

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

## PROSPECTUS

*Initial Public Offering and Continuous Offering*

September 11, 2023



This prospectus qualifies the distribution of CAD Units (defined below) of the following alternative BMO exchange traded funds (each, an “**Alternative BMO ETF**”, and collectively, the “**Alternative BMO ETFs**”):

BMO Long Short Canadian Equity ETF  
BMO Long Short US Equity ETF

This prospectus also qualifies the distribution of CAD Units of the following index-tracking BMO exchange traded fund (the “**Index BMO ETF**”):

BMO S&P/TSX 60 Index ETF

This prospectus also qualifies, unless otherwise indicated, the distribution of CAD Units of the following non-index tracking BMO exchange traded funds (each, a “**Non-Index BMO ETF**”, and collectively, the “**Non-Index BMO ETFs**”):

BMO Canadian Banks Accelerator ETF  
BMO USD Cash Management ETF (CAD Units and USD Units)  
BMO US Equity Accelerator Hedged to CAD ETF  
BMO US Equity Buffer Hedged to CAD ETF – October

Collectively, the Alternative BMO ETFs, the Index BMO ETF and the Non-Index BMO ETFs are referred to as the “**BMO ETFs**”, and each a “**BMO ETF**”.

Collectively, CAD Units (defined below) and USD Units (defined below) are referred to as “**Units**”.

Collectively, BMO Canadian Banks Accelerator ETF, BMO US Equity Accelerator Hedged to CAD ETF and BMO US Equity Buffer Hedged to CAD ETF – October are referred to as the “**Structured Outcome ETFs**”. The Structured Outcome ETFs aim to provide investors with a return over a specified target outcome period (each, a “**Target Outcome Period**”).

The BMO ETFs are exchange traded mutual funds established as trusts under the laws of the Province of Ontario. Each Alternative BMO ETF is an “alternative mutual fund” as defined in National Instrument 81-102 *Investment Funds* (“**NI 81-102**”). The Index BMO ETF is an “index mutual fund” as defined in NI 81-102.

The Alternative BMO ETFs seek to do the following:

BMO Long Short Canadian Equity ETF seeks to provide income and long-term capital appreciation, primarily by taking long and short positions in equity securities issued by Canadian companies. BMO Long Short Canadian Equity ETF will also invest excess cash in fixed income instruments or exposures. BMO Long Short Canadian Equity ETF may employ leverage to enhance returns, whereby the sum of long and short equity exposures will generally exceed 100%.

BMO Long Short US Equity ETF seeks to provide income and long-term capital appreciation, primarily by taking long and short positions in equity securities issued by US companies. BMO Long Short US Equity ETF will also invest excess cash in fixed income instruments or exposures. BMO Long Short US Equity ETF may employ leverage to enhance returns, whereby the sum of long and short equity exposures will generally exceed 100%.

See “Investment Objectives – Investment Objectives of the Alternative BMO ETFs”.

The Index BMO ETF seeks to replicate, to the extent possible, the performance of an index (the “**Index**”), net of expenses. See “Investment Objectives – Investment Objectives of the Index BMO ETF”.

The Non-Index BMO ETFs seek to do the following:

BMO Canadian Banks Accelerator ETF seeks to provide unitholders with income and approximately double (2x) the upside return of an index designed to give exposure to equity securities of diversified Canadian banks up to a cap (before fees, expenses and taxes), with approximately single exposure to the downside (before fees, expenses and taxes), over the Target Outcome Period under normal market conditions. BMO Canadian Banks Accelerator ETF can be held indefinitely, resetting at the end of each Target Outcome Period, approximately quarterly. The initial Target Outcome Period is the period commencing on the date of initial issuance and listing of Units of BMO Canadian Banks Accelerator ETF to on or about December 31, 2023. Following this initial Target Outcome Period, each subsequent Target Outcome Period will be a period of approximately one quarter from the first business day of January 2024.

BMO USD Cash Management ETF seeks to maximize current income, while at the same time preserving capital and maintaining liquidity, by providing unitholders exposure to high quality short term fixed income securities denominated in US dollars.

BMO US Equity Accelerator Hedged to CAD ETF seeks to provide unitholders with income and approximately double (2x) the upside return of an index designed to measure the large-cap segment of the US equity market up to a cap (before fees, expenses and taxes), with approximately single exposure to the downside (before fees, expenses and taxes), over the Target Outcome Period under normal market conditions. BMO US Equity Accelerator Hedged to CAD ETF can be held indefinitely, resetting at the end of each Target Outcome Period, approximately quarterly. The initial Target Outcome Period is the period commencing on the date of initial issuance and listing of Units of BMO US Equity Accelerator Hedged to CAD ETF to on or about December 31, 2023. Following this initial Target Outcome Period, each subsequent Target Outcome Period will be a period of approximately one quarter from the first business day of January 2024.

BMO US Equity Buffer Hedged to CAD ETF – October seeks to provide unitholders with income and appreciation (before fees, expenses and taxes) that matches to the extent possible the return of an index designed to measure the large-cap segment of the US equity market (the “**Reference Index**”) up to a cap (before fees, expenses and taxes), while providing a buffer against the first 15% (before fees, expenses and taxes) of a decrease in the market price of the Reference Index, over a period of approximately one year from the first business day of October of each year to on or about the last business day of September of the following year, referred to as the Target Outcome Period. The initial Target Outcome Period is the period commencing on the date of initial issuance and listing of Units of BMO US Equity Buffer Hedged to CAD ETF – October to on or about September 30, 2024. Following this initial Target Outcome Period, each subsequent Target Outcome Period will be a period of approximately one year from the first business day of October of each year to on or about the last business day of September of that year.

See “Investment Objectives – Investment Objectives of the Non-Index BMO ETFs”.

An investor that purchases Units of a Structured Outcome ETF other than on the first day of a Target Outcome Period and/or redeems or sells Units of a Structured Outcome ETF prior to the end of a Target Outcome Period may experience results that are very different from the target outcomes sought by such Structured Outcome ETF for that Target Outcome Period. To achieve the intended target outcomes sought by a Structured Outcome ETF for a Target Outcome Period, an investor must hold Units of the Structured Outcome ETF for that entire Target Outcome Period.

The Structured Outcome ETFs' website ([www.bmoetfs.com](http://www.bmoetfs.com)) provides important information about the Structured Outcome ETFs (including Target Outcome Period start and end dates and the cap and buffer, as applicable, in respect of the Structured Outcome ETFs) as well as information relating to the potential outcomes of an investment in the Structured Outcome ETFs on a daily basis.

Units of each of the BMO ETFs are being issued and sold on a continuous basis and there is no maximum number of Units that may be issued. Units of the BMO ETFs may be either Canadian dollar denominated or U.S. dollar denominated. The BMO ETFs will not hedge any foreign currency exposure back to the currency in which the Units are denominated.

BMO Asset Management Inc. (the “**Manager**”) is the trustee, manager, portfolio manager and promoter of the BMO ETFs and is responsible for the administration of the BMO ETFs. See “Organization and Management of the BMO ETFs – Trustee, Manager, Portfolio Manager and Promoter of the BMO ETFs”. In this prospectus, BMO Financial Group means the group of companies that includes Bank of Montreal and all of its direct or indirect wholly-owned subsidiaries. See “Overview of the Legal Structure of the BMO ETFs”.

Unitholders may redeem Units for cash, subject to a redemption discount. Unitholders may also exchange a Prescribed Number of Units (or integral multiple thereof) for Baskets of Securities of the issuers held by each BMO ETF and/or cash, as applicable.

The BMO ETFs issue Units directly to Designated Brokers and Dealers. BMO Nesbitt Burns Inc. will act as Designated Broker for the BMO ETFs listed under “Organization and Management of the BMO ETFs – Conflicts of Interest” and also will act as a Dealer for all BMO ETFs.

The Alternative BMO ETFs are “alternative mutual funds” for securities law purposes. Accordingly, the Alternative BMO ETFs have the ability to invest in asset classes and use investment strategies that are not permitted for conventional mutual funds, such as the ability to invest more than 10% of its net asset value in securities of a single issuer, the ability to borrow cash, to short sell beyond the limits prescribed for conventional mutual funds and to generally employ leverage. See “Investment Strategies – Specific Investment Strategies of the Alternative BMO ETFs”. While these strategies will only be used in accordance with an Alternative BMO ETF’s investment objectives and strategies, during certain market conditions they may accelerate the risk that an investment in Units of the Alternative BMO ETF decreases in value.

Leverage may be created through the use of cash borrowings, short sales and/or derivatives. An Alternative BMO ETF’s aggregate exposure to those sources of leverage may be up to 300% of its NAV. See “Investment Strategies – Use of Leverage”.

The Toronto Stock Exchange (“**TSX**”) has conditionally approved the listing of the Units of the Alternative BMO ETFs, the Index BMO ETF and BMO USD Cash Management ETF on the TSX. Listing of the Units of the Alternative BMO ETFs, the Index BMO ETF and BMO USD Cash Management ETF is subject to the Alternative BMO ETFs, the Index BMO ETF and BMO USD Cash Management ETF fulfilling all of the requirements of the TSX on or before September 1, 2024. Subject to satisfying the TSX’s original listing requirements, the Units of the Alternative BMO ETFs, the Index BMO ETF and BMO USD Cash Management ETF will be listed on the TSX and offered on a continuous basis, and an investor will be able to buy or sell these Units on the TSX through registered brokers and dealers in the province or territory where the investor resides. Investors may incur customary brokerage commissions in buying or selling the Units.

The NEO Exchange Inc. (“**NEO Exchange**”) has conditionally approved the listing of the Units of BMO Canadian Banks Accelerator ETF, BMO US Equity Accelerator Hedged to CAD ETF and BMO US Equity Buffer Hedged to CAD ETF – October on the NEO Exchange. Listing of the Units of BMO Canadian Banks Accelerator ETF, BMO

US Equity Accelerator Hedged to CAD ETF and BMO US Equity Buffer Hedged to CAD ETF – October is subject to the BMO Canadian Banks Accelerator ETF, BMO US Equity Accelerator Hedged to CAD ETF and BMO US Equity Buffer Hedged to CAD ETF – October fulfilling all of the requirements of the NEO Exchange. Subject to satisfying the NEO Exchange’s original listing requirements, the Units of the BMO Canadian Banks Accelerator ETF, BMO US Equity Accelerator Hedged to CAD ETF and BMO US Equity Buffer Hedged to CAD ETF – October will be listed on the NEO Exchange and offered on a continuous basis, and an investor will be able to buy or sell these Units on the NEO Exchange through registered brokers and dealers in the province or territory where the investor resides. Investors may incur customary brokerage commissions in buying or selling the Units.

No Designated Broker has been involved in the preparation of this prospectus or has performed any review of the contents of this prospectus. The Designated Broker is not an underwriter of the BMO ETFs in connection with the distribution by the BMO ETFs of their Units under this prospectus.

**For a discussion of the risks associated with an investment in Units of the BMO ETFs, see “Risk Factors”. Your investment in any of the BMO ETFs is not guaranteed by any entity, including Bank of Montreal. Unlike bank accounts or guaranteed investment certificates, your investment in a BMO ETF is not covered by the Canada Deposit Insurance Corporation or any other government deposit insurer.**

The Structured Outcome ETFs’ website ([www.bmoetfs.com](http://www.bmoetfs.com)) provides important information about the Structured Outcome ETFs (including Target Outcome Period start and end dates and the cap and buffer in respect of the Structured Outcome ETFs) as well as information relating to the potential outcomes of an investment in the Structured Outcome ETFs on a daily basis. If you are contemplating purchasing Units of a Structured Outcome ETF, please visit [www.bmoetfs.com](http://www.bmoetfs.com). Investors considering purchasing Units of a Structured Outcome ETF after the Target Outcome Period has begun or selling or redeeming Units of a Structured Outcome ETF prior to the end of the Target Outcome Period should visit the Structured Outcome ETFs’ website to fully understand potential investment outcomes.

As stated above and explained in greater detail within this prospectus, if a Structured Outcome ETF has experienced certain levels of either gains or losses since the beginning of the Target Outcome Period, there may be little to no ability to achieve gains or benefit from the buffer for the remainder of the Target Outcome Period. The Structured Outcome ETFs’ website contains important information that will assist you in determining whether an investment in Units of the Structured Outcome ETFs is right for you.

Additional information about each BMO ETF will be available in the most recently filed annual financial statements, any interim financial statements filed after those annual financial statements, the most recently filed annual management report of fund performance (“MRFP”), any interim MRFP filed after the annual MRFP for each BMO ETF, and the most recently filed ETF Facts for each class of securities of the BMO ETF. These documents are incorporated by reference into this prospectus which means that they legally form part of this prospectus. See “Documents Incorporated by Reference” for further details.

The Manager has entered into a license agreement with the Index Provider (defined below) to use the Index and certain other trademarks. See “Material Contracts – License Agreement”.

S&P DJI (as defined below) is the “**Index Provider**”. The Units of BMO S&P/TSX 60 Index ETF are not in any way sponsored, endorsed, sold or promoted by the Index Provider and the Index Provider makes no representation or warranty, express or implied, regarding the advisability of investing in securities generally or in BMO S&P/TSX 60 Index ETF particularly or the ability of the Index to track general market performance.

## TABLE OF CONTENTS

<p>TABLE OF CONTENTS .....1</p> <p>IMPORTANT TERMS.....3</p> <p>PROSPECTUS SUMMARY .....8</p> <p>SUMMARY OF FEES AND EXPENSES .....26</p> <p style="padding-left: 20px;">Fees and Expenses Payable by the BMO ETFs .....26</p> <p style="padding-left: 20px;">Fees and Expenses Payable Directly by You .....27</p> <p>OVERVIEW OF THE LEGAL STRUCTURE OF THE BMO ETFS .....28</p> <p>INVESTMENT OBJECTIVES .....29</p> <p style="padding-left: 20px;">Investment Objectives of the Alternative BMO ETFs .....29</p> <p style="padding-left: 20px;">Investment Objectives of the Index BMO ETF.....29</p> <p style="padding-left: 20px;">Investment Objectives of the Non- Index BMO ETFs .....30</p> <p>INVESTMENT STRATEGIES .....31</p> <p style="padding-left: 20px;">Specific Investment Strategies of the Alternative BMO ETFs .....31</p> <p style="padding-left: 20px;">Specific Investment Strategies of the Index BMO ETF .....32</p> <p style="padding-left: 20px;">Specific Investment Strategies of the Non-Index BMO ETFs .....32</p> <p style="padding-left: 20px;">Securities Lending.....39</p> <p style="padding-left: 20px;">Use of Derivative Instruments.....39</p> <p style="padding-left: 20px;">Underlying Funds.....40</p> <p style="padding-left: 20px;">Short Selling .....40</p> <p style="padding-left: 20px;">Use of Leverage .....40</p> <p>OVERVIEW OF THE SECTORS IN WHICH THE BMO ETFS INVEST.....41</p> <p style="padding-left: 20px;">Alternative BMO ETFs .....41</p> <p style="padding-left: 20px;">Index BMO ETF.....41</p> <p style="padding-left: 20px;">Non-Index BMO ETFs.....41</p> <p>INVESTMENT RESTRICTIONS.....41</p> <p>FEES AND EXPENSES .....42</p> <p style="padding-left: 20px;">Fees and Expenses Payable by the BMO ETFs .....42</p> <p style="padding-left: 20px;">Fees and Expenses Payable Directly by You .....43</p> <p>RISK FACTORS .....44</p> <p style="padding-left: 20px;">General Risks Relating to an Investment in the BMO ETFs .....44</p> <p style="padding-left: 20px;">Additional Risks Relating to an Investment in the Alternative BMO ETFs .....51</p> <p style="padding-left: 20px;">Additional Risks Relating to an Investment in the Index BMO ETF .....53</p>	<p style="padding-left: 20px;">Additional Risks Relating to an Investment in BMO USD Cash Management ETF and the Structured Outcome ETFs .....55</p> <p style="padding-left: 20px;">Risk Ratings of the BMO ETFs.....58</p> <p>DISTRIBUTION POLICY .....60</p> <p style="padding-left: 20px;">Distributions .....60</p> <p style="padding-left: 20px;">Distribution Reinvestment Plan.....61</p> <p>PURCHASES OF UNITS .....62</p> <p style="padding-left: 20px;">Initial Investment in the BMO ETFs .....62</p> <p style="padding-left: 20px;">Continuous Distribution .....62</p> <p style="padding-left: 20px;">Designated Brokers .....62</p> <p style="padding-left: 20px;">Issuance of Units .....63</p> <p style="padding-left: 20px;">Buying and Selling Units .....64</p> <p style="padding-left: 20px;">Special Considerations for Unitholders .....64</p> <p style="padding-left: 20px;">Non-Resident Unitholders.....64</p> <p style="padding-left: 20px;">Registration and Transfer through CDS .....64</p> <p>REDEMPTION AND EXCHANGE OF UNITS .....65</p> <p style="padding-left: 20px;">Redemption of Units for Cash.....65</p> <p style="padding-left: 20px;">Exchange of Units for Baskets of Securities and Cash .....65</p> <p style="padding-left: 20px;">Requests for Exchange and Redemption .....66</p> <p style="padding-left: 20px;">Suspension of Exchange and Redemption .....66</p> <p style="padding-left: 20px;">Costs Associated with Exchange and Redemption.....66</p> <p style="padding-left: 20px;">Exchange and Redemption of Units through CDS Participants .....67</p> <p style="padding-left: 20px;">Short-Term Trading.....67</p> <p>PRICE RANGE AND TRADING VOLUME OF UNITS .....67</p> <p>INCOME TAX CONSIDERATIONS .....67</p> <p style="padding-left: 20px;">Status of the BMO ETFs .....68</p> <p style="padding-left: 20px;">Taxation of the BMO ETFs.....68</p> <p style="padding-left: 20px;">Taxation of Unitholders (other than Registered Plans).....71</p> <p style="padding-left: 20px;">Alternative Minimum Tax.....73</p> <p style="padding-left: 20px;">Taxation of Registered Plans.....73</p> <p style="padding-left: 20px;">Tax Implications of the BMO ETFs' Distribution Policy .....73</p> <p>EXCHANGE OF TAX INFORMATION .....73</p> <p>ELIGIBILITY FOR INVESTMENT.....74</p> <p>ORGANIZATION AND MANAGEMENT OF THE BMO ETFS .....74</p> <p style="padding-left: 20px;">Officers and Directors of the Trustee, Manager, Portfolio Manager and Promoter .....74</p>
--	--

Trustee, Manager, Portfolio Manager and Promoter of the BMO ETFs .....	75
Brokerage Arrangements.....	76
Conflicts of Interest.....	77
Independent Review Committee .....	78
Officers of the BMO ETFs.....	79
Valuation Agent .....	79
Custodian.....	79
Auditor .....	80
Transfer Agent and Registrar .....	80
Prime Brokers.....	80
Plan Agent.....	80
Securities Lending Agent .....	80
Designated Website.....	80
CALCULATION OF NET ASSET VALUE .....	80
Valuation Policies and Procedures .....	81
Reporting of Net Asset Value .....	82
ATTRIBUTES OF THE UNITS .....	82
Description of the Securities Distributed.....	82
Certain Provisions of the Units.....	82
Modification of Terms.....	83
UNITHOLDER MATTERS.....	83
Meetings of Unitholders.....	83
Matters Requiring Unitholders’ Approval.....	83
Reporting to Unitholders .....	85
TERMINATION OF THE BMO ETFS .....	85
PRINCIPAL HOLDERS OF SECURITIES.....	86
INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS .....	86
PROXY VOTING DISCLOSURE FOR PORTFOLIO SECURITIES HELD.....	86
MATERIAL CONTRACTS.....	88
LEGAL AND ADMINISTRATIVE PROCEEDINGS .....	89
EXPERTS.....	89
EXEMPTIONS AND APPROVALS .....	89
PURCHASERS’ STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION .....	90
DOCUMENTS INCORPORATED BY REFERENCE .....	90
INDEPENDENT AUDITOR’S REPORT .....	F-1
CERTIFICATE OF THE BMO ETFS, THE MANAGER AND PROMOTER .....	C-1

## IMPORTANT TERMS

*Unless otherwise indicated, all references to dollar amounts in this prospectus are to Canadian dollars and all references to times in this prospectus are to Toronto time.*

**Accelerator Target Outcome Period** – has the meaning given under “Investment Strategies – Specific Investment Strategies of the Non-Index BMO ETFs”.

**Adjusted Cost Base and ACB** – the cost of a security adjusted in accordance with the Tax Act.

**Alternative BMO ETFs** – has the meaning given on the cover page hereof.

**ATR Rule** – has the meaning given under “Risk Factors – General Risks Relating to an Investment in the BMO ETFs – Taxation Risk”.

**Basket of Securities** – in relation to a particular BMO ETF, a group of securities or assets determined by the Manager from time to time representing the constituents of the BMO ETF.

**BMO ETFs** – has the meaning given on the cover page hereof.

**BMO Funds** – ETFs, mutual funds or other investment funds managed by the Manager or an affiliate.

**BMO NB** – BMO Nesbitt Burns Inc., an affiliate of the Manager.

**Buffer Target Outcome Period** – has the meaning given under “Investment Strategies – Specific Investment Strategies of the Non-Index BMO ETFs”.

**CAD Units** – the Canadian dollar denominated Units of the BMO ETFs.

**Canadian Securities Legislation** – the applicable securities legislation in force in each province and territory of Canada, all regulations, rules, orders and policies made thereunder and all multilateral and national instruments adopted by the securities regulatory authorities.

**Capital Gains Designation Limit** – has the meaning given under “Risk Factors – General Risks Relating to an Investment in the BMO ETFs – Taxation Risk”.

**Capital Gains Refund** – has the meaning given under “Income Tax Considerations – Taxation of the BMO ETFs”.

**CDS** – CDS Clearing and Depository Services Inc.

**CDS Participant** – a participant in CDS that holds Units on behalf of beneficial owners of Units.

**Continuous Distribution Agreement** – an agreement between the Manager, on behalf of one or more BMO ETFs, and a Dealer, as amended from time to time.

**Converge Options** – customizable equity or ETF option contracts, known as Converge® Options, that reference the price return of an equity or ETF and are centrally cleared, but provide investors with the ability to customize key contract terms such as exercise price, style and expiration date.

**CRA** – Canada Revenue Agency.

**Custodian** – State Street Trust Company Canada.

**Custodian Agreement** – the custodian contract effective June 1, 2018 (as amended from time to time) between the Manager, BMO Investments Inc. and State Street Trust Company Canada, as custodian.

**Dealer** – a registered dealer (that may or may not be a Designated Broker), including BMO NB, an affiliate of the Manager, that has entered into a Continuous Distribution Agreement with the Manager, on behalf of one or more BMO ETFs, pursuant to which the Dealer may subscribe for Units of that BMO ETF as described under “Purchases of Units – Issuance of Units”.

**Declaration of Trust** – the amended and restated master declaration of trust dated September 11, 2023 (as amended or as amended and restated from time to time) under which the BMO ETFs (and other ETFs managed by the Manager) have been established.

**Designated Broker** – a registered dealer, including BMO NB, an affiliate of the Manager, that has entered into a Designated Broker Agreement with the Manager, on behalf of one or more BMO ETFs pursuant to which the Designated Broker agrees to perform certain duties in relation to the BMO ETFs.

**Designated Broker Agreement** – an agreement between the Manager, on behalf of a BMO ETF, and a Designated Broker, as amended from time to time.

**DFA Rules** – has the meaning given under “Risk Factors – General Risks Relating to an Investment in the BMO ETFs – Taxation Risk”.

**Distribution Payment Date** – a day that is no later than the 10<sup>th</sup> business day following the applicable Distribution Record Date, on which a BMO ETF pays a distribution to its Unitholders.

**Distribution Record Date** – a date determined by the Manager as a record date for the determination of Unitholders of a BMO ETF entitled to receive a distribution.

**Distribution Reinvestment Plan** – the distribution reinvestment plan of each BMO ETF, the key terms of which are described under “Distribution Policy – Distribution Reinvestment Plan”.

**DPSPs** – deferred profit sharing plans as defined in the Tax Act.

**EIFEL Amendments** – has the meaning given under “Risk Factors – General Risks Relating to an Investment in the BMO ETFs – Taxation Risk”.

**ESG** – environmental, social and governance.

**ETF** – exchange traded fund.

**Equity Repurchase Rules** – has the meaning given under “Risk Factors – General Risks Relating to an Investment in the BMO ETFs – Taxation Risk”.

**Exchange** – the TSX or the NEO Exchange, as applicable.

**FHSA** – first home savings accounts as defined in the Tax Act.

**HST** – the harmonized sales tax imposed under the *Excise Tax Act* (Canada) that is applicable in certain provinces of Canada.

**IFRS** – means the International Financial Reporting Standards, as published by the International Accounting Standards Board.

**Index** – a benchmark or index, provided by the Index Provider, or a replacement or alternative benchmark or index that applies substantially similar criteria to those currently used by the Index Provider for the benchmark or index or a successor index that is comprised of or would be comprised of the same or similar constituent securities, which may be used by the Index BMO ETF in relation to the Index BMO ETF’s investment objective.

**Index BMO ETF** – has the meaning given on the cover page hereof.

**Index Provider** – the third-party provider of the Index, including but not limited to S&P DJI, with which the Manager has entered into a licensing arrangement permitting the Manager to use the relevant Index and certain trademarks in connection with the operation of the applicable BMO ETF.

**IRC** – the Independent Review Committee of the BMO ETFs.

**License Agreement** – the license agreement entered into by the Manager, BMO Investments Inc. and/or Bank of Montreal, as applicable, with the Index Provider.

**Management Fee Distribution** – as described under “Fees and Expenses – Fees and Expenses Payable by the BMO ETFs – Management Fee Distributions”, an amount equal to the difference between the management fee otherwise chargeable and a reduced fee determined by the Manager, from time to time, that is distributed in cash to certain Unitholders of the BMO ETFs.

**Manager** – BMO Asset Management Inc., a corporation established under the laws of the Province of Ontario and a registered portfolio manager, investment fund manager, exempt market dealer and commodity trading manager, acting in its capacity as the manager of the BMO ETFs.

**NAV** and **NAV per Unit** – in relation to a particular class of a BMO ETF, the net asset value of the BMO ETF attributable to that class and the net asset value per Unit of that BMO ETF attributable to the class, calculated by the Valuation Agent as described in “Calculation of Net Asset Value”.

**NEO Exchange** – NEO Exchange Inc.

**NI 81-102** – National Instrument 81-102 *Investment Funds*.

**NI 81-107** – National Instrument 81-107 *Independent Review Committee for Investment Funds*.

**Non-Index BMO ETFs** – has the meaning given on the cover page hereof.

**Non-Portfolio Income** – has the meaning given under “Income Tax Considerations – Taxation of the BMO ETFs”.

**Other Securities** – securities, other than the constituent securities of the Index, included in the portfolio of the Index BMO ETF, including ETFs, mutual funds or other investment funds.

**Permitted Merger** – as defined under “Unitholder Matters – Matters Requiring Unitholders’ Approval”.

**Plan Agent** – State Street Trust Company Canada, plan agent for the Distribution Reinvestment Plan.

**Plan Participant** and **Plan Unit** – as defined under “Distribution Policy – Distribution Reinvestment Plan”.

**Portfolio Manager** – BMO Asset Management Inc., a corporation established under the laws of the Province of Ontario and a registered portfolio manager, investment fund manager, exempt market dealer and commodity trading manager, acting in its capacity as the portfolio manager of the BMO ETFs.

**Prescribed Number of Units** – in relation to a particular BMO ETF, the number of Units determined by the Manager from time to time for the purpose of subscription orders, exchanges, redemptions or for other purposes.

**Prime Broker** – an entity, including BMO Nesbitt Burns Inc. (an affiliate of the Manager) or its successor, that may lend cash or securities to an Alternative BMO ETF.

**Proxy Voting Guidelines** – as defined under “Proxy Voting Disclosure for Portfolio Securities Held”.

**RDSPs** – registered disability savings plans as defined in the Tax Act.

**Reference ETF** – an Underlying Fund that is an exchange traded fund subject to NI 81-102 and that is used as a benchmark for determining the potential return of a BMO ETF.

**Reference Index** – an underlying index that is used as a benchmark for determining the potential return of a Structured Outcome ETF.

**Registered Plans** – means, collectively, DPSPs, FHSAs, RDSPs, RESPs, RRIFs, RRSPs, and TFSAs.

**Registrar and Transfer Agent** – State Street Trust Company Canada.

**RESPs** – registered education savings plans as defined in the Tax Act.

**RRIFs** – registered retirement income funds as defined in the Tax Act.

**RRSPs** – registered retirement savings plans as defined in the Tax Act.

**S&P** – Standard & Poor’s Financial Services LLC.

**S&P DJI** – S&P Dow Jones Indices LLC.

**Securities Lending Agent** – State Street Bank and Trust Company acts as agent for securities lending transactions for those BMO ETFs that engage in securities lending. The Securities Lending Agent is independent of the Manager.

**Securities Lending Agreement** – the securities lending authorization agreement dated June 12, 2018, as amended from time to time between the Manager and State Street Bank and Trust Company.

**securities regulatory authorities** – the securities commission or similar regulatory authority in each province and territory of Canada that is responsible for administering the Canadian Securities Legislation in force in such province or territory.

**SIFT** – a specified investment flow-through trust or partnership as defined in the Tax Act.

**SIFT Rules** – rules in the Tax Act that are applicable to “SIFT trusts” and “SIFT partnerships” (as defined in the Tax Act).

**Structured Outcome ETFs** – collectively, BMO Canadian Banks Accelerator ETF, BMO US Equity Accelerator Hedged to CAD ETF and BMO US Equity Buffer Hedged to CAD ETF – October.

**Target Outcome Period** – means the applicable Target Outcome Period of a Structured Outcome ETF as set out under “Investment Strategies – Specific Investment Strategies of the Non-Index BMO ETFs – Structured Outcome ETFs”.

**Tax Act** – the *Income Tax Act* (Canada) and the regulations issued thereunder, as the same may be amended from time to time.

**Tax Proposals** – all specific proposals to amend the Tax Act that have been publicly announced in writing by the Minister of Finance (Canada) prior to the date of this prospectus.

**Tax Treaties** – has the meaning given under “Risk Factors – General Risks Relating to an Investment in the BMO ETFs – Taxation Risk”.

**TFSAs** – tax-free savings accounts as defined in the Tax Act.

**Trading Day** – for each BMO ETF, a day on which: (i) a regular session of the Exchange is held; and (ii) the primary market or exchange for the majority of the securities held by the BMO ETF is open for trading.

**Trustee** – BMO Asset Management Inc., a corporation established under the laws of the Province of Ontario and a registered portfolio manager, investment fund manager, exempt market dealer and commodity trading manager, acting in its capacity as the trustee of the BMO ETFs.

**TSX** – the Toronto Stock Exchange.

**Underlying Funds** – ETFs, mutual funds or other investment funds in which a BMO ETF may invest, which may include BMO Funds.

**Unit** – in relation to a particular BMO ETF, a redeemable, transferable unit of that BMO ETF, which represents an equal, undivided interest in the net assets of that BMO ETF. Units include CAD Units and USD Units.

**Unitholder** – a holder of Units of a BMO ETF.

**US or U.S. or United States** – the United States of America.

**USD Units** – the U.S. dollar denominated Units of certain BMO ETFs.

**Valuation Agent** – State Street Trust Company Canada.

**Valuation Date** – each day on which a regular session of the Exchange is held. If that BMO ETF elects to have a December 15 year-end for tax purposes as permitted by the Tax Act, the NAV per Unit will be calculated on December 15.

**Valuation Time** – 4:00 p.m. on each Valuation Date or, if the market closes earlier that day, then the time as of which the market closes.

## PROSPECTUS SUMMARY

*The following is a summary of the principal features of Units of the BMO ETFs and should be read together with the more detailed information and financial data and statements contained elsewhere in this prospectus or incorporated by reference in this prospectus. For an explanation of certain terms and abbreviations used in this prospectus and not otherwise defined, please refer to “Important Terms”.*

**Issuers:** BMO Long Short Canadian Equity ETF  
BMO Long Short US Equity ETF

(each, an “**Alternative BMO ETF**”, and collectively, the “**Alternative BMO ETFs**”).

BMO S&P/TSX 60 Index ETF (the “**Index BMO ETF**”)

BMO Canadian Banks Accelerator ETF  
BMO USD Cash Management ETF  
BMO US Equity Accelerator Hedged to CAD ETF  
BMO US Equity Buffer Hedged to CAD ETF – October

(each, a “**Non-Index ETF**”, and collectively, the “**Non-Index BMO ETFs**”)

Collectively, the Alternative BMO ETFs, the Index BMO ETF and the Non-Index BMO ETF are referred to as the “**BMO ETFs**” and each a “**BMO ETF**”.

The BMO ETFs are exchange traded mutual funds established as trusts under the laws of the Province of Ontario. Each Alternative BMO ETF is an “alternative mutual fund” as defined in NI 81-102. The Index BMO ETF is an “index mutual fund” as defined in NI 81-102.

BMO Asset Management Inc. is the trustee, manager, portfolio manager, and promoter of the BMO ETFs.

See “Overview of the Legal Structure of the BMO ETFs”.

**Offerings:** Each BMO ETF offers CAD Units, a class of units denominated in Canadian dollars. BMO USD Cash Management ETF also offers a class of USD Units.

See “Attributes of Units – Description of the Securities Distributed”.

**Continuous Distribution:** Units of each of the BMO ETFs are being issued and sold on a continuous basis and there is no maximum number of Units that may be issued. The Units of the BMO ETFs may be either Canadian dollar denominated or U.S. dollar denominated. The BMO ETFs will not hedge any foreign currency exposure back to the currency in which the Units are denominated.

The BMO ETFs issue Units directly to Designated Brokers and Dealers. BMO Nesbitt Burns Inc. will act as Designated Broker for the BMO ETFs listed under “Organization and Management of the BMO ETFs – Conflicts of Interest” and will act as a Dealer for all BMO ETFs.

The Toronto Stock Exchange (“**TSX**”) has conditionally approved the listing of the Units of the Alternative BMO ETFs, the Index BMO ETF and BMO USD Cash Management ETF on the TSX. Listing of the Units of the Alternative BMO ETFs, the Index BMO ETF and BMO USD Cash Management ETF is subject to the Alternative BMO ETFs, the Index BMO ETF and BMO USD Cash Management ETF fulfilling all of the requirements of the TSX on or before September 1, 2024. Subject to satisfying the TSX’s original listing requirements, the Units of the Alternative BMO ETFs, the Index BMO ETF and BMO USD Cash Management ETF will be listed on the TSX and offered on a continuous basis, and an investor will be able to buy or sell these Units on the TSX through registered brokers and

dealers in the province or territory where the investor resides. Investors may incur customary brokerage commissions in buying or selling the Units.

The NEO Exchange Inc. (“**NEO Exchange**”) has conditionally approved the listing of the Units of BMO Canadian Banks Accelerator ETF, BMO US Equity Accelerator Hedged to CAD ETF and BMO US Equity Buffer Hedged to CAD ETF – October on the NEO Exchange. Listing of the Units of BMO Canadian Banks Accelerator ETF, BMO US Equity Accelerator Hedged to CAD ETF and BMO US Equity Buffer Hedged to CAD ETF – October is subject to the BMO Canadian Banks Accelerator ETF, BMO US Equity Accelerator Hedged to CAD ETF and BMO US Equity Buffer Hedged to CAD ETF – October fulfilling all of the requirements of the NEO Exchange. Subject to satisfying the NEO Exchange’s original listing requirements, the Units of the BMO Canadian Banks Accelerator ETF, BMO US Equity Accelerator Hedged to CAD ETF and BMO US Equity Buffer Hedged to CAD ETF – October will be listed on the NEO Exchange and offered on a continuous basis, and an investor will be able to buy or sell these Units on the NEO Exchange through registered brokers and dealers in the province or territory where the investor resides. Investors may incur customary brokerage commissions in buying or selling the Units.

See “Purchases of Units – Issuance of Units” and “Purchases of Units – Buying and Selling Units”.

**Investment Objectives of the Alternative BMO ETFs:**

***BMO Long Short Canadian Equity ETF***

BMO Long Short Canadian Equity ETF seeks to provide income and long-term capital appreciation, primarily by taking long and short positions in equity securities issued by Canadian companies. BMO Long Short Canadian Equity ETF will also invest excess cash in fixed income instruments or exposures. BMO Long Short Canadian Equity ETF may employ leverage to enhance returns, whereby the sum of long and short equity exposures will generally exceed 100%.

***BMO Long Short US Equity ETF***

BMO Long Short US Equity ETF seeks to provide income and long-term capital appreciation, primarily by taking long and short positions in equity securities issued by US companies. BMO Long Short US Equity ETF will also invest excess cash in fixed income instruments or exposures. BMO Long Short US Equity ETF may employ leverage to enhance returns, whereby the sum of long and short equity exposures will generally exceed 100%.

See “Investment Objectives – Investment Objectives of the Alternative BMO ETFs”.

**Investment Objectives of the Index BMO ETF:**

***BMO S&P/TSX 60 Index ETF***

BMO S&P/TSX 60 Index ETF seeks to replicate, to the extent possible, the performance of a Canadian equity index, net of expenses. The table below sets out the current Index and Index Provider for the Index BMO ETF.

<b>BMO ETF</b>	<b>Current Index</b>	<b>Index Provider</b>
BMO S&P/TSX 60 Index ETF	S&P/TSX 60 Index	S&P DJI

The Manager may, subject to any required Unitholder approval, change the Index underlying the Index BMO ETF to another widely-recognized index in order to provide investors with substantially the same exposure to the asset class to which the Index BMO ETF is currently exposed. If the Manager changes the Index underlying the Index BMO ETF, or any index

replacing such Index, the Manager will issue a press release identifying the new Index, describing its constituent securities and specifying the reasons for the change in the Index.

See “Investment Objectives – Investment Objectives of the Index BMO ETFs”.

**Investment  
Objectives of the  
Non-Index BMO  
ETFs:**

***BMO Canadian Banks Accelerator ETF***

BMO Canadian Banks Accelerator ETF seeks to provide unitholders with income and approximately double (2x) the upside return of an index that gives exposure to equity securities of diversified Canadian banks up to a cap (before fees, expenses and taxes), with approximately single exposure to the downside (before fees, expenses and taxes), over the Target Outcome Period under normal market conditions. BMO Canadian Banks Accelerator ETF can be held indefinitely, resetting at the end of each Target Outcome Period, approximately quarterly. The initial Target Outcome Period is the period commencing on the date of initial issuance and listing of Units of BMO Canadian Banks Accelerator ETF to on or about December 31, 2023. Following this initial Target Outcome Period, each subsequent Target Outcome Period will be a period of approximately one quarter from the first business day of January 2024.

***BMO USD Cash Management ETF***

BMO USD Cash Management ETF seeks to maximize current income, while at the same time preserving capital and maintaining liquidity, by providing unitholders exposure to high quality short term fixed income securities denominated in US dollars.

***BMO US Equity Accelerator Hedged to CAD ETF***

BMO US Equity Accelerator Hedged to CAD ETF seeks to provide unitholders with income and approximately double (2x) the upside return of an index designed to measure the large-cap segment of the US equity market up to a cap (before fees, expenses and taxes), with approximately single exposure to the downside (before fees, expenses and taxes), over the Target Outcome Period under normal market conditions. BMO US Equity Accelerator Hedged to CAD ETF can be held indefinitely, resetting at the end of each Target Outcome Period, approximately quarterly. The initial Target Outcome Period is the period commencing on the date of initial issuance and listing of Units of BMO US Equity Accelerator Hedged to CAD ETF to on or about December 31, 2023. Following this initial Target Outcome Period, each subsequent Target Outcome Period will be a period of approximately one quarter from the first business day of January 2024.

***BMO US Equity Buffer Hedged to CAD ETF – October***

BMO US Equity Buffer Hedged to CAD ETF – October seeks to provide unitholders with income and appreciation (before fees, expenses and taxes) that matches to the extent possible the return of an index designed to measure the large-cap segment of the US equity market (the “**Reference Index**”) up to a cap (before fees, expenses and taxes), while providing a buffer against the first 15% (before fees, expenses and taxes) of a decrease in the market price of the Reference Index, over a period of approximately one year from the first business day of October of each year to on or about the last business day of September of the following year, referred to as the Target Outcome Period. The initial Target Outcome Period is the period commencing on the date of initial issuance and listing of Units of BMO US Equity Buffer Hedged to CAD ETF – October to on or about September 30, 2024. Following this initial Target Outcome Period, each subsequent Target Outcome Period will be a period of approximately one year from the first business day of October of each year to on or about the last business day of September of that year.

See “Investment Objectives – Investment Objectives of the Non-Index BMO ETFs”.

**Investment Strategies of the Alternative BMO ETFs:**

The investment strategy of each Alternative BMO ETF is to invest in and hold a portfolio of securities selected by the Portfolio Manager and/or use derivative instruments in order to achieve its investment objectives. The Alternative BMO ETFs may also hold cash and cash equivalents or other money market instruments in order to meet their current obligations.

The Alternative BMO ETFs may use investment strategies that are more permissive than conventional mutual funds. In particular, the Alternative BMO ETFs may borrow cash for investment purposes, may sell securities short to a greater extent than conventional mutual funds, and invest in or use derivative instruments to create leverage, provided that the use of these investment strategies is in compliance with applicable Canadian Securities Legislation and is consistent with the investment objective and investment strategies of the applicable Alternative BMO ETF.

When an Alternative BMO ETF invests in Underlying Funds, it will predominantly, if not exclusively, invest in Underlying Funds that are managed by the Manager or one of its affiliates. For more information about the conflicts of interest associated with the Alternative BMO ETFs investing in Underlying Funds that are BMO Funds, please see “Organization and Management of the BMO ETFs – Conflicts of Interest”.

The Alternative BMO ETFs employ the investment strategies described below:

***BMO Long Short Canadian Equity ETF***

BMO Long Short Canadian Equity ETF invests in a long equity investment portfolio according to the Portfolio Manager’s investment process, consisting primarily of equity securities issued by Canadian issuers, with relatively attractive fundamental characteristics, including value, quality, growth, technical and market sentiment characteristics potentially considered. Likewise, BMO Long Short Canadian Equity ETF will engage in short-selling on securities in the same industry with relatively less attractive security characteristics. Portfolio risk will be managed both quantitatively and qualitatively, with net equity exposure (long equity exposure less short equity exposure) generally less than 100%. As an alternative to or in conjunction with investing directly in equity securities, BMO Long Short Canadian Equity ETF may invest in derivative instruments, including, but not limited to, forwards, futures, swaps and options. BMO Long Short Canadian Equity ETF will also invest excess cash in treasury securities, short-term debt, provincial or corporate bonds, including ETFs with these exposures.

***BMO Long Short US Equity ETF***

BMO Long Short US Equity ETF invests in a long equity investment portfolio according to the Portfolio Manager’s investment process, consisting primarily of equity securities issued by US issuers, with relatively attractive fundamental characteristics, including value, quality, growth, technical and market sentiment characteristics potentially considered. Likewise, BMO Long Short US Equity ETF will engage in short-selling on securities in the same industry with relatively less attractive security characteristics. Portfolio risk will be managed both quantitatively and qualitatively, with net equity exposure (long equity exposure less short equity exposure) generally less than 100%. As an alternative to or in conjunction with investing directly in equity securities, BMO Long Short US Equity ETF may invest in derivative instruments, including, but not limited to, forwards, futures, swaps and options. BMO Long Short US Equity ETF will also invest excess cash in treasury securities, short-term debt, provincial or corporate bonds, including ETFs with these exposures.

See “Investment Strategies – Specific Investment Strategies of the Alternative BMO ETFs”.

**Investment Strategies of the**

The investment strategy of the Index BMO ETF is generally to invest in and hold a proportionate share of the constituent securities of the Index, or Other Securities, to seek to replicate the performance of that Index, in order to achieve its investment objectives. If

**Index BMO  
ETF:**

selected, the Other Securities will have characteristics similar to the constituent securities of the Index. The Index BMO ETF may also hold cash and cash equivalents or other money market instruments in order to meet its current obligations.

The Portfolio Manager may use a sampling methodology in selecting investments for the Index BMO ETF. Sampling means that the Portfolio Manager will use quantitative analysis to select securities from the Index to obtain a representative sample of securities that may resemble the Index in terms of key risk factors, performance attributes, industry weightings, market capitalization and other appropriate financial characteristics. The quantity of constituent securities of the Index selected using such sampling methodology will be based on a number of factors, including the asset base of the Index BMO ETF.

When the Index BMO ETF invests in Underlying Funds, it will predominantly, if not exclusively, invest in Underlying Funds that are managed by the Manager or one of its affiliates. For more information about the conflicts of interest associated with the Index BMO ETF investing in Underlying Funds associated with the Manager, please see “Organization and Management of the BMO ETFs – Conflicts of Interest”.

The Index BMO ETF may invest in or use derivative instruments and may engage in securities lending transactions in order to earn additional income for the Index BMO ETF, provided that the use of such derivative instruments and such securities lending transactions is in compliance with applicable Canadian Securities Legislation and is consistent with its investment objective and strategies.

See “Investment Strategies – Specific Investment Strategies of the Index BMO ETF”.

**Investment  
Strategies of the  
Non-Index BMO  
ETFs:**

The investment strategy of the Non-Index BMO ETFs is to invest in and hold a portfolio of securities selected by the Portfolio Manager in order to achieve its investment objectives. The Non-Index BMO ETFs may also hold cash and cash equivalents or other money market instruments in order to meet their current obligations.

The Non-Index BMO ETFs may invest in or use derivative instruments and may engage in securities lending, repurchase and reverse repurchase transactions in order to earn additional income for the Non-Index BMO ETFs, provided that the use of such derivatives instruments and such securities lending, repurchase and reverse repurchase transactions is in compliance with applicable Canadian Securities Legislation and is consistent with the investment objective and investment strategies of the Non-Index BMO ETFs.

When a Non-Index BMO ETF invests in Underlying Funds, it will predominantly, if not exclusively, invest in Underlying Funds that are managed by the Manager or one of its affiliates. Currently, each Reference ETF is an Underlying Fund which is managed by the Manager. For more information about the conflicts of interest associated with the Non-Index BMO ETFs investing in Underlying Funds associated with the Manager, please see “Organization and Management of the BMO ETFs – Conflicts of Interest”.

The Non-Index BMO ETFs employ the investment strategies described below:

***BMO USD Cash Management ETF***

BMO USD Cash Management ETF will aim to maximize current income by investing primarily in US T-Bills, denominated in US dollars, and other short term fixed income investments of appropriate term, quality and yield. BMO USD Cash Management ETF will aim to seek capital preservation, ensuring sufficiently high liquidity and generating income.

***Structured Outcome ETFs***

***BMO Canadian Banks Accelerator ETF***

BMO Canadian Banks Accelerator ETF seeks to provide unitholders with income and approximately double (2x) the upside return of a Reference Index that gives exposure to equity securities of diversified Canadian banks up to a cap (before fees, expenses and taxes), with approximately single exposure to the downside (before fees, expenses and taxes), over each Target Outcome Period under normal market conditions. The current Reference Index is the Solactive Equal Weight Canada Banks Index. During periods of higher than normal market volatility, BMO Canadian Banks Accelerator ETF may not be able to achieve double (2x) the upside return of the applicable Reference Index in order to comply with applicable regulatory requirements.

In order to seek to achieve its investment objectives, BMO Canadian Banks Accelerator ETF will primarily invest in BMO Equal Weight Banks Index ETF (the Reference ETF). BMO Canadian Banks Accelerator ETF may also invest in Converge Options that reference the price return of the Reference ETF to employ a “target outcome strategy”. Target outcome strategies seek to produce predetermined investment outcomes based upon the performance of the Reference ETF during the applicable Target Outcome Period. The predetermined outcomes sought by BMO Canadian Banks Accelerator ETF, which include the accelerated return (before fees, expenses and taxes) and a predetermined upside cap (before fees, expenses and taxes), are based on the return of the Reference ETF over the Target Outcome Period.

The initial Target Outcome Period is the period commencing on the date of initial issuance and listing of Units of BMO Canadian Banks Accelerator ETF to on or about December 31, 2023. Following this initial Target Outcome Period, each subsequent Target Outcome Period will be a period of approximately one quarter from the first business day of January 2024.

The Reference ETF, BMO Equal Weight Banks Index ETF, seeks to replicate, to the extent possible, the performance of an equal weight diversified Canadian bank index, net of expenses. The investment strategy of BMO Equal Weight Banks Index ETF is currently to invest in and hold the constituent securities of the Solactive Equal Weight Canada Banks Index in the same proportion as they are reflected in the Solactive Equal Weight Canada Banks Index. The Portfolio Manager may also use a sampling methodology in selecting investments for BMO Equal Weight Banks Index ETF to obtain exposure to the performance of the Solactive Equal Weight Canada Banks Index. As an alternative to or in conjunction with investing in and holding all or some of the constituent securities of the Solactive Equal Weight Canada Banks Index, BMO Equal Weight Banks Index ETF may invest in or use Other Securities to obtain exposure to the performance of the Solactive Equal Weight Canada Banks Index. The Solactive Equal Weight Canada Banks Index includes Canadian exchange listed securities in the diversified bank industry. Constituents are subject to minimum market capitalization and liquidity screens. In addition, each security is allocated an equal weight rather than a market capitalization weight.

#### ***BMO US Equity Accelerator Hedged to CAD ETF***

BMO US Equity Accelerator Hedged to CAD ETF seeks to provide unitholders with income and approximately double (2x) the upside return of a Reference Index designed to measure the large-cap segment of the US equity market up to a cap (before fees, expenses and taxes), with approximately single exposure to the downside (before fees, expenses and taxes), over the Target Outcome Period under normal market conditions. The current Reference Index is the S&P 500 Hedged to Canadian Dollars Index. During periods of higher than normal market volatility, BMO US Equity Accelerator Hedged to CAD ETF may not be able to achieve double (2x) the upside return of the applicable Reference Index in order to comply with applicable regulatory requirements.

In order to seek to achieve its investment objectives, BMO US Equity Accelerator Hedged to CAD ETF will primarily invest in BMO S&P 500 Hedged to CAD Index ETF (the “**Reference ETF**”). BMO US Equity Accelerator Hedged to CAD ETF may also invest in Converge Options that reference the price return of the Reference ETF to employ a “target outcome

strategy”. Target outcome strategies seek to produce predetermined investment outcomes based upon the performance of the Reference ETF during the applicable Target Outcome Period. The predetermined outcomes sought by BMO US Equity Accelerator Hedged to CAD ETF, which include the accelerated return (before fees, expenses and taxes) and a predetermined upside cap (before fees, expenses and taxes), are based on the return of the Reference ETF over the Target Outcome Period.

The initial Target Outcome Period is the period commencing on the date of initial issuance and listing of Units of BMO US Equity Accelerator Hedged to CAD ETF to on or about December 31, 2023. Following this initial Target Outcome Period, each subsequent Target Outcome Period will be a period of approximately one quarter from the first business day of January 2024.

The Reference ETF, BMO S&P 500 Hedged to CAD Index ETF, seeks to replicate, to the extent possible, the performance of a broad U.S. stock market index, net of expenses. Currently, BMO S&P 500 Hedged to CAD Index ETF seeks to replicate the performance of the S&P 500 Hedged to Canadian Dollars Index. The investment strategy of BMO S&P 500 Hedged to CAD Index ETF is currently to obtain exposure to the performance of the S&P 500 Hedged to Canadian Dollars Index by investing in assets such as ETFs, mutual funds or other investment funds, ADRs or derivative instruments. Currently, BMO S&P 500 Hedged to CAD Index ETF primarily invests in BMO S&P 500 Index ETF and uses derivative instruments to hedge back to the Canadian dollar. As an alternative to or in conjunction with primarily investing in assets such as ETFs, mutual funds or other investment funds, ADRs or derivative instruments, BMO S&P 500 Hedged to CAD Index ETF may invest in and hold the constituent securities of the S&P 500 Hedged to Canadian Dollars Index. The Portfolio Manager may also use a sampling methodology in selecting investments for BMO S&P 500 Hedged to CAD Index ETF to obtain exposure to the performance of the S&P 500 Hedged to Canadian Dollars Index.

#### ***BMO US Equity Buffer Hedged to CAD ETF – October***

BMO US Equity Buffer Hedged to CAD ETF – October seeks to provide unitholders with income and appreciation (before fees, expenses and taxes) that matches to the extent possible the return of a Reference Index designed to measure the large-cap segment of the US equity market (the “**Reference Index**”) up to a cap (before fees, expenses and taxes), while providing a buffer against the first 15% (before fees, expenses and taxes) of a decrease in the market price of the Reference Index, over a period of approximately one year from the first business day of October of each year to on or about the last business day of September of the following year, referred to as the Target Outcome Period. The current Reference Index is the S&P 500 Hedged to Canadian Dollars Index.

In order to seek to achieve its investment objectives, BMO US Equity Buffer Hedged to CAD ETF – October will primarily invest in BMO S&P 500 Hedged to CAD Index ETF (the “**Reference ETF**”). BMO US Equity Buffer Hedged to CAD ETF – October may also invest in Converge Options that reference the price return of the Reference ETF to employ a “target outcome strategy”. Target outcome strategies seek to produce predetermined investment outcomes based upon the performance of the Reference ETF during the applicable Target Outcome Period. The predetermined outcomes sought by BMO US Equity Buffer Hedged to CAD ETF – October, which include a buffer against the first 15% (before fees, expenses and taxes) of decrease in the market price of Reference ETF and a predetermined upside cap (before fees, expenses and taxes), are based on the return of the Reference ETF over the Target Outcome Period.

The initial Target Outcome Period is the period commencing on the date of initial issuance and listing of Units of BMO US Equity Buffer Hedged to CAD ETF – October to on or about September 30, 2024. Following this initial Target Outcome Period, each subsequent Target

Outcome Period will be a period of approximately one year from the first business day of October of each year to on or about the last business day of September of that year.

The Reference ETF, BMO S&P 500 Hedged to CAD Index ETF, seeks to replicate, to the extent possible, the performance of a broad U.S. stock market index, net of expenses. Currently, BMO S&P 500 Hedged to CAD Index ETF seeks to replicate the performance of the S&P 500 Hedged to Canadian Dollars Index. The investment strategy of BMO S&P 500 Hedged to CAD Index ETF is currently to obtain exposure to the performance of the S&P 500 Hedged to Canadian Dollars Index by investing in assets such as ETFs, mutual funds or other investment funds, ADRs or derivative instruments. Currently, BMO S&P 500 Hedged to CAD Index ETF primarily invests in BMO S&P 500 Index ETF and uses derivative instruments to hedge back to the Canadian dollar. As an alternative to or in conjunction with primarily investing in assets such as ETFs, mutual funds or other investment funds, ADRs or derivative instruments, BMO S&P 500 Hedged to CAD Index ETF may invest in and hold the constituent securities of the S&P 500 Hedged to Canadian Dollars Index. The Portfolio Manager may also use a sampling methodology in selecting investments for BMO S&P 500 Hedged to CAD Index ETF to obtain exposure to the performance of the S&P 500 Hedged to Canadian Dollars Index.

*Reference Indices and Reference ETFs*

<b>Structured Outcome ETF</b>	<b>Current Reference Index</b>	<b>Current Reference ETF</b>
BMO Canadian Banks Accelerator ETF	Solactive Equal Weight Canada Banks Index	BMO Equal Weight Banks Index ETF
BMO US Equity Accelerator Hedged to CAD ETF	S&P 500 Hedged to Canadian Dollars Index	BMO S&P 500 Hedged to CAD Index ETF
BMO US Equity Buffer Hedged to CAD ETF – October	S&P 500 Hedged to Canadian Dollars Index	BMO S&P 500 Hedged to CAD Index ETF

Subject to any Unitholder approval, as applicable, the Manager may change the Reference Index and/or Reference ETF used as a benchmark for a Structured Outcome ETF to another widely recognized index in order to provide investors with substantially the same exposure to the asset class to which the Structured Outcome ETF is currently exposed in accordance with its investment objectives. If the Manager changes a Reference Index and/or Reference ETF in respect of a Structured Outcome ETF, the Manager will issue a press release identifying the new Reference Index and/or Reference ETF, describing its constituent securities and specifying the reasons for the change in the Reference Index and/or Reference ETF, as applicable. In addition, if an Index Provider ceases to calculate a Reference Index, the Manager may seek to use an alternative index as a benchmark or make such other arrangements as the Manager considers appropriate and in the best interests of Unitholders of the Structured Outcome ETF in the circumstances.

*Target Outcome Periods*

Generally, the target outcome periods for each Structured Outcome ETF are as provided for in the table below (each, a “**Target Outcome Period**”).

<b>Structured Outcome ETF</b>	<b>Target Outcome Period</b>
-------------------------------	------------------------------

BMO Canadian Banks Accelerator ETF	The quarter period commencing on the first business day of October, January, April, and July of each year.
BMO US Equity Accelerator Hedged to CAD ETF	The quarter period commencing on the first business day of October, January, April, and July of each year.
BMO US Equity Buffer Hedged to CAD ETF – October	The period commencing on the first business day of October of each year to on or about the last business day of September the following year.

In general, the target outcomes each Structured Outcome ETF aims to achieve for Unitholders that hold their Units of the Structured Outcome ETF for an entire Target Outcome Period are as follows, though there can be no guarantee these results will be achieved:

- With respect to BMO Canadian Banks Accelerator ETF and BMO US Equity Accelerator Hedged to CAD ETF:
  - If the market price of the applicable Reference ETF appreciates over the Target Outcome Period, the combination of Converge Options and direct holdings held by a Structured Outcome ETF provides upside participation that is intended to provide approximately double (2x) the return of the applicable Reference ETF up to a cap (before fees, expenses and taxes) that is determined at the start of the Target Outcome Period.
- With respect to BMO US Equity Buffer Hedged to CAD ETF – October:
  - If the market price of the applicable Reference ETF appreciates over the Target Outcome Period, the combination of Converge Options and direct holdings held by BMO US Equity Buffer Hedged to CAD ETF – October provides upside participation that is intended to match the return of the applicable Reference ETF up to a cap (before fees, expenses and taxes) that is determined at the start of the Target Outcome Period.
  - If the market price of the applicable Reference ETF decreases over the Target Outcome Period, the combination of Converge Options and direct holdings held by BMO US Equity Buffer Hedged to CAD ETF – October provides a return at expiration that is intended to compensate for the decrease in the market price of the Reference ETF (if any), in an amount not to exceed 15%, before fees, expenses and taxes.
  - If the market price of the applicable Reference ETF has decreased over the Target Outcome Period by more than 15%, BMO US Equity Buffer Hedged to CAD ETF – October will experience all subsequent decreases on an approximately one-to-one basis.

On the first day of each new Target Outcome Period, each Structured Outcome ETF is rebalanced by investing in a new set of Converge Options that will provide a new cap for the new Target Outcome Period. See “Investment Strategies – Specific Investment Strategies of the Alternative BMO ETFs – Buffer and Cap”.

An investor that purchases Units of a Structured Outcome ETF other than on the first day of a Target Outcome Period and/or sells Units of a Structured Outcome ETF prior to the end of

a Target Outcome Period may experience results that are very different from the target outcomes sought by the Structured Outcome ETF for that Target Outcome Period. Both the cap and, where applicable, the buffer are fixed levels that are calculated in relation to the market price of the applicable Reference ETF and a Structured Outcome ETF's NAV (as defined herein) at the start of each Target Outcome Period. As the market price of the applicable Reference ETF and the Structured Outcome ETF's NAV will change over the Target Outcome Period, an investor acquiring Units of a Structured Outcome ETF after the start of a Target Outcome Period will likely have a different return potential than an investor who purchased Units of a Structured Outcome ETF at the start of the Target Outcome Period. This is because while the cap and, as applicable, the buffer for the Target Outcome Period are fixed levels that remain constant throughout the Target Outcome Period, an investor purchasing Units of a Structured Outcome ETF at market value during the Target Outcome Period likely purchases Units of a Structured Outcome ETF at a market price that is different from the Structured Outcome ETF's NAV at the start of the Target Outcome Period (i.e., the NAV that the cap and, as applicable, the buffer reference). In addition, the market price of the applicable Reference ETF is likely to be different from the price of that Reference ETF at the start of the Target Outcome Period. To achieve the intended target outcomes sought by a Structured Outcome ETF for a Target Outcome Period, an investor must hold Units of the Structured Outcome ETF for that entire Target Outcome Period.

#### *Buffer and Cap*

BMO US Equity Buffer Hedged to CAD ETF – October seeks to provide a buffer on the first 15% of the decrease in the market price of the applicable Reference ETF over each Target Outcome Period. After the market price of the applicable Reference ETF has decreased by more than 15% the Structured Outcome ETF will experience subsequent decreases on an approximately one-to-one basis (e.g., if the market price of the Reference ETF decreases by 30%, BMO US Equity Buffer Hedged to CAD ETF – October loses 15%). The buffer is before taking into account the fees, expenses and taxes borne by Unitholders.

If an investor purchases Units of BMO US Equity Buffer Hedged to CAD ETF – October during a Target Outcome Period at a time when the market price of the applicable Reference ETF has decreased by 15% or more from its market price on the first day of the Target Outcome Period (the “**Initial Price**”), that Unitholder's buffer will essentially be zero (meaning the investor can lose its entire investment). However, that Unitholder's potential gain will be larger than BMO US Equity Buffer Hedged to CAD ETF – October's cap for the Target Outcome Period because the Unitholder may experience the additional gain if BMO US Equity Buffer Hedged to CAD ETF – October recovers the value it has lost from the first day of the Target Outcome Period through the date the Unitholder purchased its Units of BMO US Equity Buffer Hedged to CAD ETF – October plus any additional gains from the increase in the market price of the applicable Reference ETF from the Initial Price, up to the maximum return of the cap.

Conversely, if an investor purchases Units of BMO US Equity Buffer Hedged to CAD ETF – October during a Target Outcome Period at a time when the market price of the applicable Reference ETF has increased from its Initial Price for a Target Outcome Period, then a Unitholder may experience losses prior to gaining the protection offered by the buffer (because the market price of the applicable Reference ETF must first decrease to its Initial Price for the Target Outcome Period before subsequent decreases will be protected by the buffer). While BMO US Equity Buffer Hedged to CAD ETF – October seeks to limit losses to a maximum of 85% for Unitholders who hold Units of BMO US Equity Buffer Hedged to CAD ETF – October for an entire Target Outcome Period, there is no guarantee it will successfully do so. Depending upon market conditions at the time of purchase, a Unitholder that purchases Units of BMO US Equity Buffer Hedged to CAD ETF – October after the first day of a Target Outcome Period may lose their entire investment. An investment in BMO US

Equity Buffer Hedged to CAD ETF – October is only appropriate for investors willing to bear those losses. Despite the intended buffer, a Unitholder could lose their entire investment.

The returns of a Structured Outcome ETF are subject to a predetermined price cap (before fees, expenses and taxes) in respect of the Target Outcome Period.

The price cap for the initial Target Outcome Period of each of the Structured Outcome ETFs (which will be established at the time the Structured Outcome ETF purchases the applicable Converge Options) is anticipated to be as follows:

Structured Outcome ETF	Anticipated Cap of Initial Target Outcome Period
BMO Canadian Banks Accelerator ETF	5.0% to 7.0%*, before fees, expenses and taxes
BMO US Equity Accelerator Hedged to CAD ETF	5.0% to 7.0%*, before fees, expenses and taxes
BMO US Equity Buffer Hedged to CAD ETF – October	10.0% to 15.0%, before fees, expenses and taxes

\*Represents approximately double (2x) the return of the applicable Reference ETF.

Unlike other investment products, the potential returns a Unitholder can receive from a Structured Outcome ETF are subject to a predetermined upside price cap that represents the maximum percentage return (subject to distributions) a Unitholder can achieve from an investment in the Structured Outcome ETF for an entire Target Outcome Period (before fees, expenses and taxes). In the event the market price of the applicable Reference ETF increases over a Target Outcome Period, the Structured Outcome ETF seeks to provide distributions as well as appreciation that matches a percentage increase of the market price of the Reference ETF or Reference Index up to a predetermined cap. This means that if the market price of the applicable Reference ETF increases during a Target Outcome Period in excess of the cap for that Target Outcome Period, the Structured Outcome ETF will not benefit from those excess gains or any further distributions on the Reference ETF. Therefore, regardless of the price return of the Reference ETF, as applicable, a Unitholder's returns from an investment in the Structured Outcome ETF for that Target Outcome Period will be capped.

The cap is set on the first day of each Target Outcome Period and is determined before taking into account the fees, expenses and taxes.

The cap for each subsequent Target Outcome Period will be based on prevailing market conditions at the time, including then-current interest rate levels, the volatility of the applicable Reference ETF and underlying index of the applicable Reference ETF, and the relationship of puts and/or calls on the underlying Converge Options, as applicable. **The cap and buffer, as applicable, and a Structured Outcome ETF's position relative to each, should be considered before investing in Units of a Structured Outcome ETF.**

Each Structured Outcome ETF will seek to achieve its investment objectives by investing in the applicable Reference ETF and by purchasing and writing a series of call and/or put Converge Options, as applicable, on the first day of a Target Outcome Period. The Portfolio Manager will calculate the amount of premiums that the Structured Outcome ETF will owe on the Converge Options acquired to provide the buffer or accelerated return, as applicable, and will then sell call Converge Options with terms that entitle the Structured Outcome ETF to receive premiums equal to such amount. The cap is the strike price of those sold call Converge Options. The net amount of the Converge Option premiums paid and received by a Structured Outcome ETF is intended to be nil for each applicable Target Outcome Period at rebalance date.

The cap, and a Structured Outcome ETF's position relative to it on any given day, should be considered before investing in the Structured Outcome ETF. If an investor purchases Units of a Structured Outcome ETF during a Target Outcome Period, and the market price of the Reference ETF has already increased above its Initial Price for that Target Outcome Period to a level near to the cap, an investor purchasing Units of the Structured Outcome ETF will have limited to no gain potential for the remainder of the Target Outcome Period. However, the investor will remain vulnerable to significant downside risk because the investor will bear the losses between the market price of the applicable Reference ETF at the time it purchased Units of the Structured Outcome ETF and the Initial Price of the Reference ETF for the Target Outcome Period and, with respect to BMO US Equity Buffer Hedged to CAD ETF – October, before subsequent decreases will be protected by the buffer.

Investors purchasing Units of a Structured Outcome ETF during a Target Outcome Period will experience different results. The Structured Outcome ETFs' website, at [www.bmoetfs.com](http://www.bmoetfs.com), provides information relating to the possible outcomes for an investor of an investment in the Structured Outcome ETFs on a daily basis, including a Structured Outcome ETF's position relative to the cap and buffer, as applicable. **Before purchasing Units of a Structured Outcome ETF, an investor should visit the Structured Outcome ETF's website to review this information and understand the possible outcomes of an investment in Units of the Structured Outcome ETF on a particular day.**

See "Investment Strategies – Specific Investment Strategies of the Non-Index BMO ETF".

**Use of Leverage:** An Alternative BMO ETF may use leverage. Leverage may be created through the use of cash borrowings, short sales and/or derivatives.

An Alternative BMO ETF's aggregate exposure to the sources of leverage, to be calculated as the sum of the following divided by the Alternative BMO ETF's NAV, must not exceed 300% of the Alternative BMO ETF's NAV: (i) the aggregate market value of the Alternative BMO ETF's cash borrowing; (ii) the aggregate market value of short sales on equities, fixed income securities or other portfolio assets; and (iii) the aggregate notional value of the Alternative BMO ETF's specified derivatives positions excluding any specified derivatives used for hedging purposes. Leverage will be calculated in accordance with the methodology prescribed by securities laws, or any exemptions therefrom.

Under normal market conditions, an Alternative BMO ETF's aggregate exposure to those sources of leverage will be less than 300% of its NAV.

See "Investment Strategies – Use of Leverage".

**Special Considerations for Purchasers:** The provisions of the so-called "early warning" requirements set out in Canadian Securities Legislation do not apply in connection with the acquisition of Units. In addition, the BMO ETFs have obtained exemptive relief from the securities regulatory authorities to permit Unitholders to acquire more than 20% of the Units of any BMO ETF through purchases on the Exchange without regard to the take-over bid requirements of Canadian Securities Legislation, provided that any such Unitholder, and any person acting jointly or in concert with the Unitholder, undertakes to the Manager not to vote more than 20% of the Units of the BMO ETF at any meeting of Unitholders.

See "Purchases of Units – Special Considerations for Purchasers".

**Distributions:** Cash distributions on Units of a BMO ETF will be made in the currency in which the Units of the BMO ETF are denominated and at the frequency set forth in the following table, if at all.

<b>Frequency of Distributions</b>
-----------------------------------

<b>Alternative BMO ETFs</b>			
<b>Alternative BMO ETF</b>	<b>Monthly</b>	<b>Quarterly</b>	<b>Annually</b>
BMO Long Short Canadian Equity ETF		✓	
BMO Long Short US Equity ETF		✓	
<b>Frequency of Distributions Index BMO ETF</b>			
<b>Index BMO ETF</b>	<b>Monthly</b>	<b>Quarterly</b>	<b>Annually</b>
BMO S&P/TSX 60 Index ETF		✓	
<b>Frequency of Distributions Non-Index BMO ETF</b>			
<b>Non-Index BMO ETF</b>	<b>Monthly</b>	<b>Quarterly</b>	<b>Annually</b>
BMO Canadian Banks Accelerator ETF		✓	
BMO USD Cash Management ETF	✓		
BMO US Equity Accelerator Hedged to CAD ETF		✓	
BMO US Equity Buffer Hedged to CAD ETF – October			✓

Depending on the underlying investments of a BMO ETF, distributions on Units may consist of ordinary income, including foreign source income, sourced from foreign dividends, distributions or interest received by the BMO ETF and dividends from taxable Canadian corporations but may also include net realized capital gains, in any case, less the expenses of the BMO ETF and may include returns of capital. Cash distributions on Units of a BMO ETF are expected to be paid primarily out of dividends or distributions, and other income or gains, received by the BMO ETF less the expenses of the BMO ETF, but may also consist of non-taxable amounts including returns of capital, which may be paid in the Manager’s sole discretion. To the extent that the expenses of a BMO ETF exceed the income generated by such BMO ETF in any given month, quarter or year, as the case may be, it is not expected that a monthly, quarterly or annual distribution will be paid.

For each taxation year, each BMO ETF will ensure that its net income (including income received from special dividends on securities held by that BMO ETF) and net realized capital gains, if any, have been distributed to Unitholders to such an extent that the BMO ETF will not be liable for ordinary income tax thereon. To the extent that a BMO ETF has not distributed the full amount of its net income or net realized capital gains in any taxation year, the difference between such amount and the amount actually distributed by the BMO ETF will be paid as a “reinvested distribution”. Reinvested distributions, net of any required withholding taxes, will be reinvested automatically in additional Units at a price equal to the NAV per Unit of the BMO ETF and the Units will be immediately consolidated such that the number of outstanding Units of each class following the distribution will equal the number of Units of each class outstanding prior to the distribution. See “Distribution Policy”.

A BMO ETF can generally choose to make a distribution that is a return of capital. Also, a BMO ETF will be considered to distribute a return of capital if it distributes more than its net income and net realized capital gains. In any case, provided an investor holds securities on capital account, a distribution that is a return of capital is not included in the investor’s income, but instead reduces the Adjusted Cost Base of the securities on which it was paid. When an investor eventually redeems the securities, it may realize a larger capital gain (or smaller

capital loss). If the Adjusted Cost Base of an investor's securities is reduced to less than zero while the investor continues to hold them, the investor will be deemed to realize an immediate capital gain equal to the negative amount and the investor's Adjusted Cost Base will be increased to zero. A distribution that is a return of capital should not be confused with return on investment or "yield". Investors should not draw any conclusions about a BMO ETF's investment performance from the amount of a return of capital it distributes.

In addition to the distributions described above, a BMO ETF may from time to time pay additional distributions on its Units, including without restriction in connection with a special dividend or in connection with returns of capital.

The tax treatment to Unitholders of distributions is discussed under the heading "Income Tax Considerations".

See "Distribution Policy".

**Distribution Reinvestment:**

The BMO ETFs may provide Unitholders with the opportunity to reinvest cash distributions in additional Units through participation in a distribution reinvestment plan.

See "Distribution Policy – Distribution Reinvestment Plan".

**Exchanges and Redemptions:**

Unitholders may redeem Units for cash, subject to a redemption discount. Unitholders may also exchange a Prescribed Number of Units (or integral multiple thereof) for Baskets of Securities and/or cash, as applicable.

See "Redemption and Exchange of Units".

**Termination:**

The BMO ETFs do not have a fixed termination date, but may be terminated by the Manager upon not less than 60 days' written notice to Unitholders.

See "Termination of the BMO ETFs".

In the event that the Index Provider ceases to calculate the Index or the License Agreement is terminated, the Manager may terminate the Index BMO ETF on 60 days' notice, change the investment objective of the Index BMO ETF, seek to replicate an alternative index or make such other arrangements as the Manager considers appropriate and in the best interests of Unitholders of the Index BMO ETF in the circumstances.

See "Investment Objectives – Investment Objectives of the Index BMO ETF – Termination of the Index".

**Eligibility for Investment:**

In the opinion of legal counsel, provided that a BMO ETF qualifies as a mutual fund trust within the meaning of the Tax Act, or that the Units of the BMO ETF are listed on a designated stock exchange within the meaning of the Tax Act, which includes the TSX and the NEO Exchange, or the BMO ETF qualifies as a registered investment within the meaning of the Tax Act, the Units of the BMO ETF will be qualified investments for trusts governed by Registered Plans. See "Eligibility for Investment".

Holders of TFSAs, RDSPs and FHSAs, subscribers of RESPs, and annuitants of RRSPs and RRIFs, should consult with their tax advisors as to whether Units of a BMO ETF would be a prohibited investment for such accounts or plans in their particular circumstances.

See "Eligibility for Investment".

**Risk Factors:**

The Alternative BMO ETFs are "alternative mutual funds" for securities law purposes and are permitted to use strategies generally prohibited for conventional mutual funds, such as the ability to borrow cash, to short sell beyond the limited prescribed for conventional mutual funds and to generally employ leverage. While these strategies will only be used in accordance

with the investment objectives and strategies of the Alternative BMO ETFs, during certain market conditions they may accelerate the risk that an investment in the Alternative BMO ETFs decreases in value.

There are certain general risks inherent in an investment in the BMO ETFs, including:

- (i) general risks of investments;
- (ii) fund-of-funds investment risk;
- (iii) asset class risk;
- (iv) cease trading of securities risk;
- (v) fluctuations in the NAV and NAV per Unit risk;
- (vi) liquidity risk;
- (vii) distribution in specie risk;
- (viii) concentration and sector risk;
- (ix) use of derivative instruments risk;
- (x) securities lending risk;
- (xi) trading price of Units risk;
- (xii) absence of an active market for the Units and lack of operating history risk;
- (xiii) reliance on the Manager risk;
- (xiv) risk of loss;
- (xv) rebalancing and adjustment risk;
- (xvi) changes in legislation risk;
- (xvii) taxation risks;
- (xviii) cyber security risk;
- (xix) potential conflicts of interest risk; and
- (xx) significant investor risk.

See “Risk Factors – General Risks Relating to an Investment in the BMO ETFs”.

In addition, the following risks are inherent in an investment in one or more of the Alternative BMO ETFs:

- (i) call risk;
- (ii) commodity risk;
- (iii) counterparty risk;
- (iv) credit rating related risk;
- (v) equity investment risk;
- (vi) exchange rate risk;
- (vii) extension risk;
- (viii) general risks of debt instruments;
- (ix) IBOR transition risk;

- (x) inflation risk;
- (xi) leverage risk;
- (xii) short selling risk; and
- (xiii) use of options risk.

See “Risk Factors – Additional Risks Relating to the Alternative BMO ETFs”.

In addition, the following risks are inherent in an investment in the Index BMO ETF:

- (i) calculation and termination of the Index risk;
- (ii) concentration and sector risk;
- (iii) equity investment risk;
- (iv) index investment strategy risk; and
- (v) index tracking risk.

See “Risk Factors – Additional Risks Relating to the Index BMO ETF”.

In addition, the following risks are inherent in an investment in BMO USD Cash Management ETF and the Structured Outcome ETFs:

- (i) buffer loss risk;
- (ii) cap risk;
- (iii) Converge Options risk;
- (iv) counterparty risk;
- (v) credit rating related risk;
- (vi) equity investment risk;
- (vii) exchange rate risk;
- (viii) general risks of debt instruments;
- (ix) inflation risk;
- (x) Reference ETF risk;
- (xi) Target Outcome Period risk;
- (xii) tax treatment of options risk;
- (xiii) use of options risk; and
- (xiv) U.S. Treasury securities risk.

See “Risk Factors – Additional Risks Relating to BMO USD Cash Management ETF and the Structured Outcome ETFs”.

**Income Tax Considerations:**

This summary of Canadian federal income tax considerations is subject in its entirety to the qualifications, limitations and assumptions set out in “Income Tax Considerations”.

A Unitholder who is an individual (other than a trust) resident in Canada and who holds Units as capital property (all within the meaning of the Tax Act) will generally be required to include in the Unitholder’s income for tax purposes for any year the Canadian dollar amount of net income and net taxable capital gains of the BMO ETF paid or payable to the Unitholder in the year (including any reinvested distributions) and deducted by the BMO ETF in computing its income. Any non-taxable distributions from a BMO ETF (other than the non-taxable portion of any net realized capital gains of a BMO ETF) paid or payable to a Unitholder in a taxation

year, such as a return of capital, will reduce the Adjusted Cost Base of the Unitholder's Units of that BMO ETF. To the extent that a Unitholder's Adjusted Cost Base would otherwise be a negative amount, the negative amount will be deemed to be a capital gain realized by the Unitholder and the Adjusted Cost Base of the Unit to the Unitholder will be nil immediately thereafter. Upon the actual or deemed disposition of a Unit, including the exchange or redemption of a Unit, a capital gain (or a capital loss) will generally be realized by the Unitholder to the extent that the proceeds of disposition of the Unit (other than any amount payable by a BMO ETF which represents capital gains allocated and designated to the exchanging or redeeming Unitholder) exceed (or are less than) the aggregate of the Adjusted Cost Base to the Unitholder of the Unit and any reasonable costs of disposition.

The Declaration of Trust governing each of the BMO ETFs requires that each BMO ETF distribute its net income and net realized capital gains, if any, for each taxation year to Unitholders to such an extent that the BMO ETF will not be liable for ordinary income tax.

Each investor should satisfy himself or herself as to the tax consequences of an investment in Units by obtaining advice from his or her own tax advisor.

See "Income Tax Considerations".

### **ORGANIZATION AND MANAGEMENT OF THE BMO ETFs**

**Manager:** BMO Asset Management Inc. is the manager of the BMO ETFs and, as such, manages the overall business and operations of the BMO ETFs. The Manager is a Canadian investment manager. Its clients include pension funds, endowments, trusts, insurance company reserves, corporations and mutual funds. The Manager is an indirect, wholly-owned subsidiary of Bank of Montreal. The office for service of notice to the BMO ETFs and the Manager is located at 250 Yonge Street, 7th Floor, Toronto, Ontario M5B 2M8. The registered office of the BMO ETFs and the Manager is located at 100 King Street West, 43rd Floor, Toronto, Ontario M5X 1A1.

See "Organization and Management of the BMO ETFs – Trustee, Manager, Portfolio Manager and Promoter of the BMO ETFs".

**Portfolio Manager:** BMO Asset Management Inc., in its capacity as Portfolio Manager, manages, or causes to be managed, the investment portfolio of each BMO ETF. The Portfolio Manager has the authority to appoint one or more sub-advisors to provide advice on or manage the investment portfolio of a BMO ETF.

See "Organization and Management of the BMO ETFs – Trustee, Manager, Portfolio Manager and Promoter of the BMO ETFs".

**Trustee:** The Manager acts as the trustee of the BMO ETFs pursuant to the Declaration of Trust.

See "Organization and Management of the BMO ETFs – Trustee, Manager, Portfolio Manager and Promoter of the BMO ETFs – Duties and Services to be Provided by the Trustee, Manager, Portfolio Manager and Promoter".

**Promoter:** The Manager has taken the initiative in founding and organizing the BMO ETFs and is, accordingly, the promoter of the BMO ETFs within the meaning of securities legislation of certain provinces and territories of Canada.

See "Organization and Management of the BMO ETFs – Trustee, Manager, Portfolio Manager and Promoter of the BMO ETFs – Duties and Services to be Provided by the Trustee, Manager, Portfolio Manager and Promoter".

**Valuation Agent:** State Street Trust Company Canada acts as the valuation agent of the BMO ETFs and provides certain fund accounting and valuation services to the BMO ETFs including, without

limitation, calculating the NAV, NAV per Unit, net income and net realized capital gains of the BMO ETFs. The principal office of the Valuation Agent is located in Toronto, Ontario. The Valuation Agent is independent of the Manager.

See “Organization and Management of the BMO ETFs – Valuation Agent”.

**Custodian:** State Street Trust Company Canada is the custodian of the assets of the BMO ETFs. The Custodian is entitled to receive fees from the Manager as described under “Fees and Expenses” and to be reimbursed for all expenses and liabilities that are properly incurred by the Custodian in connection with the activities of the BMO ETFs. The principal office of the Custodian is located in Toronto, Ontario. The Custodian is independent of the Manager.

See “Organization and Management of the BMO ETFs – Custodian”.

**Auditor:** PricewaterhouseCoopers LLP, at its principal offices in Toronto, Ontario, is the auditor of the BMO ETFs.

See “Organization and Management of the BMO ETFs – Auditor”.

**Transfer Agent and Registrar:** State Street Trust Company Canada, at its principal offices in Toronto, Ontario, is the registrar and transfer agent for the Units of the BMO ETFs and maintains the register of registered Unitholders. The register of the BMO ETFs is kept in Toronto. The Registrar and Transfer Agent is independent of the Manager.

See “Organization and Management of the BMO ETFs – Transfer Agent and Registrar”.

**Prime Brokers:** The Manager intends to retain BMO NB to act as a prime broker of certain of the Alternative BMO ETFs. BMO NB is an affiliate of the Manager. BMO NB is located in Toronto, Ontario.

The Manager intends to retain CIBC World Markets Inc. to act as a prime broker of certain of the Alternative BMO ETFs. CIBC World Markets Inc. is located in Toronto, Ontario.

TD Securities Inc. acts as a prime broker of certain of the Alternative BMO ETFs. TD Securities Inc. is located in Toronto, Ontario.

BMO Long Short Canadian Equity ETF and BMO Long Short US Equity ETF may borrow cash and securities from a Prime Broker for investment purposes in accordance with their investment objectives and strategies.

See “Organization and Management of the BMO ETFs – Prime Brokers”.

**Plan Agent:** State Street Trust Company Canada, at its principal offices in Toronto, Ontario, is the Plan Agent and administers the Distribution Reinvestment Plan for the BMO ETFs. The Plan Agent is independent of the Manager.

See “Organization and Management of the BMO ETFs – Plan Agent”.

**Securities Lending Agent:** State Street Bank and Trust Company acts as agent for securities lending transactions for those BMO ETFs that engage in securities lending and administers securities lending transactions entered by the BMO ETFs. The principal office of the Securities Lending Agent is located in Boston, Massachusetts. The Securities Lending Agent is independent of the Manager.

See “Organization and Management of the BMO ETFs – Securities Lending Agent”.

## SUMMARY OF FEES AND EXPENSES

### Fees and Expenses Payable by the BMO ETFs

The tables set forth below list the fees and expenses payable by the BMO ETFs. The value of a Unitholder's investment in a BMO ETF will be reduced by the amount of fees and expenses charged to such BMO ETF. See "Fees and Expenses".

**Management Fees:**

Each BMO ETF will pay the Manager a management fee as set forth in the tables below based on the average daily NAV of the applicable BMO ETF. The management fee, plus applicable taxes, will be accrued daily and paid quarterly in arrears. The Manager may, from time to time in its discretion, waive all or a portion of the management fee charged.

Alternative BMO ETF	Annual Management Fee (%)
BMO Long Short Canadian Equity ETF	0.65
BMO Long Short US Equity ETF	0.65
Index BMO ETF	Annual Management Fee (%)
BMO S&P/TSX 60 Index ETF	0.13
Non-Index BMO ETF	Annual Management Fee (%)
BMO Canadian Banks Accelerator ETF	0.65
BMO USD Cash Management ETF	0.12
BMO US Equity Accelerator Hedged to CAD ETF	0.65
BMO US Equity Buffer Hedged to CAD ETF – October	0.65

See "Fees and Expenses – Fees and Expenses Payable by the BMO ETFs – Management Fees".

**Underlying Fund Fees:**

A BMO ETF may, in accordance with applicable Canadian securities legislation, invest in Underlying Funds which may be managed by the Manager, its affiliates or independent fund managers. Currently, each Reference ETF is an Underlying Fund which is managed by the Manager. There are fees and expenses payable by these Underlying Funds in addition to the fees and expenses payable by a BMO ETF. No management fees or incentive fees are payable by a BMO ETF in respect of an investment in an Underlying Fund that, to a reasonable person, would duplicate a fee payable by such Underlying Fund for the same service.

To ensure that there is no duplication of management fees chargeable in connection with the BMO ETF and any investment in an Underlying Fund, the management fee of the BMO ETF will be reduced by the amount of the management fee paid by the BMO ETF in respect of its investment in the Underlying Fund. Further, no sales fees or redemption fees are payable by a BMO ETF in relation to purchases or redemptions of the securities of the Underlying Funds in which it invests if these Underlying Funds are managed by the Manager or an affiliate or associate of the Manager, and no sales fees or redemption fees are payable by a BMO ETF in

relation to its purchases or redemptions of securities of Underlying Funds that, to a reasonable person, would duplicate a fee payable by an investor in a BMO ETF.

See “Fees and Expenses – Fees and Expenses Payable by the BMO ETFs – Underlying Fund Fees”.

**Operating Expenses:**

In addition to the payment of the management fee, each BMO ETF is responsible for the costs and expenses incurred in complying with NI 81-107 (including any expenses related to the implementation and on-going operation of the IRC), brokerage expenses and commissions, income and withholding taxes as well as all other applicable taxes, including HST, the costs of complying with any new governmental or regulatory requirement introduced after the BMO ETFs are established and extraordinary expenses. The Manager is responsible for all other costs and expenses of the BMO ETFs, including the fees payable to the Custodian, Registrar and Transfer Agent, Prime Brokers and Plan Agent and fees payable to other service providers, including the Index Provider, retained by the Manager. See “Organization and Management of the BMO ETFs – Trustee, Manager, Portfolio Manager and Promoter of the BMO ETFs – Duties and Services to be Provided by the Trustee, Manager, Portfolio Manager and Promoter”.

If a BMO ETF holds securities of one or more Underlying Funds which may be managed by the Manager, its affiliates or independent fund managers, the expenses incurred by each such other fund in connection with its operations are indirectly paid by the BMO ETF in addition to those operating expenses incurred directly by the BMO ETF.

See “Fees and Expenses – Fees and Expenses Payable by the BMO ETFs – Operating Expenses”.

**Management Fee Distributions:**

To achieve effective and competitive management fees, the Manager may agree to charge a reduced management fee as compared to the management fee it otherwise would be entitled to receive from the BMO ETFs with respect to investments in the BMO ETFs by certain Unitholders. In such cases, an amount equal to the difference between the fee otherwise chargeable and the reduced fee of the BMO ETF will be distributed in cash by the BMO ETF to the applicable Unitholders as “Management Fee Distributions”. The availability, amount and timing of Management Fee Distributions with respect to Units of a BMO ETF will be determined from time to time by the Manager in its sole discretion.

See “Fees and Expenses – Fees and Expenses Payable by the BMO ETFs – Management Fee Distributions”.

**Fees and Expenses Payable Directly by You**

Unitholders who buy and sell their Units through the facilities of the Exchange do not pay a fee directly to the Manager or the BMO ETF in respect of those purchases and sales.

If stated in the applicable designated broker agreement or dealer agreement, the Manager or a BMO ETF may charge the Designated Brokers and/or Dealers a fee to offset certain transaction costs associated with an issue, exchange or redemption of Units of that BMO ETF to or by such Designated Broker and/or Dealer. See “Fees and Expenses – Fees and Expenses Payable Directly by You”, “Purchases of Units” and “Redemption and Exchange of Units”.

## OVERVIEW OF THE LEGAL STRUCTURE OF THE BMO ETFs

The BMO ETFs are exchange traded mutual funds established as trusts under the laws of the Province of Ontario. Each Alternative BMO ETF is an “alternative mutual fund” as defined in National Instrument 81-102 *Investment Funds* (“**NI 81-102**”). The Index BMO ETF is an “index mutual fund” as defined in NI 81-102.

The Toronto Stock Exchange (“**TSX**”) has conditionally approved the listing of the Units of the Alternative BMO ETFs, the Index BMO ETF and BMO USD Cash Management ETF on the TSX. Listing of the Units of the Alternative BMO ETFs, the Index BMO ETF and BMO USD Cash Management ETF is subject to the Alternative BMO ETFs, the Index BMO ETF and BMO USD Cash Management ETF fulfilling all of the requirements of the TSX on or before September 1, 2024. Subject to satisfying the TSX’s original listing requirements, the Units of the Alternative BMO ETFs, the Index BMO ETF and BMO USD Cash Management ETF will be listed on the TSX and offered on a continuous basis, and an investor will be able to buy or sell these Units on the TSX through registered brokers and dealers in the province or territory where the investor resides. Investors may incur customary brokerage commissions in buying or selling the Units.

The NEO Exchange Inc. (“**NEO Exchange**”) has conditionally approved the listing of the Units of BMO Canadian Banks Accelerator ETF, BMO US Equity Accelerator Hedged to CAD ETF and BMO US Equity Buffer Hedged to CAD ETF – October on the NEO Exchange. Listing of the Units of BMO Canadian Banks Accelerator ETF, BMO US Equity Accelerator Hedged to CAD ETF and BMO US Equity Buffer Hedged to CAD ETF – October is subject to the BMO Canadian Banks Accelerator ETF, BMO US Equity Accelerator Hedged to CAD ETF and BMO US Equity Buffer Hedged to CAD ETF – October fulfilling all of the requirements of the NEO Exchange. Subject to satisfying the NEO Exchange’s original listing requirements, the Units of the BMO Canadian Banks Accelerator ETF, BMO US Equity Accelerator Hedged to CAD ETF and BMO US Equity Buffer Hedged to CAD ETF – October will be listed on the NEO Exchange and offered on a continuous basis, and an investor will be able to buy or sell these Units on the NEO Exchange through registered brokers and dealers in the province or territory where the investor resides. Investors may incur customary brokerage commissions in buying or selling the Units.

While each BMO ETF will be a mutual fund under the securities legislation of each of the provinces and territories of Canada, each has been granted exemptive relief from certain provisions of Canadian Securities Legislation applicable to conventional mutual funds. See “Exemptions and Approvals”.

The office for service of notice to the BMO ETFs and the Manager is located at 250 Yonge Street, 7th Floor, Toronto, Ontario M5B 2M8. The registered office of the BMO ETFs and the Manager is located at 100 King Street West, 43<sup>rd</sup> Floor, Toronto, Ontario M5X 1A1.

The tables below set out the full legal name, as well as the TSX or NEO Exchange ticker symbol, for each of the BMO ETFs:

<b>Legal name of each Alternative BMO ETF</b>	<b>Ticker Symbol</b>
BMO Long Short Canadian Equity ETF	TSX: ZLSC
BMO Long Short US Equity ETF	TSX: ZLSU
<b>Legal name of the Index BMO ETF</b>	<b>Ticker Symbol</b>
BMO S&P/TSX 60 Index ETF	TSX: ZIU
<b>Legal name of the Non-Index BMO ETF</b>	<b>Ticker Symbol</b>
BMO Canadian Banks Accelerator ETF	NEO: ZEBA
BMO USD Cash Management ETF	TSX: ZUCM TSX: ZUCM.U
BMO US Equity Accelerator Hedged to CAD ETF	NEO: ZUEA

BMO US Equity Buffer Hedged to CAD ETF – October	NEO: ZOCT
---	-----------

## INVESTMENT OBJECTIVES

### **Investment Objectives of the Alternative BMO ETFs**

The Alternative BMO ETFs are “alternative mutual funds” for securities law purposes. Accordingly, the Alternative BMO ETFs have the ability to invest in asset classes and use investment strategies that are not permitted for conventional mutual funds, such as the ability to invest more than 10% of its NAV in securities of a single issuer, the ability to borrow cash, to short sell beyond the limits prescribed for conventional mutual funds and to generally employ leverage. See “Investment Strategies”. While these strategies will only be used in accordance with an Alternative BMO ETF’s investment objectives and strategies, during certain market conditions they may accelerate the risk that an investment in Units of the Alternative BMO ETF decreases in value.

Each of the Alternative BMO ETFs seeks to provide a specified investment result, as outlined herein.

#### ***BMO Long Short Canadian Equity ETF***

BMO Long Short Canadian Equity ETF seeks to provide income and long-term capital appreciation, primarily by taking long and short positions in equity securities issued by Canadian companies. BMO Long Short Canadian Equity ETF will also invest excess cash in fixed income instruments or exposures. BMO Long Short Canadian Equity ETF may employ leverage to enhance returns, whereby the sum of long and short equity exposures will generally exceed 100%.

#### ***BMO Long Short US Equity ETF***

BMO Long Short US Equity ETF seeks to provide income and long-term capital appreciation, primarily by taking long and short positions in equity securities issued by US companies. BMO Long Short US Equity ETF will also invest excess cash in fixed income instruments or exposures. BMO Long Short US Equity ETF may employ leverage to enhance returns, whereby the sum of long and short equity exposures will generally exceed 100%.

### **Investment Objectives of the Index BMO ETF**

The Index BMO ETF seeks to replicate, to the extent possible, the performance of an Index, net of expenses, as outlined herein.

#### ***BMO S&P/TSX 60 Index ETF***

BMO S&P/TSX 60 Index ETF seeks to replicate, to the extent possible, the performance of a Canadian equity index, net of expenses. Currently, BMO S&P/TSX 60 Index ETF seeks to replicate the performance of the S&P/TSX 60 Index.

#### ***The Index***

A general description of the current Index is set out below.

#### ***S&P/TSX 60 Index***

The S&P/TSX 60 Index is a float adjusted market capitalization-weighted index which seeks to measure the large-cap segment of the Canadian equity market and is structured to reflect the sector weights of the S&P/TSX Composite. Further information about the S&P/TSX 60 Index and its constituent issuers is available from S&P on its website at <http://ca.spindices.com/>.

### ***Change in the Underlying Index***

The Manager may, subject to any required Unitholder approval, change the Index underlying the Index BMO ETF to another widely-recognized index in order to provide investors with substantially the same exposure to the asset class to which the Index BMO ETF is currently exposed. If the Manager changes the Index underlying the Index BMO ETF, or any index replacing such Index, the Manager will issue a press release identifying the new Index, describing its constituent securities and specifying the reasons for the change in the Index.

### ***Termination of the Index***

The Index Provider calculates, determines and maintains the Index. In the event that the Index Provider ceases to calculate the Index or the License Agreement is terminated, the Manager may terminate the Index BMO ETF on 60 days' notice, change the investment objective of the Index BMO ETF, seek to replicate an alternative index or make such other arrangements as the Manager considers appropriate and in the best interests of Unitholders of the Index BMO ETF in the circumstances.

### ***Use of the Index***

The Manager and the Index BMO ETF are permitted to use the Index pursuant to the License Agreement described below under "Material Contracts – License Agreement". The Manager and the Index BMO ETF do not accept responsibility for, or guarantee the accuracy and/or completeness of, the Index or any data included in the Index.

### **Investment Objectives of the Non-Index BMO ETFs**

The Non-Index BMO ETFs seek to provide a specified investment result, as outlined herein.

#### ***BMO Canadian Banks Accelerator ETF***

BMO Canadian Banks Accelerator ETF seeks to provide unitholders with income and approximately double (2x) the upside return of an index designed to give exposure to equity securities of diversified Canadian banks up to a cap (before fees, expenses and taxes), with approximately single exposure to the downside (before fees, expenses and taxes), over the Target Outcome Period under normal market conditions. BMO Canadian Banks Accelerator ETF can be held indefinitely, resetting at the end of each Target Outcome Period, approximately quarterly. The initial Target Outcome Period is the period commencing on the date of initial issuance and listing of Units of BMO Canadian Banks Accelerator ETF to on or about December 31, 2023. Following this initial Target Outcome Period, each subsequent Target Outcome Period will be a period of approximately one quarter from the first business day of January 2024.

#### ***BMO USD Cash Management ETF***

BMO USD Cash Management ETF seeks to maximize current income, while at the same time preserving capital and maintaining liquidity, by providing unitholders exposure to high quality short term fixed income securities denominated in US dollars.

#### ***BMO US Equity Accelerator Hedged to CAD ETF***

BMO US Equity Accelerator Hedged to CAD ETF seeks to provide unitholders with income and approximately double (2x) the upside return of an index designed to measure the large-cap segment of the US equity market up to a cap (before fees, expenses and taxes), with approximately single exposure to the downside (before fees, expenses and taxes), over the Target Outcome Period under normal market conditions. BMO US Equity Accelerator Hedged to CAD ETF can be held indefinitely, resetting at the end of each Target Outcome Period, approximately quarterly. The initial Target Outcome Period is the period commencing on the date of initial issuance and listing of Units of BMO US Equity Accelerator Hedged to CAD ETF to on or about December 31, 2023. Following this initial Target Outcome Period, each subsequent Target Outcome Period will be a period of approximately one quarter from the first business day of January 2024.

### ***BMO US Equity Buffer Hedged to CAD ETF – October***

BMO US Equity Buffer Hedged to CAD ETF – October seeks to provide unitholders with income and appreciation (before fees, expenses and taxes) that matches to the extent possible the return of an index designed to measure the large-cap segment of the US equity market (the “**Reference Index**”) up to a cap (before fees, expenses and taxes), while providing a buffer against the first 15% (before fees, expenses and taxes) of a decrease in the market price of the Reference Index, over a period of approximately one year from the first business day of October of each year to on or about the last business day of September of the following year, referred to as the Target Outcome Period. The initial Target Outcome Period is the period commencing on the date of initial issuance and listing of Units of BMO US Equity Buffer Hedged to CAD ETF – October to on or about September 30, 2024. Following this initial Target Outcome Period, each subsequent Target Outcome Period will be a period of approximately one year from the first business day of October of each year to on or about the last business day of September of that year.

## **INVESTMENT STRATEGIES**

### **Specific Investment Strategies of the Alternative BMO ETFs**

The investment strategy of each Alternative BMO ETF is to invest in and hold a portfolio of securities selected by the Portfolio Manager and/or use derivative instruments in order to achieve its investment objectives as set forth under “Investment Objectives”. The Alternative BMO ETFs may also hold cash and cash equivalents or other money market instruments in order to meet their current obligations.

The Alternative BMO ETFs may use investment strategies that are more permissive than conventional mutual funds. In particular, the Alternative BMO ETFs may borrow cash for investment purposes, may sell securities short to a greater extent than conventional mutual funds, and invest in or use derivative instruments to create leverage, provided that the use of these investment strategies is in compliance with applicable Canadian Securities Legislation and is consistent with the investment objective and investment strategies of the applicable Alternative BMO ETF.

When an Alternative BMO ETF invests in Underlying Funds, it will predominantly, if not exclusively, invest in Underlying Funds that are managed by the Manager or one of its affiliates. For more information about the conflicts of interest associated with the Alternative BMO ETFs investing in Underlying Funds that are BMO Funds, please see “Organization and Management of the BMO ETFs – Conflicts of Interest”.

In addition, the Alternative BMO ETFs employ the investment strategies described below:

### ***BMO Long Short Canadian Equity ETF***

BMO Long Short Canadian Equity ETF invests in a long equity investment portfolio according to the Portfolio Manager’s investment process, consisting primarily of equity securities issued by Canadian issuers, with relatively attractive fundamental characteristics, including value, quality, growth, technical and market sentiment characteristics potentially considered. Likewise, BMO Long Short Canadian Equity ETF will engage in short-selling on securities in the same industry with relatively less attractive security characteristics. Portfolio risk will be managed both quantitatively and qualitatively, with net equity exposure (long equity exposure less short equity exposure) generally less than 100%. As an alternative to or in conjunction with investing directly in equity securities, BMO Long Short Canadian Equity ETF may invest in derivative instruments, including, but not limited to, forwards, futures, swaps and options. BMO Long Short Canadian Equity ETF will also invest excess cash in treasury securities, short-term debt, provincial or corporate bonds, including ETFs with these exposures.

### ***BMO Long Short US Equity ETF***

BMO Long Short US Equity ETF invests in a long equity investment portfolio according to the Portfolio Manager’s investment process, consisting primarily of equity securities issued by US issuers, with relatively attractive fundamental characteristics, including value, quality, growth, technical and market sentiment characteristics potentially considered. Likewise, BMO Long Short US Equity ETF will engage in short-selling on securities in the same industry with relatively less attractive security characteristics. Portfolio risk will be managed both quantitatively and qualitatively, with net equity exposure (long equity exposure less short equity exposure) generally less than 100%. As an alternative to or in conjunction with investing directly in equity securities, BMO Long Short US Equity ETF

may invest in derivative instruments, including, but not limited to, forwards, futures, swaps and options. BMO Long Short US Equity ETF will also invest excess cash in treasury securities, short-term debt, provincial or corporate bonds, including ETFs with these exposures.

### **Specific Investment Strategies of the Index BMO ETF**

The investment strategy of the Index BMO ETF is generally to invest in and hold a proportionate share of the constituent securities of the Index, or Other Securities, to seek to replicate the performance of that Index, in order to achieve its investment objectives. If selected, the Other Securities will have characteristics similar to the constituent securities of the Index. The Index BMO ETF may also hold cash and cash equivalents or other money market instruments in order to meet its current obligations.

The Portfolio Manager may use a sampling methodology in selecting investments for the Index BMO ETF. Sampling means that the Portfolio Manager will use quantitative analysis to select securities from the Index to obtain a representative sample of securities that may resemble the Index in terms of key risk factors, performance attributes, industry weightings, market capitalization and other appropriate financial characteristics. The quantity of constituent securities of the Index selected using such sampling methodology will be based on a number of factors, including the asset base of the Index BMO ETF.

When the Index BMO ETF invests in Underlying Funds, it will predominantly, if not exclusively, invest in Underlying Funds that are managed by the Manager or one of its affiliates. For more information about the conflicts of interest associated with the Index BMO ETF investing in Underlying Funds associated with the Manager, please see “Organization and Management of the BMO ETFs – Conflicts of Interest”.

The Index BMO ETF may invest in or use derivative instruments and may engage in securities lending transactions in order to earn additional income for the Index BMO ETF, provided that the use of such derivative instruments and such securities lending transactions is in compliance with applicable Canadian Securities Legislation and is consistent with its investment objective and strategies.

### ***BMO S&P/TSX 60 Index ETF***

The investment strategy of BMO S&P/TSX 60 Index ETF is currently to invest in and hold the constituent securities of the S&P/TSX 60 Index in the same proportion as they are reflected in the Index. The Portfolio Manager may also use a sampling methodology in selecting investments for BMO S&P/TSX 60 Index ETF to obtain exposure to the performance of the Index.

As an alternative to or in conjunction with investing in and holding all or some of the constituent securities of the S&P/TSX 60 Index, BMO S&P/TSX 60 Index ETF may invest in or use Other Securities to obtain exposure to the performance of the Index.

### ***Rebalancing and Adjustment of the Index***

The S&P/TSX 60 Index is rebalanced and adjusted quarterly. The portfolio of BMO S&P/TSX 60 Index ETF is generally expected to be rebalanced by the end of the first Trading Day after the day on which any adjustment is effected.

### **Specific Investment Strategies of the Non-Index BMO ETFs**

The investment strategy of the Non-Index BMO ETFs is to invest in and hold a portfolio of securities selected by the Portfolio Manager in order to achieve its investment objectives. The Non-Index BMO ETFs may also hold cash and cash equivalents or other money market instruments in order to meet their current obligations.

The Non-Index BMO ETFs may invest in or use derivative instruments and may engage in securities lending, repurchase and reverse repurchase transactions in order to earn additional income for the Non-Index BMO ETFs, provided that the use of such derivatives instruments and such securities lending, repurchase and reverse repurchase transactions is in compliance with applicable Canadian Securities Legislation and is consistent with the investment objective and investment strategies of the Non Index BMO ETFs.

When a Non-Index BMO ETF invests in Underlying Funds, it will predominantly, if not exclusively, invest in Underlying Funds that are managed by the Manager or one of its affiliates. Currently, each Reference ETF is an Underlying Fund which is managed by the Manager. For more information about the conflicts of interest associated with the Non-Index BMO ETFs investing in Underlying Funds associated with the Manager, please see “Organization and Management of the BMO ETFs – Conflicts of Interest”.

The Non-Index BMO ETFs employ the investment strategies described below:

### ***BMO USD Cash Management ETF***

BMO USD Cash Management ETF will aim to maximize current income by investing primarily in US T-Bills, denominated in US dollars, and other short term fixed income investments of appropriate term, quality and yield. BMO USD Cash Management ETF will aim to seek capital preservation, ensuring sufficiently high liquidity and generating income.

### ***Structured Outcome ETFs***

#### ***BMO Canadian Banks Accelerator ETF***

BMO Canadian Banks Accelerator ETF seeks to provide unitholders with income and approximately double (2x) the upside return of a Reference Index that gives exposure to equity securities of diversified Canadian banks up to a cap (before fees, expenses and taxes), with approximately single exposure to the downside (before fees, expenses and taxes), over each Target Outcome Period under normal market conditions. The current Reference Index is the Solactive Equal Weight Canada Banks Index. During periods of higher than normal market volatility, BMO Canadian Banks Accelerator ETF may not be able to achieve double (2x) the upside return of the applicable Reference Index in order to comply with applicable regulatory requirements.

In order to seek to achieve its investment objectives, BMO Canadian Banks Accelerator ETF will primarily invest in BMO Equal Weight Banks Index ETF (the “**Reference ETF**”). BMO Canadian Banks Accelerator ETF may also invest in Converge Options that reference the price return of the Reference ETF to employ a “target outcome strategy”. Target outcome strategies seek to produce predetermined investment outcomes based upon the performance of the Reference ETF during the applicable Target Outcome Period. The predetermined outcomes sought by BMO Canadian Banks Accelerator ETF, which include the accelerated return (before fees, expenses and taxes) and a predetermined upside cap (before fees, expenses and taxes), are based on the return of the Reference ETF over the Target Outcome Period.

The initial Target Outcome Period is the period commencing on the date of initial issuance and listing of Units of BMO Canadian Banks Accelerator ETF to on or about December 31, 2023. Following this initial Target Outcome Period, each subsequent Target Outcome Period will be a period of approximately one quarter from the first business day of January 2024.

The Reference ETF, BMO Equal Weight Banks Index ETF, seeks to replicate, to the extent possible, the performance of an equal weight diversified Canadian bank index, net of expenses. The investment strategy of BMO Equal Weight Banks Index ETF is currently to invest in and hold the constituent securities of the Solactive Equal Weight Canada Banks Index in the same proportion as they are reflected in the Solactive Equal Weight Canada Banks Index. The Portfolio Manager may also use a sampling methodology in selecting investments for BMO Equal Weight Banks Index ETF to obtain exposure to the performance of the Solactive Equal Weight Canada Banks Index. As an alternative to or in conjunction with investing in and holding all or some of the constituent securities of the Solactive Equal Weight Canada Banks Index, BMO Equal Weight Banks Index ETF may invest in or use Other Securities to obtain exposure to the performance of the Solactive Equal Weight Canada Banks Index. The Solactive Equal Weight Canada Banks Index includes Canadian exchange listed securities in the diversified bank industry. Constituents are subject to minimum market capitalization and liquidity screens. In addition, each security is allocated an equal weight rather than a market capitalization weight.

#### ***BMO US Equity Accelerator Hedged to CAD ETF***

BMO US Equity Accelerator Hedged to CAD ETF seeks to provide unitholders with income and approximately double (2x) the upside return of a Reference Index designed to measure the large-cap segment of the US equity market up to a cap (before fees, expenses and taxes), with approximately single exposure to the downside (before fees, expenses and taxes), over the Target Outcome Period under normal market conditions. The current Reference Index is the S&P 500 Hedged to Canadian Dollars Index. During periods of higher than normal market volatility, BMO US Equity Accelerator Hedged to CAD ETF may not be able to achieve double (2x) the upside return of the applicable Reference Index in order to comply with applicable regulatory requirements.

In order to seek to achieve its investment objectives, BMO US Equity Accelerator Hedged to CAD ETF will primarily invest in BMO S&P 500 Hedged to CAD Index ETF (the “**Reference ETF**”). BMO US Equity Accelerator Hedged to CAD ETF may also invest in Converge Options that reference the price return of the Reference ETF to employ a “target outcome strategy”. Target outcome strategies seek to produce predetermined investment outcomes based upon the performance of the Reference ETF during the applicable Target Outcome Period. The predetermined outcomes sought by BMO US Equity Accelerator Hedged to CAD ETF, which include the accelerated return (before fees, expenses and taxes) and a predetermined upside cap (before fees, expenses and taxes), are based on the return of the Reference ETF over the Target Outcome Period.

The initial Target Outcome Period is the period commencing on the date of initial issuance and listing of Units of BMO US Equity Accelerator Hedged to CAD ETF to on or about December 31, 2023. Following this initial Target Outcome Period, each subsequent Target Outcome Period will be a period of approximately one quarter from the first business day of January 2024.

The Reference ETF, BMO S&P 500 Hedged to CAD Index ETF, seeks to replicate, to the extent possible, the performance of a broad U.S. stock market index, net of expenses. Currently, BMO S&P 500 Hedged to CAD Index ETF seeks to replicate the performance of the S&P 500 Hedged to Canadian Dollars Index. The investment strategy of BMO S&P 500 Hedged to CAD Index ETF is currently to obtain exposure to the performance of the S&P 500 Hedged to Canadian Dollars Index by investing in assets such as ETFs, mutual funds or other investment funds, ADRs or derivative instruments. Currently, BMO S&P 500 Hedged to CAD Index ETF primarily invests in BMO S&P 500 Index ETF and uses derivative instruments to hedge back to the Canadian dollar. As an alternative to or in conjunction with primarily investing in assets such as ETFs, mutual funds or other investment funds, ADRs or derivative instruments, BMO S&P 500 Hedged to CAD Index ETF may invest in and hold the constituent securities of the S&P 500 Hedged to Canadian Dollars Index. The Portfolio Manager may also use a sampling methodology in selecting investments for BMO S&P 500 Hedged to CAD Index ETF to obtain exposure to the performance of the S&P 500 Hedged to Canadian Dollars Index.

#### ***BMO US Equity Buffer Hedged to CAD ETF – October***

BMO US Equity Buffer Hedged to CAD ETF – October seeks to provide unitholders with income and appreciation (before fees, expenses and taxes) that matches to the extent possible the return of a Reference Index designed to measure the large-cap segment of the US equity market (the “**Reference Index**”) up to a cap (before fees, expenses and taxes), while providing a buffer against the first 15% (before fees, expenses and taxes) of a decrease in the market price of the Reference Index, over a period of approximately one year from the first business day of October of each year to on or about the last business day of September of the following year, referred to as the Target Outcome Period. The current Reference Index is the S&P 500 Hedged to Canadian Dollars Index.

In order to seek to achieve its investment objectives, BMO US Equity Buffer Hedged to CAD ETF – October will primarily invest in BMO S&P 500 Hedged to CAD Index ETF (the “**Reference ETF**”). BMO US Equity Buffer Hedged to CAD ETF – October may also invest in Converge Options that reference the price return of the Reference ETF to employ a “target outcome strategy”. Target outcome strategies seek to produce predetermined investment outcomes based upon the performance of the Reference ETF during the applicable Target Outcome Period. The predetermined outcomes sought by BMO US Equity Buffer Hedged to CAD ETF – October, which include a buffer against the first 15% (before fees, expenses and taxes) of decrease in the market price of Reference ETF and a predetermined upside cap (before fees, expenses and taxes), are based on the return of the Reference ETF over the Target Outcome Period.

The initial Target Outcome Period is the period commencing on the date of initial issuance and listing of Units of BMO US Equity Buffer Hedged to CAD ETF – October to on or about September 30, 2024. Following this

initial Target Outcome Period, each subsequent Target Outcome Period will be a period of approximately one year from the first business day of October of each year to on or about the last business day of September of that year.

The Reference ETF, BMO S&P 500 Hedged to CAD Index ETF, seeks to replicate, to the extent possible, the performance of a broad U.S. stock market index, net of expenses. Currently, BMO S&P 500 Hedged to CAD Index ETF seeks to replicate the performance of the S&P 500 Hedged to Canadian Dollars Index. The investment strategy of BMO S&P 500 Hedged to CAD Index ETF is currently to obtain exposure to the performance of the S&P 500 Hedged to Canadian Dollars Index by investing in assets such as ETFs, mutual funds or other investment funds, ADRs or derivative instruments. Currently, BMO S&P 500 Hedged to CAD Index ETF primarily invests in BMO S&P 500 Index ETF and uses derivative instruments to hedge back to the Canadian dollar. As an alternative to or in conjunction with primarily investing in assets such as ETFs, mutual funds or other investment funds, ADRs or derivative instruments, BMO S&P 500 Hedged to CAD Index ETF may invest in and hold the constituent securities of the S&P 500 Hedged to Canadian Dollars Index. The Portfolio Manager may also use a sampling methodology in selecting investments for BMO S&P 500 Hedged to CAD Index ETF to obtain exposure to the performance of the S&P 500 Hedged to Canadian Dollars Index.

#### *Reference Indices and Reference ETFs*

A general description of the current Reference Indices are set out below.

<b>Structured Outcome ETF</b>	<b>Current Reference Index</b>	<b>Current Reference ETF</b>
BMO Canadian Banks Accelerator ETF	Solactive Equal Weight Canada Banks Index	BMO Equal Weight Banks Index ETF
BMO US Equity Accelerator Hedged to CAD ETF	S&P 500 Hedged to Canadian Dollars Index	BMO S&P 500 Hedged to CAD Index ETF
BMO US Equity Buffer Hedged to CAD ETF – October	S&P 500 Hedged to Canadian Dollars Index	BMO S&P 500 Hedged to CAD Index ETF

#### **Solactive Equal Weight Canada Banks Index**

The Solactive Equal Weight Canada Banks Index includes Canadian exchange listed securities in the diversified bank industry. Constituents are subject to minimum market capitalization and liquidity screens. In addition, each security in this Index is allocated an equal weight rather than a market capitalization weight. Further information about the Solactive Equal Weight Canada Banks Index and its constituent issuers is available from Solactive on its website at <http://www.solactive.com>.

#### **S&P 500 Hedged to Canadian Dollars Index**

The S&P 500 Hedged to Canadian Dollars Index is a market capitalization-weighted index of securities of 500 of the largest U.S. public issuers provided by S&P, hedged to Canadian dollars. The S&P 500 Index, which forms the basis for the S&P 500 Hedged to Canadian Dollars Index, is commonly used as a measure of broad U.S. stock market performance. Further information about the S&P 500 Hedged to Canadian Dollars Index and its constituent issuers is available from S&P on its website at <http://ca.spindices.com/>.

Subject to any Unitholder approval, as applicable, the Manager may change the Reference Index and/or Reference ETF used as a benchmark for a Structured Outcome ETF to another widely recognized index in order to provide investors with substantially the same exposure to the asset class to which the Structured Outcome ETF is currently exposed in accordance with its investment objectives. If the Manager changes a Reference Index and/or Reference ETF in respect of a Structured Outcome ETF, the Manager will issue a press release identifying the new Reference Index and/or Reference ETF, describing its constituent securities and specifying the reasons for the change in the Reference Index and/or Reference ETF, as applicable. In addition, if an Index Provider ceases to calculate a Reference Index, the Manager may seek to use an alternative index as a benchmark or make such other arrangements as the Manager considers appropriate and in the best interests of Unitholders of the Structured Outcome ETF in the circumstances.

### Target Outcome Periods

Generally, the target outcome periods for each Structured Outcome ETF are as provided for in the table below (each, a “**Target Outcome Period**”).

<b>Structured Outcome ETF</b>	<b>Target Outcome Period</b>
BMO Canadian Banks Accelerator ETF	The quarter period commencing on the first business day of October, January, April, and July of each year.
BMO US Equity Accelerator Hedged to CAD ETF	The quarter period commencing on the first business day of October, January, April, and July of each year.
BMO US Equity Buffer Hedged to CAD ETF – October	The period commencing on the first business day of October of each year to on or about the last business day of September the following year.

In general, the target outcomes each Structured Outcome ETF aims to achieve for Unitholders that hold their Units of the Structured Outcome ETF for an entire Target Outcome Period are as follows, though there can be no guarantee these results will be achieved:

- With respect to BMO Canadian Banks Accelerator ETF and BMO US Equity Accelerator Hedged to CAD ETF:
  - If the market price of the applicable Reference ETF appreciates over the Target Outcome Period, the combination of Converge Options and direct holdings held by a Structured Outcome ETF provides upside participation that is intended to provide approximately double (2x) the return of the applicable Reference ETF up to a cap (before fees, expenses and taxes) that is determined at the start of the Target Outcome Period.
- With respect to BMO US Equity Buffer Hedged to CAD ETF – October:
  - If the market price of the applicable Reference ETF appreciates over the Target Outcome Period, the combination of Converge Options and direct holdings held by BMO US Equity Buffer Hedged to CAD ETF – October provides upside participation that is intended to match the return of the applicable Reference ETF up to a cap (before fees, expenses and taxes) that is determined at the start of the Target Outcome Period.
  - If the market price of the applicable Reference ETF decreases over the Target Outcome Period, the combination of Converge Options and direct holdings held by BMO US Equity Buffer Hedged to CAD ETF – October provides a return at expiration that is intended to compensate for the decrease in the market price of the Reference ETF (if any), in an amount not to exceed 15%, before fees, expenses and taxes.
  - If the market price of the applicable Reference ETF has decreased over the Target Outcome Period by more than 15%, BMO US Equity Buffer Hedged to CAD ETF – October will experience all subsequent decreases on an approximately one-to-one basis.

On the first day of each new Target Outcome Period, each Structured Outcome ETF is rebalanced by investing in a new set of Converge Options that will provide a new cap for the new Target Outcome Period. See “Investment Strategies – Specific Investment Strategies of the Alternative BMO ETFs – Buffer and Cap”.

An investor that purchases Units of a Structured Outcome ETF other than on the first day of a Target Outcome Period and/or sells Units of a Structured Outcome ETF prior to the end of a Target Outcome Period may experience results that are very different from the target outcomes sought by the Structured Outcome ETF for that Target Outcome Period. Both the cap and, where applicable, the buffer are fixed levels that are calculated in relation to the market price of the applicable Reference ETF and a Structured Outcome ETF’s NAV (as defined herein) at the start of each Target

Outcome Period. As the market price of the applicable Reference ETF and the Structured Outcome ETF's NAV will change over the Target Outcome Period, an investor acquiring Units of a Structured Outcome ETF after the start of a Target Outcome Period will likely have a different return potential than an investor who purchased Units of a Structured Outcome ETF at the start of the Target Outcome Period. This is because while the cap and, as applicable, the buffer for the Target Outcome Period are fixed levels that remain constant throughout the Target Outcome Period, an investor purchasing Units of a Structured Outcome ETF at market value during the Target Outcome Period likely purchases Units of a Structured Outcome ETF at a market price that is different from the Structured Outcome ETF's NAV at the start of the Target Outcome Period (i.e., the NAV that the cap and, as applicable, the buffer reference). In addition, the market price of the applicable Reference ETF is likely to be different from the price of that Reference ETF at the start of the Target Outcome Period. To achieve the intended target outcomes sought by a Structured Outcome ETF for a Target Outcome Period, an investor must hold Units of the Structured Outcome ETF for that entire Target Outcome Period.

*Buffer and Cap*

BMO US Equity Buffer Hedged to CAD ETF – October seeks to provide a buffer on the first 15% of the decrease in the market price of the applicable Reference ETF over each Target Outcome Period. After the market price of the applicable Reference ETF has decreased by more than 15%, the Structured Outcome ETF will experience subsequent decreases on an approximately one-to-one basis (e.g., if the market price of the Reference ETF decreases by 30%, BMO US Equity Buffer Hedged to CAD ETF – October loses 15%). The buffer is before taking into account the fees, expenses and taxes borne by Unitholders.

If an investor purchases Units of BMO US Equity Buffer Hedged to CAD ETF – October during a Target Outcome Period at a time when the market price of the applicable Reference ETF has decreased by 15% or more from its market price on the first day of the Target Outcome Period (the “**Initial Price**”), that Unitholder's buffer will essentially be zero (meaning the investor can lose its entire investment). However, that Unitholder's potential gain will be larger than BMO US Equity Buffer Hedged to CAD ETF – October's cap for the Target Outcome Period because the Unitholder may experience the additional gain if BMO US Equity Buffer Hedged to CAD ETF – October recovers the value it has lost from the first day of the Target Outcome Period through the date the Unitholder purchased its Units of BMO US Equity Buffer Hedged to CAD ETF – October plus any additional gains from the increase in the market price of the applicable Reference ETF from the Initial Price, up to the maximum return of the cap.

Conversely, if an investor purchases Units of BMO US Equity Buffer Hedged to CAD ETF – October during a Target Outcome Period at a time when the market price of the applicable Reference ETF has increased from its Initial Price for a Target Outcome Period, then a Unitholder may experience losses prior to gaining the protection offered by the buffer (because the market price of the applicable Reference ETF must first decrease to its Initial Price for the Target Outcome Period before subsequent decreases will be protected by the buffer). While BMO US Equity Buffer Hedged to CAD ETF – October seeks to limit losses to a maximum of 85% for Unitholders who hold Units of BMO US Equity Buffer Hedged to CAD ETF – October for an entire Target Outcome Period, there is no guarantee it will successfully do so. Depending upon market conditions at the time of purchase, a Unitholder that purchases Units of BMO US Equity Buffer Hedged to CAD ETF – October after the first day of a Target Outcome Period may lose their entire investment. An investment in BMO US Equity Buffer Hedged to CAD ETF – October is only appropriate for investors willing to bear those losses. Despite the intended buffer, a Unitholder could lose their entire investment.

The returns of a Structured Outcome ETF are subject to a predetermined price cap (before fees, expenses and taxes) in respect of the Target Outcome Period.

The price cap for the initial Target Outcome Period of each of the Structured Outcome ETFs (which will be established at the time the Structured Outcome ETF purchases the applicable Converge Options) is anticipated to be as follows:

<b>Structured Outcome ETF</b>	<b>Anticipated Cap of Initial Target Outcome Period</b>
BMO Canadian Banks Accelerator ETF	5.0% to 7.0%*, before fees, expenses and taxes
BMO US Equity Accelerator Hedged to CAD ETF	5.0% to 7.0%*, before fees, expenses and taxes

BMO US Equity Buffer Hedged to CAD ETF – October	10.0% to 15.0%, before fees, expenses and taxes
--	---

\*Represents approximately double (2x) the return of the applicable Reference ETF.

Unlike other investment products, the potential returns a Unitholder can receive from a Structured Outcome ETF are subject to a predetermined upside price cap that represents the maximum percentage return (subject to distributions) a Unitholder can achieve from an investment in the Structured Outcome ETF for an entire Target Outcome Period (before fees, expenses and taxes). In the event the market price of the applicable Reference ETF increases over a Target Outcome Period, the Structured Outcome ETF seeks to provide distributions as well as appreciation that matches a percentage increase of the market price of the Reference ETF or Reference Index up to a predetermined cap. This means that if the market price of the applicable Reference ETF increases during a Target Outcome Period in excess of the cap for that Target Outcome Period, the Structured Outcome ETF will not benefit from those excess gains or any further distributions on the Reference ETF. Therefore, regardless of the price return of the Reference ETF, as applicable, a Unitholder's returns from an investment in the Structured Outcome ETF for that Target Outcome Period will be capped.

The cap is set on the first day of each Target Outcome Period and is determined before taking into account the fees, expenses and taxes.

The cap for each subsequent Target Outcome Period will be based on prevailing market conditions at the time, including then-current interest rate levels, the volatility of the applicable Reference ETF and underlying index of the applicable Reference ETF, and the relationship of puts and/or calls on the underlying Converge Options, as applicable. **The cap and buffer, as applicable, and a Structured Outcome ETF's position relative to each, should be considered before investing in Units of a Structured Outcome ETF.**

Each Structured Outcome ETF will seek to achieve its investment objectives by investing in the applicable Reference ETF and by purchasing and writing a series of call and/or put Converge Options, as applicable, on the first day of a Target Outcome Period. The Portfolio Manager will calculate the amount of premiums that the Structured Outcome ETF will owe on the Converge Options acquired to provide the buffer or accelerated return, as applicable, and will then sell call Converge Options with terms that entitle the Structured Outcome ETF to receive premiums equal to such amount. The cap is the strike price of those sold Converge Options. The net amount of the Converge Option premiums paid and received by a Structured Outcome ETF is intended to be nil for each applicable Target Outcome Period at rebalance date.

The cap, and a Structured Outcome ETF's position relative to it on any given day, should be considered before investing in the Structured Outcome ETF. If an investor purchases Units of a Structured Outcome ETF during a Target Outcome Period, and the market price of the Reference ETF has already increased above its Initial Price for that Target Outcome Period to a level near to the cap, an investor purchasing Units of the Structured Outcome ETF will have limited to no gain potential for the remainder of the Target Outcome Period. However, the investor will remain vulnerable to significant downside risk because the investor will bear the losses between the market price of the applicable Reference ETF at the time it purchased Units of the Structured Outcome ETF and the Initial Price of the Reference ETF for the Target Outcome Period and, with respect to BMO US Equity Buffer Hedged to CAD ETF – October, before subsequent decreases will be protected by the buffer.

Investors purchasing Units of a Structured Outcome ETF during a Target Outcome Period will experience different results. The Structured Outcome ETFs' website, at [www.bmoetfs.com](http://www.bmoetfs.com), provides information relating to the possible outcomes for an investor of an investment in the Structured Outcome ETFs on a daily basis, including a Structured Outcome ETF's position relative to the cap and buffer, as applicable. **Before purchasing Units of a Structured Outcome ETF, an investor should visit the Structured Outcome ETF's website to review this information and understand the possible outcomes of an investment in Units of the Structured Outcome ETF on a particular day.**

#### *General Information Regarding the Converge Options*

Converge Options are customized equity or index option contracts that are not listed on an exchange and are less liquid than other exchange-traded options, but provide investors with the ability to customize key contract terms like exercise prices, styles and expiration dates. Converge Options are guaranteed for settlement by the Canadian

Derivatives Clearing Corporation (“CDCC”). The CDCC guarantees performance by each of the counterparties to the Converge Options, becoming the “buyer for every seller and the seller for every buyer,” protecting clearing members and options traders from counterparty risk. The CDCC may make adjustments to Converge Options for certain significant events. The Structured Outcome ETFs may purchase and sell call and put Converge Options, as applicable, based on the price return of the applicable Reference ETF. The Converge Options that the Structured Outcome ETFs will hold will give the Structured Outcome ETFs the right to receive or deliver units of the applicable Reference ETF on the option expiration date at a strike price, depending on whether the option is a put or call option and whether the Structured Outcome ETF purchases or sells the option. The Converge Options held by the Structured Outcome ETFs will be European style options, which will be exercisable at the strike price only on the Converge Option expiration date.

The Structured Outcome ETFs intend to structure the Converge Options so that any amount owed by a Structured Outcome ETF on the written Converge Options may be covered by payouts at expiration from the purchased Converge Options, or by selling the underlying asset, or a combination of both. As a result, the Converge Options will be fully covered and no additional collateral will be necessary during the life of the Structured Outcome ETF. The Structured Outcome ETFs will receive premiums in exchange for the written Converge Options and pay premiums in exchange for the purchased Converge Options. The CDCC does not charge ongoing fees to writers or purchasers of the Converge Options during their life for continuing to hold the option contracts, but may charge transaction fees. Each of the Converge Options purchased and sold throughout the Target Outcome Period will have the same terms, such as strike price and expiration date, as the Converge Options purchased and sold on the first day of the Target Outcome Period.

### **Securities Lending**

A BMO ETF may, in compliance with NI 81-102, lend securities to securities borrowers acceptable to it in order to earn additional income for the BMO ETF pursuant to the terms of the Securities Lending Agreement under which: (i) the borrower will pay to the BMO ETF a negotiated securities lending fee and will make compensation payments to the BMO ETF equal to any distributions received by the borrower on the securities borrowed; (ii) the securities loans qualify as “securities lending arrangements” for the purposes of the Tax Act; (iii) the BMO ETF will receive collateral security equal to at least 102% of the value of the portfolio securities loaned; and (iv) immediately after the BMO ETF enters into the transaction, the aggregate market value of all securities loaned and not yet returned to it does not exceed 50% of the total assets of the BMO ETF. The securities lending agent for a BMO ETF will be responsible for the ongoing administration of the securities loans, including the obligation to mark-to-market the collateral on a daily basis.

### **Use of Derivative Instruments**

A derivative is an instrument, agreement or security whose market price, value or payment obligations is derived from, referenced to or based on an underlying interest (including a value, price, rate, security, or index). Types of derivatives include options, swaps, futures contracts, forward contracts, or other instruments.

The BMO ETFs may invest in or use derivative instruments only if the use of such derivative instruments is in compliance with applicable securities law, including with respect to limits on counterparty exposure, and is consistent with the investment objectives and investment strategies of the applicable BMO ETF.

A BMO ETF may use derivative instruments for hedging purposes and/or non-hedging purposes. “Hedging” refers to investments that are intended to offset or reduce a specific risk associated with all or a portion of an existing investment or position or group of investments or positions. For non-hedging purposes, a BMO ETF may use derivative instruments as a substitute for investing directly in certain securities in order to obtain the desired investment exposure. If a BMO ETF uses derivative instruments for non-hedging purposes, NI 81-102 requires that the BMO ETF hold certain assets and/or cash to ensure the BMO ETF is able to meet its obligations under the derivative instrument and to limit any possible losses that could result from the use of derivative instruments. See “Risk Factors – General Risks Relating to an Investment in the BMO ETFs – Use of Derivative Instruments”.

## Underlying Funds

In accordance with applicable Canadian Securities Legislation, including NI 81-102, a BMO ETF may invest in Underlying Funds in a manner that is consistent with the investment objectives and investment strategies of the BMO ETF, provided that there shall be no duplication of management fees chargeable in connection with securities held indirectly by a BMO ETF through its investments in Underlying Funds and the management fees directly charged to the BMO ETF. In the event that a BMO ETF invests in an Underlying Fund and the management fee payable by the Underlying Fund is higher than that of the BMO ETF, the BMO ETF may indirectly pay the higher management fee on the portion of the BMO ETF's assets invested in the Underlying Fund, regardless of whether the Underlying Fund is managed by the Manager (or affiliate of the Manager) or by an independent fund manager. When a BMO ETF invests in Underlying Funds, it will predominantly, if not exclusively, invest in Underlying Funds that are managed by the Manager or one of its affiliates. Currently, each Reference ETF is an Underlying Fund which is managed by the Manager. For more information about the conflicts of interest associated with the BMO ETFs investing in Underlying Funds, please see "Organization and Management of the BMO ETFs – Conflicts of Interest".

## Short Selling

A BMO ETF may, in accordance with its investment objectives and investment strategies, engage in short selling in compliance with Canadian Securities Legislation. A "short sale" is where the BMO ETF borrows securities from a borrowing agent, such as a Prime Broker, which are then sold in the open market (or "sold short"). At a later date, the same number of securities are repurchased by the BMO ETF and returned to the borrowing agent. In the interim, the proceeds from the first sale are deposited with the borrowing agent and the BMO ETF pays interest to the borrowing agent. If the value of the securities declines between the time that the BMO ETF borrows the securities and the time it repurchases and returns the securities, the BMO ETF makes a profit for the difference (less any interest the BMO ETF is required to pay to the borrowing agent). In this way, the BMO ETF may have more opportunities for gains when markets are generally volatile or declining.

The Alternative BMO ETFs may engage in short selling, subject to certain limits and conditions, including the following: (i) the aggregate market value of all securities (including securities of other ETFs) sold short by the Alternative BMO ETF will not exceed 50% of the total net assets of the Alternative BMO ETF, and (ii) the aggregate market value of all securities of any particular issuer sold short by the Alternative BMO ETF will not exceed 10% of the total net assets of the Alternative BMO ETF.

The Alternative BMO ETF may borrow cash up to 50% of its NAV and may sell securities short, whereby the aggregate market value of the securities sold short will be limited to 50% of its NAV. The combined use of short-selling and cash borrowing by the Alternative BMO ETF is subject to an overall limit of 50% of its NAV.

## Use of Leverage

An Alternative BMO ETF may use leverage. Leverage may be created through the use of cash borrowings, short sales and/or derivatives.

An Alternative BMO ETF's aggregate exposure to the sources of leverage, to be calculated as the sum of the following divided by the Alternative BMO ETF's NAV, must not exceed 300% of the Alternative BMO ETF's NAV: (i) the aggregate market value of the Alternative BMO ETF's cash borrowing; (ii) the aggregate market value of short sales on equities, fixed income securities or other portfolio assets; and (iii) the aggregate notional value of the Alternative BMO ETF's specified derivatives positions excluding any specified derivatives used for hedging purposes. Leverage will be calculated in accordance with the methodology prescribed by securities laws, or any exemptions therefrom.

Under normal market conditions, an Alternative BMO ETF's aggregate exposure to those sources of leverage will be less than 300% of its NAV.

## OVERVIEW OF THE SECTORS IN WHICH THE BMO ETFs INVEST

### Alternative BMO ETFs

#### *BMO Long Short Canadian Equity ETF*

BMO Long Short Canadian Equity ETF generally invests in a long equity investment portfolio consisting primarily of equity securities issued by Canadian issuers in a variety of sectors.

#### *BMO Long Short US Equity ETF*

BMO Long Short US Equity ETF generally invests in a long equity investment portfolio consisting primarily of equity securities issued by US issuers in a variety of sectors.

### Index BMO ETF

#### *BMO S&P/TSX 60 Index ETF*

BMO S&P/TSX 60 Index ETF generally invests in 60 equity securities of publicly-traded Canadian companies in a variety of sectors. See “Investment Objectives – Investment Objectives of the Index BMO ETF – The Index”.

### Non-Index BMO ETFs

#### *BMO Canadian Banks Accelerator ETF*

BMO Canadian Banks Accelerator ETF primarily invests in BMO Equal Weight Banks Index ETF (the Reference ETF). The Reference ETF seeks to track the performance of the Solactive Equal Weight Canada Banks Index, which gives exposure to equity securities of diversified Canadian banks. As such, BMO Canadian Banks Accelerator ETF gains exposure to equity securities of diversified Canadian banks.

#### *BMO USD Cash Management ETF*

BMO USD Cash Management ETF generally invests in US T-Bills with a maturity of less than 1 year and other high quality short term fixed income or cash-equivalent instruments, including but not limited to, reverse repurchase agreements and commercial paper issued by governments and corporations.

#### *BMO US Equity Accelerator Hedged to CAD ETF*

BMO US Equity Accelerator Hedged to CAD ETF primarily invests in BMO S&P 500 Hedged to CAD Index ETF (the Reference ETF). The Reference ETF seeks to track the performance of the S&P 500 Hedged to Canadian Dollars Index, which gives exposure to 500 equity securities of U.S. listed companies in a variety of sectors.

#### *BMO US Equity Buffer Hedged to CAD ETF – October*

BMO US Equity Buffer Hedged to CAD ETF – October primarily invests in BMO S&P 500 Hedged to CAD Index ETF (the Reference ETF). The Reference ETF seeks to track the performance of the S&P 500 Hedged to Canadian Dollars Index, which gives exposure to 500 equity securities of U.S. listed companies in a variety of sectors.

## INVESTMENT RESTRICTIONS

The BMO ETFs are subject to certain restrictions and practices contained in Canadian Securities Legislation. The BMO ETFs are managed in accordance with these restrictions and practices, except as otherwise permitted by exemptions provided by securities regulatory authorities. See “Exemptions and Approvals”. A change to the fundamental investment objective of a BMO ETF would require the approval of the Unitholders of that BMO ETF. See “Unitholder Matters – Matters Requiring Unitholders’ Approval”.

## FEES AND EXPENSES

### Fees and Expenses Payable by the BMO ETFs

The value of a Unitholder's investment in a BMO ETF will be reduced by the amount of fees and expenses charged to such BMO ETF.

#### *Management Fees*

Each BMO ETF will pay the Manager a management fee as set forth in the tables below based on the average daily NAV of the applicable BMO ETF. The management fee is payable to the Manager in consideration of the services that the Manager provides to each BMO ETF in its capacity as the manager, which include acquiring or arranging to acquire securities on behalf of the BMO ETFs, calculating NAV, NAV per Unit, net income and net realized capital gains of the BMO ETFs, authorizing the payment of operating expenses incurred on behalf of the BMO ETFs, preparing financial statements and financial and accounting information as required by the BMO ETFs, ensuring that Unitholders are provided with financial statements (including interim and annual financial statements) and other reports as are required by applicable law from time to time, ensuring that the BMO ETFs comply with regulatory requirements and applicable stock exchange listing requirements, preparing the BMO ETFs' reports to Unitholders and the securities regulatory authorities, determining the amount of distributions to be made by the BMO ETFs and negotiating contractual agreements with third-party providers of services, including Designated Brokers, the Custodian, Registrar and Transfer Agent, Prime Brokers, Plan Agent, auditor and printers. See "Organization and Management of the BMO ETFs – Trustee, Manager, Portfolio Manager and Promoter of the BMO ETFs – Duties and Services to be Provided by the Trustee, Manager, Portfolio Manager and Promoter" for more information. The management fee, plus applicable taxes, will be accrued daily and paid quarterly in arrears. The Manager may, from time to time in its discretion, waive all or a portion of the management fee charged.

Alternative BMO ETF	Annual Management Fee (%)
BMO Long Short Canadian Equity ETF	0.65
BMO Long Short US Equity ETF	0.65
Index BMO ETF	Annual Management Fee (%)
BMO S&P/TSX 60 Index ETF	0.13
Non-Index BMO ETF	Annual Management Fee (%)
BMO Canadian Banks Accelerator ETF	0.65
BMO USD Cash Management ETF	0.12
BMO US Equity Accelerator Hedged to CAD ETF	0.65
BMO US Equity Buffer Hedged to CAD ETF – October	0.65

#### *Underlying Fund Fees*

A BMO ETF may, in accordance with applicable Canadian securities legislation, invest in Underlying Funds which may be managed by the Manager, its affiliates or independent fund managers. Currently, each Reference ETF is an Underlying Fund which is managed by the Manager. There are fees and expenses payable by these Underlying Funds in addition to the fees and expenses payable by a BMO ETF. No management fees or incentive fees are payable by a BMO ETF in respect of an investment in an Underlying Fund that, to a reasonable person, would duplicate a fee payable by such Underlying Fund for the same service. To ensure that there is no duplication of management fees

chargeable in connection with the BMO ETF and any investment in an Underlying Fund, the management fee of the BMO ETF will be reduced by the amount of the management fee paid by the BMO ETF in respect of its investment in the Underlying Fund.

Further, no sales fees or redemption fees are payable by a BMO ETF in relation to purchases or redemptions of the securities of the Underlying Funds in which it invests if these Underlying Funds are managed by the Manager or an affiliate or associate of the Manager, and no sales fees or redemption fees are payable by a BMO ETF in relation to its purchases or redemptions of securities of Underlying Funds that, to a reasonable person, would duplicate a fee payable by an investor in a BMO ETF.

### ***Operating Expenses***

In addition to the payment of the management fee, each BMO ETF is responsible for the costs and expenses incurred in complying with NI 81-107 (including any expenses related to the implementation and on-going operation of the IRC), brokerage expenses and commissions, income and withholding taxes as well as all other applicable taxes, including HST, the costs of complying with any new governmental or regulatory requirement introduced after the BMO ETFs are established and extraordinary expenses. The Manager is responsible for all other costs and expenses of the BMO ETFs, including the fees payable to the Custodian, Registrar and Transfer Agent, Prime Brokers and Plan Agent and fees payable to other service providers, including the Index Provider, retained by the Manager. See “Organization and Management of the BMO ETFs – Trustee, Manager, Portfolio Manager and Promoter of the BMO ETFs – Duties and Services to be Provided by the Trustee, Manager, Portfolio Manager and Promoter”.

If a BMO ETF holds securities of one or more Underlying Funds which may be managed by the Manager, its affiliates or independent fund managers, the expenses incurred by each such other fund in connection with its operations are indirectly paid by the BMO ETF in addition to those operating expenses incurred directly by the BMO ETF.

### ***Management Fee Distributions***

To achieve effective and competitive management fees, the Manager may agree to charge a reduced management fee as compared to the management fee it would otherwise be entitled to receive from the BMO ETFs with respect to investments in the BMO ETFs by certain Unitholders. In such cases, an amount equal to the difference between the fee otherwise chargeable and the reduced fee of the BMO ETF will be distributed in cash by the BMO ETF to the applicable Unitholders as “Management Fee Distributions”.

The availability, amount and timing of Management Fee Distributions with respect to Units of a BMO ETF will be determined from time to time by the Manager in its sole discretion. Management Fee Distributions will generally be calculated and applied based on a Unitholder’s average holdings of Units (excluding Units lent by those Unitholders under the terms of the Securities Lending Agreement) over each applicable period as specified by the Manager from time to time. Management Fee Distributions will be available only to beneficial owners of Units (including Designated Brokers and Dealers) and not to the holdings of Units by dealers, brokers or other CDS Participants that hold Units on behalf of beneficial owners. Management Fee Distributions will be paid first out of net income of the BMO ETF then out of capital gains of the BMO ETF and thereafter out of capital. See “Income Tax Considerations – Taxation of Unitholders” for further details. In order to receive a Management Fee Distribution for any applicable period, a beneficial owner of Units must submit a claim for a Management Fee Distribution that is verified by a CDS Participant on the beneficial owner’s behalf and provide the Manager with such further information as the Manager may require in accordance with the terms and procedures established by the Manager from time to time.

The Manager reserves the right to discontinue or change Management Fee Distributions at any time. The tax consequences of Management Fee Distributions made by a BMO ETF generally will be borne by the Unitholders receiving these distributions.

### **Fees and Expenses Payable Directly by You**

Unitholders who buy and sell their Units through the facilities of the Exchange do not pay a fee directly to the Manager or the BMO ETF in respect of those purchases and sales.

If stated in the applicable designated broker agreement or dealer agreement, the Manager or a BMO ETF may charge the Designated Brokers and/or Dealers a fee to offset certain transaction costs associated with an issue, exchange or redemption of Units of that BMO ETF to or by such Designated Broker and/or Dealer. See “Purchases of Units” and “Redemption and Exchange of Units”.

## **RISK FACTORS**

The Alternative BMO ETFs are “alternative mutual funds” for securities law purposes and are permitted to use strategies generally prohibited for conventional mutual funds, such as the ability to borrow cash, to short sell beyond the limited prescribed for conventional mutual funds and to generally employ leverage. While these strategies will only be used in accordance with the investment objectives and strategies of the Alternative BMO ETFs, during certain market conditions they may accelerate the risk that an investment in the Alternative BMO ETFs decreases in value.

In addition to the considerations set out elsewhere in this prospectus, the following are certain considerations relating to an investment in Units that prospective investors should consider before purchasing such Units. Except as noted below, the risk factors described under the sub-heading “General Risks Relating to an Investment in the BMO ETFs” are risk factors that are relevant to each BMO ETF, whereas the risk factors described under the headings “Additional Risks Relating to an Investment in the Alternative BMO ETFs”, “Additional Risks Relating to an Investment in the Index BMO ETF” and “Additional Risks Relating to an Investment in BMO USD Cash Management ETF and the Structured Outcome ETFs” are relevant to one or more (but not all) of the BMO ETFs. Please refer to the tables set out under the headings “Additional Risks Relating to an Investment in the Alternative BMO ETFs”, “Additional Risks Relating to an Investment in the Index BMO ETF” and “Additional Risks Relating to an Investment in BMO USD Cash Management ETF and the Structured Outcome ETFs”, which identify which risks apply to each BMO ETF.

### **General Risks Relating to an Investment in the BMO ETFs**

#### ***General Risks of Investments***

An investment in a BMO ETF should be made with an understanding that the value of a BMO ETF may fluctuate in accordance with changes in the financial condition of the underlying investments, the condition of markets generally and other factors. Underlying investments held by a BMO ETF and the value of a BMO ETF may fluctuate over short term periods due to market movements and over longer periods during more prolonged market upturns or downturns. In addition to changes in the condition of markets generally, local, regional or global events such as war, acts of terrorism, the spread of infectious illness or other public health issues and recessions could have a significant impact on a fund and its investments and could also result in fluctuations in the value of a fund. The identity and weighting of the assets held by a BMO ETF may also change from time to time.

#### ***Fund-of-Funds Investment Risk***

The BMO ETFs may invest directly in, or obtain exposure to (including through the use of Converge Options), other ETFs, mutual funds or other investment funds as part of their investment strategy. These BMO ETFs will be subject to the risks of the Underlying Funds or Reference ETFs, subject to Converge Options, as applicable. Also, if an Underlying Fund suspends redemptions, the BMO ETF will be unable to accurately value part of its investment portfolio and may be unable to redeem its Units.

#### ***Asset Class Risk***

The investments held by a BMO ETF may underperform the returns of other investments that track different countries, regions, industries, asset classes or sectors. Various asset classes tend to experience cycles of outperformance and underperformance in comparison to the general securities markets.

### ***Cease Trading of Securities Risk***

If securities held by a BMO ETF are cease-traded at any time by order of the Exchange, a securities regulatory authority or other relevant regulator or stock exchange, the Manager may suspend the exchange or redemption of Units until such time as the transfer of the securities is permitted by law.

### ***Fluctuations in NAV and NAV per Unit Risk***

The NAV and NAV per Unit will vary according to, among other things, the value of a BMO ETF's holdings. The Manager and the BMO ETFs have no control over the factors that affect the value of a BMO ETF's holdings, including factors that affect the equity, bond and commodity markets generally such as general economic and political conditions, fluctuations in interest rates and factors unique to the issuers of the securities such as changes in management, changes in strategic direction, achievement of strategic goals, mergers, acquisitions and divestitures, changes in distribution and dividend policies and other events.

### ***Liquidity Risk***

If a BMO ETF is unable to dispose of some or all of the securities held by it or close out derivatives transactions readily, that BMO ETF may experience a delay in the receipt of the proceeds of disposition until such time as it is able to dispose of such securities or derivatives, as applicable, or may be able to do so only at prices which may not reflect the true value of such investments. Likewise, if certain securities are particularly illiquid, the Portfolio Manager may be unable to acquire the number of securities it would like to at a price acceptable to the Portfolio Manager on a timely basis.

### ***Distributions In Specie Risk***

A portion of a BMO ETF's portfolio may be invested in illiquid securities, instruments or other assets. There can be no assurance that all of a BMO ETF's investments will be liquidated prior to the termination of the BMO ETF and that only cash will be distributed to its Unitholders. The securities, instruments or other assets that Unitholders may receive on termination may not be readily marketable and may have to be held for an indefinite period of time.

### ***Concentration and Sector Risk***

A BMO ETF may have more of its net assets invested in one or more issuers than is typical for many investment funds and may, as a result, be affected more by the performance of individual issuers in its portfolio. To the extent that a BMO ETF's investments are concentrated in a small number of issuers, the BMO ETF may be susceptible to loss due to adverse occurrences affecting those issuers. The investment portfolio of such BMO ETF is less diversified. As a result, the BMO ETF may be more susceptible to any single economic, political or regulatory occurrence than a diversified ETF investing in a broader range of issuers. Further, a decline in the market value of one of the BMO ETF's investments may affect the BMO ETF's value more than if the BMO ETF was a diversified fund.

In addition, a BMO ETF may concentrate its investments in a certain sector, geographic area or industry in the economy. This allows these BMO ETFs to focus on that sector's potential, but it also means that they are riskier than investment funds with broader diversification. Because securities in the same industry or geographic area tend to be affected by the same factors, sector-specific and country-specific funds tend to experience greater fluctuations in price. Such industry- and country-based risks, any of which may adversely affect the issuers in which a BMO ETF invests, may include, but are not limited to, the following: general economic conditions or cyclical market patterns that could negatively affect credit quality or supply and demand in a particular industry or country; competition for resources, adverse labour relations, political or world events; obsolescence of technologies; loan growth; regulatory environment; and increased competition or new product introductions that may affect the profitability or viability of companies in an industry or geographic area. In addition, at times, such industry, geographic area or sector may be out of favor and underperform other industries, geographic locations or the market as a whole. These BMO ETFs must continue to follow their investment objectives by investing in their particular sector or geographic area, even during periods when that sector or geographic area is performing poorly.

### ***Use of Derivative Instruments Risk***

The BMO ETFs may use derivative instruments from time to time in accordance with NI 81-102 and as described under “Investment Strategies – Use of Derivative Instruments”. The use of derivative instruments involves risks different from, and possibly greater than, the risks associated with investing directly in securities and other traditional investments. Risks associated with the use of derivatives include: (i) there is no guarantee that hedging to reduce risk will not result in a loss or that there will be a gain; (ii) there is no guarantee that a market will exist when the BMO ETFs want to complete the derivative contract, which could prevent the BMO ETFs from reducing a loss or making a profit; (iii) securities exchanges may impose trading limits on options and futures contracts, and these limits may prevent the BMO ETFs from completing the derivative contract; (iv) the BMO ETFs could experience a loss if the other party to the derivative contract is unable to fulfill its obligations, including in instances where the other party is adversely affected by regulatory or market changes; (v) if the BMO ETF has an open position in an option, a swap, a futures contract or a forward contract with a dealer who goes bankrupt, the BMO ETF could experience a loss and, for an open futures or forward contract, a loss of margin deposited with that dealer; and (vi) if a derivative is based on a stock market index and trading is halted on a substantial number of stocks in the index or there is a change in the composition of the index, there could be an adverse effect on the derivative. In circumstances where there is an interest rate hedge employed, total return on the investment portfolio of a BMO ETF may be higher with the hedge than without it when interest rates rise significantly, but may be lower when interest rates are stable or decrease.

There is no assurance that a BMO ETF’s use of derivatives will be effective. There may be an imperfect historical correlation between the behaviour of the derivative instrument and the underlying investment. Any historical correlation may not continue for the period during which the derivative instrument is used.

### ***Securities Lending Risk***

The BMO ETFs may engage in securities lending, repurchase and reverse repurchase transactions in accordance with NI 81-102 in order to earn additional income for the BMO ETFs. Although they will receive collateral security equal to at least 102% of the value of the portfolio securities loaned and such collateral will be marked-to-market, the BMO ETFs may be exposed to the risk of loss should the borrower default on its obligation to return the borrowed securities and the collateral be insufficient to reconstitute the portfolio of loaned securities.

### ***Trading Price of Units Risk***

Units may trade in the market at a premium or discount to the NAV per Unit. There can be no assurance that Units will trade at prices that reflect their NAV. The trading price of the Units will fluctuate in accordance with changes in the BMO ETF’s NAV, as well as market supply and demand on the Exchange. However, given that generally only a Prescribed Number of Units are issued to Designated Brokers and Dealers, and that holders of a Prescribed Number of Units (or an integral multiple thereof) may redeem such Units at their NAV, the Manager believes that large discounts or premiums to the NAV of the Units should not be sustained.

### ***Absence of an Active Market for the Units and Lack of Operating History Risk***

Although the BMO ETFs will, subject to satisfying the listing requirements of the Exchange, be listed on an Exchange, there can be no assurance that an active public market for the Units will develop or be sustained. The BMO ETFs are newly organized investment trusts with no previous operating history.

### ***Reliance on the Manager Risk***

Unitholders will be dependent on the ability of the Manager to effectively manage the BMO ETFs in a manner consistent with the investment objectives, strategies and restrictions of the BMO ETFs. There is no certainty that the individuals who are principally responsible for providing administration, portfolio management services and portfolio management advice to the BMO ETFs will continue to be employed by the Manager.

### ***Risk of Loss***

Your investment in any of the BMO ETFs is not guaranteed by any entity, including Bank of Montreal. Unlike bank accounts or guaranteed investment certificates, your investment in a BMO ETF is not covered by the Canada Deposit Insurance Corporation or any other government deposit insurer.

### ***Rebalancing and Adjustment Risk***

Adjustments to Baskets of Securities held by the BMO ETFs to reflect rebalancing of and adjustments to the Index, with respect to the Index BMO ETF, or the portfolio, with respect to the other BMO ETFs, may depend on the ability of the Manager and the Designated Brokers to perform their respective obligations under the Designated Broker Agreement(s). If a Designated Broker fails to perform, the BMO ETFs may be required to sell or purchase, as the case may be, securities in the market. If this happens, the BMO ETFs would incur additional transaction costs and security mis-weights that would cause the performance of the BMO ETFs to deviate more significantly from the performance than would otherwise be expected.

### ***Changes in Legislation Risk***

There can be no assurance that tax, securities or other laws will not be changed in a manner that adversely affects a BMO ETF or the distributions received by the BMO ETFs or by the Unitholders. There can be no assurance that Canadian federal income tax laws and the administrative policies and assessing practices of the CRA will not be changed in a manner that adversely affects the BMO ETFs or the issuers in which they invest. See “Taxation Risk” below for other tax-related risks.

### ***Taxation Risk***

It is anticipated that each BMO ETF will qualify, or be deemed to qualify, at all times as a “mutual fund trust” within the meaning of the Tax Act. For a BMO ETF to qualify as a “mutual fund trust”, it must comply on a continuous basis with certain requirements relating to the qualification of its Units for distribution to the public, the number of Unitholders of the BMO ETF and the dispersal of ownership of a particular class of its Units.

Each BMO ETF is expected to meet all the requirements to qualify as a “mutual fund trust” for the purposes of the Tax Act before the 91<sup>st</sup> day after the end of its first taxation year (determined without regard to any taxation year-end that may be deemed to occur for other purposes under the rules in the Tax Act relating to “loss restriction events”). Assuming a BMO ETF meets these requirements before such day, the BMO ETF will file an election to qualify as a mutual fund trust from its inception.

If a BMO ETF were to not qualify as a “mutual fund trust” for the purposes of the Tax Act for any period of time, there could be negative tax consequences for the BMO ETF and its Unitholders. For example, if a BMO ETF does not qualify as a “mutual fund trust” for the purposes of the Tax Act throughout a taxation year, the BMO ETF may be liable to pay tax under Part XII.2 of the Tax Act and would not be entitled to the Capital Gains Refund (as defined herein). In addition, if a BMO ETF does not qualify as a “mutual fund trust”, it may be subject to the “mark-to-market” rules under the Tax Act if more than 50% of the fair market value of its Units are held by “financial institutions” within the meaning of the Tax Act for purposes of the “mark-to-market” rules. Such a BMO ETF may also be liable to pay alternative minimum tax; however, pursuant to certain Tax Proposals released in connection with the 2023 Federal Budget (Canada), trusts some or all of the classes of units of which are listed on a “designated stock exchange” or that qualify as “investment funds” are generally proposed to be exempt from alternative minimum tax for taxation years commencing on or after January 1, 2024.

The tax treatment of gains and losses realized by each BMO ETF will depend on whether such gains or losses are treated as being on income or capital account, as described in this paragraph. In determining its income for tax purposes, each of the BMO ETFs will treat gains and losses realized on dispositions of securities in its portfolio as capital gains and losses. Generally, the BMO ETFs will include gains and deduct losses on income account in connection with investments made through certain derivatives, including short sales of securities other than Canadian securities, except where such derivatives are used to hedge portfolio securities held on capital account provided there is sufficient linkage, subject to the DFA Rules discussed below. The Structured Outcome ETFs will treat option premiums received on the writing of call options and put options as being on capital or on income account in

accordance with the CRA's published administrative policies. Designations with respect to a BMO ETF's income and capital gains will be made and reported to Unitholders on the foregoing basis. The CRA's practice is not to grant advance income tax rulings on the characterization of items as capital gains or income and no advance income tax ruling has been requested or obtained. Accordingly, there is a risk that the CRA may not agree with the tax treatment adopted by the BMO ETFs. In such case, if some or all of the transactions undertaken by a BMO ETF were treated on income rather than capital account (whether because of the DFA Rules discussed below or otherwise), the net income of the applicable BMO ETF for tax purposes and the taxable component of distributions to Unitholders could increase, and such BMO ETF could be liable for income tax. Any such redetermination by the CRA may also result in such BMO ETF being liable for unremitted withholding taxes on prior distributions made to Unitholders who were not resident in Canada for the purposes of the Tax Act at the time of the distribution. Such potential liability may reduce the NAV of, or trading prices of, the Units of the BMO ETF.

A BMO ETF may, from time to time, report tax positions that may be subject to challenge by a taxation authority. If such a challenge is successful, the net income of the applicable BMO ETF for tax purposes and the taxable component of distributions to Unitholders could increase, and such BMO ETF could be liable for income tax.

The Tax Act contains rules (the "**DFA Rules**") that target certain financial arrangements (described in the DFA Rules as "derivative forward agreements") that seek to reduce tax by converting, through the use of derivative contracts, the return on an investment that would have the character of ordinary income to capital gains. The DFA Rules are broad in scope and could apply to other agreements or transactions (including certain options). If the DFA Rules were to apply in respect of derivatives to be utilized by a BMO ETF, gains realized in respect of the property underlying such derivatives could be treated as ordinary income rather than capital gains. Based on the option strategy of the Structured Outcome ETFs, such options will generally not be subject to the DFA Rules.

The Tax Act contains tax loss restriction event rules that could apply to trusts such as the BMO ETFs. The loss restriction event rules generally apply at any time when a unitholder of a trust (counted together with its affiliates) becomes a majority-interest beneficiary of the trust (i.e., holds more than 50% of the fair market value of the units of the trust) or a group of unitholders of the trust becomes a majority-interest group of beneficiaries of the trust. If applicable to a BMO ETF, then the taxation year of the BMO ETF would be deemed to end and an automatic distribution of income and net realized capital gains may occur under the terms of the Declaration of Trust. In addition, accrued capital losses and certain other realized losses of a BMO ETF would be unavailable for use by a BMO ETF in future years. However, trusts that qualify as an "investment fund" as defined in the loss restriction event rules are exempt from such adverse consequences. An "investment fund" for this purpose includes a trust that meets certain conditions, including satisfying certain of the conditions necessary to qualify as a "mutual fund trust" for purposes of the Tax Act, not using any property in the course of carrying on a business and complying with certain asset diversification requirements. If a BMO ETF were not to qualify as an "investment fund", it could potentially have a loss restriction event and thereby become subject to the related tax consequences described above. Because of the way Units of the BMO ETFs are bought and sold, it may not be possible for a BMO ETF to determine if or when a loss restriction event has occurred. Therefore, there can be no assurance that a BMO ETF will not become subject to the loss restriction event rules and there can be no assurance regarding when distributions resulting from a loss restriction event will be made.

If a BMO ETF realizes capital gains as a result of a transfer or disposition of its property undertaken to permit an exchange or redemption of Units by a Unitholder, allocation of fund-level capital gains may be permitted pursuant to the Declaration of Trust. Pursuant to recent amendments to the Tax Act (the "**ATR Rule**"), a BMO ETF will be able to designate capital gains to Unitholders on an exchange or redemption of Units in an amount determined by a formula (the "**Capital Gains Designation Limit**") which is based on (i) the amount of capital gains designated to Unitholders on an exchange or redemption of Units in the taxation year, (ii) the total amount paid for exchanges or redemptions of the Units in the taxation year, (iii) the BMO ETF's NAV at the end of the taxation year and the end of the previous taxation year, and (iv) the BMO ETF's net taxable capital gains for the taxable year. In general, the formula contained in the ATR Rule is meant to limit the BMO ETF's designation to an amount that does not exceed the portion of the BMO ETF's taxable capital gains considered to be attributable to Unitholders that exchanged or redeemed their Units in the year. The Manager does not intend to allocate capital gains to exchanging or redeeming Unitholders in a manner that would result in the allocated amounts being non-deductible under the Tax Act. The amounts of taxable distributions made to non-redeeming Unitholders of a BMO ETF may be greater than they would have been in the absence of these recent amendments.

The Tax Act contains SIFT Rules concerning the taxation of publicly traded Canadian trusts and partnerships that own certain types of property defined as “non-portfolio property”. A trust that is subject to these rules is subject to trust level taxation, at rates comparable to those that apply to corporations, on the trust’s income earned from “non-portfolio property” to the extent that such income is distributed to its unitholders. In particular, each of the BMO ETFs intends to take the position that it will not use any property in the course of carrying on a business in Canada and will therefore not be a “SIFT trust” (as defined for purposes of the Tax Act). On that basis, it is anticipated that each such BMO ETF will make sufficient distributions in each year of any income (including taxable capital gains) realized by the BMO ETF for Canadian tax purposes in the year so as to ensure that it will not be subject to non-refundable income tax under Part I of the Tax Act. However, if any BMO ETF constitutes a SIFT trust in a particular year, any “non-portfolio earnings” (as defined for the purposes of the Tax Act) will generally be subject to tax under Part I of the Tax Act, even if distributed in full to Unitholders of the relevant BMO ETF. No advance income tax ruling has been sought or obtained from the CRA in respect of the status of the BMO ETFs and the CRA could seek to assess or re-assess a BMO ETF (and Unitholders of that BMO ETF) on the basis that the BMO ETF was a SIFT trust. Further, pursuant to certain Tax Proposals released in connection with the 2023 Federal Budget (Canada) (the “**Equity Repurchase Rules**”), a trust that is a “SIFT trust” or that is otherwise a “covered entity” as described in the Equity Repurchase Rules is proposed to be subject to a 2% tax on the value of the trust’s equity repurchases (i.e., redemptions) in a taxation year (net of cash subscriptions received by the trust in that taxation year). If a BMO ETF were to qualify as a SIFT trust or a “covered entity” for purposes of the Equity Repurchase Rules, the after-tax return to its Unitholders could be reduced, particularly in the case of the SIFT Rules for a Unitholder who is exempt from tax under the Tax Act or is a non-resident of Canada.

The Tax Act contains rules (the “**dividend rental arrangement rules**”) that address certain arrangements that have the effect of transferring all or substantially all of the risk of loss and opportunity for profit in respect of a share of a corporation resident in Canada in certain circumstances. Where the dividend rental arrangement rules apply to dividends or deemed dividends received by individuals on such shares (including amounts distributed by a trust to a beneficiary that are designated as taxable dividends), the dividend gross-up and tax treatment normally applicable to taxable dividends will not apply.

The Minister of Finance (Canada) has released Tax Proposals (the “EIFEL Amendments”) that are intended, where applicable, to limit the deductibility of interest and financing expenses of a Canadian resident corporation or trust to a fixed ratio of tax EBITDA (as calculated in accordance with the EIFEL Amendments), effective for taxation years beginning on or after October 1, 2023. If the EIFEL Amendments are enacted as proposed and if such proposals apply to a BMO ETF, the amount of any interest and other financing expenses otherwise deductible by the BMO ETF may be reduced and the taxable component of distributions by the BMO ETF to its Unitholders may be increased accordingly. The Manager is reviewing the impact, if any, of the EIFEL Amendments on the BMO ETFs.

Certain of the BMO ETFs will invest, directly or indirectly (through Underlying Funds), in foreign debt and/or equity securities. Many foreign countries preserve their right under domestic tax laws and applicable tax conventions with respect to taxes on income and on capital (“**Tax Treaties**”) to impose tax on interest, dividends or distributions paid or credited to persons who are not resident in such countries. While the BMO ETFs intend to make investments in such a manner as to minimize the amount of foreign taxes incurred under foreign tax laws and subject to any applicable Tax Treaties, investments in foreign debt and equity securities may subject a BMO ETF (or an Underlying Fund) to foreign taxes on interest, dividends or distributions paid or credited to it or any gains realized on the disposition of such securities. Any foreign taxes incurred by a BMO ETF (or an Underlying Fund) will generally reduce the value of its portfolio. To the extent that such foreign tax paid by a BMO ETF exceeds 15% of the amount included in the BMO ETF’s income from such investments, such excess may generally be deducted by the BMO ETF in computing its net income for the purposes of the Tax Act. To the extent that foreign tax paid by a BMO ETF (or paid by an Underlying Fund and deemed to be paid by a BMO ETF) does not exceed 15% of the amount included in a BMO ETF’s income from such investments and has not been deducted in computing the BMO ETF’s income and the BMO ETF designates its income from a foreign source in respect of a Unitholder of the BMO ETF, the Unitholder will, for the purposes of computing its foreign tax credits, be entitled to treat the Unitholder’s proportionate share of foreign taxes paid, or deemed to be paid, by the BMO ETF in respect of such income as foreign taxes paid by the Unitholder. The availability of foreign tax credits to a Unitholder is subject to the detailed rules in the Tax Act.

The BMO ETFs may register as a “registered investment” for purposes of the Tax Act. A BMO ETF that is a registered investment and not a mutual fund trust is subject to a special tax under Part X.2 of the Tax Act if, generally,

at the end of any month, it holds property that is not a “prescribed investment” under the Tax Act. The Manager intends that any BMO ETF that is a registered investment and not a mutual fund trust will manage its investments so as not to be liable for a material amount of tax under Part X.2 of the Tax Act.

### ***Cyber Security Risk***

With the increased use of technologies such as the internet to conduct business, the Manager and each of the BMO ETFs are susceptible to operational, information security and related risks. In general, cyber incidents can result from deliberate attacks or unintentional events. Cyber-attacks include, but are not limited to, gaining unauthorized access to digital systems (e.g., through “hacking” or malicious software coding) for purposes of misappropriating assets or sensitive information, corrupting data, or causing operational disruption. Cyber-attacks also may be carried out in a manner that does not require gaining unauthorized access, such as causing denial-of-service attacks on websites (i.e., efforts to make network services unavailable to intended users). Cyber incidents affecting the funds, the Manager or the BMO ETFs’ service providers (including, but not limited to, a BMO ETF’s portfolio manager, transfer agent, and custodian) have the ability to cause disruptions and impact each of their respective business operations, potentially resulting in financial losses, interference with the BMO ETFs’ ability to calculate their net asset value, impediments to trading, the inability of unitholders to transact business with the BMO ETFs and the inability of the BMO ETFs to process transactions including redeeming securities, violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs associated with the implementation of any corrective measures. Similar adverse consequences could result from cyber incidents affecting the issuers of securities in which the BMO ETFs invest and counterparties with which the BMO ETFs engage in transactions.

In addition, substantial costs may be incurred to prevent any cyber incidents in the future. While the Manager and the BMO ETFs have established business continuity plans in the event of, and risk management systems to prevent, such cyber incidents, inherent limitations exist in such plans and systems including the possibility that certain risks have not been identified. Furthermore, the Manager and the BMO ETFs cannot control the cyber security plans and systems of the BMO ETFs’ service providers, the issuers of securities in which the BMO ETFs invest or any other third parties whose operations may affect the BMO ETFs or their Unitholders. As a result, the BMO ETFs and their Unitholders could be negatively affected.

### ***Potential Conflicts of Interest Risk***

The Manager and its directors and officers and their respective affiliates (including BMO Financial Group entities) and associates may engage in the promotion, management or investment management of other accounts, funds or trusts that invest primarily in the securities held by one or more BMO ETFs.

Although officers, directors and professional staff of the Manager will devote as much time to the BMO ETFs as is deemed appropriate to perform the Manager’s duties, the staff of the Manager may have conflicts in allocating their time and services among the BMO ETFs and the other funds managed by the Manager or BMO Financial Group entities.

### ***Significant Investor Risk***

A significant portion of the Units of a BMO ETF may be held by a single investor, including by another BMO ETF or another BMO-affiliated investment fund. If a significant investor were to buy or sell a substantial portion of Units of a BMO ETF, the market value of those Units might temporarily decline or increase, as the case may be, resulting in the Units being bought or sold at a greater discount or premium to the NAV per Unit of the BMO ETF than might be expected in the normal course due to the volume of Units being bought or sold. However, given that Unitholders and underwriters may exchange the Prescribed Number of Units of any BMO ETF at the NAV per Unit, the Manager believes that any large discounts or premiums to the NAV per Unit of a BMO ETF would be temporary. If a Unitholder purchases Units of a BMO ETF at a time when the market price of a Unit is at a premium to the NAV per Unit or sells Units of a BMO ETF at a time when the market price of a Unit is at a discount to the NAV per Unit because of a significant Unitholder buying or selling Units of a BMO ETF, the Unitholder may sustain a loss.

## Additional Risks Relating to an Investment in the Alternative BMO ETFs

	Call Risk	Commodity Risk	Counterparty Risk	Credit Rating Related Risk	Equity Investment Risk	Exchange Rate Risk	Extension Risk	General Risks of Debt Instruments	IBOR Transition Risk	Inflation Risk	Leverage Risk	Short Selling Risk	Use of Options Risk
BMO Long Short Canadian Equity ETF	✓		✓	✓	✓		✓	✓	✓	✓	✓	✓	✓
BMO Long Short US Equity ETF	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

### ***Call Risk***

During periods of falling interest rates, an issuer of a callable security may repay a security prior to its stated maturity, which may result in an Alternative BMO ETF reinvesting the proceeds of that security at a lower interest rate, reducing the applicable Alternative BMO ETF's income.

### ***Commodity Risk***

Certain Alternative BMO ETFs may invest directly or indirectly or gain exposure to commodities by investing in companies engaged in commodity-focused industries or by using ETFs. These investments, and therefore the value of the Alternative BMO ETF's investment in these commodities and the NAV, will be affected by changes in the price of commodities and which can fluctuate significantly in short time periods. Commodity prices can change as a result of a number of factors, including supply and demand, speculation, government and regulatory activities, international monetary and political factors, central bank activity and changes in interest rates and currency values.

### ***Counterparty Risk***

Transactions with an Alternative BMO ETF involving a counterparty are subject to the risk that the counterparty will not fulfill its obligation to the Alternative BMO ETF. Counterparty risk may arise because of the counterparty's financial condition (i.e., financial difficulties, bankruptcy, or insolvency), market activities and developments, or other reasons, whether foreseen or not. A counterparty's inability to fulfill its obligation may result in significant financial loss to the Alternative BMO ETF. The Alternative BMO ETF may be unable to recover its investment from the counterparty or may obtain a limited recovery, and/or recovery may be delayed.

### ***Credit Rating Related Risk***

Certain Alternative BMO ETFs may gain exposure to fixed-income securities directly or through the use of futures and other derivative contracts, or indirectly through other ETFs. The value of fixed-income securities depends, in part, on the perceived ability of the government or company which issued the securities to pay the interest and to repay the original investments. Securities held by certain Alternative BMO ETFs that are considered below investment grade may be subject to greater levels of credit or default risk than higher-rated securities. High yield securities are often issued by highly-leveraged firms or by smaller, less creditworthy firms. These securities may be more volatile than higher-rated securities of similar duration. Although generally considered less volatile than equity securities, certain types of fixed-income securities and certain market conditions may result in significant volatility in the value of one or more fixed-income investments to which an Alternative BMO ETF may be exposed. In addition, the possibility that any security could have its credit rating downgraded or that it could default by failing to make scheduled interest and/or principal payments could potentially reduce an Alternative BMO ETF's income and Unit price.

### ***Equity Investment Risk***

Equities such as common shares give the holder part ownership in a company. The value of an equity security changes with the fortunes of the company that issued it. General market conditions and the health of the economy as a whole can also affect equity prices. Certain securities may be particularly sensitive to general market movements, which may result in a greater degree of price volatility for such securities and in the NAV of an Alternative BMO ETF that invests in such securities under specific market conditions and over time. Equity related securities that provide indirect exposure to the equity securities of an issuer, such as convertible debentures, can also be affected by equity risk.

### ***Exchange Rate Risk***

Changes in foreign currency exchange rates may affect the NAV of Alternative BMO ETFs that hold investments denominated in currencies other than the currency in which the Units of the Alternative BMO ETFs are denominated.

### ***Extension Risk***

During periods of rising interest rates, an issuer may exercise its right to pay principal on an obligation later than expected. Under these circumstances, the value of the obligation will decrease and the Alternative BMO ETF's performance may suffer from its inability to invest in higher yielding securities.

### ***General Risks of Debt Instruments***

Investment in certain of the Alternative BMO ETFs should be made with an understanding that the value of the underlying debt securities will be affected by changes in the general level of interest rates. Generally, debt securities will decrease in value when interest rates rise and will increase in value when interest rates decline. Securities with longer durations tend to be more interest rate sensitive, which may make them more volatile than securities with shorter durations. The NAV of certain Alternative BMO ETFs will fluctuate with interest rate changes and the corresponding changes in the value of the securities held by the Alternative BMO ETF. The value of the bonds held by an Alternative BMO ETF may be affected by price changes due to a change in general economic conditions. In addition, to the extent an Alternative BMO ETF invests in instruments with a negative yield (e.g. where there are negative interest rates), its value could be impaired.

### ***IBOR Transition Risk***

Various regulators and industry bodies are working globally on transitioning from interbank offered rates (“IBORs”), including the London Interbank Offered Rate (LIBOR), to alternative rates. The effect of such a transition on an Alternative BMO ETF and the securities in which it invests cannot yet be determined, and may depend on factors that include, but are not limited to: (i) existing fallback or termination provisions in individual contracts; and (ii) whether, how, and when industry participants develop and adopt new reference rates and fallbacks for both legacy and new products and instruments. Such transition may result in a reduction in the value of IBOR-based instruments held by an Alternative BMO ETF and increased illiquidity and volatility in markets that currently rely on an IBOR to determine interest rates, any of which could adversely impact an Alternative BMO ETF's performance.

### ***Inflation Risk***

Inflation is an investment risk which has not been considered for many years. However, it is possible that the value of fixed income investments could depreciate as the level of inflation rises in the country of origin. Inflation rates are generally measured by government and are reported as the Consumer Price Index (“CPI”). During times of higher and rising rates of the CPI, investors are better protected by being invested in hard asset investments such as real estate, commodities and precious metals or mutual funds that invest in companies in these industries.

### ***Leverage Risk***

When an Alternative BMO ETF makes investments in derivatives, borrows cash for investment purposes, or uses short sales on equities, fixed income securities or other portfolio assets, leverage may be introduced into the Alternative BMO ETF. Leverage occurs when an Alternative BMO ETF's notional exposure to underlying assets is

greater than the amount invested. It is an investment technique that can magnify gains and losses. Consequently, any adverse change in the value or level of the underlying asset, rate or index may amplify losses compared to those that would have been incurred if the underlying asset had been directly held by the Alternative BMO ETF and may result in losses greater than the amount invested in the derivative itself. Leverage may increase volatility, may impair the Alternative BMO ETF's liquidity and may cause the Alternative BMO ETF to liquidate positions at unfavourable times.

### ***Short Selling Risk***

Certain of the Alternative BMO ETFs may engage in short selling consistent with their investment objectives and as permitted by the securities regulatory authorities. A "**short sale**" is where the Alternative BMO ETF borrows securities from a borrowing agent which are then sold in the open market (or "**sold short**"). At a later date, the same number of securities are repurchased by the Alternative BMO ETF and returned to the borrowing agent. In the interim, the proceeds from the first sale are deposited with the borrowing agent and the Alternative BMO ETF pays interest to the borrowing agent with respect to the securities being borrowed. If the value of the securities declines between the time that the Alternative BMO ETF borrows the securities and the time it repurchases and returns the securities, the Alternative BMO ETF makes a profit for the difference (less any interest the Alternative BMO ETF is required to pay to the borrowing agent). Short selling involves certain risks. There is no assurance that securities will decline in value during the period of the short sale sufficient to offset the interest paid by the Alternative BMO ETF and make a profit for the Alternative BMO ETF, and securities sold short may instead appreciate in value. The Alternative BMO ETF also may experience difficulties repurchasing and returning the borrowed securities if a liquid market for the securities does not exist. The borrowing agent from whom the Alternative BMO ETF has borrowed securities may go bankrupt and the Alternative BMO ETF may lose the collateral it has deposited with the borrowing agent. If the Alternative BMO ETF engages in short selling, it will adhere to controls and limits that are intended to offset these risks by short selling only securities of larger issuers for which a liquid market is expected to be maintained and by limiting the amount of exposure for short sales. The Alternative BMO ETF also will deposit collateral only with borrowing agents that meet certain criteria for creditworthiness and only up to certain limits.

### ***Use of Options Risk***

Certain of the Alternative BMO ETFs are subject to the full risk of their investment position in the securities in their portfolio should the market price of such securities decline. In addition, such BMO ETFs are not expected to participate in a gain on a security subject to a call option, if the gain results in the market price of the security exceeding the exercise price of the option. In such circumstances, the holder of the option will likely exercise the option. The use of options may have the effect of limiting or reducing the total returns of an Alternative BMO ETF if the Portfolio Manager's expectations concerning future events or market conditions prove to be incorrect.

There can be no assurance that a liquid exchange or over-the-counter market will exist to permit any of the Alternative BMO ETFs to close out option positions should it desire to do so. The ability of an Alternative BMO ETF to close out its positions may also be affected by exchange-imposed daily trading limits. In addition, exchanges may suspend the trading of options in volatile markets. If an Alternative BMO ETF is unable to repurchase a call option that is in-the-money, it will be unable to realize its profits or limit its losses until such time as the option becomes exercisable or expires.

## **Additional Risks Relating to an Investment in the Index BMO ETF**

### ***Calculation and Termination of the Index Risk***

If the computer or other facilities of the Index Provider or the Exchange or other relevant stock exchange malfunction for any reason, calculation of value of the Index and the determination by the Manager of the Prescribed Number of Units and Baskets of Securities may be delayed and trading in Units may be suspended for a period of time.

In the event that the Index Provider ceases to calculate the Index or a License Agreement is terminated, the Manager may terminate the Index BMO ETF on 60 days' notice, change the investment objective of the Index BMO ETF, seek to replicate an alternative index or make such other arrangements as the Manager considers appropriate and in the best interests of Unitholders of the Index BMO ETF in the circumstances.

### ***Concentration and Sector Risk***

The Index BMO ETF, which seeks to replicate the performance of the Index, may have more of its net assets invested in one or more issuers than is usually permitted for mutual funds. Consequently, the Index BMO ETF's portfolio may be less diversified when compared to a less concentrated investment portfolio. Also, the NAV of the Index BMO ETF may be more volatile than that of a more broadly-diversified portfolio and may fluctuate substantially over short periods of time. Although a more concentrated portfolio can sometimes result in increased liquidity risk, which may, in turn, have an effect on the ability of a mutual fund to satisfy redemptions, the Portfolio Manager does not believe these risks are material for the Index BMO ETF.

### ***Equity Investment Risk***

Equities such as common shares give the holder part ownership in a company. The value of an equity security changes with the fortunes of the company that issued it. General market conditions and the health of the economy as a whole can also affect equity prices. Certain securities may be particularly sensitive to general market movements, which may result in a greater degree of price volatility for such securities and in the NAV of a BMO ETF that invests in such securities under specific market conditions and over time. Equity related securities that provide indirect exposure to the equity securities of an issuer, such as convertible debentures, can also be affected by equity risk.

### ***Index Investment Strategy Risk***

The Index was not created by the Index Provider solely for the purpose of the Index BMO ETF. The Index Provider has the right to make adjustments or to cease calculating the Index without regard to the particular interests of the Manager, the Index BMO ETF or the Unitholders. Further, the Portfolio Manager will seek to replicate, to the extent possible, the performance of the Index. The Portfolio Manager will "passively manage" the Index BMO ETF by employing an investment strategy of buying and holding a proportionate share of the constituent securities of the Index in the same proportion as they are reflected in the Index or securities intended to replicate the performance of the Index including by a sampling methodology that is consistent with the investment objective of the Index BMO ETF. In general, if the Index BMO ETF uses a sampling methodology, or Other Securities, to construct its portfolio holdings, then the Index BMO ETF will tend to have greater tracking error to the Index versus an index ETF that fully replicates its respective index. In selecting securities for the Index BMO ETF, the Portfolio Manager will not "actively manage" the Index BMO ETF by undertaking any fundamental analysis of the securities it invests in for the Index BMO ETF nor will the Portfolio Manager buy or sell securities for the Index BMO ETF based on the Portfolio Manager's market, financial or economic analysis. Because the Portfolio Manager will not attempt to take defensive positions in declining markets, the adverse financial condition of an issuer represented in the Index will not necessarily result in the Index BMO ETF ceasing to hold the issuer's securities, unless such securities are removed from the Index.

### ***Index Tracking Risk***

The Index BMO ETF will not replicate exactly the performance of the Index because the total return generated by the Units will be reduced by the management fee payable to the Manager and transaction costs incurred in adjusting the portfolio of securities held by the Index BMO ETF and other expenses of the Index BMO ETF, whereas such transaction costs and expenses are not included in the calculation of the Index.

Also, deviations in the tracking of the Index by the Index BMO ETF could occur for a variety of reasons, including as a result of Other Securities being included in the portfolio of securities held by the Index BMO ETF. It is also possible that, for a period of time, the Index BMO ETF may not fully replicate the performance of the Index due to extraordinary circumstances.

Adjustments to the Basket of Securities necessitated by the rebalancing of or adjustment to the Index could affect the underlying market for the constituent securities of the Index, which in turn would be reflected in the value of the Index. Similarly, subscriptions for Units by the Designated Broker and Dealers may impact the market for constituent securities of the Index, as the Designated Broker or Dealer seeks to buy or borrow such securities to constitute Baskets of Securities to deliver to the Index BMO ETF as payment for the Units to be issued.

## Additional Risks Relating to an Investment in BMO USD Cash Management ETF and the Structured Outcome ETFs

	Buffer Loss Risk	Call Risk	Cap Risk	Converge Options Risk	Counterparty Risk	Credit Rating Related Risk	Equity Investment Risk	Exchange Rate Risk	General Risks of Debt Instruments	Inflation Risk	Target Outcome Period Risk	Tax Treatment of Options Risk	Use of Options Risk	U.S. Treasury Securities Risk
BMO Canadian Banks Accelerator ETF		✓	✓	✓	✓		✓				✓	✓	✓	
BMO USD Cash Management ETF					✓	✓		✓	✓	✓				✓
BMO US Equity Accelerator Hedged to CAD ETF		✓	✓	✓	✓		✓	✓			✓	✓	✓	
BMO US Equity Buffer Hedged to CAD ETF – October	✓	✓	✓	✓	✓		✓	✓			✓	✓	✓	

### **Buffer Loss Risk**

The investment strategy of BMO US Equity Buffer Hedged to CAD ETF – October seeks to provide exposure to the return of a Reference ETF in respect of units of such Reference ETF purchased on the first day of a Target Outcome Period and held for the entire Target Outcome Period (subject to the applicable cap) while limiting, or providing a buffer against, downside losses. There can be no guarantee that BMO US Equity Buffer Hedged to CAD ETF – October will be successful in their strategy to buffer against decreases in the market price of the applicable Reference ETF if the market price of the applicable Reference ETF decreases over the Target Outcome Period. BMO US Equity Buffer Hedged to CAD ETF – October do not provide principal protection and holders of units of BMO US Equity Buffer Hedged to CAD ETF – October may experience significant losses on their investment, including loss of their entire investment.

### **Call Risk**

During periods of falling interest rates, an issuer of a callable security may repay a security prior to its stated maturity, which may result in a BMO ETF reinvesting the proceeds of that security at a lower interest rate, reducing the applicable BMO ETF's income.

### **Cap Risk**

A new cap for each Structured Outcome ETF is established at the beginning of each Target Outcome Period and is dependent on prevailing market conditions. As a result, the cap may rise or fall from one Target Outcome Period to the next and is unlikely to remain the same for consecutive Target Outcome Periods.

The investment strategy of each Structured Outcome ETF seeks to provide income and appreciation that matches to the extent possible the return of a Reference Index or Reference ETF, or that provides approximately double (2x) the return of a Reference Index or Reference ETF, as applicable, in respect of units of such Reference ETF purchased on the first day of a Target Outcome Period and held for the entire Target Outcome Period, subject to a predetermined upside cap (before fees, expenses and taxes). If a Unitholder does not hold its Units of a Structured Outcome ETF for an entire Target Outcome Period, the returns realized by that Unitholder may not match the return that the applicable Structured Outcome ETF seeks to achieve. If the market price of the Reference ETF increases during a Target Outcome Period in excess of the cap for that Target Outcome Period, the Structured Outcome ETF will not benefit from those excess gains or any further distributions on the Reference ETF. In the event an investor purchases Units of a Structured Outcome ETF after the first day of a Target Outcome Period and the market price of the Reference ETF has risen to a level near to the cap, there may be little or no ability for that investor to experience an investment gain on their Units.

### ***Converge Options Risk***

Converge Options held by the Structured Outcome ETFs will be exercisable at the strike price only on their expiration date. Prior to the expiration date, the value of the Converge Options will be determined based upon market quotations or other recognized pricing methods. The value of the Converge Options prior to the expiration date may vary because of related factors other than the price of the applicable Reference ETF. Factors that may influence the value of the Converge Options, other than changes in the price of the applicable Reference ETF, may include changes in the value of a related market index, interest rate changes, changing supply and demand, decreased liquidity of the Converge Options, remaining time to expiration of the Converge Option and changing volatility levels of the Reference ETF. In addition, the value of Converge Options does not increase or decrease at the same rate as the price of the applicable Reference ETF or its underlying securities. Converge Option prices may be highly volatile and may fluctuate substantially during a short period of time.

Converge Options are not listed on an exchange and are less liquid than other exchange-traded options. In the absence of a readily available market, the ability of the applicable Structured Outcome ETFs to value the Converge Options becomes more difficult and the judgment of the Valuation Agent may play a greater role in the valuation of the holdings of such Structured Outcome ETFs due to the reduced availability of reliable objective pricing data.

The Canadian Derivatives Clearing Corporation (“CDCC”) may be unable or unwilling to perform its obligations under the Converge Option contracts.

### ***Counterparty Risk***

Transactions with a Structured Outcome ETF involving a counterparty are subject to the risk that the counterparty will not fulfill its obligation to the Structured Outcome ETF. Counterparty risk may arise because of the counterparty’s financial condition (i.e., financial difficulties, bankruptcy, or insolvency), market activities and developments, or other reasons, whether foreseen or not. A counterparty’s inability to fulfill its obligation may result in significant financial loss to the BMO ETF. The Structured Outcome ETF may be unable to recover its investment from the counterparty or may obtain a limited recovery, and/or recovery may be delayed.

### ***Credit Rating Related Risk***

BMO USD Cash Management ETF may gain exposure to fixed-income securities directly or through the use of futures and other derivative contracts, or indirectly through other ETFs. The value of fixed-income securities depends, in part, on the perceived ability of the government or company which issued the securities to pay the interest and to repay the original investments. Securities held by BMO USD Cash Management ETF that are considered below investment grade may be subject to greater levels of credit or default risk than higher-rated securities. High yield securities are often issued by highly-leveraged firms or by smaller, less creditworthy firms. These securities may be more volatile than higher-rated securities of similar duration. Although generally considered less volatile than equity securities, certain types of fixed-income securities and certain market conditions may result in significant volatility in the value of one or more fixed-income investments to which BMO USD Cash Management ETF may be exposed. In addition, the possibility that any security could have its credit rating downgraded or that it could default by failing to make scheduled interest and/or principal payments could potentially reduce BMO USD Cash Management ETF’s income and Unit price.

### ***Equity Investment Risk***

Equities such as common shares give the holder part ownership in a company. The value of an equity security changes with the fortunes of the company that issued it. General market conditions and the health of the economy as a whole can also affect equity prices. Certain securities may be particularly sensitive to general market movements, which may result in a greater degree of price volatility for such securities and in the NAV of a Structured Outcome ETF that invests in such securities under specific market conditions and over time. Equity related securities that provide indirect exposure to the equity securities of an issuer, such as convertible debentures, can also be affected by equity risk.

### ***Exchange Rate Risk***

Changes in foreign currency exchange rates may affect the NAV of BMO USD Cash Management ETF and the Structured Outcome ETFs that hold investments denominated in currencies other than the currency in which the Units of BMO USD Cash Management ETF and the Structured Outcome ETFs are denominated.

### ***General Risks of Debt Instruments***

Investment in BMO USD Cash Management ETF should be made with an understanding that the value of the underlying debt securities will be affected by changes in the general level of interest rates. Generally, debt securities will decrease in value when interest rates rise and will increase in value when interest rates decline. Securities with longer durations tend to be more interest rate sensitive, which may make them more volatile than securities with shorter durations. The NAV of BMO USD Cash Management ETF will fluctuate with interest rate changes and the corresponding changes in the value of the securities held by BMO USD Cash Management ETF. The value of the bonds held by BMO USD Cash Management ETF may be affected by price changes due to a change in general economic conditions. In addition, to the extent BMO USD Cash Management ETF invests in instruments with a negative yield (e.g. where there are negative interest rates), its value could be impaired.

### ***Inflation Risk***

Inflation is an investment risk which has not been considered for many years. However, it is possible that the value of fixed income investments could depreciate as the level of inflation rises in the country of origin. Inflation rates are generally measured by government and are reported as the Consumer Price Index (“CPI”). During times of higher and rising rates of the CPI, investors are better protected by being invested in hard asset investments such as real estate, commodities and precious metals or mutual funds that invest in companies in these industries.

### ***Reference ETF Risk***

The Structured Outcome ETFs will invest in Converge Options that reference the price return of the applicable Reference ETF. Accordingly, a Structured Outcome ETFs will be subject to the risks of the applicable Reference ETF. The market price of the Reference ETF will fluctuate over time based on the value of the securities held by the Reference ETF which may be affected by changes in general economic conditions, expectations for future growth and profits, interest rates and supply and demand for the securities in which the Reference ETF invests.

In the event that a Reference ETF is terminated, the Manager may seek to purchase Converge Options which reference an alternative exchange-traded fund or make other arrangements as the Manager considers appropriate and in the best interest of Unitholders in the circumstances which may, if deemed appropriate by the Manager, include terminating a Structured Outcome ETF.

### ***Target Outcome Period Risk***

The investment strategy of the Structured Outcome ETFs is designed to deliver income and appreciation that matches to the extent possible the return of a Reference ETF or that provides approximately double (2x) the return of a Reference ETF, as applicable, subject to a predetermined cap, and in the case of BMO US Equity Buffer Hedged to CAD ETF – October, to provide a buffer against the first 15% (before fees, expenses and taxes) of a decrease in the market price of the Reference ETF, if Units are bought on the day on which the Structured Outcome ETF enters into the Converge Options (i.e., the first day of a Target Outcome Period) and are held until those Converge Options expire at the end of the Target Outcome Period. In the event an investor purchases Units after the first day of a Target Outcome Period or sells Units prior to the expiration of the Target Outcome Period, the value of that Unitholder’s Units may not be buffered against a decline in the market price of the Reference ETF (if applicable) and may not participate in any gain as a result of the increase in the market price of the Reference ETF up to the predetermined cap for the Unitholder’s investment period.

### ***Tax Treatment of Options Risk***

In determining its income for tax purposes, the Structured Outcome ETFs will treat option premiums received on the writing of call options and put options as being on capital or on income account in accordance with the CRA’s

published administrative policies. The CRA's practice is not to grant advance income tax rulings on the characterization of items as capital or income and no advance income tax ruling has been applied for or received from the CRA. Accordingly, there is a risk that the CRA may not agree with the tax treatment adopted by the Structured Outcome ETFs. In such case, if some or all of the transactions undertaken by a Structured Outcome ETF were treated on income rather than capital account (whether because of the DFA Rules discussed under "Risk Factors – General Risks Relating to an Investment in the BMO ETFs – Taxation Risk", or otherwise), the net income of the applicable Structured Outcome ETF for tax purposes and the taxable component of distributions to Unitholders could increase, and such Structured Outcome ETF could be liable for income tax. Any such redetermination by the CRA may also result in such Structured Outcome ETF being liable for unremitted withholding taxes on prior distributions made to Unitholders who were not resident in Canada for the purposes of the Tax Act at the time of the distribution. Such potential liability may reduce NAV of, or trading prices of, the Units of the Structured Outcome ETF.

### ***Use of Options Risk***

Certain of the Structured Outcome ETFs are subject to the full risk of their investment position in the securities in their portfolio should the market price of such securities decline. In addition, such Structured Outcome ETFs are not expected to participate in a gain on a security subject to a call option, if the gain results in the market price of the security exceeding the exercise price of the option. In such circumstances, the holder of the option will likely exercise the option. The use of options may have the effect of limiting or reducing the total returns of a Structured Outcome ETF if the Portfolio Manager's expectations concerning future events or market conditions prove to be incorrect.

There can be no assurance that a liquid exchange or over-the-counter market will exist to permit any of the Structured Outcome ETFs to close out option positions should it desire to do so. The ability of a Structured Outcome ETF to close out its positions may also be affected by exchange-imposed daily trading limits. In addition, exchanges may suspend the trading of options in volatile markets. If a Structured Outcome ETF is unable to repurchase a call option that is in-the-money, it will be unable to realize its profits or limit its losses until such time as the option becomes exercisable or expires.

### ***U.S. Treasury Securities Risk***

BMO USD Cash Management ETF intends to invest primarily in US money market securities. The public debt of the United States as a percentage of gross domestic product has grown since the beginning of the 2007-2009 financial downturn. High debt levels may create certain systemic risks. A high national debt level may increase market pressures to meet government funding needs, which may drive debt cost higher and cause the United States to sell additional debt, thereby increasing refinancing risk. A high national debt also raises concerns that a government will not be able to make principal or interest payments when they are due. In the worst case, unsustainably high debt levels can cause a decline in the value of the U.S. dollar and can prevent the U.S. government from implementing effective fiscal policy in economic downturns. A downgrade of the ratings of U.S. government debt obligations, which are often used as a benchmark for other borrowing arrangements, could result in higher interest rates for individual and corporate borrowers, cause disruptions in the international bond markets and have a negative effect on the U.S. economy. A downgrade of U.S. Treasury securities by a rating agency may also cause the value of any U.S. treasury securities held by BMO USD Cash Management ETF to decline.

### **Risk Ratings of the BMO ETFs**

The Manager assigns an investment risk rating to each BMO ETF to provide further information to help investors determine whether the BMO ETF is appropriate for an investor. The methodology that the Manager uses to determine the investment risk level of each BMO ETF, for purposes of disclosure in this prospectus and in the ETF Facts, is required to be determined in accordance with a standardized risk classification methodology that is based on a BMO ETF's historical volatility as measured by the 10-year standard deviation of the monthly returns of the BMO ETF, assuming the reinvestment of all income and capital gains distributions in additional securities of the BMO ETF. However, other types of risk, both measurable and non-measurable, may exist. It is also important to note that a BMO ETF's historical volatility may not be indicative of its future volatility.

Using this methodology, the Manager will generally assign an investment risk level based on a BMO ETF's historical 10-year standard deviation in one of the following categories:

- Low
- Low to medium
- Medium
- Medium to high
- High

In certain instances, the methodology set forth above may produce an investment risk level for a BMO ETF which the Manager believes may be too low and not indicative of the BMO ETF's future volatility. As a result, in addition to using the standardized risk classification methodology described above, the Manager may increase a BMO ETF's investment risk level if it determines that to be reasonable in the circumstances by taking into account other qualitative factors including, but not limited to, economic climate, portfolio management styles, sector concentration and types of investments made by the BMO ETF and the liquidity of those investments.

In addition, if a BMO ETF does not have at least 10 years of performance history, then the return history of a reference index that reasonably approximates, or in the case of a newly established BMO ETF is expected to reasonably approximate, the standard deviation of the BMO ETF, will be used for the remainder of the 10-year period when calculating the standard deviation of the BMO ETF. In the case of a BMO ETF that has a change to its investment objectives, the BMO ETF will use its own performance history following the change and use the return history of a reference index that reasonably approximates the standard deviation of the BMO ETF for the remainder of the 10-year period. This risk classification may change once the BMO ETF has sufficient performance history. The investment risk level and the reference index for each BMO ETF are reviewed at least annually and when it is no longer reasonable in the circumstances, such as where there is a material change in a BMO ETF's investment objectives and/or investment strategies.

Details about the standardized risk classification methodology used to identify the investment risk level of each BMO ETF are available on request, at no cost to you, by calling the BMO Investment Centre at 1-800-665-7700, or writing to the Manager, BMO Asset Management Inc., at 250 Yonge Street, 7th Floor, Toronto, Ontario M5B 2M8.

The risk ratings set forth in the table below do not necessarily correspond to an investor's risk tolerance assessment. Investors are advised to consult their financial advisor for advice regarding an individual investor's personal circumstances.

***Risk Ratings of the Alternative BMO ETFs***

<b>TICKER</b>	<b>BMO ETF</b>	<b>RISK RATING</b>
ZLSC	BMO Long Short Canadian Equity ETF	Low to medium
ZLSU	BMO Long Short US Equity ETF	Low to medium

BMO Long Short Canadian Equity ETF's risk classification is based on the returns of 50% S&P/TSX Capped Composite Index and 50% FTSE Canada 91 Day T-Bill Index. The S&P/TSX Capped Composite Index includes top-ranked Canadian stocks, representing approximately 95% of the Canadian equity market. It is the primary gauge for performance of Canadian-based, TSX-listed companies. The FTSE Canada 91 Day T-Bill Index tracks the performance of Government of Canada Treasury Bills with 91 days to maturity.

BMO Long Short US Equity ETF's risk classification is based on returns of 50% S&P 500 Index and 50% Bloomberg U.S. Treasury Total Return Index (C\$). The S&P 500 Index is a market capitalization-weighted index of securities of 500 of the largest U.S. listed issuers provided by S&P. The Bloomberg U.S. Treasury Index measures U.S. dollar-denominated, fixed-rate, nominal debt issued by the U.S. Treasury.

***Risk Rating of the Index BMO ETF***

<b>TICKER</b>	<b>BMO ETF</b>	<b>RISK RATING</b>
ZIU	BMO S&P/TSX 60 Index ETF	Medium

BMO S&P/TSX 60 Index ETF's risk classification is based on the returns of the S&P/TSX 60 Index. The S&P/TSX 60 Index consists of 60 large-capitalization Canadian public issuers.

***Risk Ratings of the Non-Index BMO ETFs***

<b>TICKER</b>	<b>BMO ETF</b>	<b>RISK RATING</b>
ZEBA	BMO Canadian Banks Accelerator ETF	Medium
ZUCM	BMO USD Cash Management ETF	Low to Medium
ZUCM.U	BMO USD Cash Management ETF	Low
ZUEA	BMO US Equity Accelerator Hedged to CAD ETF	Medium
ZOCT	BMO US Equity Buffer Hedged to CAD ETF – October	Medium

BMO Canadian Banks Accelerator ETF's risk classification is based on the returns of the Solactive Equal Weight Canada Banks Index. The Solactive Equal Weight Canada Banks Index includes Canadian exchange listed securities in the diversified bank industry. Constituents are subject to minimum market capitalization and liquidity screens.

BMO USD Cash Management ETF's risk classification is based on the returns of the Bloomberg U.S. Treasury Bill 1-3 Months Index. The Bloomberg U.S. Treasury Bill 1-3 Months Index tracks the market for treasury bills with 1 to 2.99 months to maturity issued by the U.S. government.

BMO US Equity Accelerator Hedged to CAD ETF's risk classification is based on the returns of the S&P 500 Hedged to Canadian Dollars Index. The S&P 500 Hedged to Canadian Dollars Index is a market capitalization-weighted index of securities of 500 of the largest U.S. public issuers provided by S&P, hedged to Canadian dollars.

BMO US Equity Buffer Hedged to CAD ETF – October's risk classification is based on the returns of the S&P 500 Hedged to Canadian Dollars Index. The S&P 500 Hedged to Canadian Dollars Index is a market capitalization-weighted index of securities of 500 of the largest U.S. public issuers provided by S&P, hedged to Canadian dollars.

**DISTRIBUTION POLICY**

**Distributions**

Cash distributions on Units of a BMO ETF will be made in the currency in which the Units of the BMO ETF are denominated and as set forth in the following table, if at all.

<b>Frequency of Distributions Alternative BMO ETFs</b>			
<b>Alternative BMO ETF</b>	<b>Monthly</b>	<b>Quarterly</b>	<b>Annually</b>
BMO Long Short Canadian Equity ETF		✓	
BMO Long Short US Equity ETF		✓	
<b>Frequency of Distributions Index BMO ETF</b>			
<b>Index BMO ETF</b>	<b>Monthly</b>	<b>Quarterly</b>	<b>Annually</b>
BMO S&P/TSX 60 Index ETF		✓	
<b>Frequency of Distributions</b>			

Non-Index BMO ETFs			
Non-Index BMO ETF	Monthly	Quarterly	Annually
BMO Canadian Banks Accelerator ETF		✓	
BMO USD Cash Management ETF	✓		
BMO US Equity Accelerator Hedged to CAD ETF		✓	
BMO US Equity Buffer Hedged to CAD ETF – October			✓

Depending on the underlying investments of a BMO ETF, distributions on Units may consist of ordinary income, including foreign source income, sourced from foreign dividends, distributions or interest received by the BMO ETF and dividends from taxable Canadian corporations but may also include net realized capital gains, in any case, less the expenses of the BMO ETF and may include returns of capital. Cash distributions on Units of a BMO ETF are expected to be paid primarily out of dividends or distributions, and other income or gains, received by the BMO ETF less the expenses of the BMO ETF, but may also consist of non-taxable amounts including returns of capital, which may be paid in the Manager’s sole discretion. To the extent that the expenses of a BMO ETF exceed the income generated by such BMO ETF in any given month, quarter or year, as the case may be, it is not expected that a monthly, quarterly or annual distribution will be paid.

For each taxation year, each BMO ETF will ensure that its net income (including income received from special dividends on securities held by that BMO ETF) and net realized capital gains, if any, have been distributed to Unitholders to such an extent that the BMO ETF will not be liable for ordinary income tax thereon. To the extent that a BMO ETF has not distributed the full amount of its net income or net realized capital gains in any taxation year, the difference between such amount and the amount actually distributed by the BMO ETF will be paid as a “reinvested distribution”. Reinvested distributions, net of any required withholding taxes, will be reinvested automatically in additional Units at a price equal to the NAV per Unit of the BMO ETF and the Units will be immediately consolidated such that the number of outstanding Units of each class following the distribution will equal the number of Units of each class outstanding prior to the distribution.

A BMO ETF can generally choose to make a distribution that is a return of capital. Also, a BMO ETF will be considered to distribute a return of capital if it distributes more than its net income and net realized capital gains. In any case, provided an investor holds securities as capital property, a distribution that is a return of capital is not included in the investor’s income, but instead reduces the Adjusted Cost Base of the securities on which it was paid. When an investor eventually redeems the securities, it may realize a larger capital gain (or smaller capital loss). If the Adjusted Cost Base of an investor’s securities is reduced to less than zero while the investor continues to hold them, the investor will be deemed to realize an immediate capital gain equal to the negative amount and the investor’s Adjusted Cost Base will be increased to zero. A distribution that is a return of capital should not be confused with return on investment or “yield”. Investors should not draw any conclusions about a BMO ETF’s investment performance from the amount of a return of capital it distributes.

In addition to the distributions described above, a BMO ETF may from time to time pay additional distributions on its Units, including without restriction in connection with a special dividend or in connection with returns of capital.

See “Income Tax Considerations”.

### Distribution Reinvestment Plan

The BMO ETFs have adopted a Distribution Reinvestment Plan, which provides that a Unitholder (a “**Plan Participant**”) may elect to automatically reinvest all cash distributions paid on Units held by that Plan Participant in additional Units (“**Plan Units**”) in accordance with the terms of the Distribution Reinvestment Plan (a copy of which is available through your broker or dealer) and the distribution reinvestment agency agreement between the Manager,

on behalf of the BMO ETF, and the Plan Agent, as may be amended. The key terms of the Distribution Reinvestment Plan are as described below.

Unitholders who are not residents of Canada may not participate in the Distribution Reinvestment Plan and any Unitholder who ceases to be a resident of Canada will be required to terminate its participation in the Distribution Reinvestment Plan. No BMO ETF will be required to purchase Plan Units if such purchase would be illegal.

A Unitholder who wishes to enroll in the Distribution Reinvestment Plan as of a particular Distribution Record Date should notify the CDS Participant through which that Unitholder holds Units sufficiently in advance of that Distribution Record Date to allow such CDS Participant to notify CDS by 4:00 p.m. on the distribution record date.

Distributions that Plan Participants are due to receive will be used to purchase Plan Units on behalf of such Plan Participants in the market.

No fractional Plan Units will be purchased under the Distribution Reinvestment Plan. Any funds remaining after the purchase of whole Plan Units will be credited to the Plan Participant via its CDS Participant in lieu of fractional Plan Units.

The automatic reinvestment of the distributions under the Distribution Reinvestment Plan will not relieve Plan Participants of any income tax applicable to such distributions. See “Income Tax Considerations – Taxation of Unitholders”.

Plan Participants may voluntarily terminate their participation in the Distribution Reinvestment Plan as of a particular Distribution Record Date by notifying their CDS Participant sufficiently in advance of that distribution record date. Plan Participants should contact their CDS Participant to obtain details of the appropriate procedures for terminating their participation in the Distribution Reinvestment Plan. Beginning on the first Distribution Payment Date after such notice is received from a Plan Participant and accepted by a CDS Participant, distributions to such Plan Participant will be made in cash. Any expenses associated with the preparation and delivery of such termination notice will be borne by the Plan Participant exercising its right to terminate participation in the Distribution Reinvestment Plan. The Manager may terminate the Distribution Reinvestment Plan, in its sole discretion, upon not less than 30 days’ notice to: (i) registered participants in the Distribution Reinvestment Plan; (ii) the CDS Participants through which the Plan Participants hold their Units; (iii) the Plan Agent; and (iv) if necessary, the Exchange.

The Manager may amend, modify or suspend the Distribution Reinvestment Plan at any time in its sole discretion, provided that it receives prior approval for amendments from the Exchange and gives notice of the amendment, modification or suspension to: (i) registered participants in the Distribution Reinvestment Plan; (ii) the CDS Participants through which the Plan Participants hold their Units; (iii) the Plan Agent; and (iv) if necessary, the Exchange.

## **PURCHASES OF UNITS**

### **Initial Investment in the BMO ETFs**

In compliance with NI 81-102, the BMO ETFs will not issue Units to the public until orders aggregating not less than \$500,000 have been received and accepted by the BMO ETF from investors other than the Manager or its directors, officers or securityholders.

### **Continuous Distribution**

Units of the BMO ETFs are being issued and sold on a continuous basis and there is no maximum number of Units that may be issued.

### **Designated Brokers**

The Manager, on behalf of each of the BMO ETFs, has entered into a Designated Broker Agreement with a Designated Broker pursuant to which the Designated Broker agrees to perform certain duties relating to the BMO ETF including, without limitation: (i) to subscribe for a sufficient number of Units to satisfy the Exchange’s original listing

requirements; (ii) to subscribe for Units on an ongoing basis in connection with the rebalancing of and adjustments to the Index or portfolio as described under “Investment Strategies – Specific Investment Strategies of the Index BMO ETF – Rebalancing and Adjustment of the Index” and when cash redemptions of Units occur as described under “Redemption and Exchange of Units”; and (iii) to post a liquid two-way market for the trading of Units on the Exchange. The Manager may, in its discretion from time to time, reimburse any Designated Broker for certain expenses incurred by the Designated Broker in performing these duties.

The Designated Broker Agreements provide that the Manager may from time to time and, in any event not more than once quarterly, require the Designated Broker to subscribe for Units of a BMO ETF for cash in a dollar amount not to exceed 0.30% of the NAV of the BMO ETF. The number of Units issued will be the subscription amount divided by the NAV per Unit next determined following the delivery by the Manager of a subscription notice to the Designated Broker. Payment for the Units must be made by the Designated Broker, and the Units will be issued, by no later than the second Trading Day after the subscription notice has been delivered (or such shorter period as may be determined by the Manager in response to changes in applicable law or general changes to settlement procedures in applicable markets).

## **Issuance of Units**

### ***To Designated Brokers and Dealers***

All orders to purchase Units directly from the BMO ETFs must be placed by Designated Brokers or Dealers. The BMO ETFs reserve the absolute right to reject any subscription order placed by a Designated Broker or Dealer. No fees will be payable by a BMO ETF to a Designated Broker or Dealer in connection with the issuance of Units. On the issuance of Units, the Manager may, in its discretion, charge an administrative fee to a Designated Broker or Dealer to offset the expenses (including any applicable additional TSX listing fees) incurred in issuing the Units.

On any Trading Day, a Designated Broker or Dealer may place a subscription order for the Prescribed Number of Units (or an integral multiple thereof or such number of Units as the Manager may permit) of a BMO ETF. If a subscription order is received by the BMO ETF by 9:00 a.m. on a Trading Day (or such later time on such Trading Day as the Manager may permit), the BMO ETF will issue to the Designated Broker or Dealer the Units (i) other than in respect of BMO USD Cash Management ETF, by no later than the second business day after the date on which the subscription order is accepted; (ii) by no later than the next business day after the date on which the subscription order is accepted for BMO USD Cash Management ETF; or (iii) in each case, in such shorter period as may be determined by the Manager in response to changes in applicable law or general changes to settlement procedures in applicable markets, in each case provided that payment for such Units has been received.

For each Prescribed Number of Units of a BMO ETF issued, a Designated Broker or Dealer must deliver payment consisting of, in the Manager’s discretion: (i) one Basket of Securities and cash in an amount sufficient so that the value of the securities and the cash received is equal to the NAV of the Units next determined following the receipt of the subscription order; (ii) cash in an amount equal to the NAV of the Units next determined following the receipt of the subscription order; or (iii) a combination of securities and cash, as determined by the Manager, in an amount sufficient so that the value of the securities and cash received is equal to the NAV of the Units next determined following the receipt of the subscription order.

The Basket of Securities for each BMO ETF will be made available to such BMO ETF’s Designated Broker and Dealers on each Trading Day. The Manager may, in its discretion, increase or decrease the Prescribed Number of Units from time to time.

### ***To Designated Brokers in Special Circumstances***

Units may be issued by a BMO ETF to Designated Brokers in connection with the rebalancing of and adjustments to the BMO ETF or its portfolio as described under “Investment Strategies – Specific Investment Strategies of the Index BMO ETF – Rebalancing and Adjustment of the Index” and when cash redemptions of Units occur as described below under “Redemption and Exchange of Units – Redemption of Units for Cash”.

### ***To Unitholders as Reinvested Distributions***

Units may be issued by a BMO ETF to Unitholders of the BMO ETF on the automatic reinvestment of special dividends and other reinvested distributions. See “Distribution Policy” and “Income Tax Considerations”.

### **Buying and Selling Units**

Investors are able to buy or sell Units through registered brokers and dealers in the province or territory where the investor resides. Investors may incur customary brokerage commissions in buying or selling Units. The BMO ETFs issue Units directly to the Designated Brokers and Dealers.

From time to time as may be agreed by a BMO ETF and the Designated Brokers and Dealers, the Designated Brokers and Dealers may agree to accept securities as payment for Units from prospective purchasers.

### **Special Considerations for Unitholders**

The provisions of the so-called “early warning” requirements set out in Canadian Securities Legislation do not apply in connection with the acquisition of Units. In addition, the BMO ETFs have obtained exemptive relief from the securities regulatory authorities to permit Unitholders to acquire more than 20% of the Units of any BMO ETF through purchases on the Exchange without regard to the take-over bid requirements of Canadian Securities Legislation, provided that any such Unitholder, and any person acting jointly or in concert with the Unitholder, undertakes to the Manager not to vote more than 20% of the Units of that BMO ETF at any meeting of Unitholders.

### **Non-Resident Unitholders**

At no time may: (i) non-residents of Canada; (ii) partnerships that are not Canadian partnerships; or (iii) a combination of non-residents of Canada and such partnerships (all as defined in the Tax Act), be the beneficial owners of a majority of the Units of a BMO ETF (on either a number of Units or fair market value basis) and the Manager shall inform the Registrar and Transfer Agent of each BMO ETF of this restriction. The Manager may require declarations as to the jurisdictions in which a beneficial owner of Units is resident and, if a partnership, its status as a Canadian partnership. If the Manager becomes aware, as a result of requiring such declarations as to beneficial ownership or otherwise, that the beneficial owners of 40% of the Units of a BMO ETF then outstanding (on either a number of Units or fair market value basis) are, or may be, non-residents and/or partnerships that are not Canadian partnerships, or that such a situation is imminent, the Manager may make a public announcement thereof. If the Manager determines that more than 40% of the Units of a BMO ETF (on either a number of Units or fair market value basis) are beneficially held by non-residents and/or partnerships that are not Canadian partnerships, the Manager may send a notice to such non-resident Unitholders and partnerships, chosen in inverse order to the order of acquisition or in such manner as the Manager may consider equitable and practicable, requiring them to sell their Units or a portion thereof within a specified period of not less than 30 days. If the Unitholders receiving such notice have not sold the specified number of Units or provided the Manager with satisfactory evidence that they are not non-residents or partnerships other than Canadian partnerships within such period, the Manager may on behalf of such Unitholders sell such Units and, in the interim, shall suspend the voting and distribution rights attached to such Units. Upon such sale, the affected holders shall cease to be beneficial holders of Units and their rights shall be limited to receiving the net proceeds of sale of such Units.

Notwithstanding the foregoing, the Manager may determine not to take any of the actions described above if the Manager has been advised by legal counsel that the failure to take any of such actions would not adversely impact the status of the BMO ETF as a mutual fund trust for purposes of the Tax Act or, alternatively, may take such other action or actions as may be necessary to maintain the status of the BMO ETF as a mutual fund trust for purposes of the Tax Act.

### **Registration and Transfer through CDS**

Registration of interests in, and transfers of, the Units will be made only through CDS. Units must be purchased, transferred and surrendered for exchange or redemption only through a CDS Participant. All rights of an owner of Units must be exercised through, and all payments or other property to which such owner is entitled will be made or delivered by, CDS or the CDS Participant through which the owner holds such Units. Upon purchase of any

Units, the owner will receive only the customary confirmation; physical certificates evidencing ownership will not be issued. References in this prospectus to a holder of Units mean, unless the context otherwise requires, the owner of the beneficial interest in such Units.

Neither the BMO ETFs nor the Manager will have any liability for: (i) records maintained by CDS relating to the beneficial interests in the Units or the book entry accounts maintained by CDS; (ii) maintaining, supervising or reviewing any records relating to such beneficial ownership interests; or (iii) any advice or representation made or given by CDS and made or given with respect to the rules and regulations of CDS or any action taken by CDS or at the direction of the CDS Participants.

The ability of a beneficial owner of Units to pledge such Units or otherwise take action with respect to such owner's interest in such Units (other than through a CDS Participant) may be limited due to the lack of a physical certificate.

The BMO ETFs have the option to terminate registration of the Units through the book-based system in which case certificates for Units in fully registered form will be issued to beneficial owners of such Units or to their nominees.

## **REDEMPTION AND EXCHANGE OF UNITS**

### **Redemption of Units for Cash**

On any Trading Day, Unitholders may redeem Units of any BMO ETF for cash at a redemption price per Unit equal to the lesser of: (i) 95% of the closing price for the Units on the Exchange on the effective day of the redemption; and (ii) the net asset value per Unit on the effective day of the redemption. Because Unitholders will generally be able to sell Units at the market price on the Exchange through a registered broker or dealer subject only to customary brokerage commissions, Unitholders are advised to consult their brokers, dealers or investment advisors before redeeming their Units for cash.

In order for a cash redemption to be effective on a Trading Day, a cash redemption request in the form prescribed by the Manager from time to time must be delivered to the applicable BMO ETF at its registered office by 9:00 a.m. on the Trading Day (or such later time on such Trading Day as the Manager may permit). If a cash redemption request is not received by the delivery deadline noted immediately above on a Trading Day, the cash redemption request will be effective only on the next Trading Day. Payment of the redemption price will be made (i) other than in respect of BMO USD Cash Management ETF, by no later than the second business day after the effective date of the redemption; (ii) by no later than the next business day after the effective date of the redemption for BMO USD Cash Management ETF; or (iii) in each case, such shorter period as may be determined by the Manager in response to changes in applicable law or general changes to settlement procedures in applicable markets. The cash redemption request forms may be obtained from any registered broker or dealer.

Investors that redeem Units prior to the ex-dividend date for any distribution will not be entitled to receive that distribution.

In connection with the redemption of Units, a BMO ETF will generally dispose of securities or other assets to satisfy the redemption. See "Income Tax Considerations – Taxation of the BMO ETFs".

### **Exchange of Units for Baskets of Securities and Cash**

On any Trading Day, Unitholders may exchange the Prescribed Number of Units (or an integral multiple thereof) for Baskets of Securities and cash. However, at the discretion of the Manager some BMO ETFs may only pay cash on the exercise by a Unitholder of the exchange right in respect of a Prescribed Number of Units.

To effect an exchange of Units, a Unitholder must submit an exchange request in the form prescribed by the Manager from time to time to the applicable BMO ETF at its registered office by 9:00 a.m. on a Trading Day (or such later time on such Trading Day as the Manager may permit). The exchange price will be equal to the NAV of the Units on the effective day of the exchange request, payable by delivery of Baskets of Securities and cash. The Units will be redeemed in the exchange.

If an exchange request is not received by the submission deadline noted immediately above on a Trading Day, the exchange order will be effective only on the next Trading Day. Settlement of exchanges for Baskets of Securities and cash will be made by no later than the second business day after the effective day of the exchange request, or such shorter period as may be determined by the Manager in response to changes in applicable law or general changes to settlement procedures in applicable markets. The securities to be included in the Baskets of Securities delivered on an exchange shall be selected by the Manager in its discretion.

Unitholders should be aware that the NAV per Unit will decline on the ex-dividend date of any distribution payable in cash on Units. A Unitholder that is not a holder of record on or after the ex-dividend date will not be entitled to receive that distribution.

If securities held by a BMO ETF are cease traded at any time by order of a securities regulatory authority or other relevant regulator or stock exchange, the delivery of such securities to a Unitholder on an exchange in the Prescribed Number of Units may be postponed until such time as the transfer of the securities is permitted by law.

### **Requests for Exchange and Redemption**

A Unitholder submitting an exchange or redemption request is deemed to represent to the BMO ETF and the Manager that: (i) it has full legal authority to tender the Units for exchange or redemption and to receive the proceeds of the exchange or redemption; and (ii) the Units have not been loaned or pledged and are not the subject of a repurchase agreement, securities lending agreement or a similar arrangement that would preclude the delivery of the Units to the BMO ETF. The Manager reserves the right to verify these representations at its discretion. Generally, the Manager will require verification with respect to an exchange or redemption request if there are unusually high levels of exchange or redemption activity or short interest in the applicable BMO ETF. If the Unitholder, upon receipt of a verification request, does not provide the Manager with satisfactory evidence of the truth of the representations, the Unitholder's exchange or redemption request will not be considered to have been received in proper form and will be rejected.

### **Suspension of Exchange and Redemption**

The Manager may suspend the redemption of Units or payment of redemption proceeds of a BMO ETF in the following extraordinary circumstances: (i) during any period when normal trading is suspended on a stock exchange or other market on which securities owned by the BMO ETF are listed and traded, if these securities represent more than 50% by value or underlying market exposure of the total assets of the BMO ETF, without allowance for liabilities, and if these securities are not traded on any other exchange that represents a reasonably practical alternative for the BMO ETF; or (ii) with the prior permission of the securities regulatory authorities, for any period not exceeding 30 days during which the Manager determines that conditions exist that render impractical the sale of assets of the BMO ETF or that impair the ability of the Valuation Agent to determine the value of the assets of the BMO ETF. The suspension may 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. All Unitholders making such requests shall be advised by the Manager of the suspension and that the redemption will be effected at a price determined on the first Valuation Date following the termination of the suspension. All such Unitholders shall have and shall be advised that they have the right to withdraw their requests for redemption. The suspension shall 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 not inconsistent with official rules and regulations promulgated by any government body having jurisdiction over the BMO ETFs, any declaration of suspension made by the Manager shall be conclusive.

### **Costs Associated with Exchange and Redemption**

The Manager may charge to Unitholders, in its discretion, an administrative fee of up to 0.05% of the exchange or redemption proceeds of the BMO ETF to offset certain transaction costs associated with the exchange or redemption of Units of a BMO ETF.

## **Exchange and Redemption of Units through CDS Participants**

The exchange and redemption rights described above must be exercised through the CDS Participant through which the owner holds Units. Beneficial owners of Units should ensure that they provide exchange and/or redemption instructions to the CDS Participants through which they hold Units sufficiently in advance of the cut-off times described above to allow such CDS Participants to notify CDS and for CDS to notify the Manager prior to the relevant cut-off time.

## **Short-Term Trading**

At the present time, the Manager is of the view that it is not necessary to impose any short-term trading restrictions on the BMO ETFs as Units of the BMO ETFs are generally traded by investors on an exchange in the secondary market in the same way as other listed securities. In the few situations where the BMO ETFs are not purchased in the secondary market, purchases usually involve a Designated Broker or a Dealer upon whom the Manager may impose a redemption fee, which is intended to compensate the applicable BMO ETF for any costs and expenses incurred in relation to the trade.

## **PRICE RANGE AND TRADING VOLUME OF UNITS**

Information regarding the market price range and trading volume of the Units is not yet available because the BMO ETFs are new.

## **INCOME TAX CONSIDERATIONS**

In the opinion of Blake, Cassels & Graydon LLP, the following is, as of the date hereof, a summary of the principal Canadian federal income tax considerations under the Tax Act for the BMO ETFs and for a prospective investor in a BMO ETF that, for the purpose of the Tax Act at all relevant times, is an individual (other than a trust), is resident in Canada, holds Units of the BMO ETF as capital property, has not entered and will not enter into a “derivative forward agreement” as that term is defined in the Tax Act with respect to Units of the BMO ETF, and is not affiliated with the BMO ETF or any Designated Broker or Dealer and deals at arm’s length with the BMO ETF and any Designated Broker or Dealer.

Generally, Units of a BMO ETF will be considered to be capital property to a Unitholder provided that the Unitholder does not hold such Units in the course of carrying on a business of buying and selling securities and has not acquired them in one or more transactions considered to be an adventure or concern in the nature of trade. Provided that a BMO ETF qualifies as a “mutual fund trust” for purposes of the Tax Act, certain Unitholders who might not otherwise be considered to hold Units of that BMO ETF as capital property may, in certain circumstances, be entitled to have such Units and all other “Canadian securities” owned and subsequently acquired by them treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act.

This summary is based on the facts described herein, the current provisions of the Tax Act, all specific proposals to amend the Tax Act that have been publicly announced by the Minister of Finance (Canada) prior to the date hereof (“**Tax Proposals**”), counsel’s understanding of the current published administrative policies and assessing practices of the CRA and certificates of the Manager. This summary does not take into account or anticipate any other changes in law whether by legislative, administrative or judicial action and it does not take into account provincial, territorial or foreign income tax legislation or considerations, which may differ from the considerations described below. There can be no assurances that the Tax Proposals will be enacted in the form publicly announced, or at all.

**This summary is of a general nature only and is not exhaustive of all possible income tax considerations. This summary does not address the deductibility of interest on any funds borrowed by a Unitholder to purchase Units of a BMO ETF. The income and other tax consequences of investing in Units of a BMO ETF will vary depending on an investor’s particular circumstances including the province or territory in which the investor resides or carries on business. This summary is not intended to be, nor should it be constructed to be, legal or tax advice to any holder of Units of a BMO ETF. Prospective investors should therefore consult their own tax advisors about their individual circumstances.**

This summary is based on the assumptions that: (i) the BMO ETFs will comply with their investment restrictions; (ii) none of the issuers of securities held by a BMO ETF will be a foreign affiliate for the purposes of the Tax Act of the BMO ETF or any Unitholder; (iii) none of the securities held by a BMO ETF will be a “tax shelter investment” within the meaning of subsection 143.2(1) of the Tax Act; (iv) none of the securities held by a BMO ETF will be an interest in a non-resident trust other than an “exempt foreign trust” as defined in Section 94 of the Tax Act relating to non-resident trusts (or a partnership which holds such interest); and (v) none of the securities held by a BMO ETF will be an “offshore investment fund property” (or an interest in a partnership that holds such property) which would require the BMO ETF (or the partnership) to include significant amounts in the BMO ETF’s (or the partnership’s) income pursuant to section 94.1 of the Tax Act, or an interest in a trust (or a partnership which holds such an interest) which would require a BMO ETF (or the partnership) to report significant amounts of income in connection with such interest pursuant to the rules in section 94.2 of the Tax Act.

This summary also assumes that no BMO ETF will be a “SIFT trust” for purposes of the Tax Act or a “covered entity” for purposes of the Equity Repurchase Rules; however, no assurances can be provided in this regard. See “Risk Factors – General Risks Relating to an Investment in the BMO ETFs – Taxation Risk”.

### **Status of the BMO ETFs**

This summary is based on the assumptions that each BMO ETF will qualify (or will be deemed to qualify) at all times as a “mutual fund trust” within the meaning of the Tax Act and that each BMO ETF has not been established, and will not be maintained, primarily for the benefit of non-residents unless, at that time, substantially all of its property consists of property other than property that would be “taxable Canadian property” within the meaning of the Tax Act (if the definition of such term were read without reference to paragraph (b) of that definition).

If a BMO ETF were to not qualify as a “mutual fund trust” for the purposes of the Tax Act for any period of time, the tax considerations could be materially and adversely different from those described below. See “Risk Factors – General Risks Relating to an Investment in the BMO ETFs – Taxation Risk”.

Provided that a BMO ETF qualifies as a mutual fund trust within the meaning of the Tax Act, or that the Units of the BMO ETF are listed on a designated stock exchange within the meaning of the Tax Act, which includes the TSX and the NEO Exchange, or the BMO ETF qualifies as a registered investment within the meaning of the Tax Act, the Units of the BMO ETF will be qualified investments for trusts governed by Registered Plans. See “Eligibility for Investment.”

### **Taxation of the BMO ETFs**

Each BMO ETF may make an election to have a taxation year that ends on December 15 of each calendar year. Prior to making such election, each BMO ETF will have a taxation year that ends on December 31 of each calendar year. Each BMO ETF must pay tax on its net income (including net realized taxable capital gains) for a taxation year, less the portion thereof that it deducts in respect of the amount paid or payable (or deemed to be paid or payable) to its Unitholders in the calendar year in which the taxation year-end falls. An amount will be considered to be payable to a Unitholder of a BMO ETF in a calendar year if it is paid to the Unitholder in that year by the BMO ETF or if the Unitholder is entitled in that year to enforce payment of the amount. The Declaration of Trust governing each of the BMO ETFs requires that each BMO ETF distribute its net income and net realized capital gains, if any, for each taxation year of the BMO ETF to Unitholders to such an extent that the BMO ETF will not be liable in any taxation year for ordinary income tax (after taking into account all available deductions, credits and refunds).

A BMO ETF will include in computing its income taxable distributions received or deemed to be received on securities held by it, including any special dividends, the taxable portion of capital gains realized by the BMO ETF on the disposition of securities held by it, any income earned by any securities lending activity and any taxable capital gains or any income (as applicable) realized through transactions in futures or options.

With respect to indebtedness, a BMO ETF will be required to include in its income for each taxation year all interest thereon that accrues (or is deemed to accrue) to it to the end of that year (or until the disposition of the indebtedness in that year, including on a redemption or repayment on maturity) or that has become receivable or is received by the BMO ETF before the end of that year except to the extent that such interest was included in computing

the BMO ETF's income for a preceding year and excluding any interest that accrued prior to the time of the acquisition of the indebtedness by the BMO ETF.

If a BMO ETF invests in another fund (an “**Underlying Fund**”) that is a Canadian resident trust other than a “SIFT trust” and the BMO ETF holds units of the Underlying Fund as capital property for purposes of the Tax Act, the BMO ETF will be required to include in the calculation of its income for a taxation year the net income, including net taxable capital gains, paid or payable to the BMO ETF by such Underlying Fund in the calendar year in which that taxation year ends, notwithstanding that certain of such amounts may be reinvested in additional units of the Underlying Fund. An Underlying Fund may designate a portion of amounts that it distributes to the BMO ETF as may reasonably be considered to consist of: (i) taxable dividends (including eligible dividends) received by the Underlying Fund on shares of taxable Canadian corporations and (ii) net taxable capital gains realized by the Underlying Fund. Any such designated amounts will be deemed for tax purposes to be received or realized by the BMO ETF as a taxable dividend or as a taxable capital gain, respectively. An Underlying Fund that pays foreign withholding tax may make designations such that a BMO ETF may be treated as having paid its share of such foreign tax. The BMO ETF will be required to reduce the Adjusted Cost Base of units of such Underlying Fund by any amount paid or payable by the Underlying Fund to the BMO ETF except to the extent that the amount was included in calculating the income of the BMO ETF or was the BMO ETF's share of the non-taxable portion of capital gains of the trust, the taxable portion of which was designated in respect of the BMO ETF. If the Adjusted Cost Base to the BMO ETF of such units becomes a negative amount at any time in a taxation year of the BMO ETF, that negative amount will be deemed to be a capital gain realized by the BMO ETF in that taxation year and the BMO ETF's Adjusted Cost Base of such units will be increased by the amount of such deemed capital gain to zero.

Each issuer in a BMO ETF's portfolio that is a “SIFT trust” (which will generally include income trusts, other than certain real estate investment trusts, the units of which are listed or traded on a stock exchange or other public market) will be subject to a special tax in respect of (i) income from business carried on in Canada, and (ii) certain income and capital gains in respect of “non-portfolio properties” (collectively, “**Non-Portfolio Income**”). Non-Portfolio income that is distributed by an issuer that is a SIFT trust to its unitholders will be taxed at a rate that is equivalent to the federal general corporate tax rate plus a prescribed amount on account of provincial tax. Non-Portfolio Income that becomes payable by an issuer that is a SIFT trust will generally be taxed as though it were a taxable dividend from a taxable Canadian corporation and will be deemed to be an “eligible dividend” eligible for the enhanced gross-up and tax credit rules.

The BMO ETFs may be subject to the suspended loss rules contained in the Tax Act. A loss realized by a BMO ETF on a disposition of capital property will be considered to be a suspended loss if the BMO ETF, or a person affiliated with the BMO ETF, acquires a property (a “**substituted property**”) that is the same as or identical to the property disposed of, within 30 days before and 30 days after the disposition and the BMO ETF, or a person affiliated with the BMO ETF, owns the substituted property 30 days after the original disposition. If a loss is suspended, the applicable BMO ETF cannot deduct the loss from the BMO ETF's capital gains until the substituted property is sold and is not reacquired by the BMO ETF, or a person affiliated with the BMO ETF, within 30 days before and after the sale.

In general, each of the BMO ETFs will realize a capital gain (or capital loss) upon the actual or deemed disposition of a security included in its portfolio to the extent the proceeds of disposition net of any amounts included as interest on the disposition of the security and any reasonable costs of disposition exceed (or are less than) the Adjusted Cost Base of such security unless the BMO ETF is considered to be trading or dealing in securities or otherwise carrying on a business of buying and selling securities or the BMO ETF engaged in a transaction or transactions considered to be an adventure or concern in the nature of trade. Each of the BMO ETFs will purchase the securities in its portfolio with the objective of receiving dividends, interest or other distributions thereon and will take the position that gains and losses realized on the disposition of its securities are capital gains and capital losses. The Manager has advised counsel that each BMO ETF that holds “Canadian securities” (as defined in the Tax Act) will elect in accordance with the Tax Act to have each such security treated as capital property, including Canadian securities acquired in connection with a short sale. Such election will ensure that gains or losses realized by a BMO ETF on the disposition of Canadian securities are taxed as capital gains or capital losses.

A BMO ETF will be entitled for each taxation year throughout which it is a mutual fund trust to reduce (or receive a refund in respect of) its liability, if any, for tax on its net realized capital gains by an amount determined

under the Tax Act based on the redemptions of its Units during the year (“**Capital Gains Refund**”). The Capital Gains Refund in a particular taxation year may not completely offset the tax liability of the BMO ETF for such taxation year which may arise upon the sale of its investments in connection with the redemption of Units.

As described under “Risk Factors – General Risks Relating to an Investment in the BMO ETFs – Taxation Risk”, a BMO ETF will be able to designate capital gains to a Unitholder on an exchange or redemption of Units up to the Capital Gains Designation Limit. The Manager does not intend to allocate capital gains to exchanging or redeeming Unitholders in a manner that would result in the allocated amounts being non-deductible under the Tax Act.

The Manager has advised counsel that, generally, each BMO ETF will include gains and deduct losses on income account, rather than as capital gains and capital losses, in connection with investments made through derivative transactions, including short sales of securities other than Canadian securities, except where such derivatives are used to hedge portfolio securities held on capital account provided there is sufficient linkage, subject to the DFA Rules discussed below, and such gains and losses will be recognized for tax purposes at the time they are realized by the BMO ETF.

The Tax Act contains DFA Rules that target certain financial arrangements (described in the DFA Rules as “derivative forward agreements”) that seek to reduce tax by converting, through the use of derivative contracts, the return on an investment that would have the character of ordinary income to capital gains. The DFA Rules are broad in scope and could apply to other agreements or transactions (including certain options). If the DFA Rules were to apply in respect of derivatives to be utilized by a BMO ETF, gains realized in respect of the property underlying such derivatives could be treated as ordinary income rather than capital gains. Based on the option strategy of the Structured Outcome ETFs, such options will not be subject to the DFA Rules.

Premiums received on options written by a taxpayer that are on capital account, which are not exercised prior to the end of the taxation year, will constitute capital gains of the taxpayer in the taxation year received. Premiums received on options written by a taxpayer that are on income account will be included in the income of the taxpayer in the year in which the option expires unexercised, if applicable.

In accordance with the CRA’s published administrative policies, premiums received by a taxpayer on the writing of call options that are subsequently exercised are to be added in computing the proceeds of disposition to the taxpayer of the securities disposed of by the taxpayer (if the options are on capital account) or are to be included in the income of the taxpayer (if the options are on income account), upon the exercise of such call options. In addition, where the premium was in respect of a call option on capital account granted in a previous year so that it constituted a capital gain of the taxpayer in the previous year, such capital gain is to be reversed. Premiums received by a taxpayer on the writing of put options that are subsequently exercised are to be deducted in computing the cost of the securities acquired by the taxpayer upon the exercise of such put options. In addition, where the premium was in respect of a put option on capital account granted in a previous year so that it constituted a capital gain of the taxpayer in the previous year, such capital gain is to be reversed.

In accordance with the CRA’s published administrative policies, where a taxpayer pays an option premium, the amount of such premium will constitute a capital loss of the taxpayer (if the option is on capital account) or will be deducted from the income of the taxpayer (if the option is on income account), in the year in which the option expires unexercised. Premiums paid by a taxpayer on call options are to be added to the cost of the securities acquired by the taxpayer if the call options are exercised. Premiums paid by a taxpayer on put options are to be deducted from the proceeds of disposition of the taxpayer if the put options are exercised.

A BMO ETF may enter into transactions denominated in currencies other than the Canadian dollar including the acquisition of securities in its portfolio. The cost and proceeds of disposition of securities, interest, dividends, distributions and all other amounts will be determined for the purposes of the Tax Act in Canadian dollars using the appropriate exchange rates determined in accordance with the detailed rules in the Tax Act in that regard. The amount of income, gains and losses realized by a BMO ETF may be affected by fluctuations in the value of other currencies relative to the Canadian dollar.

A BMO ETF may derive income or gains from investments in countries other than Canada, and as a result, may be liable to pay income or profits tax to such countries. To the extent that such foreign tax paid by a BMO ETF

exceeds 15% of the amount included in the BMO ETF's income from such investments, such excess may generally be deducted by the BMO ETF in computing its net income for the purposes of the Tax Act. To the extent that such foreign tax paid by a BMO ETF (or paid by an Underlying Fund and deemed to be paid by a BMO ETF) does not exceed 15% of the amount included in the BMO ETF's income from such investments and has not been deducted in computing the BMO ETF's income, the BMO ETF may designate in respect of a Unitholder a portion of its foreign source income that can reasonably be considered to be part of the BMO ETF's income distributed to such Unitholder so that such income and a portion of the foreign tax paid, or deemed to be paid, by the BMO ETF may be regarded as foreign source income of, and foreign tax paid by, the Unitholder for the purposes of the foreign tax credit provisions of the Tax Act.

A BMO ETF will be entitled to deduct an amount equal to the reasonable expenses that it incurs in the course of issuing Units. Such issue expenses paid by the BMO ETF and not reimbursed will be deductible by the BMO ETF ratably over a five-year period subject to reduction in any taxation year which is less than 365 days. In computing its income under the Tax Act, a BMO ETF may deduct reasonable administrative and other expenses incurred to earn income.

If the EIFEL Amendments are enacted as proposed and if such proposals apply to the BMO ETFs, the amount of any interest and other financing expenses otherwise deductible by a BMO ETF may be reduced and the taxable component of distributions by the BMO ETF to its Unitholders may be increased accordingly. The Manager is reviewing the impact, if any, of the EIFEL Amendments on the BMO ETFs.

Losses incurred by a BMO ETF in a taxation year cannot be allocated to Unitholders, but may be deducted by the BMO ETF in future years in accordance with the Tax Act.

## **Taxation of Unitholders (other than Registered Plans)**

### ***Distributions***

A Unitholder will be required to include in the Unitholder's income for tax purposes for any year the Canadian dollar amount of net income and net taxable capital gains of the BMO ETF, if any, paid or payable to the Unitholder in the year, whether or not such amounts are reinvested in additional Units (including Plan Units acquired under the Distribution Reinvestment Plan), including in the case of Unitholders who receive Management Fee Distributions to the extent they are paid out of net income and net taxable capital gains of the BMO ETF. For a BMO ETF that elects to have a taxation year that ends on December 15 of each calendar year, amounts paid or payable by the BMO ETF to a Unitholder after December 15 and before the end of the calendar year are deemed to have been paid or become payable to the Unitholder on December 15.

Under the Tax Act, a BMO ETF is permitted to deduct in computing its income for a taxation year an amount that is less than the amount of its distributions of income for the year to the extent necessary to enable the BMO ETF to use, in that taxation year, losses from prior years without affecting the ability of the BMO ETF to distribute its income annually. In such circumstances, the amount distributed to a Unitholder but not deducted by the BMO ETF will not be included in the Unitholder's income. However, the Adjusted Cost Base of the Unitholder's Units of the BMO ETF will be reduced by such amount. The non-taxable portion of any net realized capital gain of a BMO ETF that is paid or payable to a Unitholder in a taxation year will not be included in computing the Unitholder's income for the year and will not reduce the Adjusted Cost Base of the Unitholder's Units of that BMO ETF, provided that the taxable portion of such net realized capital gain is designated in respect of the Unitholder for the taxation year. Any other non-taxable distribution, such as a return of capital, will not be included in computing the Unitholder's income for the year but will reduce the Unitholder's Adjusted Cost Base. To the extent that a Unitholder's Adjusted Cost Base would otherwise be a negative amount, the negative amount will be deemed to be a capital gain realized by the Unitholder and the Unitholder's Adjusted Cost Base will be nil immediately thereafter.

Each BMO ETF may designate, to the extent permitted by the Tax Act, the portion of the net income distributed to Unitholders as may reasonably be considered to consist of, respectively: (i) taxable dividends (including eligible dividends) received or considered to be received by the BMO ETF on shares of taxable Canadian corporations; and (ii) net taxable capital gains realized or considered to be realized by the BMO ETF. Any such designated amount will be deemed for tax purposes to be received or realized by Unitholders in the year as a taxable dividend and as a taxable capital gain, respectively. The dividend gross-up and tax credit treatment normally applicable to taxable

dividends (including eligible dividends) paid by a taxable Canadian corporation will apply to amounts designated by the applicable BMO ETF as such taxable dividends unless the taxable dividends are received by the BMO ETF under a dividend rental arrangement. Capital gains so designated will be subject to the general rules relating to the taxation of capital gains described below. In addition, a BMO ETF may make designations in respect of income from foreign sources, if any, so that Unitholders may be able to claim a foreign tax credit in accordance with the provisions of and subject to the general limitations under the Tax Act for a portion of foreign tax, if any, paid or considered to be paid by the BMO ETF. Any loss realized by the BMO ETF for purposes of the Tax Act cannot be allocated to, and cannot be treated as a loss of, the Unitholders of such BMO ETF.

### ***Composition of Distributions***

Unitholders will be informed each year of the composition of the amounts distributed to them, including amounts in respect of both cash and reinvested distributions. This information will indicate whether distributions are to be treated as ordinary income, taxable dividends (including eligible dividends), taxable capital gains, return of capital or foreign source income, and as to foreign tax deemed paid by the Unitholder as those items are applicable.

### ***Disposition of Units***

Upon the actual or deemed disposition of a Unit, including the exchange or redemption of a Unit, and including upon the termination of a BMO ETF, a capital gain (or a capital loss) will generally be realized by the Unitholder to the extent that the proceeds of disposition (other than any amount payable by a BMO ETF which represents capital gains allocated and designated to the redeeming Unitholder) of the Unit exceed (or are less than) the aggregate of the Adjusted Cost Base to the Unitholder of the Unit and any reasonable costs of disposition. In general, the Adjusted Cost Base of a particular class of Units of a BMO ETF held by the Unitholder is the total amount paid for the Units (including brokerage commissions paid and the amount of reinvested distributions), regardless of when the investor bought them, less any non-taxable distributions (other than the non-taxable portion of capital gains, the taxable portion of which is designated to the Unitholder) such as a return of capital and less the Adjusted Cost Base of any Units of that BMO ETF previously redeemed/exchanged by the Unitholder. For the purpose of determining the Adjusted Cost Base of a particular class of Units to a Unitholder, when Units of a BMO ETF are acquired, the cost of the newly acquired Units will be averaged with the Adjusted Cost Base of all Units of the same class of that BMO ETF owned by the Unitholder as capital property immediately before that time. The cost of Units acquired on the reinvestment of distributions, including under the Distribution Reinvestment Plan, will be the amount so reinvested. A consolidation of Units of a BMO ETF following a reinvested distribution as described under “Distribution Policy”, which for greater certainty does not include a distribution of Plan Units acquired under the Distribution Reinvestment Plan, will not be regarded as a disposition of Units and will not affect the aggregate Adjusted Cost Base to a Unitholder.

Where Units of a BMO ETF are exchanged by a redeeming Unitholder for Baskets of Securities, or where securities are received by a Unitholder on a distribution *in specie* on the termination of a BMO ETF, the proceeds of disposition to the Unitholder of the Units will be equal to the fair market value of the securities so received, plus the amount of any cash received.

Any capital gains allocated and designated to a redeeming or exchanging Unitholder, which amount will be restricted by the ATR Rule in the manner described under “Risk Factors – General Risks Relating to an Investment in the BMO ETFs – Taxation Risk”, must be included in the calculation of the Unitholder’s income in the manner described above and will reduce the Unitholder’s proceeds of disposition.

The cost for tax purposes of securities acquired by a redeeming Unitholder on the exchange or redemption of Units will generally be the fair market value of such securities at that time.

Where a Unitholder holds USD Units, any capital gain or capital loss for tax purposes on a disposition of such USD Units will be determined by converting the U.S. dollar cost and proceeds of disposition into Canadian dollars using the applicable rate of exchange on the date of acquisition and disposition, respectively.

## ***Taxation of Capital Gains and Capital Losses***

One-half of any capital gain realized by a Unitholder and the amount of any net taxable capital gains realized or considered to be realized by a BMO ETF and designated by the BMO ETF in respect of a Unitholder will be included in the Unitholder's income as a taxable capital gain. One-half of a capital loss realized by a Unitholder will be an allowable capital loss that may be deducted from taxable capital gains subject to and in accordance with detailed rules in the Tax Act. Allowable capital losses for a taxation year in excess of taxable capital gains for that taxation year may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against taxable capital gains in accordance with the provisions of the Tax Act.

### **Alternative Minimum Tax**

Individuals, including certain trusts (other than mutual fund trusts), may be subject to an alternative minimum tax. Such persons may be liable for this alternative minimum tax in respect of realized taxable capital gains and/or dividends from taxable Canadian corporations. Certain Tax Proposals released in connection with the 2023 Federal Budget (Canada) would, if enacted, amend the alternative minimum tax to increase the tax rate, raise the exemption (which would not be relevant for a trust that is not a qualified disability trust) and broaden the tax base. Pursuant to such Tax Proposals, trusts some or all of the classes of units of which are listed on a "designated stock exchange" or that qualify as "investment funds" are generally proposed to be exempt from alternative minimum tax for taxation years commencing on or after January 1, 2024.

### **Taxation of Registered Plans**

In general, a Registered Plan will not be taxable on the amount of a distribution paid or payable to a Registered Plan from a BMO ETF, nor on gains realized by a Registered Plan on a disposition of a Unit. Amounts withdrawn from a Registered Plan (other than a withdrawal from a TFSA and certain permitted withdrawals from an FHSA, RESP or RDSP) will generally be subject to tax.

### **Tax Implications of the BMO ETFs' Distribution Policy**

When an investor purchases Units, a portion of the price paid may reflect income or capital gains accrued and/or realized before such person acquired such Units. When these amounts are payable to such Unitholder as distributions, they must be included in the Unitholder's income for tax purposes subject to the provisions of the Tax Act, even though the BMO ETF earned or accrued these amounts before the Unitholder owned the Units. This may particularly be the case if Units are purchased near year-end before the final year-end distributions have been made.

## **EXCHANGE OF TAX INFORMATION**

The BMO ETFs have due diligence and reporting obligations under the Foreign Account Tax Compliance Act (as implemented in Canada by the Canada-United States Enhanced Tax Information Exchange Agreement and Part XVIII of the Tax Act, collectively "FATCA") and the OECD's Common Reporting Standard (as implemented in Canada by Part XIX of the Tax Act, referred to as "CRS"). Generally, unitholders (or in the case of certain unitholders that are entities, the "controlling persons" thereof) will be required by law to provide their dealer with information related to their citizenship and tax residence, including their foreign taxpayer identification number. If a unitholder (or, if applicable, any of its controlling persons), (i) is identified as a U.S. Person (including a U.S. resident or a U.S. citizen); (ii) is identified as a tax resident of a country other than Canada or the U.S.; or (iii) does not provide the required information and indicia of U.S. or non-Canadian status is present, information about the unitholder (or, if applicable, its controlling persons) and their investment in the BMO ETF will generally be reported to the CRA unless the units are held within a Registered Plan other than a FHSA. The CRA will provide that information to, in the case of FATCA, the U.S. Internal Revenue Service and in the case of CRS, the relevant tax authority of any country that is a signatory of the Multilateral Competent Authority Agreement on Automatic Exchange of Financial Account Information or that has otherwise agreed to a bilateral information exchange with Canada under CRS. The CRA has indicated that FHSAs are under consideration for being treated in the same way as other Registered Plans for purposes of FATCA and that information about investments held within FHSAs does not need to be reported for purposes of FATCA at this time. The Department of Finance (Canada) has also released certain Tax Proposals which would exempt FHSAs from the CRS; however, there can be no assurance that such Tax Proposals will be enacted as proposed.

## ELIGIBILITY FOR INVESTMENT

In the opinion of counsel, provided that a BMO ETF qualifies as a mutual fund trust within the meaning of the Tax Act, or that the Units of the BMO ETF are listed on a designated stock exchange within the meaning of the Tax Act, which includes the TSX and the NEO Exchange, or the BMO ETF qualifies as a registered investment within the meaning of the Tax Act, the Units of that BMO ETF will be qualified investments for trusts governed by Registered Plans.

Notwithstanding the foregoing, in the case of a TFSA, RRSP, RESP, RDSP, RRIF or FHSA, if the holder of the TFSA, RDSP or FHSA, the subscriber of the RESP or the annuitant of the RRSP or RRIF (a “controlling individual”) holds a “significant interest” in a BMO ETF, or if such controlling individual does not deal at arm’s length with such BMO ETF for purposes of the Tax Act, the Units of such BMO ETF will be a “prohibited investment” for such TFSA, RRSP, RESP, RDSP, RRIF, or FHSA. If Units of a BMO ETF are a “prohibited investment” for a TFSA, RRSP, RESP, RDSP, RRIF or FHSA that acquires such Units, the controlling individual will be subject to a penalty tax as set out in the Tax Act. Generally, a controlling individual will not be considered to have a “significant interest” in a BMO ETF unless the controlling individual owns 10% or more of the value of the outstanding Units of such BMO ETF, either alone or together with persons and partnerships with which the controlling individual does not deal at arm’s length. In addition, the Units of the BMO ETF will not be a “prohibited investment” if such Units are “excluded property” as defined in the Tax Act for trusts governed by a TFSA, RRSP, RESP, RDSP, RRIF or FHSA.

In the case of an exchange of Units of a BMO ETF for a Basket of Securities of the BMO ETF, or a distribution *in specie* on the termination of a BMO ETF, the investor will receive securities. The securities received by an investor as a result of an exchange of Units or a distribution *in specie*, as applicable, may or may not be qualified investments for Registered Plans. Investors should consult their own tax counsel for advice on whether or not such securities would be qualified investments for Registered Plans or prohibited investments for their TFSAs, RESPs, RDSPs, RRSPs, RRIFs or FHSAs.

## ORGANIZATION AND MANAGEMENT OF THE BMO ETFs

### Officers and Directors of the Trustee, Manager, Portfolio Manager and Promoter

The name and municipality of residence of each of the directors and executive officers of BMO Asset Management Inc., which is the Trustee, Manager, Portfolio Manager and promoter of the BMO ETFs, and their principal occupations are as follows:

<u>Name and Municipality of Residence</u>	<u>Position with Manager</u>	<u>Principal Occupation</u>
NELSON AVILA Toronto, Ontario	Chief Financial Officer	Lead Financial Officer, BMO Global Asset Management
WILLIAM BAMBER Toronto, Ontario	Director, Head and Ultimate Designated Person	Chief Executive Officer, BMO Global Asset Management
THOMAS BURIAN Mississauga, Ontario	Director	Vice President and Chief Financial Officer, Wealth Management, BMO Financial Group
AMANDA CUSTODIO Oakville, Ontario	Director	Chief Growth Officer, BMO Wealth
DENISE (CARSON) FERNANDES Whitby, Ontario	Chief Compliance Officer	Chief Compliance Officer, BMO Asset Management Inc. and BMO Investments Inc. – Investment Fund Manager Line of Business

<b>Name and Municipality of Residence</b>	<b>Position with Manager</b>	<b>Principal Occupation</b>
BENJAMIN IRAYA Oakville, Ontario	Corporate Secretary	Manager, Subsidiary Governance, Bank of Montreal
ROSS F. KAPPELE Toronto, Ontario	Director and Head, Client Management and Distribution	Head of Client Management, BMO Global Asset Management
GILLES OUELLETTE Toronto, Ontario	Chair and Director	Chairman, BMO Global Asset Management
SARA PETRICH Toronto, Ontario	Director and Head of Exchange Traded Funds and Structured Solutions	Managing Director & Head of Synthetic Asset Management, BMO Global Asset Management
ROBERT J. SCHAUER Toronto, Ontario	Head Investment Funds Operations	Head Business Transformation, North America, BMO Global Asset Management
LENA ZECCHINO Etobicoke, Ontario	Chief Anti-Money Laundering Officer	Director and AML Officer – Wealth Management, Bank of Montreal

Except as described herein, each of the foregoing individuals has held his or her current office or a senior position with the Manager or an affiliate thereof during the past five years. Prior to August 2022, William Bamber was Head, Synthetic Asset Management, BMO Global Asset Management from April 2022 to August 2022 and Managing Director and Head, Wealth Solutions Group, CIBC World Markets Inc. from May 2009 to April 2022. Prior to August 2023, Amanda Custodio was Chief Growth Officer, Wealth, BMO Financial Group from December 2021 to present, Co-Head Global Markets Engineering, BMO Capital Markets from September 2020 to November 2021 and Managing Director, Global Markets, BMO Capital Markets from December 2017 to September 2020. Prior to June 2021, Denise (Carson) Fernandes was Chief Compliance Officer, BMO Private Investment Counsel Inc. from March 2019 to May 2022 and Chief Compliance Officer, BMO InvestorLine Inc. from July 2017 to March 2019. Prior to June 2019, Gilles Ouellette was Chairperson of BMO Nesbitt Burns Inc. from March 2017 to August 2019. Prior to August 2023, Sara Petrich was Managing Director and Head of Synthetic Asset Management, Bank of Montreal from August 2022 to present, Managing Director and Head of Risk Strategy, Global Markets, Bank of Montreal from October 2021 to August 2022, Chief Operating Officer and Head of Group Treasury Central Office, Scotiabank from August 2020 to October 2021 and Credit Relative Value and Capital Structure Trading, Scotiabank from August 2016 to July 2020. Prior to October 2018, Robert Schauer was Director, Operations, BMO Financial Group from March 2006 to September 2018.

#### **Trustee, Manager, Portfolio Manager and Promoter of the BMO ETFs**

BMO Asset Management Inc. is the Trustee, Manager, Portfolio Manager and promoter of the BMO ETFs and is responsible for the administration of the BMO ETFs. The Manager is registered as a portfolio manager and exempt market dealer in each of the provinces and territories of Canada, as a commodity trading manager in Ontario, and as an investment fund manager in Ontario, Newfoundland and Labrador and Quebec.

BMO Asset Management Inc. is a Canadian investment manager. Its clients include pension funds, endowments, trusts, insurance company reserves, corporations and mutual funds. The Manager is an indirect, wholly-owned subsidiary of Bank of Montreal. The office for service of notice to the BMO ETFs and the Manager is located at 250 Yonge Street, 7th Floor, Toronto, Ontario M5B 2M8. The registered office of the BMO ETFs and the Manager is located at 100 King Street West, 43rd Floor, Toronto, Ontario M5X 1A1.

#### ***Duties and Services to be Provided by the Trustee, Manager, Portfolio Manager and Promoter***

BMO Asset Management Inc. is the Trustee, Manager, Portfolio Manager and promoter of each of the BMO ETFs and, as such, is responsible for providing, or causing to be provided, managerial, administrative and compliance

services to the BMO ETFs including, without limitation, acquiring or arranging to acquire securities on behalf of the BMO ETFs, calculating or causing to be calculated NAV, NAV per Unit, net income and net realized capital gains of the BMO ETFs, authorizing the payment of operating expenses incurred on behalf of the BMO ETFs, preparing or causing to be prepared financial statements and financial and accounting information as required by the BMO ETFs, ensuring that Unitholders are provided with financial statements (including interim and annual financial statements) and other reports as are required by applicable law from time to time, ensuring that the BMO ETFs comply with regulatory requirements and applicable stock exchange listing requirements, preparing or causing to be prepared the BMO ETFs' reports to Unitholders and the securities regulatory authorities, determining the amount of distributions to be made by the BMO ETFs and negotiating contractual agreements with third-party providers of services, including the Index Provider, Designated Brokers, Custodian, Registrar and Transfer Agent, Prime Brokers, Plan Agent, auditor and printers.

***Details of the Declaration of Trust***

The Manager is required to exercise its powers and discharge its duties honestly, in good faith and in the best interests of Unitholders, and in connection therewith, to exercise the degree of care, diligence and skill that a reasonably prudent trustee and manager would exercise in similar circumstances.

The Manager may resign as trustee and/or manager of any of the BMO ETFs upon 60 days' notice to the Unitholders. If the Manager resigns it may appoint its successor but, unless its successor is an affiliate of the Manager, its successor must be approved by the Unitholders. If the Manager is in material default of its obligations under the Declaration of Trust and such default has not been cured within 30 days after notice of the same has been given to the Manager, the Unitholders may remove the Manager and appoint a successor trustee and/or manager.

The Manager is entitled to fees for its services as manager under the Declaration of Trust as described under "Fees and Expenses – Fees and Expenses Payable by the BMO ETFs – Management Fees". In addition, the Manager and its affiliates and each of their directors, officers, employees and agents will be indemnified by each of the BMO ETFs 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 any of them in the exercise of the Manager's duties under the Declaration of Trust, if they do not result from the Manager's wilful misconduct, bad faith, negligence or breach of its obligations thereunder.

The management and trustee services of the Manager are not exclusive and nothing in the Declaration of Trust or any agreement prevents the Manager from providing similar services to other investment funds and other clients (whether or not their investment objectives and policies are similar to those of the BMO ETFs) or from engaging in other business activities.

The Manager has taken the initiative in founding and organizing the BMO ETFs and is, accordingly, the promoter of the BMO ETFs within the meaning of securities legislation of certain provinces and territories of Canada.

***Portfolio Advisors***

The Portfolio Manager of the BMO ETFs buys and sells investments on behalf of the BMO ETFs in accordance with the investment objectives and investment strategies of the BMO ETFs. Investment decisions are made by a portfolio management team that has a manager or lead person. The table below sets forth information about the individual(s) principally responsible for managing the investments of the BMO ETFs.

Individual Principally Responsible	Length of Service with BMO Asset Management Inc.
Rob Bechard, Head of ETF Portfolio Management	Since 2009

**Brokerage Arrangements**

The Portfolio Manager utilizes various brokers to effect securities transactions on behalf of the BMO ETFs. These brokers may directly provide the Portfolio Manager with research and related services in addition to executing transactions – often referred to as "bundled services". Research and related services obtained from a broker assist the

Portfolio Manager with investment and trading decisions and with effecting securities transactions on behalf of the BMO ETFs. Although each BMO ETF may not benefit equally from each research and related service received from a broker, the Portfolio Manager will endeavour to ensure that all of the BMO ETFs receive an equitable benefit over time.

The Portfolio Manager maintains a list of brokers that have been approved to effect securities transactions on behalf of the BMO ETFs. When determining whether a broker should be added to that list there are numerous factors that are considered including: (a) with respect to trading: (i) level of service; (ii) response time; (iii) availability of securities (liquidity); (iv) account management; (v) idea generation; and (vi) access to alternative markets/liquidity pools; (b) with respect to research: (i) proprietary research reports; (ii) industry knowledge; (iii) access to analysts; and (iv) access to staff; (c) with respect to personnel: (i) back office support; and (ii) sales contacts; and (d) with respect to infrastructure: (i) trade settlement; (ii) confirmations; and (iii) reporting.

Approved brokers are monitored on a regular basis to ensure that the value of the goods and services, as outlined above, provides a reasonable benefit as compared to the amount of brokerage commissions paid for the goods and services. In conducting this analysis, the Portfolio Manager considers the use of the goods and services, execution quality in terms of trade impact and the ability to achieve the target benchmark price, as well as the amount of brokerage commissions paid relative to other brokers and the market in general. The selection and monitoring processes are the same regardless of whether the broker is affiliated with the Portfolio Manager or is an unrelated third party.

The research and related services that may be provided to the Portfolio Manager include proprietary research reports, industry knowledge and access to both analysts and staff from BMO NB, an affiliated broker. In addition, the Portfolio Manager may receive proprietary research reports, industry knowledge and access to analysts, staff and alternative trading systems from various unrelated third party brokers. Additional information including the services supplied by any broker can be obtained from the Portfolio Manager upon request, at no cost, by calling 1-800-361-1392.

### **Conflicts of Interest**

The directors and officers of the Manager may be directors, officers, shareholders or unitholders of one or more issuers in which the BMO ETFs may acquire securities. The Manager and its affiliates, including other BMO Financial Group entities, may be managers or portfolio managers of one or more issuers in which the BMO ETFs may acquire securities and may be managers or portfolio managers of funds that invest in the same securities as the BMO ETFs. Such transactions will only be undertaken where permitted by applicable securities legislation and upon obtaining any required regulatory or IRC approvals.

When a BMO ETF invests in Underlying Funds, it will predominantly, if not exclusively, invest in Underlying Funds that are BMO Funds. Currently, each Reference ETF is an Underlying Fund which is managed by the Manager.

Where the Portfolio Manager chooses to invest in BMO Funds, it generally does so because there are economic efficiencies that can be accessed when investing in BMO Funds and because it has greater familiarity with (i) the capabilities of the investment teams providing investment management to those BMO Funds; (ii) the consistency of the underlying investment strategy of the BMO Funds with the BMO ETF's overall investment objective; and (iii) how those BMO Funds will react to a wide range of market conditions. In particular, investing in BMO Funds gives the Manager an increased ability to waive management fees, thereby helping to keep the BMO ETFs themselves commercially viable.

Investing in BMO Funds creates conflicts of interest because it provides collateral benefits to the Manager, including both an increase in the Portfolio Manager's total assets under management and an increase in the assets of BMO ETFs and BMO Funds, potentially increasing the commercial viability of BMO ETFs and BMO Funds through an increase in assets and greater economies of scale. Despite the predominant use of BMO Funds for the reasons mentioned above, the Portfolio Manager has the sole discretion to select unaffiliated Underlying Funds in any asset class at any time even if a BMO Fund exists in a similar asset class.

The Portfolio Manager may enter into any of the following transactions with a related entity on behalf of a BMO ETF (each a “related party transaction”): (i) investing in securities of an issuer related to the Manager; (ii) investing in securities underwritten by an entity related to the Manager; (iii) buying debt securities from or selling debt securities to an entity related to the Manager acting as principal; and (iv) buying securities from or selling securities to a mutual fund managed by the Manager or an affiliate that is subject to NI 81-102 or a separately managed account for which the Manager is the portfolio manager. On behalf of a BMO ETF, the Portfolio Manager will enter into any of the related party transactions provided the related party transaction complies with applicable securities legislation, including having been approved by the IRC. The Portfolio Manager may also, acting on behalf of a BMO ETF, engage a related entity as a dealer or counterparty or service provider, provided it does so in compliance with applicable securities legislation, including by obtaining a positive recommendation from the IRC.

The Manager, on behalf of each of the BMO ETFs, has entered into a Designated Broker Agreement with a Designated Broker pursuant to which the Designated Broker agrees to perform certain duties relating to the BMO ETFs including, without limitation: (i) to subscribe for a sufficient number of Units to satisfy the Exchange’s original listing requirements; (ii) to subscribe for Units on an ongoing basis in connection with the rebalancing of and adjustments to the Index or portfolio and when cash redemptions of Units occur; and (iii) to post a liquid two-way market for the trading of Units on the Exchange. BMO NB, an affiliate of the Manager, has agreed to act as a Designated Broker for each of the BMO ETFs and will also act as a Dealer for all of the BMO ETFs.

These relationships may create actual or perceived conflicts of interest which investors should consider in relation to an investment in the BMO ETFs. In particular, by virtue of these relationships, Designated Brokers and Dealers may profit from the sale and trading of Units. Designated Brokers, as market makers of the BMO ETFs in the secondary market, may therefore have economic interests which differ from and may be adverse to those of Unitholders.

No Designated Broker has been involved in the preparation of this prospectus or has performed any review of the contents of this prospectus. The Designated Broker does not act as an underwriter of the BMO ETFs in connection with the distribution of Units under this prospectus. Units do not represent an interest or an obligation of any Designated Broker, any Dealer or any affiliate thereof and a Unitholder does not have any recourse against any such parties in respect of amounts payable by the BMO ETFs to the applicable Designated Broker or Dealers. The securities regulatory authorities have provided the BMO ETFs with a decision exempting the BMO ETFs from the requirement to include a certificate of any underwriter in the prospectus.

The Manager intends to retain BMO NB, an affiliate of the Manager, to act as a Prime Broker for the Alternative BMO ETFs.

The Manager and its affiliates may at times have interests that differ from the interests of the Unitholders. Where the Manager or its affiliates otherwise perceive in the course of business, that they are or may be in a material conflict of interest position, the matter will be referred to the IRC. The IRC will consider all matters referred to it and provide its recommendation or approval, as applicable, to the Manager as soon as possible. See “Organization and Management of the BMO ETFs – Independent Review Committee”.

### **Independent Review Committee**

The Manager has appointed an IRC for the BMO ETFs under NI 81-107. The IRC currently consists of four members, each of whom is independent of the Manager.

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 in the best interests of the BMO ETFs and, in connection therewith, will 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 conflict of interest matters. 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 BMO ETFs 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 BMO ETFs, except in cases of wilful misconduct, bad faith, negligence or breach of their standard of care.

The name and municipality of residence of each of the members of the IRC is as follows:

JACQUELINE ALLEN	Toronto, Ontario
MARLENE DAVIDGE (CHAIR)	Toronto, Ontario
JIM FALLE	Port Perry, Ontario
WENDY HANNAM	Toronto, Ontario

Each IRC member receives compensation for the duties he or she performs as an IRC member. The annual retainer for each IRC member (other than the Chair of the IRC) in respect of all of the ETFs managed by the Manager is approximately \$34,000; the annual retainer for the Chair of the IRC is approximately \$49,000. 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 Manager will not reimburse the ETFs for any costs incurred in relation to compliance with NI 81-107.

The IRC is subject to requirements to conduct regular assessments and, for each financial year of the BMO ETFs, will prepare a report to Unitholders that describes the IRC and its activities for the financial year. A copy of this report can be obtained from the Manager upon request, at no cost, by calling 1-800-361-1392 or is available on the BMO ETFs' designated website at [www.bmo.com/etflegal](http://www.bmo.com/etflegal) or SEDAR at [www.sedar.com](http://www.sedar.com).

### **Officers of the BMO ETFs**

Robert J. Schauer of Toronto, Ontario is the Chief Financial Officer of each of the BMO ETFs. Mr. Schauer's principal occupation is Head of GAM Business Transformation for North America, BMO Global Asset Management.

### **Valuation Agent**

State Street Trust Company Canada acts as the valuation agent of the BMO ETFs and provides certain fund accounting and valuation services to the BMO ETFs including, without limitation, calculating the NAV, NAV per Unit, net income and net realized capital gains of the BMO ETFs. The principal office of the Valuation Agent is located in Toronto, Ontario. The Valuation Agent is independent of the Manager.

### **Custodian**

Pursuant to the Custodian Agreement, State Street Trust Company Canada is the custodian of the assets of the BMO ETFs and has been given authority to appoint sub-custodians. The principal office of the Custodian is located in Toronto, Ontario. The Manager on behalf of the BMO ETFs or State Street Trust Company Canada may terminate the Custodian Agreement upon at least 90 days' written notice. The Manager on behalf of the BMO ETFs or State Street Trust Company Canada may terminate the Custodian Agreement immediately if there is a change of control, if there is a material breach of the Custodian Agreement not remedied within 60 days or upon the bankruptcy of any party. The Manager on behalf of the BMO ETFs may terminate the Custodian Agreement immediately if the Custodian ceases to be qualified to act as a custodian of the BMO ETFs under applicable law or the Manager is required to cease

acting as an investment fund manager of the BMO ETFs. The Custodian may terminate the Custodian Agreement immediately if the Manager on behalf of the BMO ETFs fails to pay the Custodian invoiced fees and expenses of greater than two months of charges when due and fails to cure such breach within 60 days. The Custodian is entitled to receive fees from the Manager as described under “Fees and Expenses” and to be reimbursed for all expenses and liabilities that are properly incurred by the Custodian in connection with the activities of the BMO ETFs.

### **Auditor**

The auditor of the BMO ETFs is PricewaterhouseCoopers LLP, Chartered Professional Accountants, Licensed Public Accountants, located at 18 York Street, Suite 2600, Toronto, ON M5J 0B2.

### **Transfer Agent and Registrar**

State Street Trust Company Canada at its principal offices in Toronto, Ontario, is the registrar and transfer agent for the Units. The register of the BMO ETFs is kept in Toronto, Ontario.

### **Prime Brokers**

The Manager intends to retain BMO NB as a prime broker of certain of the Alternative BMO ETFs. BMO NB is an affiliate of the Manager. BMO NB is located in Toronto, Ontario.

The Manager intends to retain CIBC World Markets Inc. as a prime broker of certain of the Alternative BMO ETFs. CIBC World Markets Inc. is located in Toronto, Ontario.

The Manager has retained TD Securities Inc. as a prime broker of certain of the Alternative BMO ETFs. TD Securities Inc. is located in Toronto, Ontario.

The Alternative BMO ETFs may borrow cash and/or securities from a Prime Broker for investment purposes in accordance with their investment objectives and strategies.

### **Plan Agent**

State Street Trust Company Canada at its principal offices in Toronto, Ontario, is the Plan Agent for the Distribution Reinvestment Plan of the BMO ETFs.

### **Securities Lending Agent**

On behalf of the BMO ETFs, the Manager has entered into a securities lending authorization agreement with State Street Bank and Trust Company. The securities lending program is administered by the Securities Lending Agent. The Securities Lending Agent acts as agent for securities lending transactions for those BMO ETFs that engage in securities lending. The Securities Lending Agent is independent of the Manager. The securities lending program administrator will value the loaned securities and the collateral daily to ensure that the collateral is worth at least 105% of the value of the securities. Pursuant to the terms of the Securities Lending Agreement, the Securities Lending Agent will indemnify the BMO ETFs from all direct losses, damages, liabilities, costs or expenses actually incurred and arising from a claim of a third party arising from the Securities Lending Agent’s failure to satisfy its standard of care, provided such failure is not caused by events beyond its control or from the BMO ETFs or its agent’s negligent act or omission. The Securities Lending Agreement may be terminated at any time at the option of any party upon 5 business days’ prior notice to the other parties.

### **Designated Website**

The BMO ETFs are required to post certain regulatory disclosure documents on a designated website. The BMO ETFs’ designated website is [www.bmo.com/etflegal](http://www.bmo.com/etflegal).

## **CALCULATION OF NET ASSET VALUE**

The NAV and NAV per Unit of a class of a BMO ETF will be calculated by the Valuation Agent as of the Valuation Time on each Valuation Date. The NAV of the Units of a class of a BMO ETF on a particular date will be

equal to the aggregate value of the assets of that BMO ETF attributable to that class less the aggregate value of the liabilities attributable to the class of that BMO ETF including any income, net realized capital gains or other amounts payable to Unitholders on or before such date and the value of the liabilities of that BMO ETF for management fees, expressed in Canadian dollars at the applicable exchange rate on such date. The NAV per Unit of a class on any day will be obtained by dividing the NAV on such day by the number of units of that class then outstanding.

### **Valuation Policies and Procedures**

In determining the NAV of each BMO ETF at any time, 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 carrying 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 the Valuation Time on 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 a BMO ETF shall be valued at the reported net asset value 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 end of the relevant valuation period; 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) a BMO ETF's holdings shall be valued in Canadian dollars before its NAV 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 value of the contract on the date the contract originated and the value of the contract on the Valuation Date;
- (i) clearing corporation options shall be valued at the current market value;
- (j) should a BMO ETF 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 net asset value of the BMO ETF;
- (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 BMO ETF 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 our best estimate of fair value; and
- (o) if any investment cannot be valued under the foregoing principles or if the foregoing principles 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 value of any security or property to which, in the opinion of the Valuation Agent, the above valuation principles cannot be applied (whether because no price or yield equivalent quotations are available as above provided, or for any other reason) shall be the fair value thereof determined in such manner as the Valuation Agent from time to time provides. The Valuation Agent may also fair value securities in the following circumstances: (i) when there is a halt trade on a security which is normally traded on an exchange; (ii) on securities that trade on markets that have closed prior to the time of calculation of the NAV of a BMO ETF and for which 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 BMO ETFs' ability to liquidate the assets held in that market.

The Manager has valued the securities in the BMO ETFs in accordance with the disclosed practices, and, in particular, in accordance with the foregoing outlined principles. The Manager does not have discretion to deviate from the valuation methods described above.

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, exchange or redemption of Units will be reflected in the calculation of NAV per Unit next made after the calculation made for the purpose of such issue, exchange or redemption.

### **Reporting of Net Asset Value**

Following the Valuation Time on the Valuation Date, the NAV and NAV per Unit for each BMO ETF will usually be published in the financial press and will be posted on the BMO ETFs' designated website at [www.bmo.com/etflegal](http://www.bmo.com/etflegal).

## **ATTRIBUTES OF THE UNITS**

### **Description of the Securities Distributed**

Each of the BMO ETFs is authorized to issue an unlimited number of redeemable, transferable Units of an unlimited number of classes of Units, each of which represents an equal, undivided interest in the net assets of that BMO ETF. Except for the USD Units, which are denominated in U.S. dollars, the Units of the BMO ETFs are Canadian dollar denominated.

On December 16, 2004, the *Trust Beneficiaries' Liability Act, 2004* (Ontario) came into force. This statute provides that holders of units of a trust are not, as beneficiaries, liable for any default, obligation or liability of the trust if, when the default occurs or the liability arises: (i) the trust is a reporting issuer under the *Securities Act* (Ontario); and (ii) the trust is governed by the laws of the Province of Ontario. Each of the BMO ETFs will be a reporting issuer under the *Securities Act* (Ontario) prior to the initial issuance of Units and each BMO ETF is governed by the laws of the Province of Ontario by virtue of the provisions of the Declaration of Trust.

### **Certain Provisions of the Units**

All Units of a BMO ETF have equal rights and privileges. Each whole Unit is entitled to one vote at all meetings of Unitholders and is entitled to participate equally with respect to any and all distributions made by a BMO ETF to Unitholders, other than Management Fee Distributions and capital gains allocated and designated on the redemption or exchange of Units, including distributions of net income and net realized capital gains and distributions upon the termination of the BMO ETF. Units are issued only as fully-paid and are non-assessable.

### ***Exchange of Units for Baskets of Securities and Cash***

On any Trading Day, Unitholders may exchange the Prescribed Number of Units (or an integral multiple thereof) for Baskets of Securities and cash. See “Redemption and Exchange of Units – Exchange of Units for Baskets of Securities and Cash”.

### ***Redemption of Units for Cash***

On any Trading Day, Unitholders may redeem Units of any BMO ETF for cash at a redemption price per Unit equal to the lesser of: (i) 95% of the closing price for the Units on the Exchange on the effective day of the redemption; and (ii) the net asset value per Unit on the effective day of the redemption. See “Redemption and Exchange of Units – Redemption of Units for Cash”.

### ***No Voting Rights***

Unitholders of a BMO ETF will not have any right to vote securities held by that BMO ETF.

### **Modification of Terms**

The rights attached to the Units of a BMO ETF may only be modified, amended or varied in accordance with the terms of the Declaration of Trust. See “Unitholder Matters – Matters Requiring Unitholders’ Approval”.

## **UNITHOLDER MATTERS**

### **Meetings of Unitholders**

A meeting of the Unitholders of a BMO ETF voting as a single class (unless the circumstances are such that one class is affected differently in which case the holders of each class of the BMO ETF will vote separately) may be called at any time by the Manager and shall be called by the Manager upon written request of Unitholders of a BMO ETF holding in the aggregate not less than 10% of the Units of the BMO ETF. Except as otherwise required or permitted by law, meetings of Unitholders of a BMO ETF will be held if called by the Manager upon written notice of not less than 21 days nor more than 50 days before the meeting. At any meeting of Unitholders of a BMO ETF, a quorum shall consist of two or more Unitholders of the BMO ETF present in person or by proxy and holding 10% of the Units of the BMO ETF. If no quorum is present at such meeting within one-half hour after the time fixed for the holding of such meeting, the meeting, if convened upon the request of Unitholders or for the purpose of considering a change in the manager of the BMO ETF, shall be cancelled, but in any other case, the meeting shall stand adjourned and will be held at the same time and place on the day which is not less than 10 days later. The Manager will give at least three days’ notice by press release to Unitholders of the date of the reconvened meeting, and at the reconvened meeting, Unitholders present in person or represented by proxy will constitute a quorum.

### **Matters Requiring Unitholders’ Approval**

NI 81-102 requires a meeting of Unitholders of a BMO ETF to be called to approve certain changes as follows:

- (a) the basis of the calculation of a fee or expense that is charged to the BMO ETF is changed in a way that could result in an increase in charges to the BMO ETF, except where:
  - (i) the BMO ETF 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 BMO ETF;
- (b) a fee or expense is introduced that is to be charged to a BMO ETF or directly to its Unitholders by the BMO ETF or the Manager in connection with the holding of Units of the BMO ETF that could result in an increase in charges to the BMO ETF or its Unitholders;

- (c) the Manager is changed, unless the new manager of the BMO ETF is an affiliate of the Manager;
- (d) the fundamental investment objective of the BMO ETF is changed;
- (e) the BMO ETF decreases the frequency of the calculation of its NAV per Unit;
- (f) the BMO ETF undertakes a reorganization with, or transfers its assets to, another mutual fund, if the BMO ETF ceases to continue after the reorganization or transfer of assets and the transaction results in the Unitholders of the BMO ETF becoming securityholders in the other mutual fund, unless:
  - (i) the IRC of the BMO ETF has approved the change;
  - (ii) the BMO ETF is being reorganized with, or its assets are being transferred to, another mutual fund that is managed by the Manager, or an affiliate of the Manager;
  - (iii) the Unitholders have received at least 60 days' notice before the effective date of the change;
  - (iv) the right to notice described in (iii) is disclosed in the prospectus of the BMO ETF; and
  - (v) the transaction complies with certain other requirements of applicable Canadian Securities Legislation;
- (g) the BMO ETF undertakes a reorganization with, or acquires assets from, another mutual fund, if the BMO ETF continues after the reorganization or acquisition of assets, the transaction results in the securityholders of the other mutual fund becoming Unitholders of the BMO ETF, and the transaction would be a material change to the BMO ETF; or
- (h) any matter which is required by the constating documents of the BMO ETF or by the laws applicable to the BMO ETF or by any agreement to be submitted to a vote of the Unitholders of the BMO ETF.

Approval of Unitholders of a BMO ETF will be deemed to have been given if expressed by resolution passed at a meeting of Unitholders of the BMO ETF duly called and held for the purpose of considering the same, by at least a majority of the votes cast. Unitholders are entitled to one vote per whole Unit held on the record date established for voting at any meeting of Unitholders.

A BMO ETF may, without Unitholders' approval, enter into a merger or other similar transaction that has the effect of combining the funds or their assets (a "**Permitted Merger**") with any other investment fund or funds managed by the Manager or an affiliate of the Manager that have investment objectives that are substantially similar to those of the BMO ETF, subject to:

- (a) approval of the merger by the IRC;
- (b) compliance with certain merger pre-approval conditions set out in section 5.6 of NI 81-102; and
- (c) written notice to Unitholders at least 60 days before the effective date of the merger.

In connection with a Permitted Merger, the merging funds will be valued at their respective net asset values for the purpose of such transaction.

In addition, the auditor of a BMO ETF may not be changed unless:

- (a) the IRC has approved the change; and
- (b) Unitholders have received at least 60 days' notice before the effective date of the change.

#### ***Amendments to the Declaration of Trust***

Pursuant to the terms of the Declaration of Trust, Unitholder approval is only required if the nature of an amendment to the Declaration of Trust is a matter for which applicable laws provide such approval is required.

Except for changes to the Declaration of Trust described below that do not require approval of or prior notice to Unitholders, the Declaration of Trust may be amended from time to time by the Manager upon not less than 30 days' prior written notice to Unitholders.

The Declaration of Trust may be amended by the Manager without the approval of or notice to Unitholders for the following purposes: (i) to remove any conflicts or other inconsistencies which may exist between any terms of the Declaration of Trust and any provisions of any law or regulation applicable to or affecting the BMO ETFs; (ii) to make any change or correction in the Declaration of Trust which is of a typographical nature or is required to cure or correct any ambiguity or defective or inconsistent provision, clerical omission, mistake or manifest error contained therein; (iii) to bring the Declaration of Trust into conformity with applicable laws, rules and policies of the securities regulatory authorities or with current practice within the securities industry, provided that any such amendment does not adversely affect the rights, privileges or interests of Unitholders; (iv) to maintain, or permit the Manager to take such steps as may be desirable or necessary to maintain the status of a BMO ETF as a "mutual fund trust" for the purposes of the Tax Act; (v) to change the taxation year end of a BMO ETF as permitted under the Tax Act; (vi) to establish one or more new BMO ETFs; (vii) to change the name of a BMO ETF; (viii) to create additional classes of Units of a BMO ETF and to redesignate existing classes of Units of a BMO ETF, unless the rights attaching to such Units are changed or are adversely affected thereby; (ix) to provide added protection to Unitholders; or (x) if in the opinion of the Manager, the amendment is not prejudicial to Unitholders and is necessary or desirable. Any amendments to the Declaration of Trust made by the Manager without the consent of Unitholders will be disclosed in the next regularly scheduled report to Unitholders.

### **Reporting to Unitholders**

A BMO ETF's fiscal year is the calendar year or such other fiscal period permitted or deemed under the Tax Act. The annual financial statements of a BMO ETF shall be audited by the BMO ETF's auditor in accordance with Canadian generally accepted auditing standards. The auditor will be asked to report on the fair presentation of the annual financial statements in accordance with International Financial Reporting Standards, which is one of the financial reporting frameworks included in Canadian generally accepted accounting principles. The Manager will ensure that the BMO ETF complies with all applicable reporting and administrative requirements.

The Manager, on behalf of each BMO ETF, will furnish Unitholders of that BMO ETF with unaudited interim financial statements, audited annual financial statements, interim MRFPs and the most recently filed annual MRFPs of that BMO ETF, in accordance with applicable laws.

Any tax information necessary for Unitholders to prepare their annual federal income tax returns will be distributed to them within 90 days after the end of each financial year of the BMO ETFs occurring in December of each calendar year.

The Manager will keep adequate books and records reflecting the activities of the BMO ETFs. A Unitholder or his or her duly authorized representative has the right to examine the books and records of the applicable BMO ETF during normal business hours at the registered office of the Manager. Notwithstanding the foregoing, a Unitholder shall not have access to any information that, in the opinion of the Manager, should be kept confidential in the interests of the BMO ETFs.

### **TERMINATION OF THE BMO ETFS**

A BMO ETF may be terminated by the Manager on at least 60 days' notice to Unitholders of such termination and the Manager will issue a press release in advance thereof. The Manager may also terminate the Index BMO ETF in the event that the Index Provider ceases to calculate the Index or the License Agreement is terminated, as described under "Investment Objectives – Investment Objectives of the Index BMO ETF – Termination of the Index". Upon termination of a BMO ETF, the securities, cash and other assets remaining after paying or providing for all liabilities and obligations of the BMO ETF shall be distributed *pro rata* among the Unitholders of the BMO ETF.

The rights of Unitholders to exchange and redeem Units described under "Redemption and Exchange of Units" will cease as and from the date of termination of the applicable BMO ETF.

## PRINCIPAL HOLDERS OF SECURITIES

CDS & Co., the nominee of CDS, is the registered owner of the Units of all of the BMO ETFs, which it holds for various brokers and other persons on behalf of their clients and others. From time to time, a BMO ETF or another investment fund managed by the Manager or an affiliate of the Manager may beneficially own, directly or indirectly, more than 10% of the Units of a BMO ETF.

## INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

The Manager, on behalf of the BMO ETFs, may enter into various Continuous Distribution Agreements with registered dealers (that may or may not be Designated Brokers) pursuant to which the Dealers may subscribe for Units of one or more of the BMO ETFs as described under “Purchases of Units – Issuance of Units”.

No Designated Broker has been involved in the preparation of this prospectus or has performed any review of the contents of this prospectus and, as such, the Designated Broker has not performed many of the usual underwriting activities in connection with the distribution by the BMO ETFs of Units under this prospectus. Units do not represent an interest or an obligation of the Designated Broker, any Dealer or any affiliate thereof and a Unitholder does not have any recourse against any such parties in respect of amounts payable by the BMO ETFs to the applicable Designated Broker or Dealers. See “Organization and Management of the BMO ETFs – Conflicts of Interest”.

The Manager will receive fees for its services to the BMO ETFs. See “Fees and Expenses”.

## PROXY VOTING DISCLOSURE FOR PORTFOLIO SECURITIES HELD

The Portfolio Manager is responsible for the voting of proxies on behalf of the BMO ETFs and must vote such proxies in the best interests of each BMO ETF and its securityholders.

The Portfolio Manager provides engagement and proxy voting services using its Responsible Investment team (“**RI Team**”), comprised of ESG experts, and any other existing or future resources appropriate for this purpose. The RI Team works alongside the Portfolio Manager’s fixed income and equity portfolio managers and investment analysts. The RI Team undertakes engagement activities as well as proxy voting research and analysis, and also supports the development of the Portfolio Manager’s publicly available Corporate Governance Guidelines (“**CGG**”) and Expectations on Environmental, Social and Governance Practices, which set out the Portfolio Manager’s expectations of companies regarding good ESG practices as well as guides the Portfolio Manager’s voting on ESG matters. The RI Team focuses on corporate engagement with North American investee companies and actively votes at company meetings for the Canadian market. The Portfolio Manager has retained a third party engagement and voting service provider to provide it with proxy voting and responsible engagement overlay (“**reo®**”) services to ensure its coverage extends to international markets and to execute votes on its behalf and in line with the CGG. The RI Team monitors and can override any vote instructions by reo® across all markets.

The Portfolio Manager has established proxy voting policies and procedures for the funds, which include the CGG, the Expectations on Environmental, Social and Governance Practices, and standing voting directions (collectively, the “**Proxy Voting Guidelines**”). The Proxy Voting Guidelines inform the voting on matters for which the BMO ETFs may receive proxy materials for an issuer.

In providing proxy voting services, the Portfolio Manager through reo® uses International Shareholder Services (“**ISS**”), a third party proxy voting administrator, to auto-execute, without further guidance, the majority of votes in accordance with standing voting directions which reflect the CGG. When ISS or reo® need guidance on the standing voting directions or when the RI Team wishes to further consider how to vote on certain matters, they consult with the RI Team and obtain instructions on how to proceed.

Although the RI Team generally adheres to the Proxy Voting Guidelines in executing votes and in addition relies on reo® and ISS to execute votes, any proxy issues that differ from the Proxy Voting Guidelines are considered by taking into account the particular circumstances involved. This provides needed flexibility in making prudent judgments in the proxy voting process. Further, the Portfolio Manager may depart from the Proxy Voting Guidelines in order to avoid voting decisions that may be contrary to the best interests of a BMO ETF and its Unitholders.

The RI Team actively engages investee companies prior to, during and after proxy season to inform voting decisions and communicate good ESG expectations.

Due to the variety of proxy voting issues that may arise, the following summary of the Proxy Voting Guidelines is not exhaustive and is intended to provide guidance but does not necessarily dictate how each issue must be voted in each instance. The Proxy Voting Guidelines include:

- (a) a standing policy for dealing with routine matters on which a BMO ETF may vote, such as election of directors, appointment of auditors and an issuance of shares;
- (b) the circumstances under which a BMO ETF will deviate from the standing policy for routine matters. For example, the Proxy Voting Guidelines provide that the BMO ETFs will typically support management's recommendation regarding appointing auditors, but may vote against such recommendation where auditor independence is in question;
- (c) the policies under which, and the procedures by which, a BMO ETF will determine how to vote on non-routine matters such as mergers and acquisitions, spin-offs and other corporate restructurings, shareholder rights (other than the issuance of shares), corporate governance, compensation, and social and environmental matters. For example, with respect to mergers and acquisitions, spin-offs and other corporate restructurings, the Proxy Voting Guidelines provide that the BMO ETFs will typically support incumbent management provided that the financial terms, synergistic benefits and management quality are sound; and
- (d) procedures include vote record keeping and annual monitoring of vote instructions to ensure that a BMO ETF's portfolio securities are voted in accordance with the BMO ETF's instructions.

The Portfolio Manager has a policy in place to identify and deal with potential conflicts of interest in proxy voting such as the following proxy voting situations:

- (a) voting proxies at a company's shareholder meeting where the company is a client of, or has another type of business relationship with, BMO Financial Group;
- (b) voting proxies at a Bank of Montreal or an affiliate's shareholder meeting (including meetings of investment funds managed by the Manager or an affiliate) or a company's shareholder meeting relating to a corporate action such as a merger or acquisition involving the company (or any of its affiliates) and a member of BMO Financial Group;
- (c) voting proxies at a company's shareholder meeting where an officer, director or employee of the Manager or BMO Financial Group serves on the board or is nominated for election to that company;
- (d) voting proxies at a company's shareholder meeting with a potential voting outcome that favours one client (including one investment fund) over another; and
- (e) voting proxies at a company's shareholder meeting where different portfolio managers of the Portfolio Manager prefer different voting outcomes.

The securities of the Underlying Funds held by a BMO ETF that the Manager, or one of its affiliates or associates, manage will not be voted unless, at the Manager's discretion, the Manager arranges for securities of the Underlying Fund to be voted by the securityholders of the BMO ETF.

The Proxy Voting Guidelines of the Manager are available upon request, at no cost, by calling 1-800-668-7327 or by writing to the Manager at 100 King Street West, 43rd Floor, Toronto, Ontario M5X 1A1.

Each BMO ETF'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 securityholder of the BMO ETF upon request at any time after August 31 of the relevant year by calling 1-800-668- 7327. The proxy voting record is also available on the BMO ETF's designated website at [www.bmo.com/etflegal](http://www.bmo.com/etflegal).

## MATERIAL CONTRACTS

The following contracts can reasonably be regarded as material to purchasers of Units:

- (a) the Declaration of Trust;
- (b) the Custodian Agreement; and
- (c) the License Agreement.

Details of the Declaration of Trust can be found under “Organization and Management of the BMO ETFs – Trustee, Manager, Portfolio Manager and Promoter of the BMO ETFs – Details of the Declaration of Trust”. Details of the Custodian Agreement can be found under “Organization and Management of the BMO ETFs – Custodian”. Details of the License Agreement can be found under “Material Contracts – License Agreement”. Copies of the agreements referred to above may be inspected during business hours at the registered office of the Manager.

### *Special Definitions*

For purposes of this Section only, the “**S&P Index**” means:  
S&P/TSX 60 Index

For purposes of this Section only, “**Product**” means:  
BMO S&P/TSX 60 Index ETF

### *License Agreement*

The Manager entered into an agreement dated October 16, 2009, as amended from time to time, with S&P Opco, LLC, a subsidiary of S&P Dow Jones Indices LLC (each, the “**S&P Opco License Agreement**”) under which the Manager has the right, on and subject to the terms of the S&P Opco License Agreement, to use the S&P Index and certain related trademarks as a basis for the operation of the Product.

The initial term of the license for the S&P Index is one year ending on September 5, 2024 and it will then renew annually in accordance with the terms of the S&P Opco License Agreement. If all or part of the S&P Opco License Agreement is terminated for any reason, the Manager will no longer be able to operate the Product if it is affected by such termination.

### *Trademark Information and Disclaimers*

The S&P Index is a product of S&P Dow Jones Indices LLC or its affiliates (“**SPDJI**”), and has been licensed for use by the Manager. S&P®, S&P 500®, US 500, The 500, iBoxx®, iTraxx® and CDX® are trademarks of S&P Global, Inc. or its affiliates (“**S&P**”); and Dow Jones® is a registered trademark of Dow Jones Trademark Holdings LLC (“**Dow Jones**”). It is not possible to invest directly in an index. The Product is not sponsored, endorsed, sold or promoted by SPDJI, Dow Jones, S&P, and/or any of their respective affiliates (collectively, “**S&P Dow Jones Indices**”). S&P Dow Jones Indices do not make any representation or warranty, express or implied, to the owners of the Product or any member of the public regarding the advisability of investing in securities generally or in the Product particularly or the ability of an S&P Dow Jones Index to track general market performance. Past performance of an index is not an indication or guarantee of future results. S&P Dow Jones Indices’ only relationship to the Manager with respect to an S&P Dow Jones Index is the licensing of the S&P Dow Jones Index and certain trademarks, service marks and/or trade names of S&P Dow Jones Indices and/or its licensors. Each S&P Dow Jones Index is determined, composed and calculated by S&P Dow Jones Indices without regard to the Manager or the Product. S&P Dow Jones Indices have no obligation to take the needs of the Manager or the owners of Product into consideration in determining, composing or calculating the S&P Dow Jones Index. S&P Dow Jones Indices have no obligation or liability in connection with the administration, marketing or trading of the Product. There is no assurance that investment products based on an S&P Dow Jones Index will accurately track index performance or provide positive investment returns. S&P Dow Jones Indices LLC is not an investment adviser, commodity trading advisor, commodity pool operator, broker dealer, fiduciary, “promoter” (as defined in the Investment Company Act of 1940, as amended), “expert” as enumerated within 15 U.S.C. § 77k(a) or tax advisor. Inclusion of a security, commodity, crypto currency

or other asset within an index is not a recommendation by S&P Dow Jones Indices to buy, sell, or hold such security, commodity, crypto currency or other asset, nor is it considered to be investment advice or commodity trading advice.

THE S&P DOW JONES INDICES DO NOT GUARANTEE THE ADEQUACY, ACCURACY, TIMELINESS AND/OR THE COMPLETENESS OF ANY S&P DOW JONES INDEX OR ANY DATA RELATED THERETO OR ANY COMMUNICATION, INCLUDING BUT NOT LIMITED TO, ORAL OR WRITTEN COMMUNICATION (INCLUDING ELECTRONIC COMMUNICATIONS) WITH RESPECT THERETO. S&P DOW JONES INDICES SHALL NOT BE SUBJECT TO ANY DAMAGES OR LIABILITY FOR ANY ERRORS, OMISSIONS, OR DELAYS THEREIN. S&P DOW JONES INDICES MAKE NO EXPRESS OR IMPLIED WARRANTIES, AND EXPRESSLY DISCLAIM ALL WARRANTIES, OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE OR AS TO RESULTS TO BE OBTAINED BY THE MANAGER, OWNERS OF THE PRODUCTS, OR ANY OTHER PERSON OR ENTITY FROM THE USE OF AN S&P DOW JONES INDEX OR WITH RESPECT TO ANY DATA RELATED THERETO. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT WHATSOEVER SHALL S&P DOW JONES INDICES BE LIABLE FOR ANY INDIRECT, SPECIAL, INCIDENTAL, PUNITIVE, OR CONSEQUENTIAL DAMAGES INCLUDING BUT NOT LIMITED TO, LOSS OF PROFITS, TRADING LOSSES, LOST TIME OR GOODWILL, EVEN IF THEY HAVE BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, WHETHER IN CONTRACT, TORT, STRICT LIABILITY, OR OTHERWISE. S&P DOW JONES INDICES HAVE NOT REVIEWED, PREPARED AND/OR CERTIFIED ANY PORTION OF, NOR DOES S&P DOW JONES INDICES HAVE ANY CONTROL OVER, THE LICENSEE PRODUCT REGISTRATION STATEMENT, PROSPECTUS OR OTHER OFFERING MATERIALS. THERE ARE NO THIRD-PARTY BENEFICIARIES OF ANY AGREEMENTS OR ARRANGEMENTS BETWEEN S&P DOW JONES INDICES AND THE MANAGER, OTHER THAN THE LICENSORS OF S&P DOW JONES INDICES.

#### **LEGAL AND ADMINISTRATIVE PROCEEDINGS**

The BMO ETFs are not involved in any legal proceedings nor is the Manager aware of existing or pending legal or arbitration proceedings involving any of the BMO ETFs.

#### **EXPERTS**

Blake, Cassels & Graydon LLP, legal counsel to the BMO ETFs and the Manager, has provided certain legal opinions on the principal Canadian federal income tax considerations that apply to an investment in the Units by an individual resident in Canada. See “Income Tax Considerations” and “Eligibility for Investment”.

The auditor of the BMO ETFs is PricewaterhouseCoopers LLP, Chartered Professional Accountants, Licensed Public Accountants, who has prepared the independent auditor’s report dated as of September 11, 2023 in respect of the statement of financial position of each of the BMO ETFs as at September 11, 2023. PricewaterhouseCoopers LLP has advised that they are independent with respect to the BMO ETFs within the meaning of the Code of Professional Conduct of Chartered Professional Accountants of Ontario, CPA.

#### **EXEMPTIONS AND APPROVALS**

Each BMO ETF has obtained exemptive relief from the Canadian securities regulatory authorities to permit the following practices:

- (a) the purchase by a Unitholder of more than 20% of the Units of any BMO ETF through purchases on the Exchange without regard to the take-over bid requirements of Canadian Securities Legislation, provided that any such Unitholder, and any person or company acting jointly or in concert with the Unitholder, undertakes to the Manager to not exercise any votes attached to the Units held by the Unitholder which represent more than 20% of the votes attached to the outstanding Units of that BMO ETF at any meeting of Unitholders;
- (b) the purchase and sale of Units of the BMO ETFs on the Exchange, which precludes the transmission of purchase or redemption orders to the order receipt offices of the BMO ETFs;
- (c) the payment for the issuance of Units of the BMO ETFs to be made partially in cash and partially in securities, provided that the acceptance of securities as payment is made in accordance with subparagraphs 9.4(2)(b)(i) and 9.4(2)(b)(ii) of NI 81-102;

- (d) the redemption of less than the Prescribed Number of Units of a BMO ETF at a price equal to 95% of the closing price of the Units of such BMO ETF on the Exchange;
- (e) to relieve the BMO ETFs from the requirement relating to the record date for the payment of distributions, provided that the BMO ETFs comply with applicable Exchange's requirements;
- (f) to relieve the BMO ETFs from the requirement that a prospectus contain a certificate of the underwriters;
- (g) to relieve the BMO ETFs from the requirement to include in the prospectus a statement respecting purchasers' statutory rights of withdrawal and remedies of rescission or damages substantially in the form prescribed in item 36.2 of Form 41-101-F2 – *Information Required in an Investment Fund Prospectus*;
- (h) to permit the Lipper Fund Awards and Lipper Leader Ratings to be referenced in sales communications relating to a BMO ETF, subject to certain conditions;
- (i) to permit the FundGrade A+ Awards and FundGrade Ratings to be referenced in sales communications relating to a BMO ETF, subject to certain conditions; and
- (j) to permit a BMO ETF to purchase and hold illiquid assets with respect to certain fixed income securities that qualify for, and may be traded pursuant to, the exemption from the registration requirements of the as set out in Rule 144A of the United States *Securities Act of 1933*, as amended, for resales of certain fixed income securities to "qualified institutional buyers" as such term is defined in that act, subject to certain conditions.

#### **PURCHASERS' STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION**

Securities legislation in certain of the provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase ETF securities within 48 hours after the receipt of a confirmation of a purchase of such securities. In several of the provinces and territories of Canada, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation, or for non-delivery of the ETF Facts, provided that the remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory.

The purchaser should refer to the applicable provisions of the securities legislation of the province or territory for the particulars of these rights or should consult with a legal adviser.

#### **DOCUMENTS INCORPORATED BY REFERENCE**

Additional information about the BMO ETFs will be available in the following documents:

- (a) the most recently filed ETF Facts of the BMO ETFs;
- (b) the most recently filed comparative annual financial statements of the BMO ETFs, together with the accompanying report of the auditor;
- (c) any interim financial statements of the BMO ETFs filed after the most recently filed comparative annual financial statements of the BMO ETFs;
- (d) the most recently filed annual MRFP of the BMO ETFs; and
- (e) any interim MRFP of the BMO ETFs filed after that most recently filed annual MRFP of the BMO ETFs.

These documents will be incorporated by reference in this prospectus, which means that they will legally form part of this document just as if they were printed as part of this document. The above documents, if filed by the BMO ETFs after the date of this prospectus and before the end of the distribution hereunder, are also deemed to be incorporated by reference herein. An investor can get a copy of these documents, when available, upon request and at no cost by calling the Manager at 1-800-361-1392 or by contacting a registered dealer. These documents are or will also be available on the BMO ETFs' designated website at [www.bmo.com/etflegal](http://www.bmo.com/etflegal).

These documents and other information about the BMO ETFs are, or will be, available on SEDAR at [www.sedar.com](http://www.sedar.com).

## INDEPENDENT AUDITOR'S REPORT

To the Unitholder and Trustee of

BMO Long Short Canadian Equity ETF  
BMO Long Short US Equity ETF  
BMO S&P/TSX 60 Index ETF  
BMO Canadian Banks Accelerator ETF  
BMO USD Cash Management ETF  
BMO US Equity Accelerator Hedged to CAD ETF  
BMO US Equity Buffer Hedged to CAD ETF – October

(individually, a BMO ETF)

### **Our opinion**

In our opinion, the accompanying financial statement of each BMO ETF presents fairly, in all material respects, the financial position of each BMO ETF as at September 11, 2023 in accordance with those requirements of International Financial Reporting Standards (IFRS) relevant to preparing a statement of financial position.

### **What we have audited**

The financial statement of each BMO ETF comprises the statement of financial position as at September 11, 2023 and the notes to the financial statement, which include significant accounting policies and other explanatory information.

### **Basis for opinion**

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statement section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Independence**

We are independent of each BMO ETF in accordance with the ethical requirements that are relevant to our audit of the financial statement in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

### **Emphasis of matter – basis of accounting**

We draw to users' attention the fact that the financial statement of each BMO ETF does not comprise a full set of financial statements prepared in accordance with IFRS. Our opinion is not modified in respect of this matter.

### **Responsibilities of management and those charged with governance for the financial statement**

Management is responsible for the preparation and fair presentation of the financial statement of each BMO ETF in accordance with those requirements of IFRS relevant to preparing a statement of financial position, and for such internal control as management determines is necessary to enable the preparation of a financial statement that is free from material misstatement, whether due to fraud or error.

PricewaterhouseCoopers LLP, PwC Tower, 18 York Street, Suite 2500, Toronto, Ontario, Canada, M5J 0B2, T: 416-863-1133, F: 416-365-8215

"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

In preparing the financial statement, management is responsible for assessing the ability of each BMO ETF to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate any BMO ETF or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the financial reporting process of each BMO ETF.

### **Auditor's responsibilities for the audit of the financial statement**

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole for each BMO ETF is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statement of each BMO ETF.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statement of each BMO ETF, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of each BMO ETF.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of each BMO ETF to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statement of each BMO ETF or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause any BMO ETF to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statement of each BMO ETF, including the disclosures, and whether the financial statement represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

***(Signed) "PricewaterhouseCoopers LLP"***

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario  
September 11, 2023

# BMO Long Short Canadian Equity ETF

## Statement of financial position

As at September 11, 2023 (All amounts in C\$)

	Note	\$
<b>Assets</b>		
<b>Current assets</b>		
Cash		30
<b>Total assets</b>		<b>30</b>
<b>Net assets attributable to holder of redeemable units</b>		
(1 unit issued and redeemable)	5	30
<b>Net assets attributable to holder of redeemable units (per unit)</b>		<b>30</b>

The notes on pages F-21 to F-26 are an integral part of this financial statement.

Approved on behalf of the Board of Directors of  
BMO Asset Management Inc.

(Signed) "Thomas Burian"  
Thomas Burian  
Director

(Signed) "Sara Petreich"  
Sara Petreich  
Director

# BMO Long Short US Equity ETF

## Statement of financial position

As at September 11, 2023 (All amounts in C\$)

	Note	\$
<b>Assets</b>		
<b>Current assets</b>		
Cash		30
<b>Total assets</b>		<b>30</b>
<b>Net assets attributable to holder of redeemable units</b>		
(1 unit issued and redeemable)	5	30
<b>Net assets attributable to holder of redeemable units (per unit)</b>		<b>30</b>

The notes on pages F-21 to F-26 are an integral part of this financial statement.

Approved on behalf of the Board of Directors of BMO  
Asset Management Inc.

(Signed) "Thomas Burian"  
Thomas Burian  
Director

(Signed) "Sara Petrcich"  
Sara Petrcich  
Director

# BMO S&P/TSX 60 Index ETF

## Statement of financial position

As at September 11, 2023 (All amounts in C\$)

	Note	\$
<b>Assets</b>		
<b>Current assets</b>		
Cash		45
<b>Total assets</b>		<b>45</b>
<b>Net assets attributable to holder of redeemable units</b>		
(1 unit issued and redeemable)	5	45
<b>Net assets attributable to holder of redeemable units (per unit)</b>		<b>45</b>

The notes on pages F-21 to F-26 are an integral part of this financial statement.

Approved on behalf of the Board of Directors of BMO  
Asset Management Inc.

(Signed) "Thomas Burian"  
Thomas Burian  
Director

(Signed) "Sara Petrcich"  
Sara Petrcich  
Director

# BMO Canadian Banks Accelerator ETF

## Statement of financial position

As at September 11, 2023 (All amounts in C\$)

	Note	\$
<b>Assets</b>		
<b>Current assets</b>		
Cash		30
<b>Total assets</b>		<b>30</b>
<b>Net assets attributable to holder of redeemable units</b>		
(1 unit issued and redeemable)	5	30
<b>Net assets attributable to holder of redeemable units (per unit)</b>		<b>30</b>

The notes on pages F-21 to F-26 are an integral part of this financial statement.

Approved on behalf of the Board of Directors of BMO  
Asset Management Inc.

(Signed) "Thomas Burian"  
Thomas Burian  
Director

(Signed) "Sara Petrcich"  
Sara Petrcich  
Director

# BMO USD Cash Management ETF

## Statement of financial position

As at September 11, 2023 (All amounts in C\$)

	Note	\$
<b>Assets</b>		
<b>Current assets</b>		
Cash		71
<b>Total assets</b>		<b>71</b>
<b>Net assets attributable to holder of redeemable units</b>		
(1 unit issued and redeemable for the following classes)		
CAD Unit	5	30
USD Unit	5	41
		71
<b>Net assets attributable to holder of redeemable units (per unit)</b>		
CAD Unit		30
USD Unit		41

The notes on pages F-21 to F-26 are an integral part of this financial statement.

Approved on behalf of the Board of Directors of BMO  
Asset Management Inc.

(Signed) "Thomas Burian"  
Thomas Burian  
Director

(Signed) "Sara Petrcich"  
Sara Petrcich  
Director

# BMO US Equity Accelerator Hedged to CAD ETF

## Statement of financial position

As at September 11, 2023 (All amounts in C\$)

	Note	\$
<b>Assets</b>		
<b>Current assets</b>		
Cash		30
<b>Total assets</b>		<b>30</b>
<b>Net assets attributable to holder of redeemable units</b>		
(1 unit issued and redeemable)	5	30
<b>Net assets attributable to holder of redeemable units (per unit)</b>		<b>30</b>

The notes on pages F-21 to F-26 are an integral part of this financial statement.

Approved on behalf of the Board of Directors of BMO  
Asset Management Inc.

(Signed) "Thomas Burian"  
Thomas Burian  
Director

(Signed) "Sara Petcich"  
Sara Petcich  
Director

# BMO US Equity Buffer Hedged to CAD ETF – October

## Statement of financial position

As at September 11, 2023 (All amounts in C\$)

	Note	\$
<b>Assets</b>		
<b>Current assets</b>		
Cash		30
<b>Total assets</b>		<b>30</b>
<b>Net assets attributable to holder of redeemable units</b>		
(1 unit issued and redeemable)	5	30
<b>Net assets attributable to holder of redeemable units (per unit)</b>		<b>30</b>

The notes on pages F-21 to F-26 are an integral part of this financial statement.

Approved on behalf of the Board of Directors of BMO Asset Management Inc.

(Signed) "Thomas Burian"  
Thomas Burian  
Director

(Signed) "Sara Petrcich"  
Sara Petrcich  
Director

## Notes to the statements of financial position

September 11, 2023

*(all amounts stated in Canadian dollars unless otherwise stated)*

### 1. General information

BMO Long Short Canadian Equity ETF, BMO Long Short US Equity ETF, BMO Canadian Banks Accelerator ETF, BMO S&P/TSX 60 Index ETF, BMO USD Cash Management ETF, BMO US Equity Accelerator Hedged to CAD ETF and BMO US Equity Buffer Hedged to CAD ETF – October (each, a “**BMO ETF**” and, collectively, the “**BMO ETFs**”) are exchange traded mutual funds established as trusts under the laws of the Province of Ontario on September 11, 2023 pursuant to a master declaration of trust dated September 11, 2023, as may be amended or amended and restated from time to time. BMO Asset Management Inc. (the “**Manager**”) is the trustee, manager, portfolio manager and promoter of the BMO ETFs and is responsible for the administration of the BMO ETFs. The Manager is a wholly owned subsidiary of the Bank of Montreal.

The address of the BMO ETFs’ registered office is 100 King Street West, Toronto, Ontario, M5X 1A1.

BMO Long Short Canadian Equity ETF seeks to provide income and long-term capital appreciation, primarily by taking long and short positions in equity securities issued by Canadian companies. BMO Long Short Canadian Equity ETF will also invest excess cash in fixed income instruments or exposures. BMO Long Short Canadian Equity ETF may employ leverage to enhance returns, whereby the sum of long and short equity exposures will generally exceed 100%.

BMO Long Short US Equity ETF seeks to provide income and long-term capital appreciation, primarily by taking long and short positions in equity securities issued by US companies. BMO Long Short US Equity ETF will also invest excess cash in fixed income instruments or exposures. BMO Long Short US Equity ETF may employ leverage to enhance returns, whereby the sum of long and short equity exposures will generally exceed 100%.

BMO S&P/TSX 60 Index ETF seeks to replicate, to the extent possible, the performance of an index, net of expenses. Currently, BMO S&P/TSX 60 Index ETF seeks to replicate the performance of the S&P/TSX 60 Index.

BMO Canadian Banks Accelerator ETF seeks to provide unitholders with income and approximately double (2x) the upside return of BMO Equal Weight Banks Index ETF up to a cap (before fees, expenses and taxes), with approximately single exposure to the downside (before fees, expenses and taxes), over the Target Outcome Period under normal market conditions. BMO Canadian Banks Accelerator ETF can be held indefinitely, resetting at the end of each Target Outcome Period, approximately quarterly. The initial Target Outcome Period is the period commencing on the date of initial issuance and listing of Units of BMO Canadian Banks Accelerator ETF to on or about December 31, 2023. Following this initial Target Outcome Period, each subsequent Target Outcome Period will be a period of approximately one quarter from the first business day of January 2024.

BMO USD Cash Management ETF seeks to maximize current income, while at the same time preserving capital and maintaining liquidity, by providing unitholders exposure to high quality short term fixed income securities denominated in US dollars.

BMO US Equity Accelerator Hedged to CAD ETF seeks to provide unitholders with income and approximately double (2x) the upside return of BMO S&P 500 Hedged to CAD Index ETF up to a cap (before fees, expenses and taxes), with approximately single exposure to the downside (before fees, expenses and taxes), over the Target Outcome Period under normal market conditions. BMO US Equity Accelerator Hedged to CAD ETF can be held indefinitely, resetting at the end of each Target Outcome Period, approximately quarterly. The initial Target Outcome Period is the period commencing on the date of initial issuance and listing of Units of BMO US Equity Accelerator Hedged to CAD ETF to on or about December 31, 2023. Following this initial Target Outcome Period, each subsequent Target Outcome Period will be a period of approximately one quarter from the first business day of January 2024.

BMO US Equity Buffer Hedged to CAD ETF – October seeks to provide unitholders with income and appreciation (before fees, expenses and taxes) that matches to the extent possible the return of BMO S&P 500 Hedged to CAD Index ETF (the Reference ETF) up to a cap (before fees, expenses and taxes), while providing a buffer against the first 15% (before fees, expenses and taxes) of a decrease in the market price of the Reference ETF, over a period of approximately one year from the first business day of October of each year to on or about the last business day of September of the following year, referred to as the Target Outcome Period. The initial Target Outcome Period is the period commencing on the date of initial issuance and listing of Units of BMO US Equity Buffer Hedged to CAD ETF – October to on or about September 30, 2024. Following this initial Target Outcome Period, each subsequent Target Outcome Period will be a period of approximately one year from the first business day of October of each year to on or about the last business day of September of that year.

These statements of financial position were authorized for issue by the Board of Directors of the Manager on September 11, 2023.

## **2. Summary of significant accounting policies**

The principal accounting policies applied in the preparation of these statements of financial position are set out below.

### **2a) Basis of preparation**

The financial statement of each BMO ETF has been prepared in accordance with International Financial Reporting Standards (“IFRS”) relevant to preparing such a financial statement. The financial statement of each BMO ETF has been prepared under the historical cost convention, except for the valuation of financial instruments which is at fair value.

The net asset value (NAV) is the value of the total assets of each BMO ETF less the value of its total liabilities determined, on each valuation day, in accordance with Part 14 of National Instrument 81-106 *Investment Fund Continuous Disclosure* for the purpose of processing unitholder transactions. Net assets are determined in accordance with IFRS.

### **2b) Functional and presentation currency**

The statement of financial position of each BMO ETF is presented in Canadian dollars, which is each of the BMO ETF’s functional currency.

### **2c) Financial instruments**

The BMO ETFs record financial instruments at fair value. Investment transactions are accounted for on the trade date.

Cash is comprised of cash and deposits with banks, which may include banker acceptances and overnight demand deposits. The carrying amount of cash approximates its fair value because it is short-term in nature.

International Accounting Standard 32 *Financial Instruments: Presentation* requires the obligation for net assets attributable to holders of redeemable units of each BMO ETF to be presented at the redemption amount. The units of the BMO ETFs are redeemable at the option of the holder in accordance with the terms described in note 5.

### **2d) Classification of redeemable units**

Redemption of units at 95% of the NAV for some unitholder redemptions results in a situation where the redemption value of this puttable instrument is not based substantially on the net assets of the BMO ETFs. As a result, the BMO ETFs’ obligations for net assets attributable to a holder of redeemable units are classified as financial liabilities and presented at the redemption amounts.

### **3. Fair value**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The carrying values of the obligation for net assets attributable to holders of redeemable units for each BMO ETF approximate their fair values.

### **4. Risks associated with financial instruments**

Each BMO ETF's overall risk management program seeks to maximize the returns derived for the level of risk to which the BMO ETF is exposed and seeks to minimize potential adverse effects on the BMO ETF's financial performance.

#### **Credit risk**

The BMO ETFs are exposed to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. As at September 11, 2023, the credit risk is considered limited as the cash balance represents a deposit with an AA-rated financial institution.

#### **Liquidity risk**

Liquidity risk is the risk that the BMO ETFs will encounter difficulty in meeting obligations associated with financial liabilities. Each BMO ETF maintains sufficient liquidity to fund anticipated redemptions.

#### **Capital risk management**

The capital of each of the BMO ETFs is represented by the net assets attributable to holders of redeemable units. The amount of net assets attributable to holders of redeemable units can change significantly subject to the amount and frequency of subscriptions and redemptions at the discretion of unitholders. On any trading day, unitholders may redeem units of any BMO ETF for cash at a redemption price per unit equal to the lesser of: (i) 95% of the closing price for the units on the Toronto Stock Exchange or the NEO Exchange Inc. (each, the "**Exchange**"), as applicable, on the effective day of the redemption; and (ii) the net asset value per Unit on the effective day of the redemption.

In order for cash redemption to be effective on a trading day, a cash redemption request in the form prescribed by the Manager from time to time must be delivered to the applicable BMO ETF at its registered office by 9:00 a.m. (EST) on the trading day (or such later time on such trading day as the Manager may permit). In addition, unitholders may exchange their units for baskets of securities and/or cash, as applicable. To affect an exchange of units, a unitholder must submit an exchange request in the form prescribed by the Manager from time to time to the applicable BMO ETF at its registered office by 9:00 a.m. (EST) on a trading day (or such later time on such trading day as the Manager may permit). The exchange price is equal to the NAV of the units on the effective day of the exchange request, payable by delivery of baskets of securities and/or cash, as applicable.

### **5. Redeemable units**

The capital of each of the BMO ETFs is represented by issued redeemable units with no par value. The units are entitled to distributions, if any, and to a proportionate share of the net assets attributable to the unitholders. In accordance with its investment objective and strategies, and the risk management practices outlined in Note 4, the BMO ETFs endeavour to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemptions, such liquidity being augmented by short-term borrowings or disposal of investments where necessary. The BMO ETFs are authorized to issue an unlimited number of units.

On any trading day, a designated broker or dealer may place a subscription or exchange order for the prescribed number of units (or an integral multiple thereof) of a BMO ETF. For each of the BMO ETFs, a trading day

is a day on which the Exchange is open for business and on which the primary market or exchange for the majority of the securities held by the BMO ETF is open for trading.

If the subscription or exchange order is accepted, the BMO ETF will issue or exchange units to/from the designated broker or dealer (i) other than in respect of BMO USD Cash Management ETF, by no later than the second business day after the date on which the subscription order is accepted; (ii) by no later than the next business day after the date on which the subscription order is accepted for BMO USD Cash Management ETF; or (iii) in each case, in such shorter period as may be determined by the Manager in response to changes in applicable law or general changes to settlement procedures in applicable markets, in each case provided that payment for such units has been received. For each prescribed number of units issued or exchanged, a designated broker or dealer must deliver or receive payment consisting of, in the Manager's discretion:

- (a) a basket of applicable securities and cash in an amount sufficient so that the value of the securities and the cash received is equal to the NAV of the units issued or exchanged; or
- (b) cash in an amount equal to the NAV of the units issued or exchanged.

Units exchanged for a basket of securities will be exchanged at a price equal to the NAV of the units on the effective date of the exchange request, payable by delivery of baskets of securities and cash. The units will be redeemed in the exchange. On any trading day, unitholders may redeem units of a BMO ETF for cash. Units redeemed for cash will be redeemed at a redemption price per unit equal to the lesser of: (i) 95% of the closing price for the units on the Exchange on the effective day of the redemption; and (ii) the net asset value per unit on the effective day of the redemption.

The NAV per unit of a class for the purposes of subscription, redemption or exchange is computed by dividing the NAV of each class of the BMO ETFs (that is, the total fair value of the assets attributable to the class of the BMO ETF less the liabilities attributable to the class) by the total number of units of the class of the BMO ETF outstanding at such time on each Valuation Day, in accordance with Part 14 National Instrument 81-106 *Investment Fund Continuous Disclosure* for the purpose of processing unitholder transactions. Net Assets are determined in accordance with IFRS and may differ from the BMO ETF's NAV. As at September 11, 2023, there is no difference between net assets and NAV of each BMO ETF.

## 6. Related party transactions

Each BMO ETF's investment activities are managed by the Manager. BMO Investments Inc., an affiliate of the Manager, has purchased the initial unit/units of each BMO ETF as summarized in the table below.

Name of BMO ETF	Units	Consideration (All amounts in C\$)	Price per Unit (All amounts in C\$)
BMO Long Short Canadian Equity ETF	1	30	30
BMO Long Short US Equity ETF	1	30	30
BMO S&P/TSX 60 Index ETF	1	45	45
BMO Canadian Banks Accelerator ETF	1	30	30
BMO USD Cash Management ETF (CAD Units)	1	30	30
BMO USD Cash Management ETF (USD Units)	1	41	41
BMO US Equity Accelerator Hedged to CAD ETF	1	30	30
BMO US Equity Buffer Hedged to CAD ETF – October	1	30	30

Each BMO ETF will pay management fees, in accordance with the Declaration of Trust, to the Manager and the Manager is entitled to a management fee as set forth in the table below based on the average daily net asset value of the applicable BMO ETF. The management fee, plus applicable taxes including HST, is accrued daily and paid quarterly in arrears. The Manager may, from time to time in its discretion, waive a portion of the management fee charged.

	Annual Management Fee (%)
BMO Long Short Canadian Equity ETF	0.65
BMO Long Short US Equity ETF	0.65
BMO S&P/TSX 60 Index ETF	0.13
BMO Canadian Banks Accelerator ETF	0.65
BMO USD Cash Management ETF	0.12
BMO US Equity Accelerator Hedged to CAD ETF	0.65
BMO US Equity Buffer Hedged to CAD ETF – October	0.65

BMO Investments Inc. may not exchange the initial unit of each BMO ETF that it purchased on September 11, 2023 until the respective BMO ETF has received total subscriptions of \$500,000 from other investors.

**CERTIFICATE OF THE BMO ETFs, THE MANAGER AND PROMOTER**

Dated: September 11, 2023

This prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of each of the provinces and territories of Canada.

**BMO ASSET MANAGEMENT INC.  
as Manager and Trustee of the BMO ETFs**

*(Signed) "William Bamber"*

WILLIAM BAMBER  
Acting in the capacity of Chief Executive Officer

*(Signed) "Nelson Avila"*

NELSON AVILA  
Chief Financial Officer

**On behalf of the Board of Directors of BMO Asset Management Inc.**

*(Signed) "Sara Petrcich"*

SARA PETRCICH  
Director

*(Signed) "Thomas Burian"*

THOMAS BURIAN  
Director

**BMO ASSET MANAGEMENT INC.  
as Promoter of the BMO ETFs**

*(Signed) "William Bamber"*

WILLIAM BAMBER  
Acting in the capacity of Chief Executive Officer