units will be reflected in the calculation of NAV per Unit next made after the conversion request or redemption request is accepted.

The NAV per Unit of a class is calculated in Canadian dollars or U.S. dollars, as applicable, in accordance with the rules and policies of the Canadian Securities Administrators or in accordance with any exemption therefrom that the Fund may obtain. The NAV per Unit of a class determined in accordance with the principles set out above may differ from the NAV per Unit determined under International Financial Reporting Standards.

6. CALCULATION OF NET ASSET VALUE

The NAV of the Fund and the Class NAV per Unit of the Fund are calculated by the Manager in accordance with NI 81-102 on any day on which the Fund is required to calculate a net asset value.

The Class NAV of the Fund is determined by taking the Class' proportionate share of the market value of the Fund's portfolio, adding its proportionate share of all other assets and subtracting the Class' liabilities and its proportionate share of common liabilities of the Fund attributable to that Class. The result is the Class NAV of the Fund.

Since each Class of the Fund has different costs and liabilities, the Class NAV per Unit is calculated separately for each Class. We calculate the Class NAV per Unit by taking that Class' NAV, determined as described above, and then dividing that number by the total number of Units of that Class that are outstanding. The Class NAV per Unit is calculated as at 4:00 p.m. (Eastern Time) on each business day. A business day is any day on which the Toronto Stock Exchange ("TSX") is open for trading.

The purchase and sale price of each Unit of the Fund Class is equal to the Class NAV per Unit as at 4:00 p.m. (Eastern Time) on each business day. Any applicable redemption fee payable by you will be deducted from your sale proceeds. If your purchase or sale order is received after 4:00 p.m. (Eastern Time), the price will be the Class NAV per Unit as at 4:00 p.m. (Eastern Time) on the next business day.

The issue and redemption price is based on the Fund's Class NAV next determined after the receipt of an order. The issue or redemption of Units of a Class of Units of the Fund is reflected in the next calculation of the applicable Class NAV following the issue or redemption of such Units.

The NAV per Unit for the Class A Units, Class D Units, Class F Units and Class I Units is calculated in Canadian dollars.

Although purchases and redemptions of Units are recorded on a Class basis, the assets attributable to all of the Classes of the Fund are pooled to create one fund for investment purposes.

You may obtain the NAV per Unit of each Class of the Fund by visiting the Fund's website at www.bmonotes.com or by calling 1-866-864-7760 (English) or 1-866-529-0017 (French).

7. PURCHASES AND SWITCHES

(a) Subscription for Units

Units of the Fund are offered on a continuous basis at the Class NAV per Unit as provided for in the section below entitled "*Price per unit*". Class A Units and Class F Units must be purchased through your investment advisor. Class D Units are available to investors who have accounts with a discount brokerage or for other investors for whom we do not incur substantial distribution costs. Class I Units are for institutional investors, for use within managed asset programs or structured products. If eligible, you can buy Class I Units only through a registered dealer or broker who has entered into an I Class Agreement with us and only with our prior approval. A dealer's participation in Class I Units distribution is subject to our terms and conditions.

Subscriptions as received and accepted will be used to purchase Units of the particular Class of the Fund at the Class NAV per Unit as provided for in the section below entitled "*Price per unit*". The Master Declaration of Trust authorizes the Manager to accept or reject subscriptions to purchase Units. We may exercise this right provided that: (1) the decision to accept or reject a subscription is made promptly and in any event no later than one business day after receipt of the subscription; and (2) if a subscription is rejected, all monies received with the subscription are returned without interest or deduction immediately. The time from the business day next following the date of the receipt of a subscription to the settlement date for that subscription shall not exceed two business days.

(b) Minimum subscription - fractional Units

You should note that there are minimum subscription and minimum balance amounts applicable to each Class of Units of the Fund as described in this Annual Information Form and in the Fund's Simplified Prospectus. Fractional Units taken to not less than three decimal points will be issued in order to allow investment of fixed dollar amounts.

An investment in Units of any Class of the Fund requires you to invest and maintain a minimum balance of \$500 (Canadian dollars) for the Class A Units, Class D Units and Class F Units. Any minimum amounts for Class I Units are determined on a contractual basis. If the value of your investment in a Class of the Fund falls below the minimum amount as determined by us from time to time, we may redeem all the securities of such Class of the Fund in your account. If, as a result of market fluctuation, the value of your Units of a Class of the Fund falls below the minimum balance, we may redeem such Units after giving you 10 days' notice. If, as a result of a partial redemption, the value of your remaining holding falls below the minimum balance, we may redeem such remaining holding immediately and without prior notice to you.

We reserve the right to change or waive any minimum purchase order and minimum unitholding amounts from time to time, at our sole discretion, without notice.

(c) Converting to Units of another Class of the Fund

A conversion involves moving your investment from one Class to another Class of the Fund. We describe the kinds of conversions you can make below. When we receive your order, we will convert your Units of one Class to Units of another Class of the Fund, provided you are qualified to hold the Class into which you are converting. There may be fees or charges, depending on the Class of Units involved and the arrangements between you and your dealer.

You can convert your Units of the Fund of one Class to another Class of Units of the Fund through a qualified financial advisor. Conversions between Classes of the Fund do not result in dispositions for income tax purposes. It is up to you or your investment professional, if applicable, to determine which Class of Units is the more or most appropriate for you. The choice of different purchase options requires you to pay different fees and expenses and affects the amount of compensation received by your dealer and your financial advisor.

We have the right to refuse any order to convert Units. We must do so within one business day from the time we receive the order. The timing of the processing of conversions is the same as for redemptions.

(d) Redesignations of Units to another Class of the Fund

If you or your dealer is no longer eligible to hold Class D Units, Class F Units or Class I Units, we may, in our sole and absolute discretion and without notice, redesignate your Class D Units, Class F Units or Class I Units into Class A Units of the Fund. If we redesignate your Units in these circumstances, the management fee charged on your Class A Units will be higher than the fee you were paying on the Class D Units, Class F Units or Class I Units that you previously owned. If you become eligible to hold Class F Units or Class I Units, you should so advise your financial advisor and determine whether a change of your Class A Units into Class F Units or Class I Units is appropriate, and so advise us.

Redesignation fees and short-term trading fees do not apply in respect of a redesignation of Class D, Class F, or Class I Units to Class A Units of the Fund. After a redesignation of Class D, Class F or Class I Units to Class A Units of the Fund, the Class A Units will be subject to the fees and other terms and conditions applicable to all Class A Units of the Fund.

Provided the conditions set out below are met, we may, in our discretion, redesignate your Fund Units into Units of another Class of the Fund. We may only redesignate your Units if:

- you receive Units having the same value;
- the management fee and any other fees and expenses of the new Class are not more than that of the Class that you previously owned;
- the redesignation is done at no cost to you;
- the redesignation is not a disposition for tax purposes; and
- the service commissions payable by us to registered dealers and brokers, if any, remain the same.

After a redesignation of Units to another Class, the redesignated Units will be subject to the fees and other terms and conditions applicable to Units of the other Class of the Fund as described in greater detail in the simplified prospectus of the Fund under the headings “*Fees and Expenses*” and “*Dealer Compensation*”.

(e) Price per unit

The price per Unit for Units of a Class of the Fund purchased pursuant to a subscription accepted by the Manager, will be the applicable Class NAV per Unit of the Fund and determined on the business day next following the date of receipt by us of the subscription; provided however when a subscription or a request for redemption is received by us by 4:00 p.m. (Eastern Time) on a business day, the net asset value of the Unit subscribed for or to be redeemed will be calculated on that date. Units of all Classes of the Fund are priced in Canadian dollars.

(f) Settlement of sale

Your subscription for Units of the Fund will be accepted or rejected as described in the simplified prospectus of the Fund.

You should note that if you purchase Units in the Fund from a registered broker or dealer, you may be subject to the particular arrangements of that registered broker or dealer such that you may have to compensate the registered broker or dealer for any losses suffered by the registered broker or dealer in connection with a failed settlement of a purchase of Units of the Fund caused by you.

(g) Continuous Savings Plan

To facilitate regular investing, the Manager has established a Continuous Savings Plan as described in the simplified prospectus of the Fund.

(h) The sales charge options

When you purchase Class A Units of the Fund, you may have to pay a sales commission of 0% to 2.0% of the amount invested. You can negotiate this fee with your dealer. No sales commissions will be payable in respect of the Class D Units, Class F Units or Class I Units of the Fund. The choice of different purchase options requires you to pay different fees and expenses and affects the amount of compensation payable to a dealer.

8. REDEMPTION OF UNITS

(a) Redemptions

You can sell Units at any time; this is called a redemption. Units may be surrendered at any time for redemption on a Valuation Date, subject to our right to suspend redemptions in certain circumstances. When redeeming Units of the Fund you should indicate whether you wish to redeem a specified dollar amount or number of Units. You may have to pay an administrative fee to your dealer for each redemption. Except as discussed under “*When you may not be allowed to sell your Units*” on page 11, we cannot refuse an order to redeem Units.

In respect of any redemption, if we receive your order by 4:00 p.m. on a Valuation Date in good order, we will process it at the applicable Class NAV per Unit determined on such date. All Units that have been surrendered for redemption prior to 4:00 p.m. on a Valuation Date will be deemed to be outstanding until (but not after) the close of business on that Valuation Date.

If we receive your redemption order at or after 4:00 p.m. on a day that is a Valuation Date, or on a day which is not a Valuation Date, we will process it at the applicable Class NAV per Unit calculated on the next Valuation Date. If the Toronto Stock Exchange closes earlier than 4:00 p.m. on a Valuation Date, we may impose an earlier deadline for receipt of redemption orders. Payment of any redemption proceeds owing will be made within two business days.

If you redeem a Unit, the Manager may designate and distribute to you, as part of the Class NAV per Unit of the Unit being redeemed, a portion of the net realized capital gains of the Fund for the year (“**Redeemer’s Gains**”).

We may refuse to process your order if it is not in good order or if all necessary documents and/or information have not been received. If we process it anyway, and have not received all the necessary documentation and/or information needed to settle your redemption request within 10 business days of a Valuation Date, we are required under securities legislation to purchase the equivalent number of Units you asked to be redeemed as of the close of business on the tenth business day. If the purchase price of those Units is less than your redemption price, the Fund will keep the difference. If the amount of the purchase price exceeds your redemption price, we will pay the difference to the Fund and may seek reimbursement from your dealer, together with additional costs. Your dealer may be entitled to recover these amounts from you.

You should note that if you have purchased Units in the Fund from a registered broker or dealer, you may be subject to the particular arrangements of that registered broker or dealer such that you may have to compensate the registered broker or dealer for any losses suffered by the registered broker or dealer in connection with any failure on your part to satisfy the requirements of the Fund or securities legislation for a redemption of Units of the Fund.

(b) When you have to redeem Units

If you become ineligible to hold the Fund, we may redeem your Units. We may redeem your Units if we are permitted or required to do so, including in connection with the termination of the Fund, in accordance with applicable law. If we redeem your Units, the effect will be the same as if you initiated the transaction. We will not give you or your dealer notice prior to taking any of these actions.

(c) When you may not be allowed to sell your Units

The Fund may suspend your right to request a redemption of Units for all or part of a period when:

- (a) normal trading is suspended on a stock, options or futures exchange in Canada or outside Canada in which securities or derivatives that make up more than 50% of the value or underlying exposure of the Fund's total assets are traded, and
- (b) those securities or derivatives are not traded on any other exchange that represents a reasonable alternative for the Fund.

The Fund may postpone a redemption payment for any period during which your right to request a redemption is suspended under the circumstances described above or with the approval of the Canadian securities regulators. The Fund may not accept orders for the purchase of Units during any period when the redemption of its Units has been suspended.

The suspension may, at the discretion of the Manager, apply to all requests for redemption received prior to the suspension but as to which payment has not been made, as well as to all requests received while the suspension is in effect. If you make a request for redemption during a suspension (unless the suspension lasts for less than 48 hours), you will be advised by the Manager of the suspension and that the redemption will be in effect on the basis of the Class NAV per Unit determined on the first business day following the termination of the suspension. You will have and will (unless the suspension lasts for less than 48 hours) be advised that you have the right to withdraw your request for redemption. The suspension will terminate in any event on the first day on which the condition giving rise to the suspension has ceased to exist, provided that no other condition under which a suspension is authorized then exists. To the extent that it is not inconsistent with rules and regulations promulgated by any government body having jurisdiction over the Fund, any declaration or suspension made by the Manager shall be conclusive.

(d) Payment on redemption - outstanding Units

If you make a redemption request, we will pay you within two business days the value of the Units determined on the date the redemption request was treated as received. If all your Units in the Fund are redeemed, any net income and net realized capital gains relating to the Units which have been made payable prior to the business day on which the value of the Units was determined will also be paid to you. If you redeem only some of your Units in the Fund, the proceeds will be paid as described above and net income and net realized capital gains attributable to the Units will be paid to you in accordance with the Fund's distribution policy, as described in the simplified prospectus. Payments will be considered made upon deposit of the redemption proceeds into your bank account or the mailing of a cheque in a postage prepaid envelope addressed to you unless the cheque is not honoured for payment.

(e) Transfer of money for redemption

We shall cause the custodian to pay out of the money or other assets of the Fund from time to time deposited with the custodian, sufficient moneys or other assets to enable us to redeem Units as required.

(f) Tax effect of a redemption

A redemption constitutes a disposition for purposes of the Tax Act even though the proceeds of the redemption may be reinvested in Units of another fund. If the net asset value of the Units redeemed is greater than your adjusted cost base for those Units and any reasonable costs of disposition, there is a gain. Similarly if the net asset value of the redeemed Units and any reasonable costs of disposition is less than the adjusted cost base for those Units, there is a loss. See *Income Tax Considerations* on page 21 for more information.

9. RESPONSIBILITY FOR OPERATIONS OF THE FUND

(a) Manager, Principal Distributor and Registrar

BMO Nesbitt Burns Inc. is the manager, principal distributor and registrar of the Fund. The address, phone number and the website of the Manager is: 1 First Canadian Place, 100 King Street West, 8th Floor, Toronto, Ontario, M5X 1A1, 1-866-864-7760 (English) or 1-866-529-0017 (French) and www.bmonotes.com. You can contact us by e-mail at admin.dealerservices@bmonb.com. The register of securities of the Fund will be kept in Toronto, Ontario.

The Manager manages the Fund pursuant to the terms of an amended and restated master management agreement dated the Effective Date as may be further amended (the “**Management Agreement**”) between the Fund and the Manager. The Management Agreement determines how we administer the Fund’s day-to-day operations, supervise the Fund’s investments, help manage the investment and reinvestment of assets, and serve as principal distributor of the securities of the Fund. The Manager will be entitled to receive fees as compensation for management services rendered to the Fund. The Manager is responsible for compliance with the investment policies, restrictions and practices of the Fund and to provide or arrange for the provision of all general administrative services related to the Fund. We have taken the initiative in creating the Fund and may be considered the promoter of the Fund.

The Management Agreement contains provisions regarding the resignation and replacement of the Manager subject to the approval of the investors in the Fund. The Management Agreement may be terminated in respect of the Fund by the unitholders of the Fund in the event of the Manager’s material breach or default of its obligations thereunder and such default has not been cured within 30 days’ notice after notice of same has been given to the Manager. The Management Agreement may also be terminated in respect of the Fund by the Fund immediately in the event of the commission by the Manager of any wilful misconduct (including fraud) and shall be automatically terminated if the Manager becomes bankrupt, insolvent or makes a general assignment for the benefit of its creditors.

The name and municipality of residence, position and office held with the Manager and current principal occupation of each of the directors and executive officers of the Manager are as follows:

<u>Name and Municipality of Residence</u>	<u>Position with the Manager and Principal Occupation</u>
ANDREW AUERBACH ⁽¹⁾ Toronto, Ontario	Director of the Manager and Head, Private Client Division and Ultimate Designated Person for Private Client Division
DANIEL BARCLAY ⁽²⁾ Toronto, Ontario	Director, President, Chief Executive Officer and Ultimate Designated Person for Capital Markets of the Manager and Group Head of BMO Capital Markets, Bank of Montreal
PATRICK CRONIN ⁽³⁾ Toronto, Ontario	Chief Risk Officer of the Manager and Chief Risk Officer, Bank of Montreal
BRUCE FERMAN ⁽⁴⁾ North York, Ontario	Chief Operations Officer, Private Client Division
THOMAS FLYNN ⁽⁵⁾ Toronto, Ontario	Director and Chair of the Manager and Chief Financial Officer, Bank of Montreal
SHARON HAWARD-LAIRD ⁽⁶⁾ Toronto, Ontario	Director of the Manager, Senior Vice President and Head, North American Treasury and Payment Solutions, Bank of Montreal

<u>Name and Municipality of Residence</u>	<u>Position with the Manager and Principal Occupation</u>
PETER HINMAN ⁽⁷⁾ Toronto, Ontario	Director of the Manager and Chief Financial Officer of BMO Nesbitt Burns Holdings Corporation
DELAND KAMANGA ⁽⁸⁾ Oakville, Ontario	Director and Managing Director of the Manager and Head of Global Markets, BMO Capital Markets
B. ROBERT MARKOVSKI ⁽⁹⁾ Toronto, Ontario	Chief Financial Officer and Managing Director of the Manager
DAVID MOORE ⁽¹⁰⁾ Toronto, Ontario	Chief Compliance Officer, Capital Markets
DANIELLE NARDI ⁽¹¹⁾ Mississauga, Ontario	Chief Compliance Officer, Private Client Division
SILVIO STROESCU ⁽¹²⁾ Stouffville, Ontario	Director of the Manager and President, BMO InvestorLine Inc.
CHRIS TAVES ⁽¹³⁾ Mississauga, Ontario	Chief Operating Officer, Capital Markets

(1) Appointed effective February 1, 2018.

(2) Appointed Director, President and Chief Executive Officer of the Manager effective November 1, 2018.

(3) Appointed Chief Risk Officer of the Manager effective June 27, 2019.

(4) Appointed effective May 8, 2020.

(5) Appointed Director of the Manager effective September 26, 2019.

(6) Appointed Director of the Manager effective January 21, 2020.

(7) Appointed Director of the Manager effective March 27, 2017. Chief Financial Officer up to and including January 31, 2017.

(8) Appointed Director of the Manager July 16, 2020.

(9) Appointed Chief Financial Officer effective February 1, 2017. Previously Senior Vice-President of the Manager.

(10) Appointed effective March 27, 2018.

(11) Appointed effective March 8, 2019.

(12) Appointed Director effective March 27, 2017.

(13) Appointed effective March 27, 2018.

Each of the foregoing individuals except for Mr. Stroescu and Ms. Nardi has held his or her current office or has held a senior position with the Manager or an affiliate of the Manager during the five years preceding the date hereof.

From March 2013 to October 2016, Mr. Stroescu was Vice President of Deposits at Tangerine Bank and Vice President of Investments Tangerine Investment Funds Limited and Tangerine Asset Management Inc. (previously, ING Direct Funds Limited and ING Direct Asset Management). As of October 2014 he was nominated President and CEO of Tangerine Investment Funds Limited and Tangerine Investment Management Inc. In October 2016, he became President, BMO InvestorLine Inc.

(b) Portfolio Manager

KBI Global Investors (North America) Ltd. (“**KBI**”) provides services to the Fund pursuant to the provisions of a portfolio management agreement among the Fund, the Manager and the Portfolio Manager (the “**KBI Portfolio Management Agreement**”) as amended and restated on the Effective Date. KBI is responsible for providing or arranging for the provision of all necessary investment advisory and portfolio management

services in respect of the portfolio and for ensuring that the trading and investment activities of the portfolio are in compliance with the Fund's investment objectives, investment strategies and investment restrictions.

Under the KBI Portfolio Management Agreement, KBI is required to act at all times on a basis that is fair and reasonable to the Fund, to act honestly and in good faith with a view to the best interests of the Fund and, in connection therewith, to exercise the degree of care, diligence and skill that a reasonably prudent portfolio manager would exercise in comparable circumstances. The KBI Portfolio Management Agreement provides that KBI shall not be liable in any way for any default, failure or defect in any of the securities held by the Fund, nor shall it be liable if it has satisfied the duties and standard of care, diligence and skill set forth above. KBI will, however, incur liability in cases of willful misconduct, bad faith, negligence, breach of its standard of care or material breach of its obligations under the KBI Portfolio Management Agreement.

The KBI Portfolio Management Agreement, unless terminated as described below, will continue in effect until the termination date of the Fund. The Manager may terminate the KBI Portfolio Management Agreement on behalf of the Fund without cause, upon providing KBI 90 days' prior written notice. The Manager may otherwise terminate the KBI Portfolio Management Agreement (i) if KBI becomes bankrupt or insolvent or has entered into liquidation or winding-up whether compulsory or voluntary (and not merely a voluntary liquidation for the purposes of amalgamation or reorganization) or makes a general assignment for the benefit of its creditors or a receiver is appointed in respect of KBI or a substantial portion of its assets; (ii) if KBI is in material breach or default of the KBI Portfolio Management Agreement and such breach or default has not been cured within 30 Business Days after written notice thereof has been given to KBI and the Trustee by the Fund or the Manager; (iii) if the assets of KBI have become subject to seizure or confiscation by any public or governmental organization; (iv) if KBI has lost any registration, license or other authorization or cannot rely on an exemption therefrom required by KBI to perform the services delegated to it under that agreement; or (v) if KBI has breached the standard of care under that agreement or acted with willful misconduct, bad faith or negligence and as a result of such action there has been a material adverse effect on the Fund.

Except as set out below, KBI may not terminate the KBI Portfolio Management Agreement or assign the same except to an affiliate of KBI without the approval of the Manager. KBI may terminate the KBI Portfolio Management Agreement (i) without cause, upon 90 days' prior written notice or on terms mutually agreeable to KBI and the Manager, (ii) if the Fund or the Manager is in material breach or default of the provisions thereof and, if capable of being cured, such breach or default has not been cured within 30 Business Days' written notice of such breach or default to the Fund or the Manager; (iii) on 30 days' prior written notice to the Manager in the event there is a material change in the investment objectives, investment strategies or investment restrictions of the Fund to which KBI has not previously agreed; (iv) if the Manager has been declared bankrupt or insolvent or has entered into liquidation or winding-up, whether compulsory or voluntary (and not merely a voluntary liquidation for the purposes of amalgamation or reorganization); (v) if the Manager makes a general assignment for the benefit of creditors or otherwise acknowledges its insolvency; or (vi) if the assets of the Manager have become subject to seizure or confiscation by any public or governmental organization.

If the KBI Portfolio Management Agreement is terminated, the Manager will promptly appoint a successor portfolio manager to carry out the activities of a portfolio manager until a meeting of the unitholders of the Fund is held to confirm such appointment, provided that approval of unitholders shall not be required if the Manager or one of its affiliates assumes the role of portfolio manager.

KBI and each of its directors, officers, employees and agents will be indemnified by the Manager and the Fund for all liabilities, costs and expenses incurred in connection with any action, suit or proceeding that is proposed or commenced or other claim that is made against KBI or any of its officers, directors, employees or agents in the exercise of its duties as portfolio manager of the Fund, except those resulting from KBI's willful

misconduct, bad faith, negligence, breach of standard of care or material breach of its obligations under the KBI Portfolio Management Agreement.

KBI is an Irish domiciled and incorporated company, which is registered as an investment adviser with the SEC (US) and regulated by the Central Bank of Ireland. It is a wholly owned subsidiary of KBI Global Investors Ltd. (“**KBIGI**”), an institutional asset manager headquartered in Dublin, Ireland. Combined, KBI and KBIGI, manage approximately US\$10.8 billion in assets as at September 30, 2020 for clients based in North America, the United Kingdom, Europe and Asia, including approximately US\$1.5 billion in water related strategies. KBI has been managing assets since 1980 and currently manages specialist equity strategies which are offered to institutional investors on both a segregated and unitised basis. Amundi Asset Management acquired a majority stake (87.5%) in KBIGI, with KBIGI employees taking a minority stake (12.5%). Amundi Asset Management is, in turn, 100% owned by Amundi, which is listed on the French Stock Exchange.

KBI is not currently registered as an adviser with the Ontario Securities Commission or any other provincial or territorial regulatory authority in Canada. KBI provides portfolio management services to the Fund pursuant to the “international adviser” exemption under Section 8.26 of National Instrument 31-103 – *Registration Requirements, Exemptions and Ongoing Registrant Obligations*. To the extent applicable, there may be difficulty in enforcing legal rights against KBI because it is not resident of Canada and all or a substantial portion of its assets are located outside of Canada. KBI has appointed Dentons Canada LLP at 77 King Street West, Suite 400, Toronto, Ontario M5K 0A1 as agent for service.

The Manager is responsible for the payment of the fees of KBI out of its fees.

The following individuals are principally responsible for the day-to-day management of a material portion of the portfolios of the Fund:

<u>Name</u>	<u>Title</u>	<u>Length of Service with KBI</u>
NOEL O’HALLORAN Dublin, Ireland	Director and Chief Investment Officer	Since 1992
CATHERINE CAHILL Dublin, Ireland	Senior Portfolio Manager, Water Strategy	Since 2008
MATTHEW SHELDON Boston, Massachusetts	Senior Portfolio Manager, Water Strategy	Since 2011
MARTIN CONROY Dublin, Ireland	Portfolio Manager, Water Strategy	Since 2014

Each of the foregoing individuals has held his or her current office or senior position with KBI or an affiliate thereof during the past five years.

(c) Brokerage Arrangements

Decisions regarding the purchase and sale of portfolio securities for the Fund are made by the Fund’s portfolio manager taking into consideration the particular investment objectives, investment strategies and policies of the Fund.

Brokerage business is allocated to dealers based on quality of service and the terms offered for specific transactions including price, costs, speed, likelihood of execution or any other consideration including qualitative factors when assessing the quality of execution.

(d) Trustee

The Fund is governed in accordance with the provisions of the Master Declaration of Trust. CIBC Mellon Trust Company (the “**Trustee**”) has been appointed as the trustee of the Fund since the Fund’s date of formation. The Trustee has a fiduciary responsibility to act in the best interests of the unitholders of the Fund. The Fund is administered in its day-to-day operations by the Manager.

The Trustee holds the property of the Fund on behalf of the unitholders of the Fund.

(e) The Independent Review Committee

The Independent Review Committee (the “**IRC**”) (as defined below) is responsible for the oversight of the Manager. Please refer to *Governance of the Fund* for more information.

(f) Custodian

The cash and securities of the Fund are held in Ontario by CIBC Mellon Trust Company (“**CIBC Mellon**”), as custodian, pursuant to an amended and restated master custodial services agreement dated as of the Effective Date, as it may be further amended or amended and restated (the “**Master Custodial Services Agreement**”). Either party may terminate this Master Custodial Services Agreement, with respect to the Fund, without penalty, by giving at least 90 days written notice to the other party of such termination. The principal office of CIBC Mellon is located at 320 Bay Street, P.O. Box 1, Toronto, Ontario, M5H 4A6. CIBC Mellon may appoint qualified sub-custodians to hold portfolio securities outside of Canada.

(g) Auditor

The auditor of the Fund is PricewaterhouseCoopers LLP, Chartered Professional Accountants, Toronto, Ontario.

(h) Securities Lending Agent

CIBC Mellon Trust Company, at its principal offices in Toronto, Ontario, will act as the Fund’s securities lending agent (the “**Securities Lending Agent**”). CIBC Mellon Trust Company is independent of the Manager. The Securities Lending Agent is independent of the Manager. The principal office of the Securities Lending Agent is located in Toronto, Ontario.

10. CONFLICTS OF INTEREST

(a) Principal holders of securities

(i) *Manager*

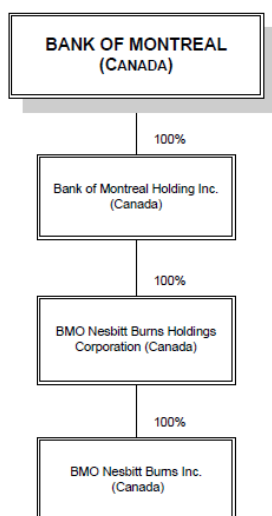
The Manager is an indirect wholly-owned subsidiary of Bank of Montreal and may sell Units of the Fund. Such sales are made on the same basis as those made by other dealers, with no preferential compensation. To the knowledge of Bank of Montreal, no person owns 10% or more of the common shares of Bank of Montreal, directly or indirectly. The directors and senior officers of Bank of Montreal, in aggregate, own less than 1% of Bank of Montreal’s outstanding common shares.

(ii) **IRC**

As of November 30, 2020, the members of the IRC, in aggregate, owned less than 1% of Bank of Montreal's outstanding common shares. The members of the IRC, in aggregate, do not own any voting or equity securities of any other person or company that provides services to the Fund or the Manager.

(b) Affiliated Entities

The diagram below sets out the relationships among the affiliated entities that provide services to the Fund or to the Manager in connection with the Fund. All entities below are wholly-owned by Bank of Montreal, directly or indirectly, unless otherwise indicated.



On November 1, 2012, BMO Nesbitt Burns Inc., Bank of Montreal Securities Canada Limited, Jones Heward Investments Inc. and BMO Nesbitt Burns Corporation Limited were amalgamated and continued under the name of BMO Nesbitt Burns Inc. The amalgamated BMO Nesbitt Burns Inc. was reorganized to become a wholly-owned subsidiary of BMO Nesbitt Burns Holdings Corporation. The disclosure of the amount of fees received from the Fund by each affiliated entity that provides services to the Fund or to the Manager in relation to the Fund will be contained in the audited financial statements of the Fund.

11. GOVERNANCE OF THE FUND

As stated above, the Fund is governed in accordance with the provisions of the Master Declaration of Trust. The Trustee has the exclusive authority over the assets and affairs of the Fund. The Manager is responsible for fund governance and for the day-to-day administration of the Fund. Pursuant to the Portfolio Management Agreement, the portfolio manager has authority to provide investment advisory and portfolio management services in respect of the portfolio of the Fund and for ensuring that the trading and investment activities of the portfolio of the Fund are in compliance with the Fund's investment objective, investment strategies and investment restrictions. The Manager has written policies and procedures in place with respect to risk management and also on the use of, and supervision of others in the use of, derivatives as investments within the Fund. These policies and procedures are reviewed by the Manager, as required, with a minimum annual review. See also "*Investment Practices and Restrictions – Investments in derivative instruments*".

We have hired a portfolio manager to provide portfolio management services to the Fund in accordance with the provisions of the KBI Portfolio Management Agreement. The activities of the portfolio manager are

carefully and regularly monitored by the Manager to help ensure observance of investment guidelines, conduct and financial performance. The portfolio manager may also report to the Trustee from time to time.

We have established policies, procedures, practices and guidelines to ensure the proper management of the Fund, including the policies and procedures relating to conflicts of interest as required by NI 81-107. Included among these policies is a personal trading policy for employees of the Manager. The personal trading policy is designed to prevent potential, perceived or actual conflicts between the interests of the Manager and its employees, and the interests of the Fund. Under the policy, certain senior personnel of the Manager are required to obtain prior approval before placing any trades in securities for their personal accounts in order to ensure that the trades do not conflict with the best interests of the Fund and have not been made available to the employee because of his or her position, knowledge of or relationship with the Fund.

We are the principal distributor of securities of the Fund.

Risk management is dealt with on a number of levels. The agreements between the Manager and the portfolio manager set out the objectives and strategies of the Fund, the investment restrictions and policies prescribed by the Canadian securities regulators and any additional guidelines and criteria considered by the Manager to be appropriate. Various measures to assess risk are used, including mark to market security valuation, fair value accounting, effective exposure reporting, and monthly reconciliations of security and cash positions. Compliance monitoring of the Fund's portfolio is ongoing. The Fund is priced daily, which aims to ensure that the valuation accurately reflects market movements.

(a) The Independent Review Committee

NI 81-107 requires all publicly offered investment funds, such as the Fund, to establish an independent review committee. The independent review committee is required to be comprised of a minimum of three members, each of whom must be independent of the Manager, entities related to the Manager and the Fund.

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. At all times, the members of the IRC are required to act honestly and in good faith and in the best interests of the Fund and, in connection therewith, to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

The Manager has established written policies and procedures for dealing with each conflict of interest matter. At least annually, the IRC will review and assess the adequacy and effectiveness of the Manager's written policies and procedures relating to conflict of interest matters and will conduct a self-assessment of the IRC's independence, compensation and effectiveness.

The Manager will maintain records of all matters and/or activities subject to the review of the IRC, including a copy of the Manager's written policies and procedures dealing with conflict of interest matters, minutes of IRC meetings, and copies of materials, including any written reports, provided to the IRC. The Manager will also provide the IRC with assistance and information sufficient for the IRC to carry out its responsibilities under NI 81-107.

The members of the IRC are entitled to be compensated by the Fund and reimbursed for all reasonable costs and expenses for the duties they perform as IRC members. In addition, the members of the IRC are entitled to be indemnified by the Fund, except in cases of willful misconduct, bad faith, negligence or breach of their standard of care.

The IRC report to the Manager and unitholders will be available without charge on the Fund's website at www.bmonotes.com, on SEDAR at www.sedar.com or upon request to the Manager by calling toll-free at 1-866-864-7760 (English) or 1-866-529-0017 (French) or by writing to admin.dealerservices@bmonb.com.

Each IRC member receives compensation for the duties he or she performs as an IRC member. During the most recently completed financial year of the Fund ended December 31, 2019, each IRC member received from the Fund annual fees and meeting fees in the amount of \$1,766.75 (\$2,357.75 for the Chair), in connection with performing their duties for the Fund. The annual retainer for each IRC member (other than the Chair) in respect of all the funds managed by the Manager for which the IRC reviews conflict of interest matters, including the Fund, is \$10,000. The annual retainer for the Chair in respect of all the funds managed by the Manager for which the IRC reviews conflict of interest matters, including the Fund, is \$13,400. In addition, each IRC member is entitled to the reimbursement of all reasonable expenses in connection with his or her duties as an IRC member. The fees and expenses, plus associated legal and insurance costs, in respect of all of the funds managed by the Manager for which the IRC reviews conflict of interest matters, including the Fund, are allocated among such funds in a manner that is considered by the Manager to be fair and reasonable.

The Manager has appointed Allen Clarke (chair), Thomas Pippy and Douglas Derry to the IRC.

The following are brief biographies provided by the members of the IRC:

Allen Clarke (chair) was the founder, Chief Executive Officer and Chief Investment Officer of Opus 2 Financial, an investment portfolio company, from 1999 to 2004. Prior to this, Mr. Clarke was a Senior Vice-President at AGF Funds and Richardson Greenshields and Central Guaranty Trust. Mr. Clarke also served as a member of the independent review committee for BMO ETFs, BMO Mutual Funds and BMO Private Portfolios, from 2007-16. Mr. Clarke also serves on the independent review committee, for Canoe Financial, Ridgewood Capital, and numerous BMO Closed-End Funds. Mr. Clarke is a recipient of the Queen Elizabeth II Diamond Jubilee Metal, an Honorary trustee of the Royal Ontario Museum and a Fellow of the Royal Canadian Geographical Society.

Thomas Pippy is a Chartered Professional Accountant and is President of Avonlea Capital Corporation. Mr. Pippy's previous positions include Professor at Conestoga College, Senior Vice President Finance, Mergers and Acquisitions at a major Canadian software company and Vice President and Director of a major Canadian investment dealer. Mr. Pippy is also on the board of directors of BMO Corporate Class Inc., BMO Monthly Dividend Fund Ltd., Top 20 U.S. Dividend Trust and Durham Radio Inc. In addition to his role as a member of the independent review committee of the TACTIC Funds, he also served as a member of the independent review committee of BMO Q-Model® Funds.

Douglas Derry serves on the Independent Review Committees of certain funds administered within each of the Bank of Montreal and the Scotiabank groups of companies, and on the Board of Directors of various publicly-listed, public interest, and private companies, including AGF Management Limited, the above Scotiabank groups of companies, Poplar Lane Holdings Ltd. and Keewhit Investments Ltd. He serves as an officer of St. Michael's Hospital (Toronto) Research Institute and is a Trustee of Trinity College School and the Patrick and Barbara Keenan Foundation. He is Past Chair of the Institute of Chartered Accountants of Ontario, The Bishop Strachan School, The Empire Club of Canada, the Empire Club Foundation, the University of Guelph and the University of Guelph Heritage Trust (Vice Chair). Mr. Derry spent many years in financial services as a Senior Partner with PricewaterhouseCoopers LLP. A Fellow of the Institute of Chartered Professional Accountants of Ontario (FCPA), and the Chartered Accountants of Ontario (FCA), Mr. Derry is a graduate of the Richard Ivey School of Business, University of Western Ontario. In 2012 he was awarded the Queen Elizabeth II Diamond Jubilee Medal for his dedicated service to his peers, his community and to Canada.

(b) Short-term Trading

We have policies and procedures to detect and deter short-term or excessive trading that include the ability to refuse your present or future order(s) to buy securities and charging a short-term trading fee.

If, in our sole discretion, we determine that you are engaging in short-term trading, in addition to taking other available remedies, the Fund may reject your purchase order(s) or may charge a short-term trading fee to be paid directly to the Fund out of the redemption proceeds, reducing the amount otherwise payable to you on the redemption. We have the option to waive this penalty at any time. If further short-term trading occurs, any further transactions, other than redemptions, may be refused.

The restrictions imposed on short-term trading, including the short-term trading fees, will generally not apply in connection with redemptions initiated by us; under special circumstances, as determined by us in our sole discretion; or made under optional plans including rebalancing in connection with Systematic Withdrawal Plans.

(c) Lending of Portfolio Securities

In order to generate additional returns, the Fund may lend portfolio securities in accordance with the requirements of NI 81-102. In lending its securities, the Fund may earn lending income while retaining the securities' potential for capital appreciation. The advantage of such loans is that the Fund continues to receive amounts equal to the distributions and dividends on loaned securities while at the same time earning lending income on those securities. The use of securities lending must be in the best interests of the Fund. Any securities lending by the Fund will be in accordance with s. 2.12 of NI 81-102 and will be pursuant to a securities lending agreement (a "**Securities Lending Agreement**") to be entered into between the Fund and a securities borrower acceptable to the Fund pursuant to which the Fund will lend portfolio securities to the securities borrower on the terms therein, which terms shall include that: (i) the borrower will pay to the Fund a negotiated securities lending fee and will make compensation payments to the Fund equal to any distributions received by the borrower on the securities borrowed; (ii) the securities loans must qualify as "securities lending arrangements" for the purposes of the Tax Act; and (iii) the Fund will receive collateral security. The Manager will be responsible for setting and reviewing any securities lending agreements. CIBC Mellon Trust Company will be appointed as the securities lending agent for the Fund and will be responsible for the ongoing administration of the securities loans, including the obligation to mark-to-market the collateral on a daily basis.

12. INCOME TAX CONSIDERATIONS

This section describes the principal Canadian federal income tax considerations generally applicable to the Fund and to individual unitholders (other than trusts that are not Registered Plans) who, for the purposes of the Tax Act, are residents of Canada, deal at arm's length and are not affiliated with the Fund and who hold Units of the Fund as capital property.

The summary is based upon the current provisions of the Tax Act, the regulations made under the Tax Act (the "**Regulations**"), proposals to amend the Tax Act and the Regulations publicly announced by, or on behalf of, the Minister of Finance prior to the date hereof and the administrative practices and policies of the Canada Revenue Agency ("**CRA**") published by it in writing. This summary does not otherwise take into account or anticipate any change in law or administrative practice, whether by legislative, regulatory, administrative or judicial action.

The summary is not intended to be exhaustive of all possible income tax considerations. It does not address provincial or foreign tax considerations. Unitholders should consult their own tax advisors for advice with respect to the tax consequences of an investment in the Fund in their particular circumstances.

The Fund is a “unit trust” as defined in the Tax Act and currently qualifies and intends to continue to qualify, as a “mutual fund trust” as defined in the Tax Act at all relevant times. In order for the Fund to qualify as a mutual fund trust, among other requirements, the Fund must comply with certain prescribed requirements respecting the ownership and dispersal of its Units. This summary assumes that the Fund will qualify as a “mutual fund trust” as defined in the Tax Act at all times.

(a) Tax status of the Fund

In each taxation year of the Fund, the net income and net realized capital gains, if any, of the Fund, as would otherwise be taxable in the Fund, will generally be distributed to unitholders. All distributions (other than Redeemer’s Gains) will be paid by reinvestment in additional Units, unless the unitholder requests to receive cash in lieu of additional Units. Consequently, the Fund will not be liable for income tax under Part I of the Tax Act. Losses incurred by the Fund cannot be allocated to unitholders but may, subject to certain limitations and to the extent not utilized in the year incurred, be deducted by the Fund in subsequent years.

The Fund is required to compute its net income and net realized capital gains in Canadian dollars for the purposes of the Tax Act. Consequently the Fund may realize income or capital gains by virtue of changes in the value of a foreign currency relative to the Canadian dollar, which may increase the amount of net realized gains of the Fund to be paid to investors.

On a redemption of Units, the Manager may designate and distribute Redeemer’s Gains to the redeeming unitholder as part of the NAV per Unit of the Units being redeemed. If certain proposals to amend the Tax Act are enacted as proposed, an amount will generally be deductible by the Fund in respect of Redeemer’s Gains only to the extent such designated amount does not exceed the gain that would otherwise be realized by the unitholder on the redemption of such Units.

(b) Tax status of taxable unitholders

Unitholders who are not exempt from income tax must include in their income all net income and the net taxable capital gains (including the taxable portion of Redeemer’s Gains), if any, payable to them by the Fund in a year, even though such distributions (other than Redeemer’s Gains) are paid and satisfied in additional Units. If a unitholder’s share of distributions from the Fund in a year exceeds the unitholder’s share of the Fund’s net income and net realized capital gains for the year, the excess will be a return of capital and will not be taxable, but will reduce the adjusted cost base of the unitholder’s Units in the Fund. However, if the adjusted cost base of the unitholder’s Units is reduced to less than zero, the unitholder will be deemed to realize a capital gain to the extent of the negative amount of the adjusted cost base of the unitholder’s Units. Upon a deemed capital gain from a negative adjusted cost base, the adjusted cost base of the unitholder’s Units will be reset to nil. The Fund intends to make all permissible designations to ensure that dividends from taxable Canadian corporations, foreign income, foreign tax credits and net realized capital gains will, to the extent of amounts distributed, be considered to have been received as such by unitholders, or paid by unitholders in the case of foreign creditable tax. To the extent that amounts distributed to a unitholder are designated as taxable dividends from taxable Canadian corporations, the gross-up and dividend tax credit rules will apply, including the enhanced dividend tax credit applicable to “eligible dividends” to the extent that the taxable dividends are designated as “eligible dividends”. Where foreign income has been so designated, the unitholder will be treated as having paid the unitholder’s proportionate share of foreign tax paid, or deemed to be paid, by the Fund on that income and may be entitled to claim a foreign tax credit.

When Units of the Fund are purchased, a portion of the purchase price may reflect income and capital gains of the Fund for the year. Accordingly, unitholders who purchase just before a distribution date will be required to include in their income amounts distributed from the Fund, even though the Fund earned these amounts before the unitholder owned the Units. A distribution reduces the Fund's net asset value per unit.

Upon a disposition of a Unit, a unitholder will realize a capital gain (or a capital loss) to the extent that the proceeds of disposition exceed (or are exceeded by) the adjusted cost base of the Unit at such time plus reasonable disposition costs. Any Redeemer's Gain payable to a unitholder on a redemption of Units will be excluded from the proceeds of disposition of the Units. Generally, one-half of a capital gain or a capital loss is taken into account in determining taxable capital gains and allowable capital losses. An allowable capital loss must be deducted against taxable capital gains in the year of disposition and, subject to certain limitations imposed under the Tax Act, any excess may be carried back three years or forward indefinitely for deduction against taxable capital gains realized in those years.

Based on the current published administrative position of the CRA, a conversion of Units of the Fund from one Class to another Class of Units of the Fund does not result in a disposition for income tax purposes.

A consolidation of Units will not be regarded as a disposition of Units and will not affect the aggregate adjusted cost base of such Units.

The adjusted cost base of Units of the Fund to a unitholder is, generally, the amount paid for the Units, plus the amount of reinvested distributions on the Units, minus the adjusted cost base of Units redeemed and any capital returned in distributions. Unitholders should keep detailed records of the purchase costs, sales charges and distributions related to their Units.

In certain situations, where a unitholder disposes of Units of the Fund and would otherwise realize a capital loss, the loss will be denied. This may occur if a unitholder or a person affiliated with a unitholder (including the unitholder's spouse or common-law partner or a corporation controlled by the unitholder) has acquired Units of the same Fund within 30 days before or after the original unitholder disposed of the Units, which are considered to be "substituted property". In these circumstances, the capital loss may be deemed to be a "superficial loss" and denied. The amount of the denied capital loss will be added to the adjusted cost base to the owner of the Units which are substituted property.

Dividends from taxable Canadian corporations and capital gains distributed to or realized by an individual (other than certain trusts) may give rise to an alternative minimum tax.

(c) Eligibility for investment by deferred income plans

Units of the Fund will be qualified investments for, and may be held in, Registered Plans.

Units will not be a "prohibited investment" for a trust governed by a TFSA, RRSP, RRIF, RESP or RDSP unless the holder of the TFSA or RDSP, the annuitant of the RRSP or RRIF or the subscriber of the RESP, as applicable, (i) does not deal at arm's length with the Fund for purposes of the Tax Act, or (ii) has a "significant interest" as defined in the Tax Act in the Fund. Generally, a holder, annuitant or subscriber, as the case may be, will not have a significant interest in the Fund unless the holder, annuitant, or subscriber as the case may be, owns interests as a beneficiary under the Fund that have a fair market value of 10% or more of the fair market value of the interests of all beneficiaries under the Fund, either alone or together with persons and partnerships with which the holder, annuitant or subscriber, as the case may be, does not deal at arm's length. In addition, Units of the Fund will not be a "prohibited investment" if the Units are "excluded property" as defined in the Tax Act for a trust governed by a TFSA, RRSP, RRIF, RESP or RDSP. Holders,

annuitants or subscribers should consult their own tax advisors with respect to whether Units of the Fund would be prohibited investments, including with respect to whether the Units would be excluded property.

If Units of the Fund are held by a Registered Plan, the Registered Plan pays no tax on income and capital gains distributed by the Fund, or on any capital gains that the Registered Plan makes on redeeming or otherwise disposing of Units, as long as the proceeds remain in the Registered Plan.

13. REMUNERATION OF DIRECTORS, OFFICERS AND TRUSTEE

No remuneration, fees or reimbursement of expenses are paid by the Fund to the directors or officers of the Manager.

Each IRC member receives compensation for the duties he or she performs as an IRC member. During the most recently completed financial year of the Fund ended December 31, 2019, each IRC member (Douglas Derry and Thomas Pippy) received from the Fund annual fees and meeting fees in the amount of \$1,766.75 (\$2,357.75 for the Chair, Allen Clarke), in connection with performing their duties for the Fund. In addition, each IRC member is entitled to the reimbursement of all reasonable expenses in connection with his or her duties as an IRC member. The fees and expenses, plus associated legal and insurance costs, in respect of all of the funds managed by the Manager for which the IRC reviews conflict of interest matters, including the Fund, are allocated among such funds in a manner that is considered by the Manager to be fair and reasonable.

14. MATERIAL CONTRACTS

The material agreements of the Fund are listed below:

- (a) Master Declaration of Trust of the Fund between the Fund and CIBC Mellon Trust Company, as amended and restated on the Effective Date. Please refer to *Name, Formation and History of the Fund* and *Trustee* for details concerning this agreement.
- (b) Management Agreement between the Manager and the Fund, dated the Effective Date. Please refer to *Responsibility for Operations of the Fund – Manager, Principal Distributor and Registrar* for details concerning this agreement.
- (c) Portfolio Management Agreement between the Manager and KBI Global Investors (North America) Ltd., as amended and restated on the Effective Date. Please refer to *Portfolio Manager* for details concerning this agreement.
- (d) Master Custodial Services Agreement between the Manager and CIBC Mellon Trust Company (and certain of its affiliates) as amended and restated on the Effective Date. Please refer to *Custodian* for details concerning this agreement.

Copies of the material contracts listed above may be examined by prospective or existing unitholders at the principal office of the Fund during ordinary business hours.

15. LEGAL PROCEEDINGS

There are currently no legal proceedings material to the Fund, nor are there any such proceedings known to be contemplated, as of the date of this annual information form.

Certificate of BMO Global Water Solutions TACTIC™ Fund (the “Fund”) and the Manager and Promoter of the Fund

Dated: December 18, 2020.

This annual information form, together with the simplified prospectus and the documents incorporated by reference into the simplified prospectus, constitute full, true and plain disclosure of all material facts relating to the securities offered by the simplified prospectus, as required by the securities legislation of each of the provinces and territories of Canada and do not contain any misrepresentations.

BMO Nesbitt Burns Inc. as manager and promoter of the Fund and on behalf of the trustee of the Fund:

(signed) “Daniel Barclay”

DANIEL BARCLAY
Chief Executive Officer

(signed) “B. Robert Markovski”

B. ROBERT MARKOVSKI
Chief Financial Officer

On behalf of the Board of Directors of BMO Nesbitt Burns Inc. as manager and promoter of the Fund:

(signed) “Andrew Auerbach”

ANDREW AUERBACH
Director

(signed) “Deland Kamanga”

DELAND KAMANGA
Director

Certificate of the Principal Distributor of BMO Global Water Solutions TACTIC™ Fund (the “Fund”)

Dated: December 18, 2020.

To the best of our knowledge, information and belief, this annual information form, together with the simplified prospectus and the documents incorporated by reference into the simplified prospectus, constitute full, true and plain disclosure of all material facts relating to the securities offered by the simplified prospectus, as required by the securities legislation of each of the provinces and territories of Canada and do not contain any misrepresentations.

BMO Nesbitt Burns Inc. as principal distributor of the Fund:

(signed) “Robin Tessier”

ROBIN TESSIER
Managing Director

BMO Global Water Solutions TACTIC™ Fund



- ADDITIONAL INFORMATION ABOUT THE FUND IS AVAILABLE IN THE FUND'S SIMPLIFIED PROSPECTUS, FUND FACTS, MANAGEMENT REPORTS OF FUND PERFORMANCE AND FINANCIAL STATEMENTS.
- YOU CAN GET A COPY OF THESE DOCUMENTS AT NO COST, BY CALLING TOLL FREE 1-866-864-7760 (ENGLISH) or 1-866-529-0017 (FRENCH) OR FROM YOUR DEALER OR BY E-MAIL AT ADMIN.DEALERSERVICES@BMONB.COM.
- THESE DOCUMENTS AND OTHER INFORMATION ABOUT THE MUTUAL FUND, SUCH AS INFORMATION CIRCULARS AND MATERIAL CONTRACTS, ARE ALSO AVAILABLE ON OUR WEBSITE AT WWW.BMONOTES.COM OR AT WWW.SEDAR.COM.

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