SEMI-ANNUAL FINANCIAL STATEMENTS

BMO Low Volatility Canadian Equity ETF (ZLB)

June 30, 2015

BMO Global Asset Management

BMO Low Volatility Canadian Equity ETF
(unaudited)

Statement of Financial Position

(All amounts in thousands of Canadian dollars, except per unit data)

As at	June 30 2015	December 31 2014
Assets		
Current Assets		
Cash	2,366	3,058
Investments		
Non-derivative financial assets	554,754	365,784
Subscriptions receivable	—	2,553
Dividends receivable	1,404	789
Distribution receivable from investment trusts	139	81
Total assets	558,663	372,265
Liabilities		
Current Liabilities		
Payable for investments purchased	—	2,540
Distributions payable	2,940	1,787
Accrued expenses	539	323
Total liabilities	3,479	4,650
Net assets attributable to holders of redeemable units	555,184	367,615
Net assets attributable to holders of redeemable units per unit	$26.44	$25.53

Statement of Comprehensive Income

(All amounts in thousands of Canadian dollars, except per unit data)

For the periods ended	June 30 2015	June 30 2014
Income		
Interest income	4	3
Dividend income	5,449	2,568
Distribution from investment trusts	818	252
Other changes in fair value of investments and derivatives		
Net realized gain	14,681	3,504
Change in unrealized (depreciation) appreciation	(4,198)	10,874
Net gain in fair value of investments and derivatives	16,754	17,201
Foreign exchange gain	15	2
Total other income	15	2
Total income	16,769	17,203
Expenses		
Management fees (note 6)	960	385
Independent review committee fees	1	1
Interest charges	—	0
ETF Summary document fees	0	0
Commissions and other portfolio transaction costs (note 6)	30	7
Total expenses	991	393
Increase in net assets attributable to holders of redeemable units	15,778	16,810
Increase in net assets attributable to holders of redeemable units per unit (note 3)	0.86	1.82

The accompanying notes are an integral part of these financial statements.

BMO Low Volatility Canadian Equity ETF

(unaudited)

Statement of Changes in Net Assets Attributable to Holders of Redeemable Units

(All amounts in thousands of Canadian dollars)

For the periods ended	**June 30 2015**	June 30 2014
Net assets attributable to holders of redeemable units at beginning of period	367,615	160,348
Increase in net assets attributable to holders of redeemable units	15,778	16,810
Distributions to holders of redeemable units from:		
Net investment income	(4,973)	(2,213)
Return of capital	(557)	(180)
Total distributions paid to holders of redeemable units	(5,530)	(2,393)
Redeemable unit transactions		
Proceeds from redeemable units issued	201,524	65,985
Redemption of redeemable units	(24,203)	(8,344)
Net increase from redeemable unit transactions	177,321	57,641
Net increase in net assets attributable to holders of redeemable units	187,569	72,058
Net assets attributable to holders of redeemable units at end of period	555,184	232,406

The accompanying notes are an integral part of these financial statements.

BMO Low Volatility Canadian Equity ETF
(unaudited)

Statement of Cash Flows
(All amounts in thousands of Canadian dollars)

For the periods ended	**June 30 2015**	June 30 2014
Cash flows from operating activities		
Increase in net assets attributable to holders of redeemable units	15,778	16,810
Adjustments for:		
Net realized gain on sale of investments and derivatives	(14,681)	(3,504)
Change in unrealized depreciation (appreciation) of investments and derivatives	4,198	(10,874)
Increase in dividends receivable	(615)	(316)
Increase in distribution receivable from investment trusts	(58)	(16)
Increase in accrued expenses	216	68
Return of capital distributions received	136	73
Purchases of investments	(58,895)	(15,496)
Proceeds from sale and maturity of investments	56,679	14,916
Net cash from operating activities	2,758	1,661
Cash flows used in financing activities		
Distributions paid to holders of redeemable units, net of reinvested distributions	(4,377)	(1,937)
Proceeds from issuances of redeemable units	1,046	432
Amounts paid on redemption of redeemable units	(119)	(56)
Net cash used in financing activities	(3,450)	(1,561)
Net (decrease) increase in cash	(692)	100
Cash at beginning of period	3,058	1,335
Cash at end of period	2,366	1,435
Supplementary Information		
Interest received, net of withholding taxes*	4	3
Dividends received, net of withholding taxes*	4,834	2,252
Distributions received from investment trusts*	760	236

*These items are from operating activities

The accompanying notes are an integral part of these financial statements.

BMO Low Volatility Canadian Equity ETF

(unaudited)

Schedule of Investment Portfolio

As at June 30, 2015 (All amounts in thousands of Canadian dollars, unless otherwise noted)

	Number of Shares or Units	Cost+ ($)	Fair Value ($)
EQUITIES			
Consumer Discretionary — 12.8%			
Canadian Tire Corporation, Limited, Class A	89,667	9,936	11,978
Dollarama Inc.	373,891	18,639	28,303
Restaurant Brands International Inc.	139,394	6,259	6,673
Shaw Communications Inc., Class B	465,137	12,504	12,652
Thomson Reuters Corporation	247,893	10,646	11,790
		57,984	71,396
Consumer Staples — 17.8%			
Alimentation Couche-Tard Inc., Class B	426,711	14,576	22,799
Empire Company Limited, Class A	229,168	18,313	20,160
George Weston Limited	140,035	12,392	13,739
Loblaw Companies Limited	216,980	11,815	13,687
Metro Inc.	490,361	13,111	16,437
Saputo Inc.	404,948	12,444	12,233
		82,651	99,055
Energy — 11.2%			
AltaGas Ltd.	269,904	11,376	10,267
Enbridge Inc.	186,783	9,826	10,910
Inter Pipeline Ltd.	345,062	10,150	9,903
Keyera Corp.	272,692	10,048	11,371
Pembina Pipeline Corporation	232,387	9,076	9,382
TransCanada Corporation	202,347	10,574	10,271
		61,050	62,104
Financials — 23.4%			
Canadian REIT	424,661	19,120	18,027
CI Financial Corporation	342,363	11,370	11,503
Element Financial Corporation	708,090	10,476	13,985
Fairfax Financial Holdings Limited	39,776	21,352	24,497
H&R REIT	649,327	14,428	14,571
IGM Financial Inc.	284,785	12,801	11,329
Intact Financial Corporation	215,618	16,947	18,713
RioCan REIT	643,839	17,555	17,236
		124,049	129,861
Health Care — 3.5%			
Catamaran Corporation	128,565	7,233	9,813
Valeant Pharmaceuticals International, Inc.	33,970	5,257	9,412
		12,490	19,225
Industrials — 1.8%			
Progressive Waste Solutions Ltd.	294,082	10,258	9,852
Information Technology — 5.3%			
CGI Group Inc., Class A	224,205	9,086	10,952
Constellation Software Inc.	37,038	13,591	18,366
		22,677	29,318
Materials — 3.4%			
Franco-Nevada Corporation	173,383	9,643	10,328
West Fraser Timber Co. Ltd.	127,346	7,463	8,740
		17,106	19,068
Telecommunication Services — 8.5%			
BCE Inc.	335,815	16,709	17,818
Rogers Communications Inc., Class B	329,676	14,576	14,605
TELUS Corporation	342,353	13,580	14,732
		44,865	47,155
Utilities — 12.2%			
ATCO Ltd., Class I	312,281	13,842	12,332
Canadian Utilities Limited, Class A	426,211	16,091	15,331
Emera Inc.	408,937	15,552	16,088
Fortis Inc.	398,353	14,243	13,974
TransAlta Corporation	1,032,584	12,151	9,995
		71,879	67,720
Total Investment Portfolio — 99.9%		**505,009**	**554,754**
Other Assets Less Liabilities — 0.1%			430
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS - 100.0%			**555,184**

\+ Where applicable, distributions received from holdings as a return of capital are used to reduce the adjusted cost base of the securities in the portfolio.

Notes to the Financial Statements

(All amounts in thousands of Canadian dollars, except per unit data)
June 30, 2015

1. The ETF Fund

BMO Low Volatility Canadian Equity ETF ("the ETF") is an exchange-traded fund established as an open-ended trust by a Declaration of Trust under the laws of the Province of Ontario. BMO Asset Management Inc. ("the Manager") is the Manager and trustee of the ETF. The Manager is a wholly owned subsidiary of Bank of Montreal. The address of the ETF's registered office is 100 King Street West, Toronto, Ontario.

The information provided in these unaudited interim financial statements is for the periods ended June 30, 2015 and June 30, 2014, except for the comparative information in the Statement of Financial Position and the related notes which are as at December 31, 2014.

The financial statements were authorized for issue by the Manager on August 12, 2015.

2. Basis of preparation and presentation

These unaudited interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards ("IASB"). The ETF has adopted this basis of accounting effective January 1, 2014, as required by Canadian securities legislation and the Canadian Accounting Standards Board. Certain prior period balances have been reclassified to conform with the current period presentation.

3. Summary of significant accounting policies

Financial instruments

The ETF records financial instruments at fair value. The ETF's investments are either designated at fair value through profit or loss ("FVTPL") at inception or classified as held for trading. Investment transactions are accounted for on the trade date. The changes in investment fair values and related transaction costs are recorded in the ETF's Statement of Comprehensive Income.

Financial assets or financial liabilities held for trading are those acquired or incurred principally for the purpose of selling or repurchasing in the near future, or on initial recognition, are part of a portfolio of identified financial instruments that the ETF manages together and that have a recent actual pattern of short-term profit taking. The ETF classifies all derivatives and short positions as held for trading. The ETF does not designate any derivatives as hedges in a hedging relationship.

The ETF designates all other investments at FVTPL, as they have reliably measurable fair values, are part of a group of financial assets or liabilities that are managed and have their performance evaluated on a fair value basis in accordance with the ETF's investment strategy.

The ETF's redeemable units, which are puttable instruments, are held by different types of unitholders that are entitled to different redemption rights. See Note 5 for details of unitholders' transactions in the units of the ETF.

The different redemption features create equally subordinate but not identical units or Series of the units of the ETF. Redemption of units at 95% of NAV for some type of unitholders redemptions also results 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.

All other financial assets and financial liabilities are measured at amortized cost. Under this method, financial assets and financial liabilities reflect the amount required to be received or paid or discounted, when appropriate, at the contract's effective interest rate.

The ETF has determined that it meets the definition of "investment entity" and as a result, it measures subsidiaries, other than those which provide services to the ETF, at FVTPL.

Notes to the Financial Statements (cont'd)

(All amounts in thousands of Canadian dollars, except per unit data)
June 30, 2015

Cost of investments

The cost of investments represents the amount paid for each security and is determined on an average cost basis.

Fair value measurement

Investments are recorded at their fair value with the change between this amount and their average cost being recorded as change in unrealized appreciation (depreciation) in the Statement of Comprehensive Income.

For exchange traded securities, close prices are considered to be fair value if they fall within the bid-ask spread. In circumstances where the close price is not within the bid-ask spread, the Manager determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

Procedures are in place to fair value securities traded in countries outside of North America daily, to avoid stale prices and to take into account, among other things, any significant events occurring after the close of a foreign market.

For bonds, debentures, asset-backed securities and other debt securities, fair value is represented by mid prices provided by independent security pricing services. Short-term investments, if any, are carried at amortized cost which approximates fair value.

For securities where market quotes are not available, unreliable or not considered to reflect the current value, the ETF may determine another value which it considers to be fair and reasonable, or using a valuation technique that, to the extent possible, makes maximum use of inputs and assumptions based on observable market data, including volatility, comparable companies and other applicable rates or prices. These estimation techniques include discounted cash flows, internal models that utilize observable data, or comparisons with other securities that are substantially similar. In limited circumstances, the ETF uses internal models where the inputs are not based on observable market data.

Derivative instruments

Derivative instruments are financial contracts that derive their value from underlying changes in interest rates, foreign exchange rates, or other financial or commodity prices or indices.

Derivative instruments are either regulated exchange-traded contracts or negotiated over-the-counter contracts. The ETF may use these instruments for trading purposes, as well as to manage the ETF's risk exposures.

Derivatives are marked to fair value. Realized and unrealized gains and losses are recorded in the Statement of Comprehensive Income.

Forward currency contracts

A forward currency contract is an agreement between two parties (the ETF and the counterparty) to purchase or sell a currency against another currency at a set price on a future date. The ETF may enter into forward currency contracts for hedging purposes, which can include the economic hedging of all or a portion of the currency exposure of an investment or group of investments, either directly or indirectly. The ETF may also enter into these contracts for non-hedging purposes, which can include increasing the exposure to a foreign currency, or shifting the exposure to foreign currency fluctuations from one country to another. The value of forward currency contracts entered into by the ETF is recorded as the difference between the value of the contract on the Valuation Date and the value on the date the contract originated.

Option contracts

The ETF may engage in option contract transactions by purchasing (long positions) or writing (short positions) call or put option contracts. These contracts have different risk exposures for the ETF: whereas the risk for long positions will be limited to the premium paid to purchase the option contracts, the risk exposure for the short positions are potentially unlimited until closed or expired.

Notes to the Financial Statements (cont'd)

(All amounts in thousands of Canadian dollars, except per unit data)
June 30, 2015

Purchased option contracts

The premium paid for purchasing a call option is recorded as an asset in the Statement of Financial Position. The premium is valued on each Valuation Date at an amount equal to the fair value of the option that would have the effect of closing the position. The change in the difference between the premium and the fair value is shown as "Change in unrealized appreciation (depreciation)" in the Statement of Comprehensive Income.

When a purchased option expires, the ETF will realize a loss equal to the premium paid. When a purchased option is closed, the gain or loss the ETF will realize will be the difference between the proceeds and the premium paid. When a purchased call option is exercised, the premium paid is added to the cost of acquiring the underlying security. When a purchased put option is exercised, the premium paid is subtracted from the proceeds from the sale of the underlying security that had to be sold.

Written option contracts

The premium received from writing a call or put option is recorded as a liability in the Statement of Financial Position.

When a written option expires, the ETF will realize a gain equal to the premium received. When a written option is closed, the ETF will realize a gain or loss equal to the difference between the cost at which the contract was closed and the premium received. When a written call option is exercised, the premium received is added to the proceeds from the sale of the underlying investments to determine the realized gain or loss. When a written put option is exercised, the premium received will be subtracted from the cost of the underlying investment the ETF had purchased.

The gain or loss that the ETF realizes when a purchased or written option is expired or closed is recorded as "Net realized gain (loss)" in the Statement of Comprehensive Income.

Income recognition

Dividend income and distributions from investment trust units are recognized on the ex-dividend and ex-distribution date, respectively.

Interest income from interest bearing investments is recognized in the Statement of Comprehensive Income using the effective interest rate. Interest receivable shown in the Statement of Financial Position is accrued based on the interest bearing investments' stated rates of interest.

Interest on inflation-indexed bonds is paid based on a principal value, which is adjusted for inflation. The inflation adjustment of the principal value is recognized as part of interest income in the Statement of Comprehensive Income. If held to maturity, the ETF will receive, in addition to a coupon interest payment, a final payment equal to the sum of the par value and the inflation compensation accrued from the original issue date. Interest is accrued on each Valuation Date based on the inflation adjusted par value at that time and is included in "Interest income" in the Statement of Comprehensive Income.

Foreign currency translation

The fair value of investments and other assets and liabilities in foreign currencies are translated into the ETF's functional currency at the rates of exchange prevailing at the period-end date. Purchases and sales of investments, and income and expenses are translated at the rates of exchange prevailing on the respective dates of such transactions. Foreign exchange gains (losses) on completed transactions are included in "Net realized gain (loss)" and unrealized foreign exchange gains (losses) are included in "Change in unrealized appreciation (depreciation)" in the Statement of Comprehensive Income. Foreign exchange gains and losses relating to cash, receivables and payables are included as "Foreign exchange gain (loss)".

Securities lending

An ETF may engage in securities lending pursuant to the terms of an agreement, which includes restrictions as set out in Canadian securities legislation. Collateral held is government Treasury Bills and qualified Notes.

Income from securities lending, where applicable, is included in the Statement of Comprehensive Income and is recognized when earned. The market value of the securities loaned and collateral held is determined daily. Aggregate values of securities held in trust as at June 30, 2015, and December 31, 2014, where applicable, are disclosed in Note 8.

Cash

Cash is comprised of cash and deposits with banks which include bankers' acceptances and overnight demand deposits. Cash is recorded at amortized cost.

Other assets and other liabilities

Dividends receivable, interest receivable, distributions from investment trust units receivable, due from broker and subscriptions receivable, are initially measured at fair value and subsequently measured at amortized cost. Similarly, due to broker, redemptions payable and accrued expenses are measured at amortized cost. Other assets and liabilities are short-term in nature, and are carried at cost or amortized cost.

Increase or decrease in net assets attributable to holders of redeemable units

"Increase (decrease) in net assets attributable to holders of redeemable units per unit" of a series in the Statement of Comprehensive Income, represents the increase (decrease) in net assets attributable to holders of redeemable units ("Net Assets") of the series divided by the weighted average number of units of the series outstanding during the period.

Taxation

The ETF qualifies as a mutual fund trust under the provisions of the Income Tax Act (Canada). Distributions of all net taxable income and sufficient amounts of net realized capital gains for each taxation year will be paid to unitholders so that the ETF will not be subject to income tax. As a result, the ETF has determined that it is in substance not taxable and therefore does not record income taxes in the Statement of Comprehensive Income nor does it recognize any deferred tax assets in the Statement of Financial Position.

The ETF may incur withholding taxes imposed by certain countries on investment income and capital gains. Such income and gains are recorded on a gross basis with the related withholding taxes shown as a separate expense in the Statement of Comprehensive Income.

Investments in subsidiaries, joint ventures and associates

Subsidiaries are entities over which the ETF has control through its exposure or rights to variable returns from its investment and has the ability to affect those returns through its power over the entity. The ETF has determined that it is an investment entity and as such, it accounts for subsidiaries at fair value. Joint ventures are those where the ETF exercises joint control through an agreement with other shareholders and associates are investments in which the ETF exerts significant influence over operating, investing, and financing decisions (such as entities in which the ETF owns 20% - 50% of voting shares), all of which have been designated at FVTPL.

Unconsolidated structured entities

The ETF has determined that the underlying funds in which the ETF invests are unconsolidated structured entities. This determination is based on the fact that decision making about the underlying funds is not governed by the voting right or other similar right held by the ETF, Similarly, investments in securitizations, asset-backed securities and mortgage-backed securities are determined to be interests in unconsolidated structured entities.

The ETF invests in underlying funds whose investment objectives range from achieving short – term to long-term income and capital growth potential. Underlying funds may use leverage in a manner consistent with their respective investment objectives and as permitted by Canadian securities regulatory authorities. Underlying funds finance their operations by issuing redeemable units which are puttable at the holders' option and entitles the holder to a proportionate stake in the respective fund's net assets. The change in fair value of each of the underlying funds during the periods is included in "Change in unrealized appreciation (depreciation) of investments" in the Statements of Comprehensive Income.

Mortgage-related securities are created from pools of residential or commercial mortgage loans, including mortgage loans made by savings and loan institutions, mortgage bankers, commercial banks and others. Asset-backed securities are created from many types of assets, including auto loans, credit card receivables, home equity loans, and student loans.

Additional information on the ETF's interest in unconsolidated structured entities, where applicable, is provided in Note 8.

Offsetting of financial assets and financial liabilities

Financial instruments are presented at net or gross amounts on the Statement of Financial Position depending on the existence of intention and legal right to offset opposite positions of such instruments held with the same counterparties. Amounts offset in the Statement of Financial Position are transactions for which the ETF has legally enforceable rights to offset and intends to settle the positions on a net basis. Amounts not offset in the Statement of Financial Position relate to transactions where a master netting arrangement or similar agreement is in place with a right to offset only in the event of default, insolvency or bankruptcy, or where the ETF has no intention of settling on a net basis. There were no master netting arrangements during the periods.

Accounting standards issued but not yet adopted

Below are accounting standards issued or amended but not yet effective and not yet adopted. The Manager does not expect the adoption of these standards or amendments to have a significant impact to the ETF's financial statements.

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments, which addresses classification and measurement, impairment and hedge accounting. The new standard requires assets to be carried at amortized cost, FVTPL or fair value through other comprehensive income based on the entity's business model for managing financial assets and the contractual cash flow characteristics of the financial asset. The classification and measurement of liabilities remains generally unchanged with the exception of liabilities recorded at FVTPL. For these liabilities, fair value changes attributable to changes in the entity's own credit risk are to be presented in other comprehensive income unless they affect amounts recorded in income.

The new standard also addresses impairment of financial assets. It also introduced a new hedge accounting model that expands the scope of eligible hedged items and risks eligible for hedge accounting, and aligns hedge accounting more closely with risk management.

The new standard is effective for the ETF for its fiscal year beginning January 1, 2018. The ETF is evaluating the impact of this standard on its financial statements.

4. Critical accounting judgements and estimates

The preparation of financial statements requires the use of judgement in applying the ETF's accounting policies and to make estimates and assumptions about the future. The following discusses the most significant accounting judgements and estimates that the ETF has made in preparing its financial statements:

Accounting judgements:

Functional and presentation currency

The ETF unitholders are mainly Canadian residents, with the subscriptions and redemptions of the redeemable units denominated in Canadian dollars. The ETF invests in Canadian and U.S. dollars and other foreign denominated securities, as applicable. The performance of the ETF is measured and reported to the investors in Canadian dollars. The Manager considers the Canadian dollar as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The financial statements are presented in Canadian dollars, which is the ETF's functional and presentation currency.

Classification of measurement of financial instruments and application of fair value option

In classifying and measuring financial instruments held by the ETF, the Manager is required to make significant judgements about whether or not the business of the ETF is to invest on a total return basis for the purpose of applying the fair value options for financial assets.

Accounting estimates:

Fair value measurement of securities not quoted in an active market

The ETF has established policies and control procedures that are intended to ensure these judgements are well controlled, independently reviewed, and consistently applied from period to period. The estimates of the value of the ETF's assets and liabilities are believed to be appropriate as at the reporting date.

The ETF may hold financial instruments that are not quoted in active markets. Note 3 discusses the policies used by the ETF for the estimates used in determining the fair value of such instruments.

5. Units and unit transactions

The redeemable units of the ETF are classified as liabilities.

The units have no par value and are entitled to distributions, if any. Upon redemption, a unit is entitled to a proportionate share of the ETF's NAV. The ETF is required to pay distributions in an amount not less than the amount necessary to ensure the ETF will not be liable for income taxes. The ETF has no restrictions or specific capital requirements on the subscriptions and redemptions of units except as disclosed in Note 8. The relevant movements in redeemable units are shown in the Statement of Changes in Net Assets Attributable to Holders of Redeemable Units. In accordance with its investment objectives and strategies, and the risk management practices outlined in Note 7, the ETF endeavours to invest the subscriptions received in appropriate investments, while maintaining sufficient liquidity to meet redemptions, with such liquidity being augmented by short-term borrowings or disposal of investments where necessary.

The ETF is authorized to issue an unlimited number of units of each class. On any trading day, a designated broker or underwriter may place a subscription or redemption order for an integral multiple of the prescribed number of units of the ETF. A trading day is each day on which the TSX is opened for business.

If the subscription or redemption order is accepted, the ETF will issue or redeem units to/from the designated broker or underwriter by no later than the third trading day after the date on which the subscription or redemption order is accepted. For each prescribed number of units issued or redeemed, a designated broker or underwriter must deliver or receive payment consisting of:

- 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 redeemed; or
- Cash in the amount equal to the NAV of the units redeemed.

On any trading day, unitholders may redeem units for cash or exchange units for baskets of securities and cash. Units redeemed for cash will be redeemed at a redemption price per unit equal to 95% of the closing price for the units on the TSX on the effective day of the redemption. Units exchanged for baskets 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.

Unitholders that redeem units prior to the distribution record date will not be entitled to receive the distribution.

The NAV per unit of a class for the purposes of subscription or redemption is computed by dividing the NAV of the ETF (that is, the total fair value of the assets attributable to the class of the ETF less the liabilities attributable to the class) by the total number of units of the class of the ETF outstanding at such time.

6. Related party transactions

(a) Management fees

The Manager is responsible for all other costs and expenses of the ETF, including the fees payable to the Custodian, Registrar and Transfer Agent and Plan Agent fees payable to other service providers, including the index providers retained by the Manager.

The ETF will pay the Manager a management fee as disclosed in Note 8 based on the NAV of the class of the 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 a portion of the management fee charged at any given time.

The Manager may agree to charge a reduced management fee it otherwise would be entitled to receive from the ETF with respect to investments in the ETF by certain unitholders. An amount equal to the difference between the fee otherwise chargeable and the reduced fee of the ETF will be distributed in cash to those unitholders as Management Fee Distributions.

(b) Other related party transactions

All expenses are recognized in the Statement of Comprehensive Income on the accrual basis.

The ETF is responsible for the costs and expenses incurred in complying with National Instruments 81-107 (including any expenses related to the implementation and on-going operation of an Independent Review Committee), brokerage expenses and commissions, income and withholding taxes as well as other applicable taxes, the costs of complying with any new governmental or regulatory requirement introduced after the date the ETF was established and extraordinary expenses.

From time to time, the Manager, may on behalf of the ETF enter into transactions or arrangements with or involving subsidiaries and affiliates of the Bank of Montreal, or certain other persons or companies that are related or connected to the Manager of the ETF. These transactions or arrangements may include transactions or arrangements with subsidiaries and affiliates of the Bank of Montreal, BMO Nesbitt Burns Inc., BMO Investments Inc., BMO Private Investment Counsel Inc., BMO InvestorLine Inc., BMO Trust Company, or other investment funds offered by BMO and may involve the purchase or sale of portfolio securities through or from a subsidiary or affiliates of Bank of Montreal, the purchase or sale of securities issued or guaranteed by a subsidiary or affiliates of Bank of Montreal, entering into forward contracts with a subsidiary or affiliates of Bank of Montreal acting as counterparty, the purchase or redemption of units of other Bank of Montreal affiliated investment funds or the provision of services to the Manager.

BMO Nesbitt Burns Inc. is one of the designated brokers that have entered into an underwriting agreement with the Manager. As a Designated Broker, under the underwriting agreement, BMO Nesbitt Burns Inc. may subscribe for and or be issued units of the ETF by the Manager from time to time.

7. Financial instruments risks

The ETF's activities expose it to a variety of risks associated with the financial instruments, as follows: market risk (including currency risk, interest rate risk and other market risk), credit risk and liquidity risk. The concentration table groups securities by asset type, geographic location and/or market segment. The ETF's risk management practice focuses on processes and strategies to minimize the tracking error between the ETF's performance and the performance of its relevant index.

(a) Currency risk

Currency risk is the risk that the value of financial instruments denominated in currencies, other than the functional currency of the ETF, will fluctuate due to changes in foreign exchange rates. Investments in foreign markets are exposed to currency risk as the prices denominated in foreign currencies are converted to the ETF's functional currency in determining fair value. The ETF may enter into forward currency contracts for hedging purposes to reduce foreign currency exposure. The ETF's exposure to currency risk, if any, is further disclosed in Note 8.

(b) Interest rate risk

Interest rate risk is the risk that the fair value of the ETF's interest-bearing investments will fluctuate due to changes in market interest rates. The ETF's exposure to interest rate risk is concentrated in its investment in debt securities (such as bonds, money market investments, short-term investments and debentures) and interest rate derivative instruments, if any. Other assets and liabilities are short-term in nature and/or non-interest bearing. The ETF's exposure to interest rate risk, if any, is further discussed in Note 8.

(c) Other market risk

Other market risk is the risk that the fair value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in a market or market segment. The Manager moderates this risk through the use of investment strategies that seek to minimize the ETF's tracking error versus a market index, within the parameters of the investment strategy. The maximum risk resulting from financial instruments is equivalent to its fair value.

The Manager monitors the ETF's overall market positions on a daily basis and positions are maintained within established ranges. Other assets and liabilities are monetary items that are short-term in nature, and as such they are not subject to other market risk. The ETF's exposure to other market risk, if any, is further discussed in Note 8.

(d) Credit risk

Credit risk is the risk that a loss could arise from a security issuer or counterparty to a financial instrument not being able to meet its financial obligations. The fair value of debt securities includes consideration of the credit worthiness of the debt issuer. Credit risk exposure for over-the-counter derivative instruments is based on the ETF's unrealized gain of the contractual obligations with the counterparty as at the reporting date. The credit exposure of other assets is represented by its carrying amount. The ETF's exposure to credit risk, if any, is further discussed in Note 8.

The ETF may enter into securities lending transactions with approved counterparties. Credit risk associated with these transactions is considered minimal as all counterparties have a sufficient approved credit rating and the market value of collateral held by the ETF must be at least 102% of the fair value of securities loaned, if any, as disclosed in Note 8.

(e) Liquidity risk

The ETF's exposure to liquidity risk is concentrated in the daily redemptions of units. Since the settlement of redemptions is primarily by delivery of securities, the ETF is not exposed to any significant liquidity risk. The ETF primarily invests in securities that are traded in active markets and can be readily disposed. In addition, the ETF retains sufficient cash and cash equivalent positions to maintain liquidity. The ETF may, from time to time, enter to over-the-counter derivative contracts or invest in unlisted securities, which are not traded in an organized market and may be illiquid. Securities for which market quotation could not be obtained and may be illiquid are identified on the Schedule of Investment Portfolio. The proportion of illiquid securities to the NAV of the ETF is monitored by the Manager to ensure it does not exceed the regulatory limit and does not significantly affect the liquidity required to meet the ETF's financial obligations.

Notes to the Financial Statements (cont'd)

(All amounts in thousands of Canadian dollars, except per unit data)
June 30, 2015

8. ETF specific information

(a) ETF information and change in units

The ETF was established on October 14, 2011. The units are listed on the TSX under the symbol ZLB.

The last close price at June 30, 2015 was $26.46 (December 31, 2014 - $25.51).

The number of units that have been issued and are outstanding are disclosed in the table below.

For the periods ended (in thousands of units)	Jun. 30, 2015	Jun. 30, 2014
Units issued and outstanding, beginning of period	14,400	7,900
Units issued	7,500	3,100
Redeemed during the period	(900)	(400)
Units issued and outstanding, end of period	**21,000**	**10,600**

(b) Reconciliation of NAV to Net Assets

As at June 30, 2015 and December 31, 2014, there were no differences between the ETF's NAV per unit and its Net Assets per unit calculated in accordance with IFRS.

(c) Increase (decrease) in net assets attributable to holders of redeemable units per unit

The increase (decrease) in net assets attributable to holders of redeemable units per unit for the periods ended June 30, 2015 and June 30, 2014 is calculated as follows:

For the periods ended	Jun. 30, 2015	Jun. 30, 2014
Increase in net assets attributable to holders of redeemable units	15,778	16,810
Weighted average units outstanding during the period	18,386	9,240
Increase in net assets attributable to holders of redeemable units per unit	0.86	1.82

(d) Income taxes

As at the tax year-ended December 2014, there were no capital and non-capital losses carried forward.

(e) Related party transactions

Management fees

The Manager is entitled to receive a management fee of 0.350% per annum of the NAV of the ETF, plus applicable taxes, accrued daily and paid quarterly in arrears.

The outstanding accrued management fees due to the Manager are included in "Accrued expenses" in the Statement of Financial Position and for the period ended June 30, 2015 amounted to $538 (December 31, 2014 - $323).

Brokerage commissions

Brokerage commissions paid (excluding transaction costs) on security transactions and amounts paid to related parties of the Manager for brokerage services provided to the ETF for the periods are as follows:

For the periods ended	Jun. 30, 2015 ($)	Jun. 30, 2014 ($)
Total brokerage amounts paid	30	7
Total brokerage amounts paid to related parties	2	7

There were no ascertainable soft dollars paid or payable to dealers by the ETF during the periods.

(f) Financial instruments risks

The investment strategy of the ETF is to provide exposure to the performance of a portfolio of Canadian equities with the potential for long term capital growth. Securities will be selected from 100 of the largest and most liquid securities in Canada. The 40 securities that have the lowest 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 one year beta, although any investment in a single issuer will be made only in accordance with applicable Canadian securities legislation.

No changes affecting the overall level of risk of investing in the ETF were made during the period.

Currency risk

As at June 30, 2015 and December 31, 2014, the ETF did not have any significant exposure to currency risk as it invested fully in Canadian securities.

Interest rate risk

As at June 30, 2015 and December 31, 2014, the ETF did not have any significant exposure to interest rate risk.

Notes to the Financial Statements (cont'd)

(All amounts in thousands of Canadian dollars, except per unit data)
June 30, 2015

Other market risk

The ETF has a significant exposure to other market risk arising from its investment in equity securities. Using historical correlation between the ETF's return and the return of its Benchmark, if the Benchmark, S&P/TSX Capped Composite Index, had increased or decreased by 10%, with all other variables held constant, the Net Assets of the ETF would have increased or decreased, respectively, by $30,179 (December 31, 2014 - $18,318). Historical correlation may not be representative of future correlation, and accordingly, actual results may differ and the difference could be material.

Credit risk

As at June 30, 2015 and December 31, 2014, the ETF did not have any significant exposure to credit risk.

Securities lending

The ETF had assets involved in securities lending transactions outstanding as at June 30, 2015 and December 31, 2014 as follows:

	Aggregate Value of Securities on Loan ($)	Aggregate Value of Collateral Received for the Loan ($)
Jun. 30, 2015	34,831	36,581
Dec. 31, 2014	—	—

There were no assets involved in securities lending transactions as at December 31, 2014.

Concentration risk

The following is a summary of the ETF's concentration risk:

As at	Jun. 30, 2015	Dec. 31, 2014
Equities		
Consumer Discretionary	12.8%	10.9%
Consumer Staples	17.8%	19.3%
Energy	11.2%	15.4%
Financials	23.4%	20.9%
Health Care	3.5%	3.4%
Industrials	1.8%	1.5%
Information Technology	5.3%	4.9%
Materials	3.4%	4.4%
Telecommunication Services	8.5%	9.4%
Utilities	12.2%	9.4%
Other Assets Less Liabilities	0.1%	0.5%
	100.0%	100.0%

(g) Financial assets and financial liabilities

Categories of financial assets and financial liabilities

The table below shows the categories of financial assets and financial liabilities:

As at	Jun. 30, 2015	Dec. 31, 2014
Financial assets designated at FVTPL	554,754	365,784
Loans and receivables	1,543	3,423
Financial liabilities measured at amortized cost	3,479	4,650

Net gains and losses on financial assets and financial liabilities at fair value

For the periods ended	Jun. 30, 2015	Jun. 30, 2014
Net realized gains (losses) on financial assets		
Designated at FVTPL	20,952	6,327
	20,952	6,327
Total net realized gains (losses) on financial assets and financial liabilities	20,952	6,327
Change in unrealized gains (losses) on financial assets		
Designated at FVTPL	(4,198)	10,874
	(4,198)	10,874
Total change in net unrealized gains (losses) on financial assets and financial liabilities	(4,198)	10,874

(h) Fair value hierarchy

The ETF classifies its financial instruments into three levels based on the inputs used to value the financial instruments. Level 1 securities are valued based on quoted prices in active markets for identical securities. Level 2 securities are valued based on significant observable market inputs, such as quoted prices from similar securities and quoted prices in inactive markets or based on observable inputs to models. Level 3 securities are valued based on significant unobservable inputs that reflect the Manager's determination of assumptions that market participants might reasonably use in valuing the securities. The tables below show the relevant disclosure.

As at Jun. 30, 2015

Financial assets	Level 1	Level 2	Level 3	Total
Equity Securities	554,754	—	—	554,754

As at Dec. 31, 2014

Financial assets	Level 1	Level 2	Level 3	Total
Equity Securities	365,784	—	—	365,784

Transfers between levels

There were no transfers between the levels during the periods.

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