

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

BMO Junior Gold Index ETF (ZJG) (the “ETF”)

For the 12-month period ended December 31, 2021 (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 a junior gold companies index, net of expenses. Currently, the ETF seeks to replicate the performance of the Dow Jones North America Select Junior Gold Index (the “Index”). The investment strategy of the ETF is to invest in and hold the constituent securities of the Index in the same proportion as they are reflected in 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. The Manager reviewed the ETF using the standardized investment risk classification methodology prescribed by National Instrument 81-102 *Investment Funds* and determined on January 14, 2021 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 underperformed the broad-based S&P/TSX Capped Composite Index by 41.66%. However, the more appropriate comparison is to the Dow Jones North America Select Junior Gold Index (the “Index”), due to the concentration of the portfolio in small capitalization gold mining companies. The ETF returned -16.57% versus the Index return of -16.14%. The change in total net asset value during the Period from approximately \$106 million to approximately \$79 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 (-0.43%) resulted from the management expense ratio (-0.61%) and the impact of sampling and certain other factors (0.18%), which may have included timing differences versus the Index, and market volatility.

Market Conditions

Global equity markets continued to recover in 2021, which was aided by the lifting of some pandemic-related restrictions, as well as the monetary and fiscal support measures. The U.S. was a leader in vaccine rollouts and a successful vaccination campaign led to a reopening of the economy, and increased consumer spending. The U.S. equity market, as measured by the S&P 500 Index, returned 27.6% (in Canadian dollars) over the Period, which was led by the Energy, Real Estate, Financials and Information Technology sectors. The Canadian equity market, as measured by the S&P/TSX Capped Composite Index, returned 25.1% during the Period, which was led by the Energy, Real Estate and Financials sectors. The Canadian Energy sector performed well during the Period as demand

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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for oil increased and production remained low. The West Texas Intermediate (WTI) oil price began the Period at US\$48 per barrel and closed the Period at US\$75 per barrel. Gold, amid expectations of rising rates, had a disappointing 2021 year and ended the Period at US\$1,829 per ounce.

The U.S. Federal Reserve Board (“Fed”) continued to provide monetary and fiscal support and the overnight policy rate remained unchanged at 0.25% during the Period. Although the Fed has been accommodative throughout the pandemic, they are signalling a hawkish tone due to inflation concerns which has added more volatility to growth stocks. The Bank of Canada (“BoC”) also held its target overnight rate at 0.25% over the Period to support the economic recovery.

Significant individual stock contributors to performance included Pretium Resources Inc. and Osisko Mining Inc., while B2Gold Corp. and Coeur Mining Inc. detracted the most from performance.

Recent Developments

Like many other developed economies, Canadian equities will be facing rising rates as the BoC looks to tighten monetary conditions by raising its overnight rate. Currently, as measured by Overnight Interest Rate Swaps (OIS), the market is anticipating close to six rate hikes by the BoC in 2022. While it is unlikely that they will raise rates in six out of the eight scheduled meetings, higher rates are imminent. Even with inflation proving to be sustained, it is anticipated that the BoC will not risk overshooting on rate hikes in order to avoid stalling the economy and potentially causing stagflation (high inflation combined with high unemployment and slowing economic growth). As a result, it is expected that economic growth will remain positive, but at a lower rate than 2021.

The prospect of higher real interest rates amid higher nominal rates, as well as the Fed’s tapering and balance sheet unwinding will likely put the price of gold under pressure for the first half of 2022. In addition, the rise of cryptocurrencies as alternative to gold has taken some appeal away from the yellow metal. That said, gold has a historical track record of dipping ahead of real rates’ take off and rebounding after the first-rate hike of the cycle is in.

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 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., an affiliate of the Manager, that is trading with the ETF as principal; and

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(d) trades of a security from or to, another investment fund 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 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.

Brokerage Commissions

The ETF pays standard brokerage commissions at market rates to BMO Nesbitt Burns Inc., an affiliate of the Manager, for executing a portion of its trades. The brokerage commissions charged to the ETF (excluding exchange and other fees) during the periods were as follows:

		2021	2020
Total brokerage commissions	\$	17,913	47,816
Brokerage Commissions paid to BMO Nesbitt Burns Inc.	\$	5,411	7,122

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				
	2021	2020	2019	2018	2017
Net assets, beginning of period	\$ 78.02	62.67	7.37	9.06	8.10
Increase (decrease) from operations					
Total revenue	\$ 0.81	0.46	0.18	0.04	0.05
Total expenses ⁽²⁾	\$ (0.44)	(0.48)	(0.36)	(0.05)	(0.07)
Realized gains (losses) for the period	\$ 0.92	20.38	5.78	(2.81)	0.49
Unrealized gains (losses) for the period	\$ (14.06)	(8.87)	13.24	1.24	0.39
Total increase (decrease) from operations⁽³⁾	\$ (12.77)	11.49	18.84	(1.58)	0.86
Distributions					
From net investment income (excluding dividends)	\$ —	—	—	—	—
From dividends	\$ 0.20	—	—	—	—
From capital gains	\$ —	—	—	—	—
Return of capital	\$ 0.03	—	—	—	—
Total Annual Distributions⁽⁴⁾	\$ 0.23	—	—	—	—
Net assets, end of period	\$ 64.86	78.02	62.67 ⁽⁵⁾	7.37	9.06

⁽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.

⁽⁵⁾ As at the close of business on January 25, 2019, the Listed CAD Units were consolidated on the basis of a 1:6 ratio. The net assets per unit as at December 31, 2019 of \$62.67 is after the consolidation of units as at January 25, 2019.

Ratios and Supplemental Data

Listed CAD Units	Financial years ended Dec. 31				
	2021	2020	2019	2018	2017
Total net asset value (000's) ⁽¹⁾	\$ 78,659	105,701	95,811	67,916	88,873
Number of units outstanding (000's) ⁽¹⁾	1,213	1,355	1,529	9,211	9,809
Management expense ratio ⁽²⁾	% 0.61	0.61	0.61	0.60	0.60
Management expense ratio before waivers or absorptions ⁽²⁾	% 0.61	0.61	0.61	0.60	0.60
Trading expense ratio ⁽³⁾	% 0.02	0.04	0.08	0.05	0.17
Portfolio turnover rate ⁽⁴⁾	% 24.69	151.62	51.63	88.65	117.42
Net asset value per unit	\$ 64.86	78.02	62.67 ⁽⁵⁾	7.37	9.06
Closing market price	\$ 64.83	78.01	62.71	7.36	9.06

⁽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.

⁽⁵⁾ As at the close of business on January 25, 2019, the Listed CAD Units were consolidated on the basis of a 1:6 ratio. The net assets per unit as at December 31, 2019 of \$62.67 is after the consolidation of units as at January 25, 2019.

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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 %
ZJG	0.55

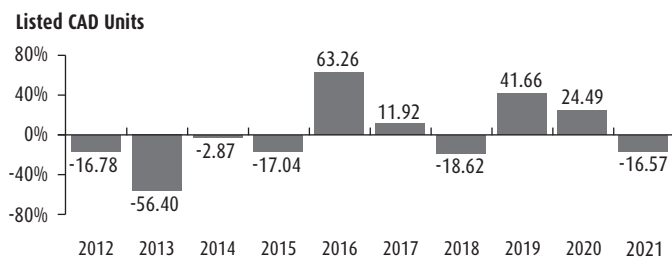
Past Performance

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.

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.



Annual Compound Returns

This table compares the historical annual compound returns of the ETF with its benchmark index, the Dow Jones North America Select Junior Gold Index and a broad-based index, the S&P/TSX Capped Composite Index.

The Dow Jones North America Select Junior Gold Index is a float-adjusted market capitalization weighted index that tracks the securities that are classified on the Industry Classification Benchmark as gold mining.

The S&P/TSX Capped Composite Index is a market capitalization-weighted index of securities of the largest and most liquid companies on the TSX. It is the broadest in the S&P/TSX family and is the basis for multiple sub-indices. It includes common stocks and income trust units.

As at December 31, 2021

Listed CAD Units	1Yr	3Yr	5Yr	10Yr	Since Inception
BMO Junior Gold Index ETF	% (16.57)	13.74	6.03	(4.37)	
Dow Jones North America Select Junior Gold Index	% (16.14)	14.42	6.50	(3.94)	
S&P/TSX Capped Composite Index	% 25.09	17.52	10.04	9.14	

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

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Summary of Investment Portfolio

As at December 31, 2021

Portfolio Allocation	% of Net Asset Value
Canada	82.1
United States	17.9
Total Portfolio Allocation	100.0

Sector Allocation	% of Net Asset Value
Gold	100.0
Total Sector Allocation	100.0

Top 25 Holdings	% of Net Asset Value
Royal Gold, Inc.	13.1
B2Gold Corp.	7.9
Yamana Gold Inc.	7.7
SSR Mining Inc.	7.1
Alamos Gold Inc., Class A	5.7
Pretium Resources Inc.	5.0
Osisko Gold Royalties Ltd.	3.6
Equinox Gold Corp.	3.5
Eldorado Gold Corporation	3.2
Centerra Gold Inc.	3.2
NovaGold Resources Inc.	3.1
IAMGOLD Corporation	2.8
Coeur Mining, Inc.	2.5
Wesdome Gold Mines Ltd.	2.4
K92 Mining Inc.	2.4
OceanaGold Corporation	2.3
Sandstorm Gold Ltd.	2.3
Dundee Precious Metals Inc.	2.2
Seabridge Gold Inc.	2.0
New Gold Inc.	1.9
Torex Gold Resources Inc.	1.7
Osisko Mining Inc.	1.7
Lundin Gold Inc.	1.3
Argonaut Gold Inc.	1.1
Orla Mining Ltd.	1.1
Top Holdings as a Percentage of Total Net Asset Value	90.8
Total Net Asset Value	\$78,659,339

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.

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