

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

BMO MSCI EAFE Index ETF (ZEA) (the “ETF”)

For the 12-month period ended December 31, 2019 (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 replicate, to the extent possible, the performance of an international equity market index representing mid- and large-capitalization issuers in the European, Asian and Far East regions, net of expenses. Currently the ETF seeks to replicate the performance of the MSCI EAFE Index (the “Index”). The investment strategy of the ETF is to invest in and hold the Constituent Securities (as defined in the prospectus) of the Index in the same proportion as they are reflected in the Index or securities intended to replicate the performance of the Index. The Manager may also use a sampling methodology in selecting investments for the ETF. As an alternative to or in conjunction with investing in and holding the Constituent Securities, the ETF may invest in or use certain Other Securities (as defined in the prospectus) to obtain exposure to the performance of the Index.

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. On February 7, 2019, the Manager reviewed the ETF using the standardized investment risk classification methodology prescribed by National Instrument 81-102 *Investment Funds* and determined 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 16.16% versus the MSCI EAFE Index (the “Index”) return of 15.85%. The change in total net asset value during the Period from approximately \$2,254 million to approximately \$3,352 million had no impact to the performance of the ETF.

The difference in the performance of the ETF relative to the Index during the Period (0.31%) resulted from the management expense ratio (-0.22%), and the impact of sampling and certain other factors (0.53%), which may have included timing differences versus the Index, and market volatility.

Market Conditions

During the Period, international equities saw large gains to start the year, but this cooled off due to geopolitical issues such as trade wars, Brexit, and civil unrest in Hong Kong. In addition, a decrease in manufacturing across most international regions pointed to slower economic growth. The European Central Bank revised its forward guidance, indicating it will hold its current levels and signalled a return to quantitative easing. The yield on the French 10-year government bond is -0.08% and the German 10-year bund is -0.34%, implying low growth expectations. The Bank of Japan kept its short-term interest rate unchanged at -0.10% and has returned to monetary easing as trade war tensions have pressured Japan’s export led economy. Inflation in Europe, Japan and Australia remains contained.

The Information Technology and Health Care sectors contributed most to the ETF’s performance. The Communication Services and Energy sectors detracted the most from performance over the Period. The exposure to

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 proxy voting policies and procedures, proxy voting disclosure record and/or quarterly portfolio disclosure.



Exchange Traded Funds

BMO MSCI EAFE Index ETF

the Euro, Japanese Yen and Swiss Franc contributed positively to performance, while the exposure to the Hong Kong Dollar detracted from returns.

Recent Developments

Global economies have been resilient in the face of headwinds, such as trade barriers and slowing global growth. Job creation in many countries of the Index and continued robust consumer spending created market conditions set for economic growth. In addition, it is expected that most central banks will put any changes to short-term interest rates on hold. The portfolio manager anticipates that global economies will continue to recover at a reasonable pace in 2020 and create opportunities for growth over the short-term. However, there are macro-economic risk events, such as instability in the Middle East and the U.S. elections in fall 2020 that can negatively impact the global recovery and growth.

On January 1, 2019, Marlene Davidge was appointed as Chair of the independent review committee (“IRC”). On April 4, 2019, the ETF’s IRC was decreased to four members when Louise Vaillancourt retired as an IRC member.

Related Party Transactions

The Manager, an indirect, wholly-owned subsidiary of Bank of Montreal (“BMO”), is the portfolio manager, trustee and promoter of the ETF. 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.

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 IRC for any of the following related party transactions that may have occurred in the ETF:

- (a) investments in securities of BMO, an affiliate of the Manager;
 - (b) investments in a class of non-government debt securities and/or equity 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 debt securities in the secondary market with BMO Nesbitt Burns Inc., or any other affiliate of the Manager, who is trading with the ETF as principal; and
 - (d) inter-fund trades
- (each, a “Related Party Transaction”).

In accordance with the IRC’s standing instructions, in making a decision to cause the ETF to make a Related Party Transaction, the Manager, as manager and portfolio manager of the ETF, is 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 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.

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.

Ticker	Annual Management Fee Rate %
ZEA	0.20

BMO MSCI EAFE Index 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				
	2019	2018	2017	2016	2015
Net assets, beginning of period \$	17.12	18.73	16.40	17.20	14.93
Increase (decrease) from operations					
Total revenue \$	0.71	0.65	0.55	0.56	0.49
Total expenses ⁽²⁾ \$	(0.12)	(0.12)	(0.11)	(0.11)	(0.13)
Realized gains (losses) for the period \$	0.16	(0.02)	0.12	(0.01)	0.19
Unrealized gains (losses) for the period \$	1.99	(1.73)	2.06	(0.54)	1.38
Total increase (decrease) from operations⁽³⁾ \$	2.74	(1.22)	2.62	(0.10)	1.93
Distributions					
From income (excluding dividends) \$	—	—	—	—	—
From dividends \$	0.56	0.52	0.44	0.46	0.34
From capital gains \$	—	0.02	0.08	0.02	0.19
Return of capital \$	0.01	0.01	0.01	0.02	0.24
Total Annual Distributions⁽⁴⁾ \$	0.57	0.55	0.53	0.50	0.77
Net assets, end of period \$	19.29	17.12	18.73	16.40	17.20

⁽¹⁾ This information is derived from the ETF's audited 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				
	2019	2018	2017	2016	2015
Total net asset value (000's) ⁽¹⁾ \$	3,352,241	2,254,047	2,039,156	1,124,789	983,720
Number of units outstanding (000's) ⁽¹⁾	173,748	131,648	108,848	68,598	57,199
Management expense ratio ⁽²⁾ %	0.22	0.21	0.22	0.22	0.23
Management expense ratio before waivers or absorptions ⁽²⁾ %	0.22	0.21	0.22	0.22	0.23
Trading expense ratio ⁽³⁾ %	0.08	0.05	0.09	0.04	0.21
Portfolio turnover rate ⁽⁴⁾ %	62.08	53.89	58.24	67.22	113.05
Net asset value per unit \$	19.29	17.12	18.73	16.40	17.20
Closing market price \$	19.33	17.07	18.73	16.44	17.24

⁽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. The management expense ratio reflects the proportional management expense ratio relating to units held in each of the underlying investment funds.

⁽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.

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.

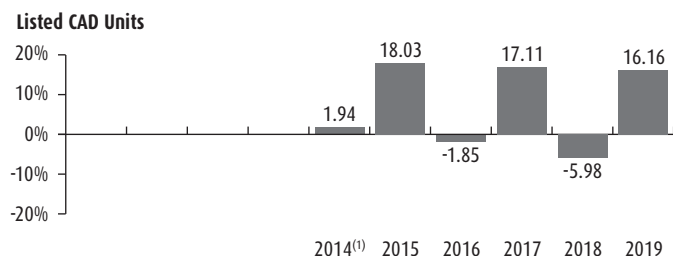
The performance information does not take into account sales, redemption, distribution or other optional charges that, if applicable, would have reduced returns or performance. Please remember that how the ETF has performed in the past does not indicate how it will perform in the future.

On May 1, 2014, the ETF reduced its annual management fee rate from 0.30% to 0.20%. This change could have affected the performance of the ETF, had it been in effect throughout the performance measurement periods presented.

BMO MSCI EAFE Index ETF

Year-by-Year Returns

The following bar chart shows the performance of the ETF for each of the financial years shown. 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 February 10, 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 of December 31, 2019

Listed CAD Units		Listed CAD Units				Since Inception ⁽¹⁾
		1Yr	3Yr	5Yr	10Yr	
BMO MSCI EAFE Index ETF	%	16.16	8.55	8.18	7.25	
MSCI EAFE Index	%	15.85	8.34	8.08	7.28	

⁽¹⁾ Return from the performance launch date of February 10, 2014 to December 31, 2019.

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, 2019

Portfolio Allocation	% of Net Asset Value
Japan	24.0
United Kingdom	14.0
France	11.0
Switzerland	9.9
Germany	8.6
Australia	7.5
Netherlands	4.8
Hong Kong	3.2
Spain	2.8
Sweden	2.7
Italy	2.1
Denmark	1.8
Singapore	1.2
Finland	1.1
Belgium	1.0
Cash/Receivables/Payables	0.2
Other	4.1
Total Portfolio Allocation	100.0

Sector Allocation	% of Net Asset Value
Financials	18.5
Industrials	14.9
Health Care	12.0
Consumer Discretionary	11.5
Consumer Staples	11.1
Materials	7.0
Information Technology	7.0
Communication Services	5.1
Energy	4.8
Utilities	3.7
Real Estate	3.4
International Equity Fund	0.8
Cash/Receivables/Payables	0.2
Total Sector Allocation	100.0

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Top 25 Holdings	% of Net Asset Value
Nestle S.A.	2.2
Royal Dutch Shell plc	1.7
Roche Holding AG	1.5
Novartis AG	1.4
Toyota Motor Corporation	1.1
HSBC Holdings plc	1.0
Total S.A.	0.9
SAP SE	0.9
LVMH Moet Hennessy-Louis Vuitton S.A.	0.9
AstraZeneca PLC	0.9
AIA Group Limited	0.9
ASML Holding N.V.	0.8
iShares Core MSCI EAFE ETF	0.8
BP p.l.c.	0.8
GlaxoSmithKline plc	0.8
Sanofi	0.8
Allianz SE	0.7
Novo Nordisk A/S, Class B	0.7
Commonwealth Bank of Australia	0.7
Siemens AG	0.7
Diageo plc	0.7
British American Tobacco p.l.c.	0.6
CSL Limited	0.6
Sony Corporation	0.6
Airbus SE	0.6
Top Holdings as a Percentage of Total Net Asset Value	23.3
Total Net Asset Value	\$3,352,240,721

*The prospectus and other information about the underlying exchange traded fund held in the portfolio may be found on the issuer's website.

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

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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