

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

January 30, 2017



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

- BMO Canadian Dividend ETF
- BMO Canadian High Dividend Covered Call ETF
- BMO Covered Call Canadian Banks ETF
- BMO Covered Call Dow Jones Industrial Average Hedged to CAD ETF
- BMO Covered Call Utilities ETF
- BMO Europe High Dividend Covered Call Hedged to CAD ETF
- BMO Floating Rate High Yield ETF
- BMO International Dividend ETF
- BMO International Dividend Hedged to CAD ETF
- BMO Low Volatility Canadian Equity ETF
- BMO Low Volatility Emerging Markets Equity ETF
- BMO Low Volatility International Equity ETF
- BMO Low Volatility International Equity Hedged to CAD ETF
- BMO Low Volatility US Equity ETF
- BMO Low Volatility US Equity Hedged to CAD ETF
- BMO Monthly Income ETF
- BMO Ultra Short-Term Bond ETF
- BMO US Dividend ETF
- BMO US Dividend Hedged to CAD ETF
- BMO US High Dividend Covered Call ETF
- BMO US Put Write ETF
- BMO US Put Write Hedged to CAD ETF

This prospectus also qualifies the distribution of USD Units (defined below) of BMO Low Volatility US Equity ETF, BMO US Dividend ETF, BMO US High Dividend Covered Call ETF and BMO US Put Write ETF. This prospectus also qualifies the distribution of Accumulating Units (defined below) of BMO Ultra Short-Term Bond ETF. Collectively, CAD Units, USD Units and Accumulating Units are referred to as “**Units**”.

The BMO ETFs are exchange traded mutual funds established as trusts under the laws of the Province of Ontario. BMO Canadian Dividend ETF seeks to provide Unitholders with exposure to the performance of a yield weighted portfolio of Canadian dividend paying stocks, and also seeks to provide Unitholders with monthly distributions. BMO Canadian High Dividend Covered Call ETF seeks to provide Unitholders with exposure to the performance of a portfolio of dividend paying Canadian companies to generate income and to provide long-term capital appreciation. BMO Covered Call Canadian Banks ETF seeks to provide Unitholders with exposure to the performance of a portfolio of Canadian banks while mitigating downside risk, and also seeks to provide Unitholders with monthly distributions. BMO Covered Call Dow Jones Industrial Average Hedged to CAD ETF seeks to

provide Unitholders with exposure to the performance of a portfolio of U.S. stocks while mitigating downside risk, and also seeks to provide Unitholders with monthly distributions. BMO Covered Call Utilities ETF seeks to provide Unitholders with exposure to the performance of a portfolio of utilities companies while mitigating downside risk, and also seeks to provide Unitholders with monthly distributions. BMO Europe High Dividend Covered Call Hedged to CAD ETF seeks to provide Unitholders with exposure to the performance of a portfolio of dividend paying European companies to generate income and to provide long-term capital appreciation. BMO Floating Rate High Yield ETF seeks to provide Unitholders with exposure to a diversified portfolio of debt securities of high yield bond issuers while mitigating the effects of interest rate fluctuations on BMO Floating Rate High Yield ETF. BMO International Dividend ETF seeks to provide Unitholders with exposure to the performance of a yield weighted portfolio of international dividend paying stocks. BMO International Dividend Hedged to CAD ETF seeks to provide Unitholders with exposure to the performance of a yield weighted portfolio of high dividend paying equities of international companies to provide long-term capital appreciation and to generate income. BMO Low Volatility Canadian Equity ETF seeks to provide Unitholders with exposure to the performance of a portfolio of Canadian equities with the potential for long-term capital growth. BMO Low Volatility Emerging Markets Equity ETF seeks to provide Unitholders with exposure to the performance of a portfolio of emerging market stocks with the potential for long-term capital appreciation. BMO Low Volatility International Equity ETF seeks to provide Unitholders with exposure to the performance of a portfolio of international stocks with the potential for long-term capital appreciation. BMO Low Volatility International Equity Hedged to CAD ETF seeks to provide Unitholders with exposure to the performance of a portfolio of international stocks with the potential for long-term capital appreciation. BMO Low Volatility US Equity ETF seeks to provide Unitholders with exposure to the performance of a portfolio of U.S. stocks with the potential for long-term capital growth. BMO Low Volatility US Equity Hedged to CAD ETF seeks to provide Unitholders with exposure to the performance of a portfolio of U.S. stocks with the potential for long-term capital appreciation. BMO Monthly Income ETF seeks to provide Unitholders with monthly cash distributions, with the potential for modest long-term capital growth. BMO Ultra Short-Term Bond ETF seeks to provide Unitholders with exposure to a variety of fixed income securities with a target average weighted term to maturity of one year or less. BMO US Dividend ETF seeks to provide Unitholders with exposure to a yield weighted portfolio of U.S. dividend paying stocks and also seeks to provide Unitholders with monthly distributions. BMO US Dividend Hedged to CAD ETF seeks to provide Unitholders with exposure to a yield weighted portfolio of U.S. dividend paying stocks and also seeks to provide Unitholders with monthly distributions. BMO US High Dividend Covered Call ETF seeks to provide Unitholders with exposure to the performance of a portfolio of dividend paying U.S. companies while mitigating downside risk, and also seeks to provide Unitholders with monthly distributions. BMO US Put Write ETF seeks to provide Unitholders with exposure to the performance of a portfolio of written put options on U.S. large capitalization equity securities to generate income. BMO US Put Write Hedged to CAD ETF seeks to provide Unitholders with exposure to the performance of a portfolio of put options on U.S. large capitalization equity securities to generate income. See “Investment Objectives”.

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. Any exposure that the equity portfolio of each of BMO Covered Call Dow Jones Industrial Average Hedged to CAD ETF, BMO Covered Call Utilities ETF, BMO Low Volatility US Equity Hedged to CAD ETF, BMO US Dividend Hedged to CAD ETF or BMO US Put Write Hedged to CAD ETF may have to the United States dollar will be hedged back to the Canadian dollar. Any exposure that the portfolio of BMO Europe High Dividend Covered Call Hedged to CAD ETF, BMO International Dividend Hedged to CAD ETF, or BMO Low Volatility International Equity Hedged to CAD ETF may have to foreign currencies will be hedged back to the Canadian dollar.

BMO Asset Management is the trustee, manager, portfolio manager, promoter and valuation agent of the BMO ETFs and is responsible for the administration of the BMO ETFs. See “Organization and Management Details – The Trustee, Manager, Portfolio Manager, Promoter and Valuation Agent”. 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. The BMO ETFs are offered by BMO Asset Management, the trustee and manager 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 Constituent Issuers held by each BMO ETF and cash, or, with respect to certain BMO ETFs, cash only.

The BMO ETFs issue Units directly to Designated Brokers and Dealers. The initial issuance of the Units of BMO Canadian High Dividend Covered Call ETF and BMO US Put Write Hedged to CAD ETF (the “**New BMO ETFs**”) will not occur until the New BMO ETFs have each received, in aggregate, subscriptions sufficient to satisfy the original listing requirements of the Toronto Stock Exchange (“**TSX**”). BMO Nesbitt Burns Inc. (“**BMO NB**”), an affiliate of the Manager, will act as a Designated Broker and Dealer for the BMO ETFs.

The TSX has conditionally approved the listing of the Units of the New BMO ETFs on the TSX. Listing of the Units on the TSX is subject to the New BMO ETFs fulfilling all of the requirements of the TSX on or before January 24, 2018. Subject to satisfying the TSX’s original listing requirements, the Units will be listed on the TSX and offered on a continuous basis, and an investor will be able to buy or sell the 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 TSX has conditionally approved the listing of the Accumulating Units of BMO Ultra Short-Term Bond ETF on the TSX. Listing of the Accumulating Units on the TSX is subject to BMO Ultra Short-Term Bond ETF fulfilling all of the requirements of the TSX on or before January 24, 2018. Subject to satisfying the TSX’s supplemental listing requirements, the Accumulating Units will be listed on the TSX and offered on a continuous basis, and an investor will be able to buy or sell the Accumulating 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 Accumulating Units.

Units of the BMO ETFs, other than the Units listed above, are listed on the TSX and offered on a continuous basis. Investors may incur customary brokerage commissions in buying or selling the Units.

**No underwriter has been involved in the preparation of this prospectus or has performed any review of the contents of 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.**

Additional information about each BMO ETF is or 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 Summary Document (defined herein) for each BMO ETF. These documents are incorporated by reference into, and legally form an integral part of, this prospectus. See “Documents Incorporated by Reference”.

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## 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.*

**Accumulating Units** – a class of units of BMO Ultra Short-Term Bond ETF whereby distributions, if any, are paid by issuing additional units that will be automatically reinvested and consolidated.

**ADRs** – American Depositary Receipts. An ADR is a type of negotiable financial security that is traded on a local stock exchange but which represents a security that is issued by a foreign publicly-listed company.

**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 Asset Management** – 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.

**BMO ETFs** – means, collectively, BMO Canadian Dividend ETF, BMO Canadian High Dividend Covered Call ETF, BMO Covered Call Canadian Banks ETF, BMO Covered Call Dow Jones Industrial Average Hedged to CAD ETF, BMO Covered Call Utilities ETF, BMO Europe High Dividend Covered Call Hedged to CAD ETF, BMO Floating Rate High Yield ETF, BMO International Dividend ETF, BMO International Dividend Hedged to CAD ETF, BMO Low Volatility Canadian Equity ETF, BMO Low Volatility Emerging Markets Equity ETF, BMO Low Volatility International Equity ETF, BMO Low Volatility International Equity Hedged to CAD ETF, BMO Low Volatility US Equity ETF, BMO Low Volatility US Equity Hedged to CAD ETF, BMO Monthly Income ETF, BMO Ultra Short-Term Bond ETF, BMO US Dividend ETF, BMO US Dividend Hedged to CAD ETF, BMO US High Dividend Covered Call ETF, BMO US Put Write ETF and BMO US Put Write Hedged to CAD ETF and each an investment trust established under the laws of the Province of Ontario pursuant to the Declaration of Trust.

**BMO NB** – BMO Nesbitt Burns Inc.

**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.

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

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

**Constituent Issuers** – means, for each BMO ETF, the issuers included in the portfolio of that BMO ETF from time to time.

**Constituent Securities** – means, for each BMO ETF, the securities of the Constituent Issuers.

**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.

**Covered Call ETFs** – means, collectively, BMO Canadian High Dividend Covered Call ETF, BMO Covered Call Canadian Banks ETF, BMO Covered Call Dow Jones Industrial Average Hedged to CAD ETF, BMO Covered Call Utilities ETF, BMO Europe High Dividend Covered Call Hedged to CAD ETF and BMO US High Dividend Covered Call ETF.

**CRA** – Canada Revenue Agency.

**Custodian** – CIBC Mellon Trust Company.

**Custodian Agreement** – the custodian agreement dated May 12, 2009 (as amended from time to time) between the Manager, the BMO ETFs, CIBC Mellon Global Securities Services Company, Canadian Imperial Bank of Commerce, The Bank of New York Mellon and CIBC Mellon Trust Company, 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 master declaration of trust dated May 12, 2009 (as amended or as amended and restated from time to time) under which the BMO ETFs 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.

**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.

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

**ETF** – exchange traded fund.

**ETF Summary Document** – a summary document in respect of an ETF, which summarizes certain features of the ETF and which is publicly available at [www.sedar.com](http://www.sedar.com) and provided or made available to registered dealers for delivery to purchasers of securities of an ETF.

**GAAP** – Canadian generally accepted accounting principles.

**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.

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

**Management Fee Distribution** – as described under “Fees and Expenses – 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.

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

**New BMO ETFs** – means, collectively, BMO Canadian High Dividend Covered Call ETF and BMO US Put Write Hedged to CAD ETF.

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

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

**Other Securities** – securities other than Constituent Securities included in the portfolio of a BMO ETF, including ETFs, mutual funds or other public investment funds, ADRs or derivative instruments.

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

**Plan Agent** – CST Trust Company, plan agent for the Reinvestment Plan.

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

**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.

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

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

**REIT** – real estate investment trust.

**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.

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

**Registrar and Transfer Agent** – CST Trust Company.

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

**Securities Lending Agent or BNY Mellon** – The Bank of New York Mellon acts as agent for securities lending transactions for those BMO ETFs that engage in securities lending. The Securities Lending Agent is independent of BMO Asset Management.

**Securities Lending Agreement** – the securities lending authorization agreement dated December 15, 2009, as amended from time to time between BMO Asset Management, CIBC Mellon Trust Company, CIBC Mellon Global Securities Services Company, Canadian Imperial Bank of Commerce and The Bank of New York Mellon.

**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).



**Tax Act** – the *Income Tax Act* (Canada), as amended from time to time.

**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 TSX is held; and (ii) the primary market or exchange for the majority of the securities held by the BMO ETF is open for trading.

**TSX** – the Toronto Stock Exchange.

**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, USD Units and Accumulating 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 BMO Low Volatility US Equity ETF, BMO US Dividend ETF, BMO US High Dividend Covered Call ETF and BMO US Put Write ETF.

**Valuation Agent** – BMO Asset Management.

**Valuation Date** – each day on which a regular session of the TSX 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 Canadian Dividend ETF  
BMO Canadian High Dividend Covered Call ETF  
BMO Covered Call Canadian Banks ETF  
BMO Covered Call Dow Jones Industrial Average Hedged to CAD ETF  
BMO Covered Call Utilities ETF  
BMO Europe High Dividend Covered Call Hedged to CAD ETF  
BMO Floating Rate High Yield ETF  
BMO International Dividend ETF  
BMO International Dividend Hedged to CAD ETF  
BMO Low Volatility Canadian Equity ETF  
BMO Low Volatility Emerging Markets Equity ETF  
BMO Low Volatility International Equity ETF  
BMO Low Volatility International Equity Hedged to CAD ETF  
BMO Low Volatility US Equity ETF  
BMO Low Volatility US Equity Hedged to CAD ETF  
BMO Monthly Income ETF  
BMO Ultra Short-Term Bond ETF  
BMO US Dividend ETF  
BMO US Dividend Hedged to CAD ETF  
BMO US High Dividend Covered Call ETF  
BMO US Put Write ETF  
BMO US Put Write Hedged to CAD ETF

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

The BMO ETFs are exchange traded mutual funds established as trusts under the laws of the Province of Ontario. BMO Asset Management is the trustee, manager, portfolio manager, promoter and valuation agent of the BMO ETFs. See “Overview of the Legal Structure of the BMO ETFs”.

The BMO ETFs are not index mutual funds and are managed in the discretion of the Manager in accordance with their investment strategies and, as such, are generally more active in nature than index mutual funds.

**Offerings:** Each BMO ETF offers a class of units denominated in Canadian dollars (the “**CAD Units**”). BMO Low Volatility US Equity ETF, BMO US Dividend ETF, BMO US High Dividend Covered Call ETF and BMO US Put Write ETF also offer a class of units denominated in U.S. dollars (the “**USD Units**”). BMO Ultra Short-Term Bond ETF also offers Accumulating Units. CAD Units, USD Units and Accumulating Units of the BMO ETFs are collectively referred to as the “**Units**”.

**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. Any exposure that the equity portfolio of each of BMO Covered Call Dow Jones Industrial Average Hedged to CAD ETF, BMO Covered Call Utilities ETF, BMO Low Volatility US Equity Hedged to CAD ETF, BMO

US Dividend Hedged to CAD ETF or BMO US Put Write Hedged to CAD ETF may have to the United States dollar will be hedged back to the Canadian dollar. Any exposure that the portfolio of BMO Europe High Dividend Covered Call Hedged to CAD ETF, BMO International Dividend Hedged to CAD ETF, or BMO Low Volatility International Equity Hedged to CAD ETF may have to foreign currencies will be hedged back to the Canadian dollar.

The BMO ETFs issue Units directly to Designated Brokers and Dealers. The initial issuance of the Units of the New BMO ETFs will not occur until the New BMO ETFs have each received, in aggregate, subscriptions sufficient to satisfy the original listing requirements of the Toronto Stock Exchange (“**TSX**”). BMO Nesbitt Burns Inc. (“**BMO NB**”), an affiliate of the Manager, will act as a Designated Broker and Dealer for the BMO ETFs.

The TSX has conditionally approved the listing of the Units of the New BMO ETFs on the TSX. Listing of the Units on the TSX is subject to the New BMO ETFs fulfilling all of the requirements of the TSX on or before January 24, 2018. Subject to satisfying the TSX’s original listing requirements, the Units will be listed on the TSX and offered on a continuous basis, and an investor will be able to buy or sell the 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 TSX has conditionally approved the listing of the Accumulating Units of BMO Ultra Short-Term Bond ETF on the TSX. Listing of the Accumulating Units on the TSX is subject to BMO Ultra Short-Term Bond ETF fulfilling all of the requirements of the TSX on or before January 24, 2018. Subject to satisfying the TSX’s supplemental listing requirements, the Accumulating Units will be listed on the TSX and offered on a continuous basis, and an investor will be able to buy or sell the Accumulating 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 Accumulating Units.

Units of the BMO ETFs, other than the Units listed above, are listed on the TSX and offered on a continuous basis. Investors may incur customary brokerage commissions in buying or selling the Units.

The BMO ETFs issue Units directly to Designated Brokers and Dealers. From time to time as may be agreed between a BMO ETF and the Designated Brokers and Dealers, the Designated Brokers and Dealers may agree to accept Constituent Securities as payment for Units from prospective purchasers.

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

**Investment Objectives:**

***BMO Canadian Dividend ETF***

BMO Canadian Dividend ETF seeks to provide Unitholders with exposure to the performance of a yield weighted portfolio of Canadian dividend paying stocks and also seeks to provide Unitholders with monthly distributions. The selected companies will have the potential for long-term capital growth. Eligible securities will be selected using a rules based methodology that considers dividend growth, yield and payout ratio. Securities will also be subject to a screening process to ensure sufficient liquidity.

***BMO Canadian High Dividend Covered Call ETF***

BMO Canadian High Dividend Covered Call ETF seeks to provide Unitholders with exposure to the performance of a portfolio of dividend paying Canadian companies to generate income and to provide long-term capital appreciation. As an alternative to or in conjunction with

investing in and holding the dividend paying Canadian securities, BMO Canadian High Dividend Covered Call ETF may invest in or use certain Other Securities to obtain exposure.

BMO Canadian High Dividend Covered Call ETF will primarily invest in and hold the equity securities of dividend paying Canadian companies. The selected companies will have the potential for long-term capital growth. Eligible securities will be selected using a rules based methodology that considers dividend growth, yield, and payout ratio. Securities will also be subject to a screening process to ensure sufficient liquidity.

Depending on market volatility and other factors, BMO Canadian High Dividend Covered Call ETF will write covered call options on these securities. Under such call options, BMO Canadian High Dividend Covered Call ETF will sell to the buyer of the option, for a premium, either a right to buy the security at an exercise price or, if the option is cash settled, the right to a payment equal to the difference between the value of the security and the exercise price. Covered call options partially hedge against a decline in the price of the securities on which they are written to the extent of the premiums received by the ETF at the time the options are written by the ETF. The call options written by the ETF may be either exchange traded options or over-the-counter options.

#### ***BMO Covered Call Canadian Banks ETF***

BMO Covered Call Canadian Banks ETF seeks to provide Unitholders with exposure to the performance of a portfolio of Canadian banks while mitigating downside risk, and also seeks to provide Unitholders with monthly distributions. Currently, the investment strategy of BMO Covered Call Canadian Banks ETF is to invest in and hold the securities of Canadian banks, units of BMO S&P/TSX Equal Weight Banks Index ETF or a combination of these. In addition, depending on market volatility and other factors, BMO Covered Call Canadian Banks ETF will write covered call options on these securities. Under such call options, BMO Covered Call Canadian Banks ETF will sell to the buyer of the option, for a premium, either a right to buy the security from the ETF at an exercise price or, if the option is cash settled, the right to a payment from the ETF equal to the difference between the value of the security and the exercise price. Covered call options partially hedge against a decline in the price of the securities on which they are written to the extent of the premiums received by the ETF at the time the options are written by the ETF. The call options written by the ETF may be either exchange traded options or over-the-counter options.

#### ***BMO Covered Call Dow Jones Industrial Average Hedged to CAD ETF***

BMO Covered Call Dow Jones Industrial Average Hedged to CAD ETF seeks to provide Unitholders with exposure to the performance of a portfolio of U.S. stocks while mitigating downside risk, and also seeks to provide Unitholders with monthly distributions. BMO Covered Call Dow Jones Industrial Average Hedged to CAD ETF will primarily invest in and hold securities of the issuers included in the Dow Jones Industrial Average in the proportions in which they are reflected in the Dow Jones Industrial Average. In addition, depending on market volatility and other factors, BMO Covered Call Dow Jones Industrial Average Hedged to CAD ETF will write covered call options on these securities. Under such call options, BMO Covered Call Dow Jones Industrial Average Hedged to CAD ETF will sell to the buyer of the option, for a premium, either a right to buy the security from the ETF at an exercise price or, if the option is cash settled, the right to a payment from the ETF equal to the difference between the value of the security and the exercise price. Covered call options partially hedge against a decline in the price of the securities on which they are written to the extent of the premiums received by the ETF at the time the options are written by the ETF. The call options written by the ETF may be either exchange traded options or over-the-counter options.

#### ***BMO Covered Call Utilities ETF***

BMO Covered Call Utilities ETF seeks to provide Unitholders with exposure to the performance of a portfolio of utilities companies while mitigating downside risk, and also seeks to provide Unitholders with monthly distributions. BMO Covered Call Utilities ETF will primarily invest in and hold the equity securities of Canadian companies widely recognized as utilities companies, which may also include telecommunication and pipeline companies. In addition, depending on market volatility and other factors, BMO Covered Call Utilities ETF will write covered call options on these securities. Under such call options, BMO Covered Call Utilities ETF will sell to the buyer of the option, for a premium, either a right to buy the security from the ETF at an exercise price or, if the option is cash settled, the right to a payment from the ETF equal to the difference between the value of the security and the exercise price. Covered call options partially hedge against a decline in the price of the securities on which they are written to the extent of the premiums received by the ETF at the time the options are written by the ETF. The call options written by the ETF may be either exchange traded options or over-the-counter options.

#### ***BMO Europe High Dividend Covered Call Hedged to CAD ETF***

BMO Europe High Dividend Covered Call Hedged to CAD ETF seeks to provide Unitholders with exposure to the performance of a portfolio of dividend paying European companies to generate income and to provide long-term capital appreciation.

BMO Europe High Dividend Covered Call Hedged to CAD ETF will primarily invest in and hold the equity securities of dividend paying European companies. The selected companies will have the potential for long-term capital growth. Eligible securities will be selected using a rules based methodology that considers dividend growth, yield, and payout ratio, and eligibility will be reviewed annually. Securities will also be subject to a screening process to ensure sufficient liquidity.

In addition, BMO Europe High Dividend Covered Call Hedged to CAD ETF will invest in or use derivative instruments to seek to hedge foreign currency exposure. Also, depending on market volatility and other factors, BMO Europe High Dividend Covered Call Hedged to CAD ETF will write covered call options on these securities. Under such call options, BMO Europe High Dividend Covered Call Hedged to CAD ETF will sell to the buyer of the option, for a premium, either a right to buy the security at an exercise price or, if the option is cash settled, the right to a payment equal to the difference between the value of the security and the exercise price. Covered call options partially hedge against a decline in the price of the securities on which they are written to the extent of the premiums received by the ETF at the time the options are written by the ETF. The call options written by the ETF may be either exchange traded options or over-the-counter options.

#### ***BMO Floating Rate High Yield ETF***

BMO Floating Rate High Yield ETF seeks to provide Unitholders with exposure to a diversified portfolio of debt securities of high yield bond issuers while mitigating the effects of interest rate fluctuations on BMO Floating Rate High Yield ETF. BMO Floating Rate High Yield ETF invests primarily in securities or specified derivatives that provide exposure to the credit risk of non-investment grade issuers, and Government of Canada T-Bills. To gain high yield credit exposure, BMO Floating Rate High Yield ETF may invest directly in debt securities, other ETFs, mutual funds or public investments and may utilize derivatives, such as credit default swaps (CDS), indices of CDS, interest rate swaps and other derivatives.

#### ***BMO International Dividend ETF***

BMO International Dividend ETF seeks to provide Unitholders with exposure to the performance of a yield weighted portfolio of high dividend paying equities of international

companies. The selected companies will have the potential for long-term capital growth. Eligible securities will be selected using a rules based methodology that considers dividend growth, yield and payout ratio. Securities will also be subject to a screening process to ensure sufficient liquidity.

***BMO International Dividend Hedged to CAD ETF***

BMO International Dividend Hedged to CAD ETF seeks to provide Unitholders with exposure to the performance of a yield weighted portfolio of high dividend paying equities of international companies to provide long-term capital appreciation and to generate income.

The selected companies will have the potential for long-term capital growth. Eligible securities will be selected using a rules based methodology that considers dividend growth, yield and payout ratio. Securities will also be subject to a screening process to ensure sufficient liquidity.

In addition, BMO International Dividend Hedged to CAD ETF will invest in or use derivative instruments to seek to hedge foreign currency exposure.

***BMO Low Volatility Canadian Equity ETF***

BMO Low Volatility Canadian Equity ETF seeks to provide Unitholders with exposure to the performance of a portfolio of Canadian equities with the potential for long-term capital growth. Securities will be selected from the largest and most liquid securities in Canada. The securities that have the lowest sensitivity to market movements (beta) will be selected for the portfolio and it will be weighted so that a higher allocation is given to securities with lower one year beta, although any investment in a single issuer will be made only in accordance with applicable Canadian Securities Legislation.

***BMO Low Volatility Emerging Markets Equity ETF***

BMO Low Volatility Emerging Markets Equity ETF seeks to provide Unitholders with exposure to the performance of a portfolio of emerging market stocks with the potential for long-term capital appreciation.

Securities will be selected from the large capitalization emerging market equity universe. The securities that have lower sensitivity to market movement (beta) will be selected for the portfolio and it will be weighted so that a higher allocation is given to securities with lower beta.

***BMO Low Volatility International Equity ETF***

BMO Low Volatility International Equity ETF seeks to provide Unitholders with exposure to the performance of a portfolio of international stocks with the potential for long-term capital appreciation.

Securities will be selected from the international equity universe. The securities that have lower sensitivity to market movement (beta) will be selected for the portfolio and it will be weighted so that a higher allocation is given to securities with lower beta.

***BMO Low Volatility International Equity Hedged to CAD ETF***

BMO Low Volatility International Equity Hedged to CAD ETF seeks to provide Unitholders with exposure to the performance of a portfolio of international stocks with the potential for long-term capital appreciation.

Securities will be selected from the international equity universe. The securities that have lower

sensitivity to market movements (beta) will be selected for the portfolio and it will be weighted so that a higher allocation is given to securities with lower beta. The currency exposures are hedged back to Canadian dollars.

***BMO Low Volatility US Equity ETF***

BMO Low Volatility US Equity ETF seeks to provide Unitholders with exposure to the performance of a portfolio of U.S. stocks with the potential for long-term capital growth. Securities will be selected from the large capitalization U.S. equity universe. The securities that have the lowest sensitivity to market movements (beta) will be selected for the portfolio and it will be weighted so that a higher allocation is given to securities with lower beta, although any investment in a single issuer will be made only in accordance with applicable Canadian Securities Legislation.

***BMO Low Volatility US Equity Hedged to CAD ETF***

BMO Low Volatility US Equity Hedged to CAD ETF seeks to provide Unitholders with exposure to the performance of a portfolio of U.S. stocks with the potential for long-term capital appreciation.

Securities will be selected from the large capitalization U.S. equity universe. The securities that have lower sensitivity to market movements (beta) will be selected for the portfolio and it will be weighted so that a higher allocation is given to securities with lower beta. The U.S. dollar currency exposure is hedged back to Canadian dollars.

***BMO Monthly Income ETF***

BMO Monthly Income ETF seeks to provide Unitholders with monthly cash distributions, with the potential for modest long-term capital growth, generally by investing in BMO ETFs that provide exposure to a diversified portfolio of income-bearing investments, including common equities, preferred shares, fixed income securities and trust units. Exposure to such income-bearing investments may be obtained by investing in them directly or by investing in other ETFs, mutual funds or public investment funds, in ADRs or in derivative instruments. In allocating the portfolio, the Manager will consider average market valuations across regions, sectors and asset classes, relative economic conditions that may affect the investment and any perceived downside risks.

***BMO Ultra Short-Term Bond ETF***

BMO Ultra Short-Term Bond ETF seeks to provide Unitholders with exposure to a variety of fixed income securities with a remaining effective term to maturity of one year or less. BMO Ultra Short-Term Bond Fund may invest in money market instruments and directly in fixed income securities, including corporate, Government of Canada, provincial and municipal bonds or invest in other ETFs, mutual funds or public investment funds and derivative instruments to obtain exposure to such debt securities. BMO Ultra Short-Term Bond ETF may also invest in floating rate instruments and floating rate preferred shares and other fixed income securities, subject to the rate reset date being no greater than one year and the term being no greater than five years.

***BMO US Dividend ETF***

BMO US Dividend ETF seeks to provide Unitholders with exposure to a yield weighted portfolio of U.S. dividend paying stocks and also seeks to provide Unitholders with monthly distributions. The selected companies will have the potential for long-term capital growth. Eligible securities will be selected using a rules based methodology that considers dividend

growth, yield and payout ratio. Securities will also be subject to a screening process to ensure sufficient liquidity.

***BMO US Dividend Hedged to CAD ETF***

BMO US Dividend Hedged to CAD ETF seeks to provide Unitholders with exposure to a yield weighted portfolio of U.S. dividend paying stocks and also seeks to provide Unitholders with monthly distributions. The selected companies will have the potential for long-term capital growth. Eligible securities will be selected using a rules based methodology that considers dividend growth, yield and payout ratio. Securities will also be subject to a screening process to ensure sufficient liquidity.

***BMO US High Dividend Covered Call ETF***

BMO US High Dividend Covered Call ETF seeks to provide Unitholders with exposure to the performance of a portfolio of dividend paying U.S. companies while mitigating downside risk, and also seeks to provide Unitholders with monthly distributions. BMO US High Dividend Covered Call ETF will primarily invest in and hold the equity securities of dividend paying U.S. companies. The selected companies will have the potential for long-term capital growth. Eligible securities will be selected using a rules based methodology that considers dividend growth, yield and payout ratio. In addition, depending on market volatility and other factors, BMO US High Dividend Covered Call ETF will write covered call options on these securities. Under such call options, BMO US High Dividend Covered Call ETF will sell to the buyer of the option, for a premium, either a right to buy the security at an exercise price or, if the option is cash settled, the right to a payment equal to the difference between the value of the security and the exercise price. Covered call options partially hedge against a decline in the price of the securities on which they are written to the extent of the premiums received by the ETF at the time the options are written by the ETF. The call options written by the ETF may be either exchange traded options or over-the-counter options.

***BMO US Put Write ETF***

BMO US Put Write ETF seeks to provide Unitholders with exposure to the performance of a portfolio of written put options on U.S. large capitalization equity securities to generate income.

BMO US Put Write ETF will sell put options on individual securities that will be selected considering volatility, fundamental and technical analysis, price sensitivity to the broad market, and sector diversification.

Depending on market volatility and other factors, BMO US Put Write ETF may sell to the buyer of the option, for a premium, either a right to sell the security at an exercise price or, if the option is cash settled, the right to a payment equal to the difference between the exercise price and the value of the security. The put options written by the ETF may be either exchange traded options or over-the-counter options. Generally, BMO US Put Write ETF will hold investments that qualify as “cash cover” (as defined in NI 81-102, such as treasury bills and securities issued by a money market fund, and other investments listed in the definition of “cash cover”) and may opportunistically purchase puts further out of the money, as a downside risk measure for investor. In particular, the put options written by the ETF will be covered through investments that qualify as “cash cover” (as defined in NI 81-102). If assigned on an option, BMO US Put Write ETF may temporarily hold the underlying security before selling the position.

***BMO US Put Write Hedged to CAD ETF***

BMO US Put Write Hedged to CAD ETF seeks to provide Unitholders with exposure to the performance of a portfolio of put options on U.S. large capitalization equity securities to



generate income.

BMO US Put Write Hedged to CAD ETF will sell put options on individual securities that will be selected considering volatility, fundamental and technical analysis, price sensitivity to the broad market, and sector diversification.

Depending on market volatility and other factors, BMO US Put Write Hedged to CAD ETF may sell to the buyer of the option, for a premium, either a right to sell the security at an exercise price or, if the option is cash settled, the right to a payment equal to the difference between the exercise price and the value of the security. The put options written by the ETF may be either exchange traded options or over-the-counter options. Generally, BMO US Put Write Hedged to CAD ETF will hold investments that qualify as “cash cover” (as defined in NI 81-102, such as treasury bills and securities issued by a money market fund, and other investments listed in the definition of “cash cover”). In particular, the put options written by the ETF will be covered through investments that qualify as “cash cover” (as defined in NI 81-102). If assigned on an option, BMO US Put Write Hedged to CAD ETF may temporarily hold the underlying security before selling the position. BMO US Put Write Hedged to CAD ETF will invest in or use derivative instruments to seek to hedge foreign currency exposure.

See “Investment Objectives”.

**Investment Strategies:**

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

The BMO ETFs may invest in or use derivative instruments and may engage in securities lending transactions in order to earn additional income for the BMO ETFs, 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 the investment objective and investment strategies of the applicable BMO ETF. Any exposure that the equity portfolio of each of BMO Covered Call Dow Jones Industrial Average Hedged to CAD ETF, BMO Covered Call Utilities ETF, BMO Low Volatility US Equity Hedged to CAD ETF, BMO US Dividend Hedged to CAD ETF or BMO US Put Write Hedged to CAD ETF may have to the United States dollar will be hedged back to the Canadian dollar. Any exposure that the portfolio of BMO Europe High Dividend Covered Call Hedged to CAD ETF, BMO International Dividend Hedged to CAD ETF, or BMO Low Volatility International Equity Hedged to CAD ETF may have to foreign currencies will be hedged back to the Canadian dollar. As an alternative to or in conjunction with investing in and holding the Constituent Securities, the BMO ETFs may also invest in Other Securities to obtain exposure to the Constituent Securities of the applicable portfolio in a manner that is consistent with the investment objective and investment strategies of each BMO ETF.

See “Investment Strategies”.

**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 TSX 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 BMO Asset Management not to vote more than 20% of the Units of the BMO ETF at any meeting of Unitholders.

**Distributions:**

Cash distributions on Units (other than the Accumulating 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>BMO ETF</b>	<b>Frequency of Distributions</b>
BMO Canadian Dividend ETF, BMO Canadian High Dividend Covered Call ETF, BMO Covered Call Canadian Banks ETF, BMO Covered Call Dow Jones Industrial Average Hedged to CAD ETF, BMO Covered Call Utilities ETF, BMO Europe High Dividend Covered Call Hedged to CAD ETF, BMO Floating Rate High Yield ETF, BMO International Dividend ETF, BMO International Dividend Hedged to CAD ETF, BMO Monthly Income ETF, BMO Ultra Short-Term Bond ETF, BMO US Dividend ETF, BMO US Dividend Hedged to CAD ETF, BMO US High Dividend Covered Call ETF, BMO US Put Write ETF and BMO US Put Write Hedged to CAD ETF	Monthly
BMO Low Volatility Canadian Equity ETF, BMO Low Volatility International Equity ETF, BMO Low Volatility International Equity Hedged to CAD ETF, BMO Low Volatility US Equity ETF and BMO Low Volatility US Equity Hedged to CAD ETF	Quarterly
BMO Low Volatility Emerging Markets Equity ETF	Annually

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.

Distributions in respect of the Accumulating Units of BMO Ultra Short-Term Bond ETF, if any, will be automatically reinvested in additional Accumulating Units of BMO Ultra Short-Term Bond ETF. Following each distribution, the number of Accumulating Units of BMO Ultra Short-Term Bond ETF is immediately consolidated so that the number of outstanding Accumulating Units of BMO Ultra Short-Term Bond ETF will be the same as the number of outstanding Accumulating Units before the distribution. Non-resident investors may have the number of securities reduced due to withholding tax.

<b>BMO ETF – Accumulating Units</b>	<b>Frequency of Distributions</b>
BMO Ultra Short-Term Bond ETF	Annually

For each taxation year, each BMO ETF will ensure that its net income and net realized capital gains 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 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 tax, 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".

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.

**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 cash, or, with respect to certain BMO ETFs, cash only. 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”.

**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, the Units of the BMO ETF will be qualified investments for trusts governed by Registered Plans. See “Eligibility for Investment”.

Holders of TFSAs and annuitants of RRSPs and RRIFs should consult with their tax advisors as to whether Units would be a prohibited investment for such accounts or plans in their particular circumstances. See “Eligibility for Investment”.

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

- (i) risks relating to investments in equity securities;
- (ii) risks relating to investments in investment funds;
- (iii) asset class risk;
- (iv) the possibility that Constituent Securities may be cease-traded, which may impact the exchange and redemption rights of the Units;
- (v) fluctuations in the NAV and NAV per Unit of the BMO ETFs;
- (vi) foreign investment risk;
- (vii) exchange rate risk;
- (viii) call risk;
- (ix) general risks of debt instruments;
- (x) credit rating related risk;
- (xi) risks relating to the use of options;
- (xii) the possibility that the BMO ETFs will be unable to acquire or dispose of illiquid securities;
- (xiii) risks associated with an *in specie* distribution of assets in connection with the

termination of a BMO ETF;

- (xiv) risks associated with the use of derivative transactions;
- (xv) counterparty risks associated with securities lending transactions;
- (xvi) the Units may trade in the market at a premium or a discount to the NAV per Unit and there can be no guarantee that the Units will trade at prices that reflect their NAV;
- (xvii) the potential absence of a public trading market for the Units and lack of operating history;
- (xviii) risks associated with reliance on the Manager;
- (xix) risk of loss, as an investment in Units is not guaranteed;
- (xx) risks relating to the performance of the Designated Brokers in relation to rebalancing of and adjustments to the portfolio of a BMO ETF;
- (xxi) extension risk;
- (xxii) declining yield risk;
- (xxiii) changes in legislation, including tax legislation;
- (xxiv) risks relating to the tax treatment of options;
- (xxv) other tax-related risks; and
- (xxvi) potential conflicts of interest.

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

In addition to the general risk factors, there are certain risks inherent in an investment in the Covered Call ETFs, including:

- (i) risks relating to the use of options; and
- (ii) risks relating to the tax treatment of options.

See “Risk Factors – Additional Risks Relating to an Investment in the Covered Call ETFs”.

In addition to the general risk factors, there are certain risks inherent in an investment in BMO US Put Write ETF and BMO US Put Write Hedged to CAD ETF, including:

- (i) risks relating to the use of options.

See “Risk Factors – Additional Risks Relating to an Investment in BMO US Put Write ETF and BMO US Put Write Hedged to CAD ETF”.

**Income Tax Considerations:** This summary of Canadian tax considerations for the BMO ETFs and for Canadian resident Unitholders is subject in its entirety to the qualifications, limitations and assumptions set out in “Income Tax Considerations”.

A Unitholder who is resident in Canada for the purposes 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 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. Any loss realized by a BMO ETF cannot be allocated to, and cannot be treated as a loss of, the Unitholders of such BMO ETF. Upon the actual or deemed disposition of a Unit held by the Unitholder as capital property, 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 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 in any taxation year 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 is the manager of the BMO ETFs. BMO Asset Management is a Canadian investment manager. Its clients include pension funds, endowments, trusts, insurance company reserves, corporations and mutual funds. BMO Asset Management is an indirect, wholly-owned subsidiary of Bank of Montreal. The office for service of notice to the BMO ETFs and BMO Asset Management is located at 250 Yonge Street, 9th Floor, Toronto, Ontario M5B 2M8 (the registered office of the BMO ETFs and BMO Asset Management is located at 100 King Street West, 43rd Floor, Toronto, Ontario M5X 1A1). See “Organization and Management Details – The Trustee, Manager, Portfolio Manager, Promoter and Valuation Agent”.

**Portfolio Manager:** BMO Asset Management manages the portfolio of each BMO ETF. See “Organization and Management Details – The Trustee, Manager, Portfolio Manager, Promoter and Valuation Agent – Portfolio Management”.

**Trustee:** BMO Asset Management acts as the trustee of the BMO ETFs pursuant to the Declaration of Trust. See “Organization and Management Details – The Trustee, Manager, Portfolio Manager, Promoter and Valuation Agent – Duties and Services to be Provided by the Trustee, Manager, Portfolio Manager, Promoter and Valuation Agent”.

- Valuation Agent:** BMO Asset Management 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. See “Organization and Management Details – The Trustee, Manager, Portfolio Manager, Promoter and Valuation Agent – Duties and Services to be Provided by the Trustee, Manager, Portfolio Manager, Promoter and Valuation Agent”.
- Promoter:** BMO Asset Management 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 Details – The Trustee, Manager, Portfolio Manager, Promoter and Valuation Agent – Duties and Services to be Provided by the Trustee, Manager, Portfolio Manager, Promoter and Valuation Agent”.
- Custodian:** CIBC Mellon Trust Company 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. See “Organization and Management Details – Custodian”.
- Registrar and Transfer Agent:** CST Trust Company, at its principal offices in Toronto, Ontario, is the registrar and transfer agent for the Units of the BMO ETFs. The register of the BMO ETFs is kept in Toronto. See “Organization and Management Details – Transfer Agent and Registrar”.
- Plan Agent:** CST Trust Company, at its principal offices in Toronto, Ontario, is the Plan Agent for the BMO ETFs. See “Organization and Management Details – Plan Agent”.
- Auditor:** PricewaterhouseCoopers LLP, at its principal offices in Toronto, Ontario, is the auditor of the BMO ETFs. See “Organization and Management Details – Auditor”.
- Securities Lending Agent:** The Bank of New York Mellon acts as agent for securities lending transactions for those BMO ETFs that engage in securities lending. The Securities Lending Agent is independent of BMO Asset Management. The principal office of the Securities Lending Agent is located in Toronto, Ontario. See “Organization and Management Details – Securities Lending Agent”.

### SUMMARY OF FEES AND EXPENSES

The table set forth below lists 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 Unitholder’s proportionate share of the fees and expenses charged to such BMO ETF. For further particulars, see “Fees and Expenses”.

- Management Fees:** Each BMO ETF will pay the Manager a management fee as set forth in the table 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 at any given time.

BMO ETF	Maximum Annual Management Fee (%)
BMO Canadian Dividend ETF	0.350
BMO Canadian High Dividend Covered Call ETF	0.650
BMO Covered Call Canadian Banks ETF	0.650

<b>BMO ETF</b>	<b>Maximum Annual Management Fee (%)</b>
BMO Covered Call Dow Jones Industrial Average Hedged to CAD ETF	0.650
BMO Covered Call Utilities ETF	0.650
BMO Europe High Dividend Covered Call Hedged to CAD ETF	0.650
BMO Floating Rate High Yield ETF	0.400
BMO International Dividend ETF	0.400
BMO International Dividend Hedged to CAD ETF	0.400
BMO Low Volatility Canadian Equity ETF	0.350
BMO Low Volatility Emerging Markets Equity ETF	0.450
BMO Low Volatility International Equity ETF	0.400
BMO Low Volatility International Equity Hedged to CAD ETF	0.400
BMO Low Volatility US Equity ETF	0.300
BMO Low Volatility US Equity Hedged to CAD ETF	0.300
BMO Monthly Income ETF	0.550
BMO Ultra Short-Term Bond ETF	0.150
BMO US Dividend ETF	0.300
BMO US Dividend Hedged to CAD ETF	0.300
BMO US High Dividend Covered Call ETF	0.650
BMO US Put Write ETF	0.650
BMO US Put Write Hedged to CAD ETF	0.650

In the event that a BMO ETF invests in another investment fund to obtain exposure to Constituent Securities and the management fee payable by the other fund is higher than that of the BMO ETF, the BMO ETF may pay the higher management fee on the portion of the BMO ETF's assets invested in the other fund, regardless of whether the fund is managed by the Manager or an affiliate of the Manager. As a result, the actual management fee may be higher than that shown in the table above.

**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 ETF was 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 and Plan Agent and fees payable to other service providers retained by the Manager. See "Organization and Management Details – The Trustee, Manager, Portfolio Manager, Promoter and Valuation Agent – Duties and Services to be Provided by the Trustee,

Manager, Portfolio Manager, Promoter and Valuation Agent”.

**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 will be distributed 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”.

**Annual Returns, Management Expense Ratio and Trading Expense Ratio**

The following chart provides the annual returns, the management expense ratio (“MER”) and trading expense ratio (“TER”) for each BMO ETF as disclosed in the BMO ETF’s management report of fund performance for each of the past five years. The investment performance in respect of a BMO ETF that has been available for less than one year, in any applicable year, is not provided.

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
<b><u>BMO Canadian Dividend ETF</u></b>					
Annual					
Returns (%)	-13.13	6.18	12.20	9.19	3.65*
MER (%)	0.39	0.40	0.40	0.39	0.39
TER (%)	0.02	0.03	0.02	0.02	0.05

\* Return from October 21, 2011 to December 31, 2011

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
<b><u>BMO Covered Call Canadian Banks ETF</u></b>					
Annual					
Returns (%)	-4.12	11.66	16.18	13.02	1.09*
MER (%)	0.72	0.73	0.74	0.73	0.73
TER (%)	0.16	0.21	0.27	0.22	0.29

\* Return from January 28, 2011 to December 31, 2011

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
<b><u>BMO Covered Call Dow Jones Industrial Average Hedged to CAD ETF</u></b>					
Annual					
Returns (%)	-0.62	7.69	25.08	8.63	6.26*
MER (%)	0.72	0.73	0.74	0.73	0.74
TER (%)	0.08	0.10	0.18	0.18	0.23

\* Return from October 20, 2011 to December 31, 2011

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
<b><u>BMO Covered Call Utilities ETF</u></b>					
Annual					
Returns (%)	-15.24	14.39	1.63	3.88	4.95*
MER (%)	0.72	0.74	0.74	0.73	0.72
TER (%)	0.19	0.25	0.34	0.37	0.71

\* Return from January 28, 2011 to December 31, 2011

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
<b><u>BMO Europe High Dividend Covered Call Hedged to CAD ETF</u></b>					
Annual					
Returns (%)	0.92*	n/a	n/a	n/a	n/a
MER (%)	0.71	n/a	n/a	n/a	n/a
TER (%)	0.13	n/a	n/a	n/a	n/a

\* Return from September 9, 2015 to December 31, 2015



	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
<b><u>BMO Floating Rate High Yield ETF</u></b>					
Annual					
Returns (%)	1.65	3.16*	n/a	n/a	n/a
MER (%)	0.45	0.45	n/a	n/a	n/a
TER (%)	0.00	0.00	n/a	n/a	n/a

\* Return from February 10, 2014 to December 31, 2014

<b><u>BMO International Dividend ETF</u></b>					
Annual					
Returns (%)	8.85	-2.36*	n/a	n/a	n/a
MER (%)	0.45	0.46	n/a	n/a	n/a
TER (%)	0.36	1.95	n/a	n/a	n/a

\* Return from November 5, 2014 to December 31, 2014

<b><u>BMO International Dividend Hedged to CAD ETF</u></b>					
Annual					
Returns (%)	-2.39*	n/a	n/a	n/a	n/a
MER (%)	0.49	n/a	n/a	n/a	n/a
TER (%)	0.38	n/a	n/a	n/a	n/a

\* Return from September 9, 2015 to December 31, 2015

<b><u>BMO Low Volatility Canadian Equity ETF</u></b>					
Annual					
Returns (%)	2.67	28.54	20.71	13.94	3.88*
MER (%)	0.39	0.40	0.40	0.40	0.40
TER (%)	0.01	0.02	0.01	0.00	0.06

\* Return from October 21, 2011 to December 31, 2011

<b><u>BMO Low Volatility Emerging Markets Equity ETF</u></b>					
Annual					
Returns (%)	n/a	n/a	n/a	n/a	n/a
MER (%)	n/a	n/a	n/a	n/a	n/a
TER (%)	n/a	n/a	n/a	n/a	n/a

<b><u>BMO Low Volatility International Equity ETF</u></b>					
Annual					
Returns (%)	10.09*	n/a	n/a	n/a	n/a
MER (%)	0.46	n/a	n/a	n/a	n/a
TER (%)	1.16	n/a	n/a	n/a	n/a

\* Return from September 9, 2015 to December 31, 2015

<b><u>BMO Low Volatility International Equity Hedged to CAD ETF</u></b>					
Annual					
Returns (%)	n/a	n/a	n/a	n/a	n/a
MER (%)	n/a	n/a	n/a	n/a	n/a
TER (%)	n/a	n/a	n/a	n/a	n/a

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
<b><u>BMO Low Volatility US Equity ETF</u></b>					
Annual					
Returns (%)	26.59	34.98	18.18*	n/a	n/a
MER (%)	0.33	0.34	0.35	n/a	n/a
TER (%)	0.01	0.01	0.00	n/a	n/a

\* Return from March 19, 2013 to December 31, 2013

<b><u>BMO Low Volatility US Equity ETF (USD Units)</u></b>					
Annual					
Returns (%)	6.28	23.38	14.25*	n/a	n/a
MER (%)	0.33	0.34	0.36	n/a	n/a
TER (%)	0.01	0.01	0.00	n/a	n/a

\* Return from March 19, 2013 to December 31, 2013

<b><u>BMO Low Volatility US Equity Hedged to CAD ETF</u></b>					
Annual					
Returns (%)	n/a	n/a	n/a	n/a	n/a
MER (%)	n/a	n/a	n/a	n/a	n/a
TER (%)	n/a	n/a	n/a	n/a	n/a

<b><u>BMO Monthly Income ETF</u></b>					
Annual					
Returns (%)	-1.58	9.37	3.21	10.12	6.56*
MER (%)	0.63	0.63	0.62	0.62	0.62
TER (%)	0.11	0.06	0.03	0.00	0.01

\* Return from January 28, 2011 to December 31, 2011

<b><u>BMO Ultra Short-Term Bond ETF</u></b>					
Annual					
Returns (%)	0.44	1.54	1.27	2.29	3.10*
MER (%)	0.17	0.21	0.25	0.30	0.31
TER (%)	0.01	0.02	0.01	0.01	0.04

\* Return from January 28, 2011 to December 31, 2011

<b><u>BMO US Dividend ETF</u></b>					
Annual					
Returns (%)	17.67	26.05	19.55*	n/a	n/a
MER (%)	0.34	0.34	0.34	n/a	n/a
TER (%)	0.02	0.01	0.02	n/a	n/a

\* Return from March 19, 2013 to December 31, 2013

<b><u>BMO US Dividend ETF (USD Units)</u></b>					
Annual					
Returns (%)	-1.21	15.25	15.57*	n/a	n/a
MER (%)	0.33	0.34	0.34	n/a	n/a
TER (%)	0.02	0.01	0.02	n/a	n/a

\* Return from March 19, 2013 to December 31, 2013

<b><u>BMO US Dividend Hedged to CAD ETF</u></b>					
Annual					
Returns (%)	-1.4	15.73	16.02*	n/a	n/a
MER (%)	0.34	0.34	0.35	n/a	n/a
TER (%)	0.02	0.01	0.00	n/a	n/a

\* Return from March 19, 2013 to December 31, 2013

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
<b><u>BMO US High Dividend Covered Call ETF</u></b>					
Annual					
Returns (%)	24.08	18.32*	n/a	n/a	n/a
MER (%)	0.71	0.73	n/a	n/a	n/a
TER (%)	0.14	0.16	n/a	n/a	n/a

\* Return from February 10, 2014 to December 31, 2014

<b><u>BMO US High Dividend Covered Call ETF (USD Units)</u></b>					
Annual					
Returns (%)	2.59*	n/a	n/a	n/a	n/a
MER (%)	0.73	n/a	n/a	n/a	n/a
TER (%)	0.14	n/a	n/a	n/a	n/a

\* Return from February 12, 2015 to December 31, 2015

<b><u>BMO US Put Write ETF</u></b>					
Annual					
Returns (%)	6.09*	n/a	n/a	n/a	n/a
MER (%)	0.7	n/a	n/a	n/a	n/a
TER (%)	0.33	n/a	n/a	n/a	n/a

\* Return from September 9, 2015 to December 31, 2015

<b><u>BMO US Put Write ETF (USD Units)</u></b>					
Annual					
Returns (%)	1.26*	n/a	n/a	n/a	n/a
MER (%)	0.7	n/a	n/a	n/a	n/a
TER (%)	0.33	n/a	n/a	n/a	n/a

\* Return from September 9, 2015 to December 31, 2015

## 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. The BMO ETFs have been established pursuant to the Declaration of Trust. The TSX has conditionally approved the listing of the Units of the New BMO ETFs on the TSX. Listing of the Units on the TSX is subject to the New BMO ETFs fulfilling all of the requirements of the TSX on or before January 24, 2018. Subject to satisfying the TSX's original listing requirements, the Units will be listed on the TSX and offered on a continuous basis, and an investor will be able to buy or sell the 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 TSX has conditionally approved the listing of the Accumulating Units of BMO Ultra Short-Term Bond ETF on the TSX. Listing of the Accumulating Units on the TSX is subject to BMO Ultra Short-Term Bond ETF fulfilling all of the requirements of the TSX on or before January 24, 2018. Subject to satisfying the TSX's supplemental listing requirements, the Accumulating Units will be listed on the TSX and offered on a continuous basis, and an investor will be able to buy or sell the Accumulating 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 Accumulating Units.

Units of the BMO ETFs, other than the Units listed above, are listed on the TSX and offered on a continuous basis. 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 certain provinces and territories of Canada, it has been granted exemptive relief from certain provisions of Canadian Securities Legislation applicable to conventional mutual funds. See "Exemptions and Approvals".

The BMO ETFs are not index mutual funds and are managed in the discretion of the Manager in accordance with their investment strategies and, as such, are generally more active in nature than index mutual funds.

The office for service of notice to the BMO ETFs and BMO Asset Management is located at 250 Yonge Street, 9th Floor, Toronto, Ontario M5B 2M8 (the registered office of the BMO ETFs and BMO Asset Management is located at 100 King Street West, 43rd Floor, Toronto, Ontario M5X 1A1).

The following table sets out the full legal name, as well as the TSX ticker symbol, for each of the BMO ETFs:

<b>Legal name of BMO ETF</b>	<b>TSX Ticker Symbol</b>
BMO Canadian Dividend ETF	ZDV
BMO Canadian High Dividend Covered Call ETF	ZWC
BMO Covered Call Canadian Banks ETF	ZWB
BMO Covered Call Dow Jones Industrial Average Hedged to CAD ETF	ZWA
BMO Covered Call Utilities ETF	ZWU
BMO Europe High Dividend Covered Call Hedged to CAD ETF	ZWE
BMO Floating Rate High Yield ETF	ZFH
BMO International Dividend ETF	ZDI
BMO International Dividend Hedged to CAD ETF	ZDH
BMO Low Volatility Canadian Equity ETF	ZLB
BMO Low Volatility Emerging Markets Equity ETF	ZLE
BMO Low Volatility International Equity ETF	ZLI
BMO Low Volatility International Equity Hedged to CAD ETF	ZLD
BMO Low Volatility US Equity ETF	ZLU/ZLU.U
BMO Low Volatility US Equity Hedged to CAD ETF	ZLH
BMO Monthly Income ETF	ZMI
BMO Ultra Short-Term Bond ETF	ZST/ZST.L
BMO US Dividend ETF	ZDY/ZDY.U
BMO US Dividend Hedged to CAD ETF	ZUD
BMO US High Dividend Covered Call ETF	ZWH/ZWH.U
BMO US Put Write ETF	ZPW/ZPW.U
BMO US Put Write Hedged to CAD ETF	ZPH

## INVESTMENT OBJECTIVES

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

### ***BMO Canadian Dividend ETF***

BMO Canadian Dividend ETF seeks to provide Unitholders with exposure to the performance of a yield weighted portfolio of Canadian dividend paying stocks and also seeks to provide Unitholders with monthly distributions. The selected companies will have the potential for long-term capital growth. Eligible securities will be selected using a rules based methodology that considers dividend growth, yield and payout ratio. Securities will also be subject to a screening process to ensure sufficient liquidity.

### ***BMO Canadian High Dividend Covered Call ETF***

BMO Canadian High Dividend Covered Call ETF seeks to provide Unitholders with exposure to the performance of a portfolio of dividend paying Canadian companies to generate income and to provide long-term capital appreciation. As an alternative to or in conjunction with investing in and holding the dividend paying Canadian securities, BMO Canadian High Dividend Covered Call ETF may invest in or use certain Other Securities to obtain exposure.

BMO Canadian High Dividend Covered Call ETF will primarily invest in and hold the equity securities of dividend paying Canadian companies. The selected companies will have the potential for long-term capital growth. Eligible securities will be selected using a rules based methodology that considers dividend growth, yield, and payout ratio. Securities will also be subject to a screening process to ensure sufficient liquidity.

Depending on market volatility and other factors, BMO Canadian High Dividend Covered Call ETF will write covered call options on these securities. Under such call options, BMO Canadian High Dividend Covered Call ETF will sell to the buyer of the option, for a premium, either a right to buy the security at an exercise price or, if the option is cash settled, the right to a payment equal to the difference between the value of the security and the exercise price. Covered call options partially hedge against a decline in the price of the securities on which they are written to the extent of the premiums received by the ETF at the time the options are written by the ETF. The call options written by the ETF may be either exchange traded options or over-the-counter options.

### ***BMO Covered Call Canadian Banks ETF***

BMO Covered Call Canadian Banks ETF seeks to provide Unitholders with exposure to the performance of a portfolio of Canadian banks while mitigating downside risk, and also seeks to provide Unitholders with monthly distributions. BMO Covered Call Canadian Banks ETF will primarily invest in and hold the securities of Canadian banks, Units of BMO S&P/TSX Equal Weight Banks Index ETF or a combination of these. In addition, depending on market volatility and other factors, BMO Covered Call Canadian Banks ETF will write covered call options on these securities. Under such call options, BMO Covered Call Canadian Banks ETF will sell to the buyer of the option, for a premium, either a right to buy the security from the ETF at an exercise price or, if the option is cash settled, the right to a payment from the ETF equal to the difference between the value of the security and the exercise price. Covered call options partially hedge against a decline in the price of the securities on which they are written to the extent of the premiums received by the ETF at the time the options are written by the ETF. The call options written by the ETF may be either exchange traded options or over-the-counter options.

### ***BMO Covered Call Dow Jones Industrial Average Hedged to CAD ETF***

BMO Covered Call Dow Jones Industrial Average Hedged to CAD ETF seeks to provide Unitholders with exposure to the performance of a portfolio of U.S. stocks while mitigating downside risk, and also seeks to provide Unitholders with monthly distributions. BMO Covered Call Dow Jones Industrial Average Hedged to CAD ETF will primarily invest in and hold securities of the issuers included in the Dow Jones Industrial Average in the proportions in which they are reflected in the Dow Jones Industrial Average. In addition, depending on market volatility and other factors, BMO Covered Call Dow Jones Industrial Average Hedged to CAD ETF will write

covered call options on these securities. Under such call options, BMO Covered Call Dow Jones Industrial Average Hedged to CAD ETF will sell to the buyer of the option, for a premium, either a right to buy the security from the ETF at an exercise price or, if the option is cash settled, the right to a payment from the ETF equal to the difference between the value of the security and the exercise price. Covered call options partially hedge against a decline in the price of the securities on which they are written to the extent of the premiums received by the ETF at the time the options are written by the ETF. The call options written by the ETF may be either exchange traded options or over-the-counter options.

#### ***BMO Covered Call Utilities ETF***

BMO Covered Call Utilities ETF seeks to provide Unitholders with exposure to the performance of a portfolio of utilities companies while mitigating downside risk, and also seeks to provide Unitholders with monthly distributions. BMO Covered Call Utilities ETF will primarily invest in and hold the equity securities of Canadian companies widely recognized as utilities companies, which may also include telecommunication and pipeline companies. In addition, depending on market volatility and other factors, BMO Covered Call Utilities ETF will write covered call options on these securities. Under such call options, BMO Covered Call Utilities ETF will sell to the buyer of the option, for a premium, either a right to buy the security from the ETF at an exercise price or, if the option is cash settled, the right to a payment from the ETF equal to the difference between the value of the security and the exercise price. Covered call options partially hedge against a decline in the price of the securities on which they are written to the extent of the premiums received by the ETF at the time the options are written by the ETF. The call options written by the ETF may be either exchange traded options or over-the-counter options.

#### ***BMO Europe High Dividend Covered Call Hedged to CAD ETF***

BMO Europe High Dividend Covered Call Hedged to CAD ETF seeks to provide Unitholders with exposure to the performance of a portfolio of dividend paying European companies to generate income and to provide long-term capital appreciation.

BMO Europe High Dividend Covered Call Hedged to CAD ETF will primarily invest in and hold the equity securities of dividend paying European companies. The selected companies will have the potential for long-term capital growth. Eligible securities will be selected using a rules based methodology that considers dividend growth, yield and payout ratio. Securities will also be subject to a screening process to ensure sufficient liquidity.

In addition, BMO Europe High Dividend Covered Call Hedged to CAD ETF will invest in or use derivative instruments to seek to hedge foreign currency exposure. Also, depending on market volatility and other factors, BMO Europe High Dividend Covered Call Hedged to CAD ETF will write covered call options on these securities. Under such call options, BMO Europe High Dividend Covered Call Hedged to CAD ETF will sell to the buyer of the option, for a premium, either a right to buy the security at an exercise price or, if the option is cash settled, the right to a payment equal to the difference between the value of the security and the exercise price. Covered call options partially hedge against a decline in the price of the securities on which they are written to the extent of the premiums received by the ETF at the time the options are written by the ETF. The call options written by the ETF may be either exchange traded options or over-the-counter options.

#### ***BMO Floating Rate High Yield ETF***

BMO Floating Rate High Yield ETF seeks to provide Unitholders with exposure to a diversified portfolio of debt securities of high yield bond issuers while mitigating the effects of interest rate fluctuations on BMO Floating Rate High Yield ETF. BMO Floating Rate High Yield ETF invests primarily in securities or specified derivatives that provide exposure to the credit risk of non-investment grade issuers, and Government of Canada T-Bills. To gain high yield credit exposure, BMO Floating Rate High Yield ETF may invest directly in debt securities, other ETFs, mutual funds or public investments and may utilize derivatives, such as credit default swaps (CDS), indices of CDS, interest rate swaps and other derivatives.

### ***BMO International Dividend ETF***

BMO International Dividend ETF seeks to provide Unitholders with exposure to the performance of a yield weighted portfolio of high dividend paying equities of international companies. The selected companies will have the potential for long-term capital growth. Eligible securities will be selected using a rules based methodology that considers dividend growth, yield and payout ratio. Securities will also be subject to a screening process to ensure sufficient liquidity.

### ***BMO International Dividend Hedged to CAD ETF***

BMO International Dividend Hedged to CAD ETF seeks to provide Unitholders with exposure to the performance of a yield weighted portfolio of high dividend paying equities of international companies to provide long-term capital appreciation and to generate income.

The selected companies will have the potential for long-term capital growth. Eligible securities will be selected using a rules based methodology that considers dividend growth, yield and payout ratio. Securities will also be subject to a screening process to ensure sufficient liquidity. In addition, BMO International Dividend Hedged to CAD ETF will invest in or use derivative instruments to seek to hedge foreign currency exposure.

### ***BMO Low Volatility Canadian Equity ETF***

BMO Low Volatility Canadian Equity ETF seeks to provide Unitholders with exposure to the performance of a portfolio of Canadian equities with the potential for long-term capital growth. Securities will be selected from the largest and most liquid securities in Canada. The securities that have the lowest sensitivity to market movements (beta) will be selected for the portfolio and it will be weighted so that a higher allocation is given to securities with lower one year beta, although any investment in a single issuer will be made only in accordance with applicable Canadian Securities Legislation.

### ***BMO Low Volatility Emerging Markets Equity ETF***

BMO Low Volatility Emerging Markets Equity ETF seeks to provide Unitholders with exposure to the performance of a portfolio of emerging market stocks with the potential for long-term capital appreciation. Securities will be selected from the large capitalization emerging market equity universe. The securities that have lower sensitivity to market movement (beta) will be selected for the portfolio and it will be weighted so that a higher allocation is given to securities with lower beta.

### ***BMO Low Volatility International Equity ETF***

BMO Low Volatility International Equity ETF seeks to provide Unitholders with exposure to the performance of a portfolio of international stocks with the potential for long-term capital appreciation. Securities will be selected from the international equity universe. The securities that have lower sensitivity to market movement (beta) will be selected for the portfolio and it will be weighted so that a higher allocation is given to securities with lower beta.

### ***BMO Low Volatility International Equity Hedged to CAD ETF***

BMO Low Volatility International Equity Hedged to CAD ETF seeks to provide Unitholders with exposure to the performance of a portfolio of international stocks with the potential for long-term capital appreciation.

Securities will be selected from the international equity universe. The securities that have lower sensitivity to market movements (beta) will be selected for the portfolio and it will be weighted so that a higher allocation is given to securities with lower beta. The currency exposures are hedged back to Canadian dollars.

### ***BMO Low Volatility US Equity ETF***

BMO Low Volatility US Equity ETF seeks to provide Unitholders with exposure to the performance of a portfolio of U.S. stocks with the potential for long-term capital growth. Securities will be selected from the large capitalization U.S. equity universe. The securities that have the lowest sensitivity to market movements (beta) will be selected for the portfolio and it will be weighted so that a higher allocation is given to securities with lower beta, although any investment in a single issuer will be made only in accordance with applicable Canadian Securities Legislation.

### ***BMO Low Volatility US Equity Hedged to CAD ETF***

BMO Low Volatility US Equity Hedged to CAD ETF seeks to provide Unitholders with exposure to the performance of a portfolio of U.S. stocks with the potential for long-term capital appreciation. Securities will be selected from the large capitalization U.S. equity universe. The securities that have lower sensitivity to market movements (beta) will be selected for the portfolio and it will be weighted so that a higher allocation is given to securities with lower beta. The U.S. dollar currency exposure is hedged back to Canadian dollars.

### ***BMO Monthly Income ETF***

BMO Monthly Income ETF seeks to provide Unitholders with monthly cash distributions, with the potential for modest long-term capital growth, generally by investing in BMO ETFs that provide exposure to a diversified portfolio of income-bearing investments, including common equities, preferred shares, fixed income securities and trust units. Exposure to such income-bearing investments may be obtained by investing in them directly or by investing in other ETFs, mutual funds or public investment funds, in ADRs or in derivative instruments. In allocating the portfolio, the Manager will consider average market valuations across regions, sectors and asset classes, relative economic conditions that may affect the investment and any perceived downside risks.

### ***BMO Ultra Short-Term Bond ETF***

BMO Ultra Short-Term Bond ETF seeks to provide Unitholders with exposure to a variety of fixed income securities with a remaining effective term to maturity of one year or less. BMO Ultra Short-Term Bond Fund may invest in money market instruments and directly in fixed income securities, including corporate, Government of Canada, provincial and municipal bonds or invest in other ETFs, mutual funds or public investment funds and derivative instruments to obtain exposure to such debt securities. BMO Ultra Short-Term Bond ETF may also invest in floating rate instruments and floating rate preferred shares and other fixed income securities, subject to the rate reset date being no greater than one year and the term being no greater than five years.

### ***BMO US Dividend ETF***

BMO US Dividend ETF seeks to provide Unitholders with exposure to a yield weighted portfolio of U.S. dividend paying stocks and also seeks to provide Unitholders with monthly distributions. The selected companies will have the potential for long-term capital growth. Eligible securities will be selected using a rules based methodology that considers dividend growth, yield and payout ratio. Securities will also be subject to a screening process to ensure sufficient liquidity.

### ***BMO US Dividend Hedged to CAD ETF***

BMO US Dividend Hedged to CAD ETF seeks to provide Unitholders with exposure to a yield weighted portfolio of U.S. dividend paying stocks and also seeks to provide Unitholders with monthly distributions. The selected companies will have the potential for long-term capital growth. Eligible securities will be selected using a rules based methodology that considers dividend growth, yield and payout ratio. Securities will also be subject to a screening process to ensure sufficient liquidity.

### ***BMO US High Dividend Covered Call ETF***

BMO US High Dividend Covered Call ETF seeks to provide Unitholders with exposure to the performance of a portfolio of dividend paying U.S. companies while mitigating downside risk, and also seeks to provide



Unitholders with monthly distributions. BMO US High Dividend Covered Call ETF will primarily invest in and hold the equity securities of dividend paying U.S. companies. The selected companies will have the potential for long-term capital growth. Eligible securities will be selected using a rules based methodology that considers dividend growth, yield and payout ratio. In addition, depending on market volatility and other factors, BMO US High Dividend Covered Call ETF will write covered call options on these securities. Under such call options, BMO US High Dividend Covered Call ETF will sell to the buyer of the option, for a premium, either a right to buy the security at an exercise price or, if the option is cash settled, the right to a payment equal to the difference between the value of the security and the exercise price. Covered call options partially hedge against a decline in the price of the securities on which they are written to the extent of the premiums received by the ETF at the time the options are written by the ETF. The call options written by the ETF may be either exchange traded options or over-the-counter options.

### ***BMO US Put Write ETF***

BMO US Put Write ETF seeks to provide Unitholders with exposure to the performance of a portfolio of written put options on U.S. large capitalization equity securities to generate income.

BMO US Put Write ETF will sell put options on individual securities that will be selected considering volatility, fundamental and technical analysis, price sensitivity to the broad market, and sector diversification.

Depending on market volatility and other factors, BMO US Put Write ETF may sell to the buyer of the option, for a premium, either a right to sell the security at an exercise price or, if the option is cash settled, the right to a payment equal to the difference between the exercise price and the value of the security. The put options written by the ETF may be either exchange traded options or over-the-counter options. Generally, BMO US Put Write ETF will hold investments that qualify as “cash cover” (as defined in NI 81-102, such as treasury bills and securities issued by a money market fund, and other investments listed in the definition of “cash cover”). In particular, the put options written by the ETF will be covered through investments that qualify as “cash cover” (as defined in NI 81-102). If assigned on an option, BMO US Put Write ETF may temporarily hold the underlying security before selling the position.

### ***BMO US Put Write Hedged to CAD ETF***

BMO US Put Write Hedged to CAD ETF seeks to provide Unitholders with exposure to the performance of a portfolio of put options on U.S. large capitalization equity securities to generate income.

BMO US Put Write Hedged to CAD ETF will sell put options on individual securities that will be selected considering volatility, fundamental and technical analysis, price sensitivity to the broad market, and sector diversification.

Depending on market volatility and other factors, BMO US Put Write Hedged to CAD ETF may sell to the buyer of the option, for a premium, either a right to sell the security at an exercise price or, if the option is cash settled, the right to a payment equal to the difference between the exercise price and the value of the security. The put options written by the ETF may be either exchange traded options or over-the-counter options. Generally, BMO US Put Write Hedged to CAD ETF will hold investments that qualify as “cash cover” (as defined in NI 81-102, such as treasury bills and securities issued by a money market fund, and other investments listed in the definition of “cash cover”). In particular, the put options written by the ETF will be covered through investments that qualify as “cash cover” (as defined in NI 81-102). If assigned on an option, BMO US Put Write Hedged to CAD ETF may temporarily hold the underlying security before selling the position. BMO US Put Write Hedged to CAD ETF will invest in or use derivative instruments to seek to hedge foreign currency exposure.

## INVESTMENT STRATEGIES

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

The BMO ETFs may invest in or use derivative instruments and may engage in securities lending transactions in order to earn additional income for the BMO ETFs, 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 the investment objective and investment strategies of the applicable BMO ETF. Any exposure that the equity portfolio of each of BMO Covered Call Dow Jones Industrial Average Hedged to CAD ETF, BMO Covered Call Utilities ETF, BMO Low Volatility US Equity Hedged to CAD ETF, BMO US Dividend Hedged to CAD ETF or BMO US Put Write Hedged to CAD ETF may have to the United States dollar will be hedged back to the Canadian dollar. Any exposure that the portfolio of BMO Europe High Dividend Covered Call Hedged to CAD ETF, BMO International Dividend Hedged to CAD ETF, or BMO Low Volatility International Equity Hedged to CAD ETF may have to foreign currencies will be hedged back to the Canadian dollar. In accordance with applicable Canadian Securities Legislation, including NI 81-102, and as an alternative to or in conjunction with investing in and holding the Constituent Securities, a BMO ETF may also invest in Other Securities 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 Constituent Securities held indirectly by a BMO ETF through investments in other investment funds. In the event that a BMO ETF invests in another investment fund to obtain exposure to Constituent Securities and the management fee payable by the other fund is higher than that of the BMO ETF, the BMO ETF may pay the higher management fee on the portion of the BMO ETF's assets invested in the other fund, regardless of whether the fund is managed by the Manager or an affiliate of the Manager.

### 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 a securities lending agreement between the BMO ETF and a securities lending agent 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

The BMO ETFs may invest in or use derivatives such as options, futures, forward contracts and swaps for purposes that include gaining exposure to securities without buying the securities directly or as otherwise set forth in a BMO ETF's investment objective. 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 objective and investment strategies of the applicable BMO ETF. Any exposure that the equity portfolio of each of BMO Covered Call Dow Jones Industrial Average Hedged to CAD ETF, BMO Covered Call Utilities ETF, BMO Low Volatility US Equity Hedged to CAD ETF, BMO US Dividend Hedged to CAD ETF or BMO US Put Write Hedged to CAD ETF may have to the United States dollar will be hedged back to the Canadian dollar. Any exposure that the portfolio of BMO Europe High Dividend Covered Call Hedged to CAD ETF, BMO International Dividend Hedged to CAD ETF, or BMO Low Volatility International Equity Hedged to CAD ETF may have to foreign currencies will be hedged back to the Canadian dollar. BMO Floating Rate High Yield ETF may utilize derivatives, such as credit default swaps (CDS), indices of CDS, interest rate swaps and other derivatives to gain high yield exposure. The put options written by BMO US Put Write ETF and BMO US Put Write Hedged to CAD ETF may be either exchange traded or over-the-counter. Each exchange traded put option will be a "clearing corporation option" (as defined in NI 81-102) and will

be cleared and settled by a clearing corporation. In the event that put options written by BMO US Put Write ETF and BMO US Put Write Hedged to CAD ETF are over-the-counter, such put options are not expected to be cleared and settled by a clearing corporation. BMO US Put Write ETF and BMO US Put Write Hedged to CAD ETF may also purchase put options to potentially limit the loss from significant stock price declines. See “Risk Factors – General Risks Relating to an Investment in the BMO ETFs – Use of Derivative Instruments”.

### **Action on Portfolio Adjustment**

Whenever a portfolio is rebalanced or adjusted by adding securities to or subtracting securities from that portfolio, the applicable BMO ETF will generally acquire and/or dispose of the appropriate number of securities. On a rebalancing: (i) Units of a BMO ETF may be issued, or cash may be paid, in consideration for Constituent Securities to be acquired by the BMO ETF as determined by BMO Asset Management; and (ii) Units may be exchanged in consideration for those securities that BMO Asset Management determines should be sold by the BMO ETF, or cash may be paid, as determined by BMO Asset Management. Generally, such transactions may be implemented by a transfer of Constituent Securities to the BMO ETF that BMO Asset Management determines should be acquired by the BMO ETF or a transfer of those securities that BMO Asset Management determines should be sold by the BMO ETF.

### **Take-over Bids for Constituent Issuers**

If a take-over bid (including an issuer bid) is made for a Constituent Issuer, the Manager, in its discretion, may or may not tender securities of such Constituent Issuer. If securities are tendered by a BMO ETF, they may or may not be taken up under the bid. If a take-over bid is successful, the Constituent Issuer may no longer qualify for inclusion in the relevant portfolio and may be disposed of by the BMO ETF as described above under “Action on Portfolio Adjustment”.

## **OVERVIEW OF THE SECTORS IN WHICH THE BMO ETFS INVEST**

### ***BMO Canadian Dividend ETF***

BMO Canadian Dividend ETF invests in the equity securities of higher dividend paying Canadian companies in a variety of sectors. See “Investment Objectives – BMO Canadian Dividend ETF”.

### ***BMO Canadian High Dividend Covered Call ETF***

BMO Canadian High Dividend Covered Call ETF invests in the equity securities of higher dividend paying Canadian companies in a variety of sectors. See “Investment Objectives – BMO Canadian High Dividend Covered Call ETF”.

### ***BMO Covered Call Canadian Banks ETF***

BMO Covered Call Canadian Banks ETF invests in equity securities of Canadian banks, units of BMO S&P/TSX Equal Weight Banks Index ETF or a combination of these and writes call options in respect of such securities to increase distributions and reduce volatility. See “Investment Objectives – BMO Covered Call Canadian Banks ETF”.

### ***BMO Covered Call Dow Jones Industrial Average Hedged to CAD ETF***

BMO Covered Call Dow Jones Industrial Average Hedged to CAD ETF invests in the equity securities of U.S. companies in a variety of sectors and writes call options in respect of such securities to increase distributions and reduce volatility. See “Investment Objectives – BMO Covered Call Dow Jones Industrial Average Hedged to CAD ETF”.

***BMO Covered Call Utilities ETF***

BMO Covered Call Utilities ETF invests in the equity securities of Canadian utilities companies and writes call options in respect of such securities to increase distributions and reduce volatility. See “Investment Objectives – BMO Covered Call Utilities ETF”.

***BMO Europe High Dividend Covered Call Hedged to CAD ETF***

BMO Europe High Dividend Covered Call Hedged to CAD ETF invests in the equity securities of higher dividend paying European companies in a variety of sectors. See “Investment Objectives – BMO Europe High Dividend Covered Call Hedged to CAD ETF”.

***BMO Floating Rate High Yield ETF***

BMO Floating Rate High Yield ETF invests in high yield corporate debt or specified derivatives that provide exposure to the credit risk of non-investment grade issuers. See “Investment Objectives – BMO Floating Rate High Yield ETF”.

***BMO International Dividend ETF***

BMO International Dividend ETF invests in the equity securities of dividend paying international companies in a variety of sectors. See “Investment Objectives – BMO International Dividend ETF”.

***BMO International Dividend Hedged to CAD ETF***

BMO International Dividend Hedged to CAD ETF invests in the equity securities of dividend paying international companies in a variety of sectors. See “Investment Objectives – BMO International Dividend Hedged to CAD ETF”.

***BMO Low Volatility Canadian Equity ETF***

BMO Low Volatility Canadian Equity ETF invests in the equity securities of lower volatility Canadian companies in a variety of sectors. See “Investment Objectives – BMO Low Volatility Canadian Equity ETF”.

***BMO Low Volatility Emerging Markets Equity ETF***

BMO Low Volatility Emerging Markets Equity ETF invests in the equity securities of lower volatility emerging markets companies in a variety of sectors. See “Investment Objectives – BMO Low Volatility Emerging Markets Equity ETF”.

***BMO Low Volatility International Equity ETF***

BMO Low Volatility International Equity ETF invests in the equity securities of lower volatility international companies in a variety of sectors. See “Investment Objectives – BMO Low Volatility International Equity ETF”.

***BMO Low Volatility International Equity Hedged to CAD ETF***

BMO Low Volatility International Equity Hedged to CAD ETF invests in the equity securities of lower volatility international companies in a variety of sectors. See “Investment Objectives – BMO Low Volatility International Equity Hedged to CAD ETF”.

***BMO Low Volatility US Equity ETF***

BMO Low Volatility US Equity ETF invests in the equity securities of lower volatility U.S. companies in a variety of sectors. See “Investment Objectives – BMO Low Volatility US Equity ETF”.

***BMO Low Volatility US Equity Hedged to CAD ETF***

BMO Low Volatility US Equity Hedged to CAD ETF invests in the equity securities of lower volatility U.S. companies in a variety of sectors. See “Investment Objectives – BMO Low Volatility US Equity Hedged to CAD ETF”.

***BMO Monthly Income ETF***

BMO Monthly Income ETF invests in a diversified portfolio of income-bearing investments, including common equities, fixed income securities and trust units. See “Investment Objectives – BMO Monthly Income ETF”.

***BMO Ultra Short-Term Bond ETF***

BMO Ultra-Short Term Bond ETF invests in fixed income securities with a remaining effective term to maturity of one year or less. See “Investment Objectives – BMO Ultra-Short-Term Bond ETF”.

***BMO US Dividend ETF***

BMO US Dividend ETF invests in 100 equity securities of publicly-traded American companies in a variety of sectors. See “Investment Objectives – BMO US Dividend ETF”.

***BMO US Dividend Hedged to CAD ETF***

BMO US Dividend Hedged to CAD ETF invests in 100 equity securities of publicly-traded American companies in a variety of sectors. See “Investment Objectives – BMO US Dividend Hedged to CAD ETF”.

***BMO US High Dividend Covered Call ETF***

BMO US High Dividend Covered Call ETF invests in the equity securities of higher dividend paying U.S. companies in a variety of sectors. See “Investment Objectives – BMO US High Dividend Covered Call ETF”.

***BMO US Put Write ETF***

BMO US Put Write ETF writes put options on the equity securities of U.S. companies in a variety of sectors. See “Investment Objectives – BMO US Put Write ETF”.

***BMO US Put Write Hedged to CAD ETF***

BMO US Put Write Hedged to CAD ETF writes put options on the equity securities of U.S. companies in a variety of sectors. See “Investment Objectives – BMO US Put Write Hedged to CAD ETF”.

**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 Canadian 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

### Management Fees

Each BMO ETF will pay the Manager a management fee as set forth in the table 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, the Registrar and Transfer Agent, the auditor and printers. See "Organization and Management Details – The Trustee, Manager, Portfolio Manager, Promoter and Valuation Agent – Duties and Services to be Provided by the Trustee, Manager, Portfolio Manager, Promoter and Valuation Agent" 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 at any given time.

BMO ETF	Maximum Annual Management Fee (%)
BMO Canadian Dividend ETF	0.350
BMO Canadian High Dividend Covered Call ETF	0.650
BMO Covered Call Canadian Banks ETF	0.650
BMO Covered Call Dow Jones Industrial Average Hedged to CAD ETF	0.650
BMO Covered Call Utilities ETF	0.650
BMO Europe High Dividend Covered Call Hedged to CAD ETF	0.650
BMO Floating Rate High Yield ETF	0.400
BMO International Dividend ETF	0.400
BMO International Dividend Hedged to CAD ETF	0.400
BMO Low Volatility Canadian Equity ETF	0.350
BMO Low Volatility Emerging Markets Equity ETF	0.450
BMO Low Volatility International Equity ETF	0.400
BMO Low Volatility International Equity Hedged to CAD ETF	0.400
BMO Low Volatility US Equity ETF	0.300
BMO Low Volatility US Equity Hedged to CAD ETF	0.300
BMO Monthly Income ETF	0.550
BMO Ultra Short-Term Bond ETF	0.150

<b>BMO ETF</b>	<b>Maximum Annual Management Fee (%)</b>
BMO US Dividend ETF	0.300
BMO US Dividend Hedged to CAD ETF	0.300
BMO US High Dividend Covered Call ETF	0.650
BMO US Put Write ETF	0.650
BMO US Put Write Hedged to CAD ETF	0.650

In the event that a BMO ETF invests in another investment fund to obtain exposure to Constituent Securities and the management fee payable by the other fund is higher than that of the BMO ETF, the BMO ETF may pay the higher management fee on the portion of the BMO ETF's assets invested in the other fund, regardless of whether the fund is managed by the Manager or an affiliate of the Manager. As a result, the actual management fee may be higher than that shown in the table above.

### **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 ETF was 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 and Plan Agent and fees payable to other service providers retained by the Manager. See "Organization and Management Details – The Trustee, Manager, Portfolio Manager, Promoter and Valuation Agent – Duties and Services to be Provided by the Trustee, Manager, Portfolio Manager, Promoter and Valuation Agent".

### **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. 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 those 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 securities lending agreements) 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.

## ANNUAL RETURNS, MANAGEMENT EXPENSE RATIO AND TRADING EXPENSE RATIO

The following chart provides the annual returns, the management expense ratio (“MER”) and trading expense ratio (“TER”) for each BMO ETF as disclosed in the BMO ETF’s management report of fund performance for each of the past five years. The investment performance in respect of a BMO ETF that has been available for less than one year, in any applicable year, is not provided.

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
<b><u>BMO Canadian Dividend ETF</u></b>					
Annual Returns (%)	-13.13	6.18	12.20	9.19	3.65*
MER (%)	0.39	0.40	0.40	0.39	0.39
TER (%)	0.02	0.03	0.02	0.02	0.05

\* Return from October 21, 2011 to December 31, 2011

<b><u>BMO Covered Call Canadian Banks ETF</u></b>					
Annual Returns (%)	-4.12	11.66	16.18	13.02	1.09*
MER (%)	0.72	0.73	0.74	0.73	0.73
TER (%)	0.16	0.21	0.27	0.22	0.29

\* Return from January 28, 2011 to December 31, 2011

<b><u>BMO Covered Call Dow Jones Industrial Average Hedged to CAD ETF</u></b>					
Annual Returns (%)	-0.62	7.69	25.08	8.63	6.26*
MER (%)	0.72	0.73	0.74	0.73	0.74
TER (%)	0.08	0.10	0.18	0.18	0.23

\* Return from October 20, 2011 to December 31, 2011

<b><u>BMO Covered Call Utilities ETF</u></b>					
Annual Returns (%)	-15.24	14.39	1.63	3.88	4.95*
MER (%)	0.72	0.74	0.74	0.73	0.72
TER (%)	0.19	0.25	0.34	0.37	0.71

\* Return from January 28, 2011 to December 31, 2011

<b><u>BMO Europe High Dividend Covered Call Hedged to CAD ETF</u></b>					
Annual Returns (%)	0.00*	n/a	n/a	n/a	n/a
MER (%)	0.71	n/a	n/a	n/a	n/a
TER (%)	0.13	n/a	n/a	n/a	n/a

\* Return from September 2, 2015 to December 31, 2015

<b><u>BMO Floating Rate High Yield ETF</u></b>					
Annual Returns (%)	1.65	3.16*	n/a	n/a	n/a
MER (%)	0.45	0.45	n/a	n/a	n/a
TER (%)	0.00	0.00	n/a	n/a	n/a

\* Return from February 10, 2014 to December 31, 2014

<b><u>BMO International Dividend ETF</u></b>					
Annual Returns (%)	8.85	-2.36*	n/a	n/a	n/a
MER (%)	0.45	0.46	n/a	n/a	n/a
TER (%)	0.36	1.95	n/a	n/a	n/a

\* Return from November 5, 2014 to December 31, 2014



	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
<b><u>BMO International Dividend Hedged to CAD ETF</u></b>					
Annual Returns (%)	0.00*	n/a	n/a	n/a	n/a
MER (%)	0.49	n/a	n/a	n/a	n/a
TER (%)	0.38	n/a	n/a	n/a	n/a

\* Return from September 2, 2015 to December 31, 2015

<b><u>BMO Low Volatility Canadian Equity ETF</u></b>					
Annual Returns (%)	2.67	28.54	20.71	13.94	3.88*
MER (%)	0.39	0.40	0.40	0.40	0.40
TER (%)	0.01	0.02	0.01	0.00	0.06

\* Return from October 21, 2011 to December 31, 2011

<b><u>BMO Low Volatility Emerging Markets Equity ETF</u></b>					
Annual Returns (%)	n/a	n/a	n/a	n/a	n/a
MER (%)	n/a	n/a	n/a	n/a	n/a
TER (%)	n/a	n/a	n/a	n/a	n/a

<b><u>BMO Low Volatility International Equity ETF</u></b>					
Annual Returns (%)	0.00*	n/a	n/a	n/a	n/a
MER (%)	0.46	n/a	n/a	n/a	n/a
TER (%)	1.16	n/a	n/a	n/a	n/a

\* Return from September 2, 2015 to December 31, 2015

<b><u>BMO Low Volatility International Equity Hedged to CAD ETF</u></b>					
Annual Returns (%)	n/a	n/a	n/a	n/a	n/a
MER (%)	n/a	n/a	n/a	n/a	n/a
TER (%)	n/a	n/a	n/a	n/a	n/a

<b><u>BMO Low Volatility US Equity ETF</u></b>					
Annual Returns (%)	26.59	34.98	18.18*	n/a	n/a
MER (%)	0.33	0.34	0.35	n/a	n/a
TER (%)	0.01	0.01	0.00	n/a	n/a

\* Return from March 19, 2013 to December 31, 2013

<b><u>BMO Low Volatility US Equity ETF (USD Units)</u></b>					
Annual Returns (%)	6.28	23.38	14.25*	n/a	n/a
MER (%)	0.33	0.34	0.36	n/a	n/a
TER (%)	0.01	0.01	0.00	n/a	n/a

\* Return from March 19, 2013 to December 31, 2013

<b><u>BMO Low Volatility US Equity Hedged to CAD ETF</u></b>					
Annual Returns (%)	n/a	n/a	n/a	n/a	n/a
MER (%)	n/a	n/a	n/a	n/a	n/a
TER (%)	n/a	n/a	n/a	n/a	n/a

<b><u>BMO Monthly Income ETF</u></b>					
Annual Returns (%)	-1.58	9.37	3.21	10.12	6.56*
MER (%)	0.63	0.63	0.62	0.62	0.62
TER (%)	0.11	0.06	0.03	0.00	0.01

\* Return from January 28, 2011 to December 31, 2011

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
<b><u>BMO Ultra Short-Term Bond ETF</u></b>					
Annual Returns (%)	0.44	1.54	1.27	2.29	3.10*
MER (%)	0.17	0.21	0.25	0.30	0.31
TER (%)	0.01	0.02	0.01	0.01	0.04

\* Return from January 28, 2011 to December 31, 2011

<b><u>BMO US Dividend ETF</u></b>					
Annual Returns (%)	17.67	26.05	19.55*	n/a	n/a
MER (%)	0.34	0.34	0.34	n/a	n/a
TER (%)	0.02	0.01	0.02	n/a	n/a

\* Return from March 19, 2013 to December 31, 2013

<b><u>BMO US Dividend ETF (USD Units)</u></b>					
Annual Returns (%)	-1.21	15.25	15.57*	n/a	n/a
MER (%)	0.33	0.34	0.34	n/a	n/a
TER (%)	0.02	0.01	0.02	n/a	n/a

\* Return from March 19, 2013 to December 31, 2013

<b><u>BMO US Dividend Hedged to CAD ETF</u></b>					
Annual Returns (%)	-1.4	15.73	16.02*	n/a	n/a
MER (%)	0.34	0.34	0.35	n/a	n/a
TER (%)	0.02	0.01	0.00	n/a	n/a

\* Return from March 19, 2013 to December 31, 2013

<b><u>BMO US High Dividend Covered Call ETF</u></b>					
Annual Returns (%)	24.08	18.32*	n/a	n/a	n/a
MER (%)	0.71	0.73	n/a	n/a	n/a
TER (%)	0.14	0.16	n/a	n/a	n/a

\* Return from February 10, 2014 to December 31, 2014

<b><u>BMO US High Dividend Covered Call ETF (USD Units)</u></b>					
Annual Returns (%)	0.00*	n/a	n/a	n/a	n/a
MER (%)	0.73	n/a	n/a	n/a	n/a
TER (%)	0.14	n/a	n/a	n/a	n/a

\* Return from February 12, 2015 to December 31, 2015

<b><u>BMO US Put Write ETF</u></b>					
Annual Returns (%)	0.00*	n/a	n/a	n/a	n/a
MER (%)	0.7	n/a	n/a	n/a	n/a
TER (%)	0.33	n/a	n/a	n/a	n/a

\* Return from September 2, 2015 to December 31, 2015

<b><u>BMO US Put Write ETF (USD Units)</u></b>					
Annual Returns (%)	0.00*	n/a	n/a	n/a	n/a
MER (%)	0.7	n/a	n/a	n/a	n/a
TER (%)	0.33	n/a	n/a	n/a	n/a

\* Return from September 2, 2015 to December 31, 2015

## RISK FACTORS

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.

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

### ***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.

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

The BMO ETFs may invest directly in, or obtain exposure to, other ETFs, mutual funds or public investment funds as part of their investment strategy. These BMO ETFs will be subject to the risks of the underlying funds. 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 Constituent Securities may underperform the returns of other securities that track other 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 Constituent Securities***

If Constituent Securities are cease-traded at any time by order of the TSX, 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***

The NAV per Unit will vary according to, among other things, the value of the securities held by the BMO ETFs. The Manager and the BMO ETFs have no control over the factors that affect the value of the securities held by the BMO ETFs, including factors that affect the equity and bond markets generally such as general economic and political conditions, fluctuations in interest rates and factors unique to each Constituent Issuer 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.

### ***Foreign Investment Risk***

A BMO ETF's investments in non-Canadian and non-United States issuers may expose the BMO ETF to unique risks compared to investing in securities of Canadian or United States issuers, including, among others, greater market volatility than Canadian or United States securities and less complete financial information than for Canadian or United States issuers. In addition, adverse political, economic or social developments could undermine the value of the BMO ETF's investments or prevent the BMO ETF from realizing the full value of its investments. Finally, the value of the currency of the country in which the BMO ETF has invested could decline relative to the value of the Canadian dollar.

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

Changes in foreign currency exchange rates may affect the NAV of BMO ETFs that hold investments denominated in currencies other than the currency in which the Units of the BMO ETF are denominated. The Units of the BMO ETFs may either be Canadian dollar denominated or US dollar denominated. Any exposure that the

equity portfolio of each of BMO Covered Call Dow Jones Industrial Average Hedged to CAD ETF, BMO Covered Call Utilities ETF, BMO Low Volatility US Equity Hedged to CAD ETF, BMO US Dividend Hedged to CAD ETF or BMO US Put Write Hedged to CAD ETF may have to the United States dollar will be hedged back to the Canadian dollar. Any exposure that the portfolio of BMO Europe High Dividend Covered Call Hedged to CAD ETF, BMO International Dividend Hedged to CAD ETF, or BMO Low Volatility International Equity Hedged to CAD ETF may have to foreign currencies will be hedged back to the Canadian dollar. The ability to purchase USD Units is offered only as a convenience for investors and does not act as a currency hedge between the Canadian dollar and the US dollar.

### ***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.

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

Investment in certain of the 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 such BMO ETFs will fluctuate with interest rate changes and the corresponding changes in the value of the securities held by the BMO ETF. The value of the bonds held by the BMO ETF may be affected by price changes due to a change in general economic conditions.

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

Constituent Securities held by the 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. In addition, the possibility that any Constituent 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 a BMO ETF's income and Unit price.

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

Certain of the BMO ETFs are subject to the full risk of their investment position in the securities in their portfolio, including the securities that are subject to call options written by the BMO ETF, 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 premiums associated with writing covered call options may not exceed the returns that would have resulted if any of the applicable BMO ETFs had remained directly invested in the securities subject to call options. The use of options may have the effect of limiting or reducing the total returns of a BMO ETF if the 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 BMO ETFs to write covered call options on desired terms or to close out option positions should it desire to do so. The ability of a 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 a 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 it has written becomes exercisable or expires.

In purchasing options, the BMO ETF is subject to the credit risk that its counterparty (whether a clearing corporation, in the case of exchange traded options, or other third party, in the case of over the counter options) may

be unable to meet its obligations. In addition there is a risk of loss by the BMO ETF in the event of the bankruptcy of the dealer with whom the BMO ETF has an open position in an options contract. The inability to close out options could also have an adverse impact on the BMO ETF's ability to use derivative instruments to effectively implement the BMO ETF's investment strategies and achieve its investment objectives.

Derivative transactions also involve the risk of the possible default by the other party to the transaction (whether a clearing corporation in the case of exchange traded instruments or other third party in the case of over-the-counter instruments) as the other party may be unable to meet its obligations. See "Risk Factors – General Risks Relating to an Investment in the BMO ETFs – Use of Derivative Instruments".

### ***Illiquid Securities***

If a BMO ETF is unable to dispose of some or all of the securities held by it, 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 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 Manager may be unable to acquire the number of securities it would like to at a price acceptable to the Manager on a timely basis.

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

A portion of a BMO ETF's portfolio may be invested in illiquid securities and instruments. 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 and instruments that Unitholders may receive on termination may not be readily marketable and may have to be held for an indefinite period of time.

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

The BMO ETFs may use derivative instruments from time to time 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; (v) if the BMO ETF has an open position in an option, 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.

### ***Securities Lending***

The BMO ETFs may engage in securities lending 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***

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 TSX. 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***

BMO Canadian High Dividend Covered Call ETF and BMO US Put Write Hedged to CAD ETF are newly organized investment trusts with no previous operating history. Although the Units of BMO Canadian High Dividend Covered Call ETF and BMO US Put Write Hedged to CAD ETF (the "New BMO ETFs") may be listed on the TSX, there can be no assurance that an active public market for the Units of the New BMO ETFs will develop or be sustained.

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

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 and portfolio management services 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 portfolio will 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, Constituent 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.

### ***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 BMO ETF's performance may suffer from its inability to invest in higher yielding securities.

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

There can be no assurance that tax, securities or other laws will not be changed in a manner that adversely affects 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 respecting the treatment of mutual fund trusts will not be changed in a manner that adversely affects the BMO ETFs or the Unitholders.

For example, changes to tax legislation or the administration thereof could affect the taxation of a BMO ETF or the issuers in which it invests.

### ***Other Tax-Related Risks***

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 investors.

There can be no assurances that the CRA will agree with the tax treatment adopted by a BMO ETF in filing its tax return and the CRA could reassess a BMO ETF on a basis that results in tax being payable by the BMO ETF.

The Tax Act contains tax loss restriction event rules that 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, the taxation year of a BMO ETF will be deemed to end and an automatic distribution of income and net 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. Recent amendments to the Tax Act make it less likely for a BMO ETF to experience a loss restriction event. Still, given the way Units 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 has not or will not in the future be 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.

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

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.

### **Additional Risks Relating to an Investment in the Covered Call ETFs**

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

Each Covered Call ETF is subject to the full risk of its investment position in the securities in its portfolio, including the securities that are subject to call options written by the fund, should the market price of such securities decline. In addition, each Covered Call ETF is 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 premiums associated with writing covered call options may not exceed the returns that would have resulted if any of the Covered Call ETFs had remained directly invested in the securities subject to call options. The use of options may have the effect of limiting or reducing the total returns of a Covered Call ETF if the 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 Covered Call ETFs to write covered call options on desired terms or to close out option positions should it desire to do so. The ability of each Covered Call 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 Covered Call

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 it has written becomes exercisable or expires.

Derivative transactions also involve the risk of the possible default by the other party to the transaction (whether a clearing corporation in the case of exchange traded instruments or other third party in the case of over-the-counter instruments) as the other party may be unable to meet its obligations. See “Risk Factors – General Risks Relating to an Investment in the BMO ETFs – Use of Derivative Instruments”.

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

In determining its income for tax purposes, each Covered Call ETF will treat option premiums received on the writing of covered call options and any gains or losses sustained on closing out such options in accordance with the CRA’s published administrative practice. 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 Covered Call ETFs. In such case, the net income of the Covered Call ETFs for tax purposes and the taxable component of distributions to Unitholders could increase, and the Covered Call ETFs could be liable for income tax. Any such redetermination by the CRA may also result in the Covered Call ETFs 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, NAV per Unit or the trading prices of the Units.

### **Additional Risk Relating to an Investment in BMO US Put Write ETF and BMO US Put Write Hedged to CAD ETF**

BMO US Put Write ETF and BMO US Put Write Hedged to CAD ETF will collect premiums on the options it writes. BMO US Put Write ETF’s and BMO US Put Write Hedged to CAD ETF’s risk of loss, if one or more of its options is exercised and expires in-the-money, may substantially outweigh the gains to BMO US Put Write ETF and BMO US Put Write Hedged to CAD ETF from the receipt of such option premiums. BMO US Put Write ETF and BMO US Put Write Hedged to CAD ETF will either earmark or segregate sufficient liquid assets to cover their obligations under each option on an ongoing basis. While the put option strategy is intended to be profitable in neutral, rising and moderately declining markets, large market declines may negatively impact BMO US Put Write ETF’s and BMO US Put Write Hedged to CAD ETF’s performance.

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

The Manager assigns an investment risk rating to each BMO ETF to provide investors with further information to help investors determine whether the BMO ETF is appropriate for an investor. The methodology that the Manager uses to determine the risk rating of each BMO ETF is based on the methodology recommended by the Fund Risk Classification Task Force of The Investment Funds Institute of Canada (the “**IFIC Task Force**”). The IFIC Task Force concluded that the most comprehensive, easily understood form of risk in this context is historical volatility risk as measured by the standard deviation of fund performance. However, the IFIC Task Force recognizes that other types of risk, both measurable and non-measurable, may exist and reminds investors that historical performance may not be indicative of future returns and a fund’s historical volatility may not be indicative of future volatility.

Using this methodology, the Manager will generally assign a risk rating to a BMO ETF in one of the following categories:

- Low – generally includes money market funds and Canadian fixed income funds;
- Low to medium – generally includes balanced and asset allocation funds;
- Medium – generally includes large-cap equity funds investing in developed markets;



- Medium to high – generally includes equity funds investing in small/mid-cap issuers, or in specific countries or larger sectors; and
- High – generally includes equity funds investing in emerging markets or narrower sectors.

In certain instances, the methodology set forth above may produce a result that the Manager believes may not be indicative of a BMO ETF's future volatility. As a result, in addition to using the methodology recommended by the IFIC Task Force, the Manager may take into account other qualitative factors, including, but not limited to, economic climate, portfolio management styles, sector concentration and types of investments made by a BMO ETF and the liquidity of those investments, in making the final determination of each BMO ETF's risk rating. The investment risk rating for each BMO ETF is reviewed at least annually as well as if there is a material change in a BMO ETF's investment objective or investment strategies.

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.

<b>TICKER</b>	<b>BMO ETF</b>	<b>RISK RATING</b>
ZDV	BMO Canadian Dividend ETF	Medium
ZWC	BMO Canadian High Dividend Covered Call ETF	Medium
ZWB	BMO Covered Call Canadian Banks ETF	Medium
ZWA	BMO Covered Call Dow Jones Industrial Average Hedged to CAD ETF	Medium
ZWU	BMO Covered Call Utilities ETF	Medium
ZWE	BMO Europe High Dividend Covered Call Hedged to CAD ETF	Medium
ZFH	BMO Floating Rate High Yield ETF	Low to Medium
ZDI	BMO International Dividend ETF	Medium
ZDH	BMO International Dividend Hedged to CAD ETF	Medium
ZLB	BMO Low Volatility Canadian Equity ETF	Medium
ZLE	BMO Low Volatility Emerging Markets Equity ETF	Medium to High
ZLI	BMO Low Volatility International Equity ETF	Medium
ZLD	BMO Low Volatility International Equity Hedged to CAD ETF	Medium
ZLU	BMO Low Volatility US Equity ETF	Medium
ZLU.U	BMO Low Volatility US Equity ETF	Medium
ZLH	BMO Low Volatility US Equity Hedged to CAD ETF	Medium
ZMI	BMO Monthly Income ETF	Low to Medium
ZST	BMO Ultra Short-Term Bond ETF	Low
ZST.L	BMO Ultra Short-Term Bond ETF	Low
ZDY	BMO US Dividend ETF	Medium
ZDY.U	BMO US Dividend ETF	Medium
ZUD	BMO US Dividend Hedged to CAD ETF	Medium
ZWH	BMO US High Dividend Covered Call ETF	Medium
ZWH.U	BMO US High Dividend Covered Call ETF	Medium
ZPW	BMO US Put Write ETF	Low to Medium
ZPW.U	BMO US Put Write ETF	Low to Medium
ZPH	BMO US Put Write Hedged to CAD ETF	Low to Medium

## DISTRIBUTION POLICY

### Distributions

Cash distributions on Units (other than the Accumulating 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.

BMO ETF	Frequency of Distributions
BMO Canadian Dividend ETF, BMO Canadian High Dividend Covered Call ETF, BMO Covered Call Canadian Banks ETF, BMO Covered Call Dow Jones Industrial Average Hedged to CAD ETF, BMO Covered Call Utilities ETF, BMO Europe High Dividend Covered Call Hedged to CAD ETF, BMO Floating Rate High Yield ETF, BMO International Dividend ETF, BMO International Dividend Hedged to CAD ETF, BMO Monthly Income ETF, BMO Ultra Short-Term Bond ETF, BMO US Dividend ETF, BMO US Dividend Hedged to CAD ETF, BMO US High Dividend Covered Call ETF, BMO US Put Write ETF and BMO US Put Write Hedged to CAD ETF	Monthly
BMO Low Volatility Canadian Equity ETF, BMO Low Volatility International Equity ETF, BMO Low Volatility International Equity Hedged to CAD ETF, BMO Low Volatility US Equity ETF and BMO Low Volatility US Equity Hedged to CAD ETF	Quarterly
BMO Low Volatility Emerging Markets Equity ETF	Annually

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.

Distributions in respect of the Accumulating Units of BMO Ultra Short-Term Bond ETF, if any, will be automatically reinvested in Accumulating Units of BMO Ultra Short-Term Bond ETF. Following each distribution, the number of outstanding Accumulating Units of BMO Ultra Short-Term Bond ETF will be immediately consolidated so that the number of outstanding Accumulating Units of BMO Ultra Short-Term Bond ETF is the same as the number of outstanding Accumulating Units before the distribution. Non-resident investors may have the number of securities reduced due to withholding tax.

BMO ETF – Accumulating Units	Frequency of Distributions
BMO Ultra Short-Term Bond ETF	Annually

For each taxation year, each BMO ETF will ensure that its 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 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 on Units, net of any required withholding taxes, will be reinvested automatically in additional Units of the BMO ETF 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 following the distribution will equal the number of Units outstanding prior to the distribution. The tax treatment to Unitholders of reinvested distributions is discussed under the heading “Income Tax Considerations – Taxation of Unitholders – Distributions”.

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.

## **Distribution Reinvestment Plan**

Certain BMO ETFs have adopted a 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 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 Reinvestment Plan are as described below.

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

A Unitholder who wishes to enrol in the 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 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 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 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 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 Reinvestment Plan. The Manager may terminate the Reinvestment Plan, in its sole discretion, upon not less than 30 days’ notice to: (i) the CDS Participants through which the Plan Participants hold their Units; (ii) the Plan Agent; and (iii) if necessary, the TSX.

The Manager may amend, modify or suspend the Reinvestment Plan at any time in its sole discretion, provided that it gives notice of that amendment, modification or suspension to: (i) the CDS Participants through which the Plan Participants hold their Units; (ii) the Plan Agent; and (iii) if necessary, the TSX.

## **PURCHASES OF UNITS**

### **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 one or more Designated Brokers 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 TSX’s

original listing requirements; (ii) to subscribe for Units on an ongoing basis in connection with the rebalancing of and adjustments to the applicable portfolio as described under “Investment Strategies – Action on Portfolio Adjustment” and “Investment Strategies – Take-over Bids for Constituent Issuers” 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 TSX. 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 Agreement provides 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 third Trading Day after the subscription notice has been delivered.

## **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 TSX additional 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) 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 Prescribed Number of Units (or an integral multiple thereof) by no later than the third Trading Day after the date on which the subscription order is accepted, provided that payment for such Units has been received.

For each Prescribed Number of Units 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 Manager may, in its discretion, increase or decrease the Prescribed Number of Units from time to time. The Prescribed Number of Units of each of the BMO ETFs will be available on the Manager’s website at [www.bmo.com](http://www.bmo.com).

### ***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 – Action on Portfolio Adjustment” and “Investment Strategies – Take-over Bids for Constituent Issuers” 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”.

## **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 Constituent 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 TSX 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 BMO Asset Management 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. 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 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 such Units 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 TSX 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 TSX 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 by no later than the third Trading Day after the effective day of the redemption. The cash redemption request forms may be obtained from any registered broker or dealer.

Investors that redeem Units prior to the Distribution Record 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**

On any Trading Day, Unitholders may exchange the Prescribed Number of Units (or an integral multiple thereof) for Baskets of Securities and cash, or with respect to certain BMO ETFs, cash only.

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 third Trading Day after the effective day of the exchange request. 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 no longer a holder of record on the applicable Distribution Record Date will not be entitled to receive that distribution.

If Constituent Securities 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: (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

The following tables set out the market price range and monthly trading volume of the Units of the BMO ETFs on the TSX for each month or, if applicable, partial months of the 12-month period before the date of the prospectus. This information is not yet available for the Units of the New BMO ETFs and the Accumulating Units and partial data reflects that certain BMO ETFs were recently created.

<b>BMO Canadian Dividend ETF</b>				<b>BMO Covered Call Canadian Banks ETF</b>			
	Price		Volume		Price		Volume
	High	Low			High	Low	
<b><u>2016</u></b>				<b><u>2016</u></b>			
January	\$14.53	\$13.51	2,599,175	January	\$15.41	\$14.07	8,961,524
February	\$14.43	\$13.44	6,395,334	February	\$15.15	\$14.02	7,585,478
March	\$15.38	\$14.58	6,576,877	March	\$16.07	\$15.09	8,153,285
April	\$15.58	\$14.97	2,437,263	April	\$16.55	\$15.69	5,875,047
May	\$15.77	\$15.14	2,172,124	May	\$16.63	\$15.92	6,160,943
June	\$16.16	\$15.22	1,869,218	June	\$16.82	\$15.98	6,663,608
July	\$16.19	\$15.66	1,654,704	July	\$16.73	\$16.15	4,585,702
August	\$16.38	\$15.92	2,330,475	August	\$17.19	\$16.45	5,720,258
September	\$16.49	\$16.00	1,589,354	September	\$17.23	\$16.89	4,824,527
October	\$16.60	\$16.20	1,762,022	October	\$17.39	\$16.95	4,590,388
November	\$16.78	\$15.90	2,469,946	November	\$17.99	\$17.08	7,632,078
December	\$17.39	\$16.75	1,977,260	December	\$18.60	\$17.96	5,925,838
<b><u>2017</u></b>				<b><u>2017</u></b>			
January 1-25	\$17.66	\$17.35	2,672,854	January 1-25	\$18.99	\$18.50	4,959,861
<b>BMO Covered Call Dow Jones Industrial Average Hedged to CAD ETF</b>				<b>BMO Covered Call Utilities ETF</b>			
	Price		Volume		Price		Volume
	High	Low			High	Low	
<b><u>2016</u></b>				<b><u>2016</u></b>			
January	\$18.55	\$17.00	1,037,467	January	\$12.73	\$11.69	3,937,458
February	\$17.90	\$16.94	777,376	February	\$12.93	\$12.28	2,069,702
March	\$18.74	\$18.06	1,160,244	March	\$13.47	\$12.89	2,834,245
April	\$19.09	\$18.57	771,028	April	\$13.46	\$13.21	2,302,660
May	\$18.89	\$18.44	584,995	May	\$13.52	\$13.24	2,350,354
June	\$18.96	\$18.09	1,247,790	June	\$13.94	\$13.50	2,612,624
July	\$19.50	\$18.78	651,939	July	\$14.18	\$13.90	2,352,192
August	\$19.49	\$19.10	551,936	August	\$14.17	\$13.81	2,947,616
September	\$19.34	\$18.83	720,612	September	\$14.09	\$13.64	2,787,434
October	\$19.06	\$18.81	515,185	October	\$13.89	\$13.58	3,884,084
November	\$19.69	\$18.61	997,623	November	\$13.63	\$12.92	5,726,413
December	\$20.27	\$19.59	626,167	December	\$13.80	\$13.30	3,759,459
<b><u>2017</u></b>				<b><u>2017</u></b>			
January 1-25	\$20.32	\$20.07	568,270	January 1-25	\$13.96	\$13.78	2,574,816



**BMO Europe High Dividend Covered Call Hedged to CAD ETF**

	Price		Volume
	High	Low	
<b>2016</b>			
January	\$19.89	\$18.16	508,214
February	\$18.93	\$17.10	872,616
March	\$19.10	\$18.67	1,148,182
April	\$19.58	\$18.14	1,940,582
May	\$19.45	\$18.57	1,429,292
June	\$19.35	\$17.74	2,275,349
July	\$19.42	\$18.33	968,142
August	\$20.01	\$19.16	1,288,641
September	\$20.09	\$19.49	1,615,877
October	\$20.41	\$19.85	1,218,633
November	\$20.21	\$19.37	1,810,723
December	\$21.11	\$19.85	1,115,082
<b>2017</b>			
January 1-25	\$21.35	\$21.02	1,194,479

**BMO International Dividend ETF**

	Price		Volume
	High	Low	
<b>2016</b>			
January	\$20.15	\$18.50	1,032,790
February	\$19.25	\$18.00	751,848
March	\$19.79	\$18.65	497,985
April	\$19.83	\$18.75	1,242,972
May	\$19.80	\$19.02	534,610
June	\$19.63	\$17.90	898,850
July	\$19.64	\$18.30	384,265
August	\$19.93	\$19.38	452,871
September	\$20.11	\$19.62	819,251
October	\$20.12	\$19.40	566,330
November	\$19.88	\$19.51	600,884
December	\$20.21	\$19.45	428,469
<b>2017</b>			
January 1-25	\$20.56	\$20.29	580,722

**BMO Low Volatility Canadian Equity ETF**

	Price		Volume
	High	Low	
<b>2016</b>			
January	\$25.91	\$24.32	4,723,022
February	\$26.24	\$24.79	3,527,572
March	\$27.41	\$26.47	6,048,991
April	\$27.44	\$26.83	6,847,953
May	\$27.77	\$26.81	4,618,555
June	\$27.91	\$27.12	6,352,610
July	\$28.71	\$27.72	8,190,204
August	\$28.95	\$28.50	4,395,341
September	\$29.06	\$28.23	7,780,670

**BMO Floating Rate High Yield ETF**

	Price		Volume
	High	Low	
<b>2016</b>			
January	\$14.43	\$13.95	1,521,717
February	\$14.25	\$13.80	906,029
March	\$14.73	\$14.27	393,797
April	\$14.85	\$14.58	1,023,109
May	\$14.78	\$14.54	1,916,700
June	\$14.77	\$14.45	16,075,179
July	\$15.00	\$14.64	266,011
August	\$15.00	\$14.79	479,560
September	\$15.00	\$14.81	1,609,519
October	\$15.13	\$14.91	356,983
November	\$15.17	\$14.81	1,321,517
December	\$15.35	\$15.02	7,336,720
<b>2017</b>			
January 1-25	\$15.39	\$15.23	1,605,668

**BMO International Dividend Hedged to CAD ETF**

	Price		Volume
	High	Low	
<b>2016</b>			
January	\$19.38	\$17.60	886,205
February	\$18.63	\$17.01	530,108
March	\$19.73	\$18.83	604,459
April	\$20.19	\$18.71	330,269
May	\$20.04	\$19.33	168,373
June	\$20.03	\$18.42	524,233
July	\$20.12	\$18.98	165,855
August	\$20.53	\$19.70	114,347
September	\$20.57	\$19.88	223,506
October	\$20.61	\$20.17	107,773
November	\$20.54	\$19.86	383,301
December	\$21.51	\$20.33	395,124
<b>2017</b>			
January 1-25	\$21.78	\$21.26	208,574

**BMO Low Volatility Emerging Markets Equity ETF**

	Price		Volume
	High	Low	
<b>2016</b>			
January	n/a	n/a	n/a
February	n/a	n/a	n/a
March	n/a	n/a	n/a
April	n/a	n/a	n/a
May	\$19.96	\$19.76	155,326
June	\$20.54	\$19.38	189,905
July	\$21.38	\$20.25	208,148
August	\$21.77	\$20.78	248,372
September	\$21.27	\$20.62	173,303

**BMO Low Volatility Canadian Equity ETF**

	Price		Volume
	High	Low	
October	\$28.52	\$27.98	4,801,108
November	\$28.16	\$27.04	5,619,253
December	\$28.28	\$27.78	4,487,977
<u>2017</u>			
January 1-25	\$28.54	\$28.16	5,010,524

**BMO Low Volatility Emerging Markets Equity ETF**

	Price		Volume
	High	Low	
October	\$21.34	\$20.73	286,622
November	\$21.21	\$19.69	86,901
December	\$19.98	\$19.45	62,225
<u>2017</u>			
January 1-25	\$20.19	\$19.59	227,967

**BMO Low Volatility International Equity ETF**

	Price		Volume
	High	Low	
<u>2016</u>			
January	\$21.95	\$21.11	1,904,383
February	\$21.78	\$20.93	2,849,144
March	\$21.45	\$20.93	1,393,077
April	\$21.47	\$20.62	1,452,533
May	\$21.61	\$20.97	1,194,050
June	\$21.59	\$20.41	6,924,711
July	\$22.22	\$20.97	1,568,133
August	\$22.22	\$21.68	406,764
September	\$22.39	\$21.78	609,313
October	\$22.12	\$21.06	549,308
November	\$21.50	\$20.25	1,250,906
December	\$20.56	\$19.99	654,151
<u>2017</u>			
January 1-25	\$20.94	\$20.58	437,575

**BMO Low Volatility International Equity Hedged to CAD ETF**

	Price		Volume
	High	Low	
<u>2016</u>			
January	n/a	n/a	n/a
February	\$20.10	\$19.19	2,110,354
March	\$20.67	\$20.06	2,940,116
April	\$21.05	\$20.03	1,823,614
May	\$20.88	\$20.25	1,107,615
June	\$20.87	\$19.55	7,155,515
July	\$21.33	\$20.60	4,131,862
August	\$21.40	\$20.80	715,512
September	\$21.25	\$20.66	1,087,371
October	\$21.07	\$20.50	1,137,744
November	\$20.51	\$19.65	889,423
December	\$20.69	\$19.86	3,218,031
<u>2017</u>			
January 1-25	\$21.06	\$20.74	570,872

**BMO Low Volatility US Equity ETF**

	Price		Volume
	High	Low	
<u>2016</u>			
January	\$29.56	\$28.59	6,427,784
February	\$29.28	\$28.28	3,338,221
March	\$29.29	\$28.65	9,011,057
April	\$29.44	\$27.82	7,762,335
May	\$29.28	\$28.06	4,416,924
June	\$30.50	\$28.89	3,785,554
July	\$31.79	\$30.48	4,391,887
August	\$31.19	\$29.86	2,936,442
September	\$30.41	\$29.20	5,162,740
October	\$29.61	\$28.95	3,046,502
November	\$29.84	\$28.87	4,244,197
December	\$30.17	\$28.85	5,878,644
<u>2017</u>			
January 1-25	\$29.99	\$29.21	1,482,582

**BMO Low Volatility US Equity ETF (USD Units)**

	Price		Volume
	High	Low	
<u>2016</u>			
January	\$21.41	\$20.43	250,495
February	\$22.03	\$20.88	256,017
March	\$23.01	\$21.94	186,617
April	\$23.14	\$22.60	151,118
May	\$23.19	\$22.45	205,198
June	\$24.15	\$22.91	183,207
July	\$24.68	\$24.28	248,521
August	\$24.41	\$23.50	127,157
September	\$23.80	\$22.97	237,151
October	\$23.04	\$22.44	157,357
November	\$22.78	\$22.13	186,282
December	\$23.11	\$22.21	205,013
<u>2017</u>			
January 1-25	\$23.05	\$22.82	102,427

**BMO Low Volatility US Equity Hedged to CAD  
ETF**

	Price		Volume
	High	Low	
<b>2016</b>			
January	n/a	n/a	n/a
February	\$20.72	\$19.60	1,355,758
March	\$21.51	\$20.57	3,109,828
April	\$21.66	\$21.14	2,406,003
May	\$21.74	\$20.96	2,398,960
June	\$22.60	\$21.46	1,468,785
July	\$23.05	\$22.66	2,741,372
August	\$22.81	\$21.99	1,345,014
September	\$22.21	\$21.44	3,139,446
October	\$21.51	\$20.94	1,585,570
November	\$21.23	\$20.61	2,954,430
December	\$21.53	\$20.72	1,470,850
<b>2017</b>			
January 1-25	\$21.46	\$20.92	410,944

**BMO Ultra Short-Term Bond ETF**

	Price		Volume
	High	Low	
<b>2016</b>			
January	\$54.43	\$54.19	585,921
February	\$54.32	\$54.12	629,515
March	\$54.23	\$54.00	152,433
April	\$54.11	\$53.89	152,800
May	\$54.02	\$53.85	205,515
June	\$53.93	\$53.77	178,627
July	\$53.85	\$53.63	150,203
August	\$53.75	\$53.54	95,972
September	\$53.66	\$53.48	143,260
October	\$53.56	\$53.37	202,568
November	\$53.48	\$53.28	186,572
December	\$53.36	\$53.18	379,770
<b>2017</b>			
January 1-25	\$53.29	\$53.20	181,238

**BMO US Dividend ETF (USD Units)**

	Price		Volume
	High	Low	
<b>2016</b>			
January	\$18.17	\$16.63	89,180
February	\$18.47	\$17.20	36,528
March	\$19.67	\$18.52	62,466
April	\$19.90	\$19.27	57,728
May	\$19.84	\$19.19	62,674
June	\$20.39	\$19.52	68,035
July	\$21.32	\$20.24	95,612
August	\$21.45	\$20.87	89,473
September	\$21.38	\$20.75	85,356
October	\$21.06	\$20.64	52,168

**BMO Monthly Income ETF**

	Price		Volume
	High	Low	
<b>2016</b>			
January	\$15.68	\$15.18	213,168
February	\$15.46	\$15.03	217,599
March	\$15.72	\$15.35	218,302
April	\$15.66	\$15.52	256,410
May	\$15.77	\$15.55	202,785
June	\$15.84	\$15.50	254,496
July	\$16.13	\$15.81	455,895
August	\$16.14	\$15.97	273,331
September	\$16.12	\$15.89	243,998
October	\$16.05	\$15.87	168,624
November	\$15.96	\$15.77	259,344
December	\$16.12	\$15.81	384,888
<b>2017</b>			
January 1-25	\$16.19	\$16.11	303,638

**BMO US Dividend ETF**

	Price		Volume
	High	Low	
<b>2016</b>			
January	\$24.85	\$23.72	671,852
February	\$24.49	\$23.46	608,994
March	\$25.13	\$24.28	4,259,893
April	\$25.01	\$24.13	3,069,339
May	\$25.41	\$24.18	1,844,329
June	\$25.76	\$24.89	14,389,511
July	\$27.49	\$25.69	6,109,475
August	\$27.23	\$26.69	1,160,539
September	\$27.20	\$26.45	2,352,026
October	\$27.27	\$26.44	4,172,733
November	\$28.98	\$26.56	3,422,243
December	\$29.00	\$28.05	3,277,591
<b>2017</b>			
January 1-25	\$28.91	\$27.93	6,685,160

**BMO US Dividend Hedged to CAD ETF**

	Price		Volume
	High	Low	
<b>2016</b>			
January	\$18.29	\$17.00	511,073
February	\$18.49	\$17.37	505,908
March	\$19.70	\$18.64	1,131,319
April	\$19.93	\$19.28	1,668,363
May	\$19.81	\$19.18	3,033,358
June	\$20.44	\$19.52	3,842,486
July	\$21.38	\$20.32	2,496,252
August	\$21.43	\$20.91	2,578,882
September	\$21.42	\$20.66	1,242,256
October	\$21.07	\$20.64	761,930

<b>BMO US Dividend ETF (USD Units)</b>			
	<b>Price</b>		<b>Volume</b>
	<b>High</b>	<b>Low</b>	
November	\$21.92	\$20.31	142,113
December	\$22.44	\$21.57	95,967
<u>2017</u>			
January 1-25	\$22.19	\$21.71	71,065

<b>BMO US Dividend Hedged to CAD ETF</b>			
	<b>Price</b>		<b>Volume</b>
	<b>High</b>	<b>Low</b>	
November	\$21.93	\$20.30	1,036,506
December	\$22.38	\$21.59	1,147,268
<u>2017</u>			
January 1-25	\$22.17	\$21.71	604,720

<b>BMO US High Dividend Covered Call ETF</b>			
	<b>Price</b>		<b>Volume</b>
	<b>High</b>	<b>Low</b>	
<u>2016</u>			
January	\$19.95	\$19.27	2,965,656
February	\$19.55	\$18.77	1,553,592
March	\$19.37	\$18.94	2,667,258
April	\$19.27	\$18.40	3,216,601
May	\$19.37	\$18.54	3,557,688
June	\$19.46	\$19.04	1,944,141
July	\$20.38	\$19.56	1,693,756
August	\$20.04	\$19.43	1,794,477
September	\$19.93	\$19.39	1,847,313
October	\$19.73	\$19.24	2,116,958
November	\$20.35	\$19.32	2,959,061
December	\$20.70	\$19.81	2,374,172
<u>2017</u>			
January 1-25	\$20.62	\$19.92	2,864,622

<b>BMO US High Dividend Covered Call ETF (USD Units)</b>			
	<b>Price</b>		<b>Volume</b>
	<b>High</b>	<b>Low</b>	
<u>2016</u>			
January	\$19.22	\$18.50	84,729
February	\$19.27	\$18.46	53,302
March	\$20.23	\$19.40	87,462
April	\$20.45	\$20.09	108,137
May	\$20.43	\$19.88	50,393
June	\$20.75	\$20.08	70,134
July	\$21.16	\$20.67	89,686
August	\$20.95	\$20.56	77,102
September	\$20.92	\$20.37	82,979
October	\$20.38	\$20.08	81,340
November	\$20.61	\$19.80	720,702
December	\$21.17	\$20.45	146,761
<u>2017</u>			
January 1-25	\$21.08	\$20.74	136,374

<b>BMO US Put Write ETF</b>			
	<b>Price</b>		<b>Volume</b>
	<b>High</b>	<b>Low</b>	
<u>2016</u>			
January	\$21.44	\$20.58	1,791,325
February	\$20.67	\$19.83	1,163,543
March	\$19.83	\$19.07	1,218,370
April	\$19.40	\$18.38	1,217,683
May	\$19.33	\$18.40	327,092
June	\$19.31	\$18.65	391,100
July	\$19.52	\$18.99	395,823
August	\$19.38	\$18.82	418,613
September	\$19.45	\$18.87	884,205
October	\$19.45	\$19.09	621,094
November	\$19.67	\$19.13	1,258,535
December	\$19.50	\$19.07	2,108,273
<u>2017</u>			
January 1-25	\$19.49	\$19.01	1,813,712

<b>BMO US Put Write ETF (USD Units)</b>			
	<b>Price</b>		<b>Volume</b>
	<b>High</b>	<b>Low</b>	
<u>2016</u>			
January	\$19.68	\$19.46	194,635
February	\$19.62	\$19.26	36,621
March	\$19.66	\$19.51	24,174
April	\$19.66	\$19.36	227,534
May	\$19.57	\$19.38	26,487
June	\$19.62	\$19.13	68,633
July	\$19.62	\$19.38	70,658
August	\$19.60	\$19.39	79,329
September	\$19.57	\$19.33	46,496
October	\$19.49	\$19.15	60,620
November	\$19.34	\$19.00	120,410
December	\$19.33	\$19.15	65,801
<u>2017</u>			
January 1-25	\$19.40	\$19.23	65,109

## INCOME TAX CONSIDERATIONS

In the opinion of Osler, Hoskin & Harcourt LLP, the following is 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, is an individual, other than a trust, is resident in Canada, holds Units of the BMO ETF, and any securities of Constituent Issuers accepted as payment for Units of a BMO ETF, as capital

property, has not with respect to Units or securities of Constituent Issuers accepted as payment for Units of a BMO ETF entered into a “derivative forward agreement” as that term is defined in the Tax Act, and is not affiliated and deals at arm’s length with the BMO ETF. This summary is based upon the current provisions of the Tax Act and regulations thereunder, all specific proposals to amend the Tax Act and such regulations that have been publicly announced by the Minister of Finance (Canada) prior to the date hereof (“**Tax Proposals**”), and counsel’s understanding of the current published administrative policies and assessing practices of the CRA. 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.

**This summary is of a general nature only and is not exhaustive of all possible income tax considerations. Prospective investors should therefore consult their own tax advisors about their individual circumstances.**

This summary is also based on the assumptions that: (i) none of the issuers of securities held by a BMO ETF will be a foreign affiliate of the BMO ETF or any Unitholder; (ii) none of the securities held by a BMO ETF will be a “tax shelter investment” within the meaning of section 143.2 of the Tax Act; (iii) 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; and (iv) no BMO ETF will enter into any arrangement where the result is a dividend rental arrangement for the purposes of the Tax Act.

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

This summary is based on the assumption that each BMO ETF will comply at all material times with the conditions prescribed in the Tax Act and otherwise so as to qualify as a “mutual fund trust” as defined in the Tax Act. Counsel is advised that each of the BMO ETFs has qualified, or is expected to qualify (as the case may be), as a “mutual fund trust” under the Tax Act at all material times. 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 different from those described below.

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

A BMO ETF will include in computing its income taxable distributions 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 and income earned by any securities lending activity and futures trading activity, and taxable capital gains or income realized through transactions in options. Under the SIFT Rules, certain income earned by issuers of Constituent Securities that are SIFT trusts or SIFT partnerships, when such income is distributed or allocated to a BMO ETF, would be treated as eligible dividends from a taxable Canadian corporation. A BMO ETF will include in computing its income any interest accruing to it on bonds held by that BMO ETF. In the case of any BMO ETF holding real return or inflation-adjusted bonds, any amounts in respect of inflation-related adjustments to the principal amount of the bonds will be deemed to be interest for this purpose. Any such amounts of accrued interest and amounts deemed to be interest will be reflected in distributions to Unitholders.

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 any applicable losses of the BMO ETF and any capital gains refunds to which the BMO ETF is entitled). If in a taxation year the income for tax purposes of a BMO ETF exceeds the cash available for distribution by the BMO ETF, such as in the case of the receipt by the BMO ETF of special dividends, the BMO ETF will distribute its income through a payment of reinvested distributions.

If a BMO ETF invests in another fund (an “**Underlying Fund**”) that is a Canadian resident trust other than a SIFT trust, the 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 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 ETFs may be subject to the suspended loss rules contained in the Tax Act. A loss realized on a disposition of property may be considered to be a suspended loss when a BMO ETF acquires a property (a “**substituted property**”) that is the same or identical to the property disposed of, within 30 days before and 30 days after the disposition and 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 gains until the substituted property is sold and is not reacquired within 30 days before and after the sale.

In determining the income of a BMO ETF, gains or losses realized upon transactions in securities undertaken by the BMO ETF will constitute capital gains or capital losses of the BMO ETF in the year realized 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 in the nature of trade. The Manager has advised counsel that each BMO ETF that holds “Canadian securities” (as defined in the Tax Act) has elected or will elect in accordance with the Tax Act to have each such security treated as capital property. 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 redemptions of Units.

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, except where such derivatives are not “derivative forward agreements” (as defined in the Tax Act), and are entered into in order to hedge and are sufficiently linked with securities that are held on capital account by the BMO ETF. Gains or losses on derivatives will be recognized for tax purposes at the time they are realized by the BMO ETF. Where a BMO ETF uses derivatives to hedge foreign currency exposure with respect to securities held on capital account, such derivatives are not “derivative forward agreements”, and the derivatives are sufficiently linked to such securities, gains or losses realized thereon will be treated as capital gains or capital losses.

Having regard to the investment strategy of BMO US Put Write ETF and BMO US Put Write Hedged to CAD ETF, the Manager intends that option transactions undertaken by such BMO ETF will be treated and reported as arising on income account.

Each BMO ETF is required to compute its income and gains for tax purposes in Canadian dollars. Therefore, the amount of income, cost, proceeds of disposition and other amounts in respect of investments that are not Canadian dollar denominated will be affected by fluctuations in the exchange rate of the Canadian dollar against the relevant foreign currency.

A BMO ETF may pay foreign withholding or other taxes in connection with investments in foreign securities.

## **Taxation of Unitholders**

### ***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 and deducted by the BMO ETF in computing its income, whether or not such amounts are reinvested in additional Units (including Plan Units acquired under the 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.

The non-taxable portion of any net realized capital gains 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. 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 (unless the BMO ETF elects to treat such amount as a distribution of additional income). 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 will 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. 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, non-taxable amounts 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 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 all Units of a particular 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) 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 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 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 Reinvestment Plan, will be the amount so reinvested.

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 on the exchange, and less any capital gain or income realized by the BMO ETF as a result of the transfer of those securities that has been designated by the BMO ETF to the Unitholder. Where income

or a capital gain realized by the BMO ETF as a result of the transfer of securities on the redemption of Units has been designated by the BMO ETF to a redeeming Unitholder, the Unitholder will be required to include in income the income or taxable portion of the capital gain so designated. 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.

#### ***Where Securities of Constituent Issuers are Accepted as Payment for Units of a BMO ETF***

Where securities of Constituent Issuers are accepted as payment for Units acquired by a Unitholder, such Unitholder will generally realize a capital gain (or capital loss) in the taxation year of the Unitholder in which the disposition of such securities takes place to the extent that the proceeds of disposition for such securities, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of such securities to the Unitholder. For this purpose, the proceeds of disposition to the Unitholder will equal the aggregate of the fair market value of the Units received and the amount of any cash received in lieu of fractional Units. The cost to a Unitholder of Units so acquired will be equal to the fair market value of the securities of the Constituent Issuers disposed of in exchange for such Units at the time of disposition less any cash received in lieu of fractional Units, which sum would generally be equal to or would approximate the fair market value of the Units received as consideration for the securities of Constituent Issuers. In computing the adjusted cost base of a Unit so acquired by a Unitholder, the cost of such Unit must be averaged with the adjusted cost base of any other Units then held by that Unitholder as capital property. Where the securities so disposed of by a Unitholder are denominated in a currency other than Canadian dollars, any capital gain or capital loss realized by the Unitholder will be determined by converting the Unitholder's 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.

#### **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. As is the case for all investments held in Registered Plans, amounts withdrawn from a Registered Plan (other than from a TFSA or a return of contributions from an 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 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**

Due diligence and reporting obligations in the Tax Act have been enacted to implement the Canada-United States Enhanced Tax Information Exchange Agreement. As long as Units continue to be registered in the name of



CDS, a BMO ETF should not have any US reportable accounts and, as a result, should not be required to provide information to the CRA in respect of its Unitholders. However, dealers through which Unitholders hold their Units are subject to due diligence and reporting obligations with respect to financial accounts they maintain for their clients. Unitholders may be requested to provide information to their dealer to identify US persons holding Units. If a Unitholder is a US person (including a US citizen) or if a Unitholder does not provide the requested information, Part XVIII of the Tax Act will generally require information about the Unitholder's investments held in the financial account maintained by the dealer to be reported to the CRA, unless the investments are held within a registered plan. The CRA is expected to provide that information to the US Internal Revenue Service.

Reporting obligations in the Tax Act have been enacted to implement the Organization for Economic Co-operation and Development Common Reporting Standard (the "CRS Rules"). Pursuant to the CRS Rules, Canadian financial institutions will be required to have procedures in place to identify accounts held by residents of foreign countries that have agreed to bilateral information exchange with Canada under the Common Reporting Standard ("Participating Jurisdictions") or by certain entities any of whose "controlling persons" are resident in a Participating Jurisdiction and to report the required information to the Canada Revenue Agency. Such information will be exchanged on a reciprocal, bilateral basis with the Participating Jurisdictions in which the account holders or such controlling persons are resident. Under the CRS Rules, Unitholders will be required to provide such information regarding their investment in a BMO ETF to their dealer for the purpose of such information exchange, unless the investment is held within a registered plan.

### **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, the Units of that BMO ETF will be qualified investments for trusts governed by Registered Plans.

Notwithstanding the foregoing, if Units are a "prohibited investment" for a TFSA, RRSP or RRIF that acquires Units, the holder or annuitant will be subject to a penalty tax as set out in the Tax Act. A "prohibited investment" includes a unit of a trust with which the holder or annuitant does not deal at arm's length. Holders of TFSAs and annuitants of RRSPs and RRIFs should consult with their tax advisors in this regard.

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* 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 TFSAs, RRSPs or RRIFs.

### **ORGANIZATION AND MANAGEMENT DETAILS**

#### **Officers and Directors of the Trustee, Manager, Portfolio Manager, Promoter and Valuation Agent**

The name and municipality of residence of each of the directors and executive officers of BMO Asset Management, the trustee, manager, portfolio manager, promoter and valuation agent of the BMO ETFs, and their principal occupations are as follows:

<b>Name and Municipality of Residence</b>	<b>Position with Manager</b>	<b>Principal Occupation</b>
BARRY M. COOPER Toronto, Ontario	Chair and Director	Chairman, BMO Global Asset Management

<b>Name and Municipality of Residence</b>	<b>Position with Manager</b>	<b>Principal Occupation</b>
KEVIN GOPAUL Oakville, Ontario	Chief Executive Officer, Ultimate Designated Officer, Chief Investment Officer, ETFs and Mutual Funds and Director	Chief Executive Officer, BMO Asset Management and Chief Executive Officer, BMO Investments Inc.
NELSON AVILA Toronto, Ontario	Chief Financial Officer	Lead Financial Officer, BMO Global Asset Management – Canada
THOMAS BURIAN Mississauga, Ontario	Director	Vice President and Chief Financial Officer, Wealth Management, BMO Financial Group
ANDREW PAUL TAYLOR Toronto, Ontario	Senior Vice President and Chief Investment Officer, Asset Allocation	Chief Investment Officer, Asset Allocation, BMO Asset Management
STELLA VRANES Richmond Hill, Ontario	Senior Vice President, Chief Administrative Officer and Director	Chief Administrative Officer, BMO Global Asset Management
ROSS KAPPELE Toronto, Ontario	Executive Vice President and Head of Retail Distribution	Executive Vice President and Head of Retail Distribution, BMO Global Asset Management
ROB BECHARD Toronto, Ontario	Senior Vice President	Senior Vice President and Head of Portfolio Management, ETFs and Global Structured Investments, BMO Asset Management
ROBERT J. SCHAUER Toronto, Ontario	Vice President	Chief Financial Officer and Treasurer, BMO Mutual Funds
CAITLIN GOSSAGE Toronto, Ontario	Chief Compliance Officer	Chief Compliance Officer, BMO Asset Management Inc.
BARRY WILLIAMS Toronto, Ontario	Chief Anti-Money Laundering Officer	Director and AML Officer – Wealth Management, BMO Financial Group
LESLEY MARKS Toronto, Ontario	Senior Vice President and Chief Investment Officer, Fundamental Canadian Equity	Senior Vice President and Chief Investment Officer, Fundamental Canadian Equity, BMO Financial Group
RICHARD WILSON London, England	Director	Chief Executive Officer, F&C Asset Management plc
JOAN MOHAMMED Miami Beach, Florida	Director	Chief Operating Officer, BMO Global Asset Management

<b>Name and Municipality of Residence</b>	<b>Position with Manager</b>	<b>Principal Occupation</b>
DENIS SENEAL Toronto, Ontario	Senior Vice President	Senior Vice President, Chief Investment Officer, Active Fixed Income, BMO Asset Management
BENJAMIN IRAYA Oakville, Ontario	Corporate Secretary	Manager, Subsidiary Governance, 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 2016, Kevin Gopaul, was Senior Vice President at BMO Asset Management Inc. Prior to January 2017, Nelson Avila, was Financial Analyst, BMO Mutual Funds from September 2010 to April 2013 and Finance Manager, BMO Mutual Funds from April 2013 to December 2015. Prior to July 2016, Stella Vranes was Senior Manager, PCG Financial Strategy from June 2011 to March 2012, Director Finance, BMO Asset Management and Retail Investments from March 2012 to February 2015 and VP, Strategic Initiatives, BMO Global Asset Management from February 2015 to June 2016. Prior to August 2016, Caitlin Gossage was Vice President, Compliance, BMO Asset Management Inc. from October 2013 to August 2016 and a lawyer, Osler, Hoskin & Harcourt LLP from September 2010 to November 2013. Prior to March 2016, Barry Williams was Manager Audit Validation QA/QC at Toronto-Dominion Bank from November 2013 to October 2015 and AML Manager – Wealth Management at Toronto-Dominion Bank from June 2011 to November 2013. Prior to its acquisition in May 2014, Richard Wilson was Chief Executive Officer at F&C Asset Management plc. Prior to July 2016, Joan Mohammed was Chief Risk Officer, Wealth Management and Global Head, Operational Risk, BMO Financial Group from May 2008 to June 2016. Prior to joining Bank of Montreal in March 2014, Denis Senecal was Vice President, Head of Fixed Income and Cash at State Street Global Advisors. Prior to October 2015, Benjamin Iraya was Senior Law Clerk, BMO Financial Group from August 2010 to October 2015.

#### **The Trustee, Manager, Portfolio Manager, Promoter and Valuation Agent**

BMO Asset Management is the trustee, manager, portfolio manager, promoter and valuation agent of the BMO ETFs and is responsible for the administration of the BMO ETFs. BMO Asset Management 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 is a Canadian investment manager. Its clients include pension funds, endowments, trusts, insurance company reserves, corporations and mutual funds. BMO Asset Management is an indirect, wholly-owned subsidiary of Bank of Montreal. The office for service of notice to the BMO ETFs and BMO Asset Management is located at 250 Yonge Street, 9th Floor, Toronto, Ontario M5B 2M8 (the registered office of the BMO ETFs and BMO Asset Management 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, Promoter and Valuation Agent***

BMO Asset Management is the trustee, manager, portfolio manager, promoter and valuation agent of each of the BMO ETFs and, as such, is responsible for providing 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 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, the Registrar and Transfer Agent, the auditor and printers.

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

BMO Asset Management 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.

BMO Asset Management 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.

BMO Asset Management is entitled to fees for its services as manager under the Declaration of Trust as described under "Fees and Expenses – Management Fees". In addition, BMO Asset Management 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 BMO Asset Management's duties under the Declaration of Trust, if they do not result from BMO Asset Management's wilful misconduct, bad faith, negligence or breach of its obligations thereunder.

BMO Asset Management also 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 management, trustee and valuation services of BMO Asset Management are not exclusive and nothing in the Declaration of Trust or any agreement prevents BMO Asset Management 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.

BMO Asset Management 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 Management***

As the portfolio manager of the BMO ETFs, BMO Asset Management 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.

<b>Individual Principally Responsible</b>	<b>Length of Service with BMO Asset Management</b>
Rob Bechard, Senior Vice President and Head of ETF Portfolio Management	Since 2009

### **Brokerage Arrangements**

BMO Asset Management utilizes various brokers to effect securities transactions on behalf of the BMO ETFs. These brokers may directly provide BMO Asset Management with research and related services, as outlined below, in addition to executing transactions – often referred to as "bundled services". Although each BMO ETF may not benefit equally from each research and related service received from a broker, BMO Asset Management will endeavour to ensure that all of the BMO ETFs receive an equitable benefit over time.

BMO Asset Management 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, BMO Asset Management 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 BMO Asset Management or is an unrelated third party.

Since the date of the last prospectus of the BMO ETFs, BMO Asset Management has received proprietary research reports, industry knowledge and access to both analysts and staff from BMO NB, an affiliated broker. In addition, BMO Asset Management has received 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 each broker can be obtained from the Manager upon request, at no cost, by calling 1-800-361-1392.

### **Conflicts of Interest**

The Manager, on behalf of each of the BMO ETFs, has entered into a Designated Broker Agreement with one or more Designated Brokers 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 TSX's original listing requirements; (ii) to subscribe for Units on an ongoing basis in connection with the rebalancing of and adjustments to the portfolio and when cash redemptions of Units occur; and (iii) to post a liquid two-way market for the trading of Units on the TSX. BMO NB, an affiliate of the Manager, has agreed to act as a Designated Broker and Dealer for the BMO ETFs.

The directors and officers of BMO Asset Management may be directors, officers, shareholders or unitholders of one or more issuers in which the BMO ETFs may acquire securities. BMO Asset Management 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.

### **Independent Review Committee**

The Manager has appointed an IRC for the BMO ETFs under NI 81-107. The IRC currently consists of three 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 each conflict of interest matter. At least annually, the IRC will review and assess the adequacy and effectiveness of the Manager's written policies and procedures relating to conflict of interest matters and will conduct a self-assessment of the IRC's independence, compensation and effectiveness.

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

The members of the IRC are entitled to be compensated by the 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:

JOHN K. MCBRIDE  
Ottawa, Ontario

LOUISE VAILLANCOURT (CHAIR)  
Montreal, Quebec

MARK BROWN  
Calgary, Alberta

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 exchange traded funds managed by the Manager is approximately \$22,360; the annual retainer for the Chair of the IRC is approximately \$32,150. 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 exchange traded funds 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' 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 Chief Financial Officer and Treasurer, BMO Mutual Funds.

### **Custodian**

Pursuant to the Custodian Agreement, CIBC Mellon Trust Company 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, CIBC Mellon Trust Company or CIBC Mellon Global Securities Services Company may terminate the Custodian Agreement upon at least 90 days' written notice or immediately in the event of a bankruptcy event in respect of a party that is not cured within 30 days. 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. 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**

CST Trust Company, 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.

## **Plan Agent**

CST Trust Company, at its principal offices in Toronto, Ontario, is the Plan Agent for the BMO ETFs.

## **Securities Lending Agent**

On behalf of the BMO ETFs, BMO Asset Management has entered into a securities lending agreement with CIBC Mellon Trust Company, Canadian Imperial Bank of Commerce (“CIBC”), BNY Mellon and CIBC Mellon Global Securities Services Company (“GSS”). The securities lending program is administered by GSS. 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 BMO Asset Management. The securities lending program administrator, GSS, will value the loaned securities and the collateral daily to ensure that the collateral is worth at least 102% of the value of the securities. Pursuant to the terms of the Securities Lending Agreement, CIBC Mellon Trust Company, GSS, CIBC and BNY Mellon will indemnify and hold harmless the Manager, on behalf of the BMO ETFs, from all losses, damages, liabilities, costs or expenses (including reasonable counsel fees and expenses, but excluding consequential damages) suffered by the Manager of the BMO ETF(s) arising from (a) the failure of the Securities Lending Agent or GSS to perform any obligations under the Securities Lending Agreement, (b) any inaccuracy of any representation or warranty made by GSS of the Securities Lending Agent in the Securities Lending Agreement or (c) fraud, bad faith, wilful misconduct or reckless disregard of the duties by the Securities Lending Agent or GSS. The Securities Lending Agreement may be terminated at any time at the option of any party upon thirty days’ prior notice to the other parties.

## **CALCULATION OF NET ASSET VALUE**

The NAV and NAV per Unit 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 BMO ETF on a particular date will be equal to the aggregate value of the assets of that BMO ETF less the aggregate value of the liabilities 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 for CAD Units and in U.S. dollars for USD Units. The NAV per Unit on any day will be obtained by dividing the NAV on such day by the number of Units 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 rules or if the foregoing rules are at any time considered by the Valuation Agent to be inappropriate under the circumstances, then, notwithstanding the foregoing rules, the Valuation Agent shall make such valuation as it considers fair and reasonable. The Valuation Agent has not exercised this discretion in respect of any of the BMO ETFs.

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.

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' 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 is or 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, 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***

On any Trading Day, Unitholders may exchange the Prescribed Number of Units (or an integral multiple thereof) for Baskets of Securities and cash or, with respect to certain BMO ETFs, cash only. See "Redemption and Exchange of Units – Exchange of Units for Baskets of Securities".

### ***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 TSX 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

### Meeting of Unitholders

A meeting of the Unitholders of a BMO ETF may be called at any time by BMO Asset Management and shall be called by BMO Asset Management 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. BMO Asset Management 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***

Except for changes to the Declaration of Trust that require the approval of Unitholders as described above, or the changes 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 BMO Asset Management upon not less than 30 days' prior written notice to Unitholders.

The Declaration of Trust may be amended by BMO Asset Management 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 BMO Asset Management 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 BMO Asset Management, the amendment is not prejudicial to Unitholders and is necessary or desirable. Any amendments to the Declaration of Trust made by BMO Asset Management 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. Upon termination of a BMO ETF, the Constituent Securities, Other 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".

The Manager will receive fees for its services to the BMO ETFs. See "Fees and Expenses".

## PROXY VOTING DISCLOSURE FOR PORTFOLIO SECURITIES HELD

BMO Asset Management has established policies and procedures with respect to the voting of proxies (the “**Proxy Voting Guidelines**”) received from issuers of securities held in a BMO ETF’s portfolio. The Proxy Voting Guidelines provide that BMO Asset Management will vote (or refrain from voting) proxies for each BMO ETF for which it has voting power in the best economic interests of the BMO ETF. The Proxy Voting Guidelines are not exhaustive and due to the variety of proxy voting issues that BMO Asset Management may be required to consider, are intended only to provide guidance and are not intended to dictate how proxies are to be voted in each instance. BMO Asset Management may depart from the Proxy Voting Guidelines in order to avoid voting decisions that may be contrary to the best interests of the BMO ETFs.

BMO Asset Management will not generally take an activist stance in proxy voting matters that relate to the BMO ETFs, which are passively managed. Therefore, as part of its proxy voting decision making process, BMO Asset Management utilizes a leading provider of in-depth analysis for recommendations on all proxy proposals, and proxies are generally voted in accordance with such recommendations.

However, to ensure consistency in voting decisions across the various investment funds and other accounts managed by BMO Asset Management, where the securities being voted are also held within an actively managed investment fund or other account and providing such decision is in the best interest of the applicable BMO ETF, proxies for such securities will generally be voted in accordance with the decisions made on behalf of such actively managed investment fund or other account (which decisions are made in accordance with the Proxy Voting Guidelines). In this regard, pursuant to the Proxy Voting Guidelines, on routine matters (such as election of directors, appointment of auditors, changes in capital structure and increases in authorized stock) BMO Asset Management will generally cause the BMO ETFs to vote the securities within an actively managed investment fund or other account in accordance with the recommendations of management, unless it considers that there are factors that may have a negative impact on the actively managed investment fund or other account. Non-routine matters will generally be voted on a case-by-case basis, favouring shareholder rights, corporate governance, transparency and accountability, and long-term profitability. Where there are contentious issues included in the proxy voting materials in such cases for any security held within a BMO ETF, the particular portfolio manager(s) for the BMO ETF will generally also be involved in the firm-wide proxy voting decision.

Any proxy decision that pertains to Bank of Montreal shall be made free from any influence by Bank of Montreal or any affiliate or associate thereof and shall represent the business judgment of BMO Asset Management uninfluenced by considerations other than the best interests of the BMO ETFs. A conflict of interest may exist if BMO Asset Management, its personnel or another related entity has a business relationship with (or is actively soliciting business from) either the company soliciting the proxy or a third party that has a material interest in the outcome of a proxy vote or that is actively lobbying for a particular outcome of a proxy vote. Individual conflicts of interest may also arise if any individual employed by BMO Asset Management and involved in the proxy vote decision has a direct or indirect material personal relationship or other material interest in either the company soliciting the proxy or in a third party that has a material interest in the outcome of a proxy vote or that is lobbying for a particular outcome of a proxy vote. When BMO Asset Management becomes aware of any vote that presents a conflict, it will vote such proxy in a manner consistent with, and uninfluenced by considerations other than, the best interests of the BMO ETFs.

## MATERIAL CONTRACTS

The following contracts can reasonably be regarded as material to purchasers of Units:

- (a) the Declaration of Trust; and
- (b) the Custodian Agreement.

Details of the Declaration of Trust can be found under “Organization and Management Details – The Trustee, Manager, Portfolio Manager, Promoter and Valuation Agent – Details of the Declaration of Trust”. Details of the Custodian Agreement can be found under “Organization and Management Details – Custodian”. Copies of the agreements referred to above may be inspected during business hours at the registered office of the Manager.

## 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

Osler, Hoskin & Harcourt 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 independent auditor’s reports as follows:

- Dated March 15, 2016 in respect of the financial statements of the BMO ETFs (except BMO Canadian High Dividend Covered Call ETF and BMO US Put Write Hedged to CAD ETF) as at and for the period ended December 31, 2015 and 2014; and
- Dated January 30, 2017 in respect of the statement of financial position of each of BMO Canadian High Dividend Covered Call ETF and BMO US Put Write Hedged to CAD ETF as at January 30, 2017.

PricewaterhouseCoopers LLP has advised that they are independent with respect to the BMO ETFs within the meaning of the Rules of Professional Conduct of the Institute of Chartered Professional Accountants of Ontario.

## 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 a BMO ETF of more than 20% of the Units of that BMO ETF through purchases on the TSX without regard to the take-over bid requirements of Canadian Securities Legislation;
- (b) the purchase and sale of Units of the BMO ETFs on the TSX, 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 TSX;
- (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 TSX requirements;
- (f) to relieve the BMO ETFs from the requirement that a prospectus contain a certificate of the underwriters;
- (g) subject to certain conditions, to pay the brokerage commissions associated with a BMO ETF’s purchase in the secondary market of Units of a BMO ETF or another ETF managed by an affiliate or associate of BMO Investments Inc., an affiliate of the Manager;
- (h) to relieve the BMO ETFs from certain requirements regarding the counterparty and the posting of margin in connection with certain cleared swaps entered into with dealers registered with the U.S. Commodity Futures Trading Commission;

- (i) to relieve the BMO ETFs from the requirement that a prospectus contain a certificate of the Dealers; and
- (j) 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 as prescribed in Item 36.2 of Form 41-101F2 *Information Required in an Investment Fund Prospectus*.

BMO Covered Call Canadian Banks ETF has obtained exemptive relief from the Securities Regulatory Authorities to permit it to purchase certain securities or enter into specified derivatives transactions in connection therewith such that, immediately after the transaction, more than 10 percent of its net assets would be invested directly or indirectly in the securities of one issuer for the purposes of determining compliance with the concentration restriction in subsection 2.1(1) of NI 81-102 (the "**Concentration Restriction**"), subject to certain conditions.

BMO Covered Call Dow Jones Industrial Average Hedged to CAD ETF was granted relief to permit the Fund to purchase, or obtain exposure to, a security of an issuer included as a constituent in the Dow Jones Industrial Average such that, immediately after the transaction, more than 10 percent of the Fund's net asset value would be invested, either directly or indirectly, in securities of that issuer for the purposes of determining compliance with the Concentration Restriction. As conditions of the relief, BMO Covered Call Dow Jones Industrial Average Hedged to CAD ETF's investment in a single issuer must not exceed that issuer's weight in the Dow Jones Industrial Average at the time of purchase, and certain disclosure must be made in the prospectus, including the risks associated with investing in reliance on the relief.

The BMO ETFs have obtained exemptive relief from the Securities Regulatory Authorities to permit the BMO ETFs to invest in certain BMO ETFs that are not considered "index participation units" under NI 81-102, subject to certain conditions.

Additionally, certain dealers of the BMO ETFs, including the Designated Brokers and Dealers, have received exemptive relief from the Securities Regulatory Authorities from the requirement that a dealer, not acting as agent of the purchaser, who receives an order or subscription for a security offered in a distribution to which the prospectus requirement of the securities legislation of the provinces and territories apply, send or deliver to the purchaser or its agent, unless the dealer has previously done so, the latest prospectus and any amendment either before entering into an agreement of purchase and sale resulting from the order or subscription, or not later than midnight on the second business day after entering into that agreement. As a condition of this exemptive relief, the dealer is required to deliver a copy of the ETF Summary Document of the applicable BMO ETF to a purchaser if the dealer does not deliver a copy of this prospectus.

## **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 mutual fund securities offered in a distribution within two (2) business days after receipt of a prospectus and any amendment. In addition, securities legislation in certain of the provinces of Canada provides purchasers of mutual fund securities with a limited right to rescind the purchase within 48 hours after receipt of a confirmation of such purchase. If the purchase of mutual fund securities is made under a contractual plan, the time period during which the right to rescind is exercisable may be longer. In most of the provinces and territories of Canada, the securities legislation further provides a purchaser with remedies for rescission or damages, or, in Québec, revision of the price, if the prospectus and any amendment is not delivered to the purchaser, provided that the remedies for rescission, damages or revision of the price are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory.

Notwithstanding the foregoing, purchasers of Units of the BMO ETFs will not have the right to withdraw from an agreement to purchase the Units after the receipt of a prospectus and any amendment, and will not have remedies for rescission, damages or revision of the price for non-delivery of the prospectus or any amendment, if the dealer receiving the purchase order has obtained an exemption from the prospectus delivery requirement under a decision pursuant to National Policy 11-203 *Process for Exemptive Relief Applications in Multiple Jurisdictions* ("**NP 11-203**"). However, purchasers of Units of the BMO ETFs will, in the applicable provinces of Canada, retain

their right under securities legislation to rescind their purchase within 48 hours (or, if purchasing under a contractual plan, such longer time period as applicable) after the receipt of a confirmation of purchase.

In several of the provinces and territories of Canada, the securities legislation further provides a purchaser with remedies for rescission or damages if the prospectus, together with any amendment to the prospectus, contains a misrepresentation, provided that such remedies are exercised by the purchaser within the time limits prescribed by the securities legislation of the purchaser's province or territory. Any remedies under securities legislation that a purchaser of Units may have for rescission or damages, if the prospectus and any amendment to the prospectus contains a misrepresentation, remain unaffected by the non-delivery of the prospectus pursuant to reliance by a dealer upon the decision referred to above.

However, the Manager has obtained exemptive relief from the requirement in securities legislation to include an underwriter's certificate in the prospectus under a decision pursuant to NP 11-203. As such, purchasers of Units of the BMO ETFs will not be able to rely on the inclusion of an underwriter's certificate in the prospectus or any amendment for the statutory rights and remedies that would otherwise have been available against an underwriter that would have been required to sign an underwriter's certificate.

Purchasers should refer to the applicable provisions of the securities legislation and the decisions referred to above for the particulars of their rights or consult with a legal advisor.

#### **DOCUMENTS INCORPORATED BY REFERENCE**

Additional information about the BMO ETFs is or will be available in the following documents:

- (a) the most recently filed comparative annual financial statements of the BMO ETFs, together with the accompanying report of the auditor;
- (b) any interim financial statements of the BMO ETFs filed after the most recently filed comparative annual financial statements of the BMO ETFs;
- (c) the most recently filed annual MRFP of the BMO ETFs;
- (d) any interim MRFP of the BMO ETFs filed after that most recently filed annual MRFP of the BMO ETFs; and
- (e) the most recently filed ETF Summary Document of the BMO ETFs.

These documents are or 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 in it. 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' 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 the Internet at [www.sedar.com](http://www.sedar.com).



## INDEPENDENT AUDITOR'S REPORT

To the Unitholder of:

BMO Canadian High Dividend Covered Call ETF  
BMO US Put Write Hedged to CAD ETF  
(collectively, the “**BMO ETFs**” or individually, the “**BMO ETF**”)

We have audited the accompanying statement of financial position of each BMO ETF as at January 30, 2017 and the related notes, which comprise a summary of significant accounting policies and other explanatory information (together, the “**financial statement**”).

### **Management's responsibility 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 International Financial Reporting Standards relevant to preparing such a financial statement, and for such internal control as management determines is necessary to enable the preparation of the financial statement of each BMO ETF that is free from material misstatement, whether due to fraud or error.

### **Auditor's responsibility**

Our responsibility is to express an opinion on the financial statement of each BMO ETF based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statement of each BMO ETF is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement for each BMO ETF. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement of each BMO ETF, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, made by management, as well as evaluating the overall presentation of the financial statement of each BMO ETF.

We believe that the audit evidence we have obtained in each of our audits is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statement of each BMO ETF presents fairly, in all material respects, the financial position of each BMO ETF as at January 30, 2017 in accordance with those requirements of International Financial Reporting Standards relevant to preparing such a financial statement.

Toronto, Ontario  
January 30, 2017

*(Signed)* “PricewaterhouseCoopers LLP”  
Chartered Professional Accountants  
Licensed Public Accountants

# BMO Canadian High Dividend Covered Call ETF

## Statement of financial position

As at January 30, 2017 (All amounts in C\$ unless otherwise stated)

	Note	\$
<b>Assets</b>		
<b>Current assets</b>		
Cash		20
<b>Total assets</b>		<b>20</b>
<b>Net assets attributable to holders of redeemable units</b>		
(1 unit issued and redeemable)	5	20
<b>Net assets attributable to holders of redeemable units (per unit)</b>		<b>20</b>

The notes on pages F-4 to F-7 are an integral part of these financial statements.

Approved on behalf of the Board of Directors of BMO Asset Management Inc.

*(Signed) "Kevin Gopaul"*  
\_\_\_\_\_  
Kevin Gopaul  
Director

*(Signed) "Stella Vranes"*  
\_\_\_\_\_  
Stella Vranes  
Director

# BMO US Put Write Hedged to CAD ETF

## Statement of financial position

As at January 30, 2017 (All amounts in C\$ unless otherwise stated)

	Note	\$
<b>Assets</b>		
<b>Current assets</b>		
Cash		20
<b>Total assets</b>		<b>20</b>
<b>Net assets attributable to holders of redeemable units</b>		
(1 unit issued and redeemable)	5	20
<b>Net assets attributable to holders of redeemable units (per unit)</b>		<b>20</b>

The notes on pages F-4 to F-7 are an integral part of these financial statements.

Approved on behalf of the Board of Directors of BMO Asset Management Inc.

(Signed) "Kevin Gopaul"  
Kevin Gopaul  
Director

(Signed) "Stella Vranes"  
Stella Vranes  
Director

## **Notes to the statements of financial position**

January 30, 2017

*(all amounts stated in Canadian dollars unless otherwise stated)*

### **1. General information**

BMO Canadian High Dividend Covered Call ETF and BMO US Put Write Hedged to CAD ETF (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 January 30, 2017 pursuant to a master declaration of trust dated May 12, 2009, as may be amended or amended and restated from time to time. BMO Asset Management Inc. (the “**Manager**”) is the trustee, manager, portfolio manager, promoter and valuation agent of the BMO ETFs and is responsible for the administration of the BMO ETFs.

BMO Canadian High Dividend Covered Call ETF seeks to provide unitholders with exposure to the performance of a portfolio of dividend paying Canadian companies to generate income and to provide long-term capital appreciation. BMO US Put Write Hedged to CAD ETF seeks to provide unitholders with exposure to the performance of a portfolio of put options on U.S. large capitalization equity securities to generate income.

These statements of financial position were authorized for issue by the Board of Directors of the Manager on January 30, 2017.

### **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 statement of financial position of each BMO ETF has been prepared in accordance with International Financial Reporting Standards (IFRS) relevant to preparing a statement of financial position. The statement of financial position of each BMO ETF has been prepared under the historical cost convention.

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 (NI) 81-106 Investment Fund Continuous Disclosure for the purpose of processing unitholder transactions. Net assets are determined in accordance with IFRS. As of January 30, 2017, each BMO ETF’s NAV is equal to its net assets.

#### **2b) Functional and presentation currency**

The statement of financial position of each BMO ETF is presented in Canadian dollars, which is the BMO ETF’s functional currency.

#### **2c) Financial instruments**

The BMO ETFs record financial instruments at fair value. The BMO ETFs’ investments are either designated as fair value through profit or loss at inception or classified as held for trading. 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. Cash is measured at fair value. 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 NAV will result in a situation where the redemption value of this puttable instrument is not based substantially on the net assets of the ETF. As a result, the ETF's obligations for net assets attributable to holders 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 cash and 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 January 30, 2017, 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 ("TSX") 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 cash. 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 cash.

## 5. Redeemable units

The capital 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 TSX 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 by no later than the third trading day after the date on which the order is accepted, 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 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 TSX 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 for the purposes of subscription, redemption or exchange is computed by dividing the NAV of each of the BMO ETFs (that is, the total fair value of the assets less its liabilities) by the total number of units of each of the BMO ETFs 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 to the BMO ETF's NAV. As at January 30, 2017, there is no difference in net asset and BMO ETF NAV.

## 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 of each BMO ETF as summarized in the table below:

	Units	Amount in Canadian Dollars, unless otherwise indicated	
		Consideration (\$)	Price per Unit (\$)
BMO Canadian High Dividend Covered Call ETF	1	20	20
BMO US Put Write Hedged to CAD ETF	1	20	20

Each BMO ETF may 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 at any given time.

	Maximum Annual Management Fee (%)
BMO Canadian High Dividend Covered Call ETF	0.650
BMO US Put Write Hedged to CAD ETF	0.650

The Manager may not exchange the initial unit of each BMO ETF that it purchased on January 30, 2017 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: January 30, 2017

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 British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, Nova Scotia, New Brunswick, Prince Edward Island, Newfoundland and Labrador, Yukon Territory, Northwest Territories and Nunavut.

**BMO ASSET MANAGEMENT INC.  
as Manager and Trustee of the BMO ETFs**

*(Signed) "Kevin Gopaul"*  
KEVIN GOPAUL  
Chief Executive Officer

*(Signed) "Nelson Avila"*  
NELSON AVILA  
Chief Financial Officer

**On behalf of the Board of Directors of BMO Asset Management Inc.**

*(Signed) "Stella Vranes"*  
STELLA VRANES  
Director

*(Signed) "Barry Cooper"*  
BARRY COOPER  
Director

**BMO ASSET MANAGEMENT INC.  
as Promoter of the BMO ETFs**

*(Signed) "Kevin Gopaul"*  
KEVIN GOPAUL  
Chief Executive Officer