

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

BMO International Dividend ETF (ZDI) (the “ETF”)

For the 12-month period ended December 31, 2022 (the “Period”)

Manager: BMO Asset Management Inc. (the “Manager” and “portfolio manager”)

Management Discussion of Fund Performance

Investment Objective and Strategies

The ETF seeks to provide exposure to the performance of a yield weighted portfolio of high dividend paying equities of international companies that have the potential for long-term capital appreciation. The ETF will primarily invest in and hold dividend paying equity securities of international companies. 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.

Risk

The risks associated with an investment in the ETF remain as disclosed in the ETF’s most recent prospectus or any amendments thereto and ETF facts. During the Period, there were no changes to the ETF that materially affected the overall risk level associated with an investment in the ETF. The Manager reviewed the ETF using the standardized investment risk classification methodology prescribed by National Instrument 81-102 *Investment Funds* and determined on January 17, 2022 that the risk rating of the ETF had not changed. The Manager reviews the ETF’s investment risk level and reference index, if any, at least annually.

Results of Operations

The ETF returned 1.00% versus the MSCI EAFE Index (CAD) (the “Index”) return of -8.23%. The change in total net asset value during the Period from approximately \$451 million to approximately \$387 million had no impact

on the performance of the ETF. The difference in the performance of the ETF relative to the Index during the Period (9.23%) resulted from the management expense ratio (-0.44%), and the impact of certain other factors (9.67%), which may have included timing and holding differences with the concentration of portfolio holdings in dividend stocks versus the Index, and market volatility.

Market Conditions

International equities declined over the Period largely over concerns of rising inflation, the continued conflict between Russia and Ukraine, and rising interest rates leading to increased concerns of an economic slowdown. The Eurozone and Japan Consumer Price Index (CPI) rose 9.2% and 3.7% year-over-year respectively as of December 2022. International equity markets, as measured by the MSCI EAFE Index, returned -8.2% (in Canadian dollars) over 2022. Japan equities, the largest country weight in the MSCI EAFE Index, detracted from performance, while United Kingdom equities made a modest contribution to performance. Positive contribution to performance came from the Energy and Financials sectors, while negative contribution to performance came from the Information Technology, Industrials, and Consumer Discretionary sectors.

The ETF’s exposure to Financials and Materials contributed the most to performance, while the Consumer Discretionary and Consumer Staples sectors detracted the most from performance. Among individual securities, TotalEnergies SE and BHP Group Ltd. added to performance the most, while Enel Spa and Tokyo Electron Ltd. contributed most negatively to the ETF’s performance. From a regional

This annual management report of fund performance contains financial highlights but does not contain the complete annual financial statements of the ETF. If the annual financial statements of the ETF do not accompany the mailing of this report, you may obtain a copy of the annual financial statements at your request, and at no cost, by calling 1-800-361-1392, by writing to us at BMO Asset Management Inc., 250 Yonge Street, 7th Floor, Toronto, Ontario, M5B 2M8 or by visiting our website at www.bmo.com/etflegal or SEDAR at www.sedar.com. You may also contact us using one of these methods to request a copy of the ETF’s interim financial report, proxy voting policies and procedures, proxy voting disclosure record and/or quarterly portfolio disclosure.



Exchange Traded Funds

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perspective, Britain and Japan contributed the most to the ETF's returns, while German and Italian stocks were among the largest detractors from performance.

Recent Developments

Recessionary fears amidst inflationary pressures were not unique to North America, as central banks globally raised interest rates at record paces. Given the de-globalization trend that has been seen since the pandemic, recessionary concerns are likely to be different based on region specific characteristics. In Europe, growth in equities may be influenced by how the regions handle a future without relying on Russian gas, and the economic implications of both the ongoing Russia-Ukraine conflict alongside aforementioned higher rates. The performance of Asian equities in the coming year will likely depend on the success of China's economic reopening after Covid-19 lockdowns, and the implications it has on potential inflation in and outside of the country. Overall, there remains a great deal of uncertainty in most markets, and volatility has potential to be prevalent throughout.

Dividend-focused investment strategies should continue to be among the top investment strategies for investors in 2023. For maximum benefit, the emphasis should be placed on companies with strong balance sheets, and those that have resilient business models with the capacity to generate steady cash flows and distribute consistent dividend streams, as the market environment is likely to remain fraught with uncertainties and risks. Dividend growers, which are leaders in their respective sectors, are most likely to be less volatile and better positioned to capitalize on growth opportunities when markets eventually rebound.

In February 2022, hostilities commenced in Ukraine. In response, a number of countries have imposed economic sanctions on Russia and certain Russian citizens and entities. The impact of the hostilities, economic sanctions and other measures may have wide-ranging global effects on price volatility for securities and commodities as well as the stability of global financial markets. It is uncertain how long the hostilities, economic sanctions and market instability will continue and whether they will escalate further.

Related Party Transactions

From time to time, the Manager may, on behalf of the ETF, enter into transactions or arrangements with or involving other members of BMO Financial Group, or certain other persons or companies that are related or connected to the Manager (each a "Related Party"). The purpose of this section is to provide a brief description of any transactions involving the ETF and a Related Party.

Manager

The Manager, an indirect, wholly-owned subsidiary of Bank of Montreal ("BMO"), is the portfolio manager, trustee and promoter of the ETF. The Manager is paid a management fee by the ETF as compensation for its services, which is described in the "Management Fees" section later in this document.

Designated Broker

The Manager has entered into an agreement with BMO Nesbitt Burns Inc., an affiliate of the Manager, to act as designated broker and dealer for distribution of BMO exchange traded funds, on terms and conditions that are comparable to arm's length agreements in the exchange traded funds industry. The material terms and conditions of the agreement have been disclosed in the ETF's prospectus.

The Manager has also entered into agreements with certain other registered dealers in Canada to act as dealers for the creation and redemption of units of BMO exchange traded funds.

Buying and Selling Securities

During the Period, the ETF relied on standing instructions provided by the independent review committee ("IRC") for any of the following related party transactions that may have occurred in the ETF (each, a "Related Party Transaction"):

- (a) investments in securities issued by BMO, an affiliate of the Manager, or any other issuer related to the Manager;
- (b) investments in a class of securities of an issuer during the period of distribution of those securities to the public and/or the 60-day period following the distribution period where BMO Nesbitt Burns Inc., an affiliate of the Manager, or any other affiliate of the Manager acted as an underwriter in the distribution;
- (c) trades in over-the-counter debt securities in the secondary market with BMO Nesbitt Burns Inc., or any other affiliate of the Manager, acting as principal in the Canadian debt securities market; and
- (d) trades of a security of any issuer from or to, another investment fund managed by the Manager or an affiliate of the Manager or a managed account managed by the Manager or an affiliate of the Manager.

In accordance with the IRC's standing instructions, in making a decision to cause the ETF to enter into a Related Party Transaction, the Manager and the portfolio manager of the ETF are required to comply with the Manager's written policies and procedures governing the Related Party Transaction and report periodically to the IRC, describing each instance that the Manager relied on the standing

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instructions and its compliance or non-compliance with the governing policies and procedures. The governing policies and procedures are designed to ensure that each Related Party Transaction (i) is made free from any influence of BMO, BMO Nesbitt Burns Inc. or an associate or affiliate of BMO and/or BMO Nesbitt Burns Inc. and without taking into account any considerations relevant to BMO, BMO Nesbitt Burns Inc. or an associate or affiliate of BMO and/or BMO Nesbitt Burns Inc.; (ii) represents the business judgment of the Manager, uninfluenced by considerations other than the best interests of the ETF; and (iii) achieves a fair and reasonable result for the ETF.

Financial Highlights

The following tables show selected key financial information about the ETF and are intended to help you understand the ETF's financial performance for the periods indicated.

The ETF's Net Assets per Unit⁽¹⁾

Listed CAD Units	Financial years ended Dec. 31				
	2022	2021	2020	2019	2018
Net assets, beginning of period	\$ 20.69	19.19	21.45	19.99	22.40
Increase (decrease) from operations					
Total revenue	\$ 1.03	0.90	0.76	1.19	1.16
Total expenses ⁽²⁾	\$ (0.18)	(0.19)	(0.18)	(0.21)	(0.25)
Realized gains (losses) for the period	\$ 0.11	0.57	(2.52)	0.13	(0.35)
Unrealized gains (losses) for the period	\$ (1.02)	0.96	0.21	1.40	(1.98)
Total increase (decrease) from operations⁽³⁾	\$ (0.06)	2.24	(1.73)	2.51	(1.42)
Distributions					
From net investment income (excluding dividends)	\$ —	—	—	—	—
From dividends	\$ 0.77	0.69	0.65	0.96	0.93
From capital gains	\$ —	—	—	—	—
Return of capital	\$ 0.05	0.10	0.32	0.12	0.14
Total Annual Distributions⁽⁴⁾	\$ 0.82	0.79	0.97	1.08	1.07
Net assets, end of period	\$ 20.02	20.69	19.19	21.45	19.99

⁽¹⁾ This information is derived from the ETF's audited annual financial statements.

⁽²⁾ Includes commissions and other portfolio transaction costs and withholding taxes.

⁽³⁾ Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

⁽⁴⁾ Distributions were either paid in cash or reinvested in additional units of the ETF, or both.

Ratios and Supplemental Data

Listed CAD Units	Financial years ended Dec. 31				
	2022	2021	2020	2019	2018
Total net asset value (000's) ⁽¹⁾	\$ 386,845	451,405	364,803	457,224	372,118
Number of units outstanding (000's) ⁽¹⁾	19,321	21,814	19,014	21,314	18,614
Management expense ratio ⁽²⁾	% 0.44	0.44	0.44	0.44	0.43
Management expense ratio before waivers or absorptions ⁽²⁾	% 0.44	0.44	0.44	0.44	0.43
Trading expense ratio ⁽³⁾	% 0.02	0.06	0.19	0.09	0.14
Portfolio turnover rate ⁽⁴⁾	% 20.70	28.47	94.50	41.15	52.60
Net asset value per unit	\$ 20.02	20.69	19.19	21.45	19.99
Closing market price	\$ 19.91	20.70	19.05	21.41	19.93

⁽¹⁾ This information is provided as at December 31 of the period shown.

⁽²⁾ Management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average net asset value during the period.

⁽³⁾ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period.

⁽⁴⁾ The ETF's portfolio turnover rate indicates how actively the ETF's portfolio manager manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the ETF buying and selling all of the securities in its portfolio once in the course of the year. The higher an ETF's portfolio turnover rate in a year, the greater the trading costs payable by the ETF in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of an ETF.

Management Fees

The Manager is responsible for the day-to-day management of the business and operations of the ETF. The Manager monitors and evaluates the ETF's performance, manages the portfolio and provides certain administrative services required by the ETF. As compensation for its services, the Manager is entitled to receive a management fee payable quarterly and calculated based on the daily net asset value of the ETF at the annual rate set out in the table below. The management fee is subject to applicable taxes. The Manager may, from time to time in its discretion, waive all or a portion of the management fee charged.

Ticker	Annual Management Fee Rate
	%
ZDI	0.40

Past Performance

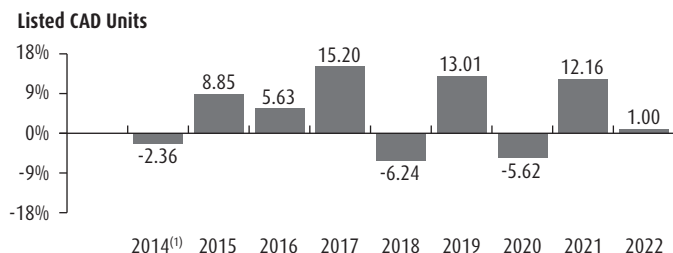
The ETF's performance information assumes that all distributions made by the ETF in the periods shown were used to purchase additional units of the ETF and is based on the net asset value of the ETF.

The performance information does not take into account sales, redemption, distribution or other optional charges that, if applicable, would have reduced returns or performance. Please remember that how the ETF has performed in the past does not indicate how it will perform in the future.

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Year-by-Year Returns

The following bar chart shows the performance of the ETF for each of the financial years shown, and illustrates how the ETF's performance has changed year to year. The chart shows, in percentage terms, how much an investment made on the first day of each financial year would have increased or decreased by the last day of each financial year.



⁽¹⁾ For the period beginning with the performance launch date of November 5, 2014 to December 31, 2014.

Annual Compound Returns

This table compares the historical annual compound returns of the ETF with its benchmark index, the MSCI EAFE Index.

The MSCI EAFE Index is an equity index that captures large and mid capitalization representation across developed market countries around the world, excluding the U.S. and Canada. The MSCI EAFE Index covers approximately 85% of the free float-adjusted market capitalization in each country.

As at December 31, 2022

Listed CAD Units		1Yr	3Yr	5Yr	10Yr	Since Inception ⁽¹⁾
BMO International Dividend ETF	%	1.00	2.26	2.53		4.79
MSCI EAFE Index (CAD)	%	(8.23)	2.35	3.14		5.84

⁽¹⁾ Return from the performance launch date of November 5, 2014 to December 31, 2022.

A discussion on the relative performance of the ETF as compared to its benchmark index can be found under the Results of Operations section of this report.

Summary of Investment Portfolio

As at December 31, 2022

Portfolio Allocation	% of Net Asset Value
Japan	18.5
France	15.5
United Kingdom	13.8
Switzerland	13.3
Germany	12.5
Australia	4.7
Hong Kong	4.0
Denmark	3.0
Netherlands	2.9
Norway	2.4
Italy	1.9
Spain	1.7
Finland	1.7
Singapore	1.6
Sweden	1.3
Cash/Receivables/Payables	0.8
Ireland	0.4

Total Portfolio Allocation	100.0
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Sector Allocation	% of Net Asset Value
Financials	19.9
Health Care	14.8
Industrials	11.7
Consumer Staples	10.5
Materials	10.2
Consumer Discretionary	9.0
Communication Services	6.5
Utilities	5.8
Energy	5.4
Information Technology	3.1
Real Estate	2.3
Cash/Receivables/Payables	0.8

Total Sector Allocation	100.0
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Top 25 Holdings	% of Net Asset Value
TotalEnergies SE	2.6
Rio Tinto plc.	2.5
BHP Group Limited	2.5
Novartis AG	2.5
Nestle S.A.....	2.4
LVMH Moet Hennessy-Louis Vuitton SE	2.4
Roche Holding AG	2.4
Toyota Motor Corporation.....	2.3
Sanofi	2.2
Unilever PLC	2.2
Allianz SE.	2.0
AstraZeneca PLC	2.0
BNP Paribas SA	1.9
Mitsubishi UFJ Financial Group, Inc.	1.8
AXA SA.	1.8
Volkswagen AG, Preference	1.8
Novo Nordisk A/S, Class B	1.8
GSK PLC	1.7
Zurich Insurance Group AG	1.7
Nippon Telegraph and Telephone Corporation.	1.5
Siemens AG.....	1.5
Enel S.p.A.	1.4
Deutsche Telekom AG.	1.4
Woodside Energy Group Ltd.	1.3
Anglo American plc.	1.3
Top Holdings as a Percentage of Total Net Asset Value	48.9
Total Net Asset Value	\$386,844,734

The summary of investment portfolio may change due to the ETF's ongoing portfolio transactions. Updates are available quarterly.

Caution regarding forward-looking statements

This document may contain forward-looking statements relating to anticipated future events, results, circumstances, performance or expectations that are not historical facts but instead represent our beliefs regarding future events. By their nature, forward-looking statements require us to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that predictions and other forward-looking statements will not prove to be accurate. We caution readers of this document not to place undue reliance on our forward-looking statements as a number of factors could cause actual future results, conditions, actions or events to differ materially from the targets, expectations, estimates or intentions expressed or implied in the forward-looking statements. Actual results may differ materially from management expectations as projected in such forward-looking statements for a variety of reasons, including but not limited to market and general economic conditions, interest rates, regulatory and statutory developments, the effects of competition in the geographic and business areas in which the ETF may invest in and the risks detailed from time to time in the ETFs' prospectus. We caution that the foregoing list of factors is not exhaustive and that when relying on forward-looking statements to make decisions with respect to investing in the ETF, investors and others should carefully consider these factors, as well as other uncertainties and potential events, and the inherent uncertainty of forward-looking statements. Due to the potential impact of these factors, BMO Asset Management Inc. does not undertake, and specifically disclaims, any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless required by applicable law.

BMO exchange traded funds are managed and administered by BMO Asset Management Inc., an investment fund manager and portfolio manager and separate legal entity from Bank of Montreal.

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