

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

BMO Monthly Income ETF (ZMI/ZMI.U) (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 monthly cash distributions, with the potential for modest long-term capital appreciation, 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. The ETF employs a strategic asset allocation strategy. The BMO ETF’s asset class weightings will be approximately 60% in equity securities and 40% in fixed income securities. 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 American depositary receipts 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.

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 -5.53% versus the blended benchmark, which consists of 50% S&P/TSX Capped Composite Index and 50% FTSE Canada Universe Bond Index (the “Index”) return of -8.60%. The change in total net asset value during the Period from approximately \$118 million to approximately \$108 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 (3.08%) resulted from the management expense ratio (-0.20%), and the impact of certain other factors (3.28%), which may have included timing and holding differences with the exposure of the ETF to international markets versus the Index, and market volatility.

The U.S. dollar (“USD”) units of the ETF returned -9.77% versus the Blended Benchmark - 50% S&P/TSX Capped Composite Index (USD) and 50% FTSE Canada Universe Bond Index (USD) (the “Index”) return of -11.64%. The difference in the performance of the USD units of the ETF relative to the Index (USD) during the Period (1.87%) resulted from the management expense ratio (-0.20%), and the impact of sampling and certain other factors (2.07%), which may have included timing differences versus the Index (USD), and market volatility.

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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Market Conditions

Canadian equities declined during 2022 as the Russia-Ukraine conflict and rise of inflation led to increased market uncertainty and weighed on equity evaluations. While the Canadian Consumer Price Index (CPI) rose 6.8% year-over-year as of November 2022, the Canadian equity market, as measured by the S&P/TSX Capped Composite Index, returned -5.8% over the Period. The Bank of Canada (“BoC”) moved aggressively on the overnight lending rate to try to curb inflation, moving to 4.25% from 0.25% at the beginning of 2022. The significant positive contributor to performance from a sector perspective was Energy, while the significant negative contributors were Information Technology and Financials. The volatile price of oil was a major economic impact, as measured by West Texas Intermediate Oil (WTI) which peaked at US\$124 and finished at US\$80 per barrel at the end of the Period. Canadian banks fell as investors grew concerned that the BoC’s aggressive monetary tightening campaign would lead to a recession. Despite inflation reaching multi-year highs, gold prices remained relatively stable, ending the Period at US\$1,824 per ounce.

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 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 Canadian fixed income market declined primarily due to the rise of inflation and an increase in interest rates across the maturity spectrum. The Canadian bond market, as measured by the FTSE Canada Universe Bond Index, returned -11.7% during 2022. The Canadian CPI rose 6.8% year-over-year as of the last published rate for the Period. The Bank of Canada (“BoC”) moved aggressively on the overnight lending rate to try to curb inflation, moving to 4.25% from 0.25% at the beginning of the year. The Government of Canada 10-year bond yield increased to 3.30% from 1.43% during 2022. Corporate bonds underperformed Federal bonds despite shorter maturities due to ongoing conflict between Russia and Ukraine as well

as concerns over an economic slowdown. Provincial bonds underperformed corporate bonds due to longer maturities. Short-term bonds significantly outperformed long-term bonds as the interest rate curve shifted upwards.

U.S. fixed income struggled in 2022 as the U.S. Federal Reserve Board (“Fed”) moved rapidly to unwind pandemic-era accommodative monetary policy, embarking on its most aggressive monetary tightening campaign in recent memory in a bid to combat multi-decade high inflation. The Fed delivered a total of seven rate hikes, bringing the Federal Funds Rate to 4.25%-4.5%, levels last seen before the 2008 Global Financial Crisis. In turn, the treasury yield curve shifted upwards, as the benchmark 10-year treasury yield finished the year at close to 3.9%.

The ETF’s exposure to U.S. dividend paying equities were the highest contributors to the ETF’s performance, while mid-term Canadian corporate bonds were among the largest detractors from performance.

New Series Option

On January 24, 2022, the Manager launched USD units of the ETF that will provide investors with more currency choice. The USD units of the ETF are U.S. dollar denominated units of the ETF.

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. Growth in the U.S. stock market may largely depend on the U.S. Federal Reserve Board’s (“Fed”) ability to manage the trade off between managing inflationary pressures at the cost of inducing a recession. The likelihood of a recession and its severity may put downward pressure on valuations and earnings across the board. In Canada, a positive Gross Domestic Product (GDP) forecast and robust labour market imply the possibility of the economy achieving a soft landing. The primary sectors are well positioned to navigate the coming year’s uncertainty. 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 higher rates. Additionally, Asian equity performance will likely depend on the success of China’s, and the implications it has on potential inflation in and outside of the country. While certain regions may be better positioned for the possibility of a recession, the uncertainty and subsequent volatility has potential to be a common theme across all equity markets.

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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.

After a challenging year for both equity and bond markets, market expectations are starting to price in some optimism that we are nearing the end of the interest rate hiking cycle. The Fed is expected to continue to hike well into 2023. The expectation of the end of the hiking cycle in the U.S. could mean that there is more stability in the market for the year ahead. The portfolio manager does expect economic growth to slowdown and for a recession to come to fruition. Economic data, more importantly inflation, will be on the top of the radar for investors as it will likely dictate the path of interest rate policy for much of 2023.

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 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

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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:

		2022	2021
Total brokerage commissions	\$	3,069	2,342
Brokerage Commissions paid to BMO Nesbitt Burns Inc.	\$	1,842	740

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	\$ 17.25	16.14	16.47	15.21	16.25
Increase (decrease) from operations					
Total revenue	\$ 0.60	0.44	0.66	0.67	0.57
Total expenses ⁽²⁾	\$ 0.03	(0.01)	(0.04)	(0.03)	(0.03)
Realized gains (losses) for the period	\$ 0.01	0.19	(0.17)	0.03	(0.06)
Unrealized gains (losses) for the period	\$ (1.61)	1.15	(0.26)	1.28	(0.82)
Total increase (decrease) from operations⁽³⁾	\$ (0.97)	1.77	0.19	1.95	(0.34)
Distributions					
From net investment income (excluding dividends)	\$ 0.20	0.13	0.18	0.19	0.15
From dividends	\$ 0.30	0.27	0.29	0.29	0.32
From capital gains	\$ 0.20	0.09	—	0.12	0.14
Return of capital	\$ 0.19	0.23	0.23	0.25	0.15
Total Annual Distributions⁽⁴⁾	\$ 0.89	0.72	0.70	0.85	0.76
Net assets, end of period	\$ 15.57	17.25	16.14	16.47	15.21

Listed USD Units [†]	Period ended Dec. 31, 2022 ⁽⁵⁾	
Net assets, beginning of period	\$	30.00*
Increase (decrease) from operations		
Total revenue	\$	1.28
Total expenses ⁽²⁾	\$	0.05
Realized gains (losses) for the period	\$	0.04
Unrealized gains (losses) for the period	\$	(1.20)
Total increase (decrease) from operations⁽³⁾	\$	0.17
Distributions		
From net investment income (excluding dividends)	\$	0.30
From dividends	\$	0.45
From capital gains	\$	0.26
Return of capital	\$	0.49
Total Annual Distributions⁽⁴⁾	\$	1.50
Net assets, end of period	\$	25.92

* Initial net assets.

† Amounts stated in U.S. dollars.

⁽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⁾ The information in this column is for the period beginning January 18, 2022 (the unit's establishment date) and ending December 31, 2022.

Ratios and Supplemental Data

Listed CAD Units	Financial years ended Dec. 31				
	2022	2021	2020	2019	2018
Total net asset value (000's) ⁽¹⁾	\$ 103,158	117,723	103,727	114,090	96,188
Number of units outstanding (000's) ⁽¹⁾	6,626	6,826	6,426	6,926	6,326
Management expense ratio ⁽²⁾	% 0.20	0.46	0.61	0.61	0.61
Management expense ratio before waivers or absorptions ⁽²⁾	% 0.39	0.46	0.61	0.61	0.61
Trading expense ratio ⁽³⁾	% 0.02	0.03	0.09	0.03	0.05
Portfolio turnover rate ⁽⁴⁾	% 11.64	4.36	89.96	11.64	39.91
Net asset value per unit	\$ 15.57	17.25	16.14	16.47	15.21
Closing market price	\$ 15.55	17.27	16.13	16.46	15.16

Listed USD Units	Period ended Dec. 31, 2022 ⁽⁵⁾	
Total net asset value (000's) ⁽¹⁾	\$	5,264
Number of units outstanding (000's) ⁽¹⁾		150
Management expense ratio ⁽²⁾	%	0.20
Management expense ratio before waivers or absorptions ⁽²⁾	%	0.39
Trading expense ratio ⁽³⁾	%	0.02
Portfolio turnover rate ⁽⁴⁾	%	11.64
Net asset value per unit [†]	\$	25.92
Closing market price [†]	\$	25.92

† Amounts stated in U.S. dollars.

⁽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.

⁽⁵⁾ The information in this column is for the period beginning January 18, 2022 (the unit's establishment date) and ending December 31, 2022.

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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 %
ZMI	0.18
ZMI.U	0.18

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.

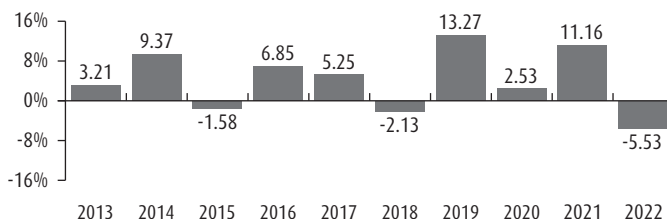
The performance information does not take into account sales, redemption, distribution or other optional charges that, if applicable, would have reduced returns or performance. Please remember that how the ETF has performed in the past does not indicate how it will perform in the future.

On September 1, 2021, the ETF reduced its annual management fee rate from 0.55% to 0.18%. This change could have affected the performance of the ETF, had it been in effect throughout the performance measurement periods presented.

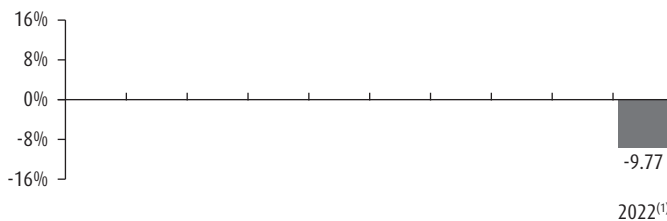
Year-by-Year Returns

The following bar charts show the performance of the ETF for each of the financial years shown, and illustrate how the ETF's performance has changed year to year. The charts show, 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.

Listed CAD Units



Listed USD Units



⁽¹⁾ For the period beginning with the performance launch date of January 24, 2022 to December 31, 2022.

Annual Compound Returns

This table compares the historical annual compound returns of the ETF with its blended benchmark (composed of 50% S&P/TSX Capped Composite Index and 50% FTSE Canada Universe Bond Index), in addition to the S&P/TSX Capped Composite Index and the FTSE Canada Universe Bond Index, both broad-based indexes.

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.

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The FTSE Canada Universe Bond Index is designed to be a broad measure of the Canadian investment-grade fixed income market consisting of federal, provincial, municipal and corporate bonds. The FTSE Canada Universe Bond Index consists of semi-annual pay fixed rate bonds issued domestically in Canada and denominated in Canadian dollars, with an effective term to maturity of greater than one year and a credit rating of BBB or higher.

As at December 31, 2022

Listed CAD Units						
		1Yr	3Yr	5Yr	10Yr	Since Inception
BMO Monthly Income ETF	%	(5.53)	2.49	3.60	4.08	
Blended Benchmark	%	(8.60)	2.91	3.78	4.82	
S&P/TSX Capped Composite Index	%	(5.84)	7.54	6.85	7.74	
FTSE Canada Universe Bond Index	%	(11.69)	(2.20)	0.27	1.63	
Listed USD Units						
		1Yr	3Yr	5Yr	10Yr	Since Inception ⁽¹⁾
BMO Monthly Income ETF	%					(9.77)
Blended Benchmark						(11.64)
S&P/TSX Capped Composite Index (USD)	%					(2.93)
FTSE Canada Universe Bond Index (USD)	%					(8.78)

⁽¹⁾ Return from the performance launch date of January 24, 2022 to December 31, 2022.

A discussion on the relative performance of the ETF as compared to its benchmark index and broad-based indexes 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
Canada	95.4
United States	4.3
Cash/Receivables/Payables	0.3
Total Portfolio Allocation	100.0

Sector Allocation	% of Net Asset Value
Income Equity Funds	61.1
Corporate Bond Funds	34.3
Preferred Share Fixed Income Fund	4.3
Cash/Receivables/Payables	0.3
Total Sector Allocation	100.0

Holdings**	% of Net Asset Value
BMO Corporate Bond Index ETF	24.1
BMO US Dividend ETF	19.8
BMO Global High Dividend Covered Call ETF	15.0
BMO Canadian Dividend ETF	12.8
BMO Mid-Term US IG Corporate Bond Hedged to CAD Index ETF	10.2
BMO International Dividend ETF	8.9
BMO Premium Yield ETF	4.6
BMO US Preferred Share Hedged to CAD Index ETF	4.3
Cash/Receivables/Payables	0.3
Total Holdings as a Percentage of Total Net Asset Value	100.0

Total Net Asset Value **\$108,421,871**

*Represents the entire portfolio.

† The prospectus and other information about the underlying exchange traded fund(s) held in the portfolio are available at www.sedar.com and www.bmo.com/etflegal.

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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