

SEMI-ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

BMO S&P 500 Index ETF (ZSP/ZSP.U) (the "ETF")

For the six-month period ended June 30, 2017 (the "Period")

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

Management Discussion of Fund Performance

Results of Operations

As this ETF has two classes, the performance of each class is measured against separate benchmarks. The Canadian dollar class of the ETF returned 5.39% versus the S&P 500 Index (CAD) (the "CAD Benchmark") return of 5.89%. The difference in the performance of the Canadian dollar class of the ETF relative to the CAD Benchmark during the Period (-0.50%) resulted from the payment of management fees (-0.04%), and the impact of sampling and certain other factors (-0.46%), which may have included timing differences versus the Index, and market volatility.

The U.S. dollar class of the ETF returned 9.12% versus the S&P 500 Index (USD) (the "USD Benchmark") return of 9.34%. The difference in the performance of the U.S. dollar class of the ETF relative to the USD Benchmark during the Period (-0.22%) resulted from the payment of management fees (-0.04%), and the impact of sampling and certain other factors (-0.18%), which may have included timing differences versus the Index, and market volatility.

The change in total net asset value during the Period from approximately \$3,115 million to approximately \$3,813 million had no impact to the performance of the ETF.

Market Conditions

During the Period, expectations of pro-growth policy from President Trump's administration, as well as continued strong earnings growth drove the market higher. The S&P 500 Index and the Dow Jones Industrial Average Index were both up approximately 9.3% (in local currency terms), while the NASDAQ-100 Index, with its high exposure to growth sensitive technology exposure rose over 14% (in local currency terms).

The ETF's exposure to the Information Technology and Health Care sectors contributed the most to performance, while the Energy sector detracted from performance.

Significant individual contributors to performance were Apple Inc., Amazon.com Inc. and Facebook Inc. Individual detractors to performance included General Electric, Exxon Mobil Corp. and Verizon Communications Inc. For the CAD listed units, the ETF's exposure to the U.S. dollar also detracted from performance, as the Canadian dollar appreciated relative to the U.S. dollar during the Period.

Recent Developments

The portfolio manager believes that U.S. equities should continue to perform well in 2017. President Trump's pro-growth tax reform and infrastructure spending should provide stronger economic growth to the U.S. economy. U.S. equities have had a strong start to 2017, reflecting the continued improvement in macro-economic conditions, and the economy's slow but sustained economic growth. Factors that may affect the equity market going forward include the pace of interest rate increases from the U.S. Federal Reserve Board, as well as changes in the unemployment and inflation rates.

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



Exchange Traded Funds

BMO S&P 500 Index ETF

Related Party Transactions

The Manager, an indirect, wholly-owned subsidiary of Bank of Montreal (“BMO”), is the portfolio manager, trustee and promoter of the ETF. From time to time, the Manager may, on behalf of the ETF, enter into transactions or arrangements with or involving other members of BMO Financial Group, or certain other persons or companies that are related or connected to the Manager (each a “Related Party”). The purpose of this section is to provide a brief description of any transactions involving the ETF and a Related Party.

Designated Broker

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

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

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 maximum annual rate set out in the table below.

Ticker	Maximum Annual Management Fee Rate %
ZSP	0.08
ZSP.U	0.08

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 was as follows:

	2017	2016
Total brokerage commissions	\$ 909	8,092
Brokerage commissions paid to BMO Nesbitt Burns Inc.	\$ —	4,859

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	Period ended Jun. 30, 2017	Financial years ended Dec. 31				
		2016	2015	2014	2013	2012 ⁽⁵⁾
Net assets, beginning of period	\$ 33.07	31.17	26.36	21.64	15.64	15.00
Increase (decrease) from operations						
Total revenue	\$ 0.36	0.69	0.62	0.49	0.36	0.07
Total expenses ⁽²⁾	\$ (0.07)	(0.13)	(0.14)	(0.10)	(0.03)	—
Realized gains (losses) for the period	\$ 0.82	2.02	1.89	0.40	0.25	(0.04)
Unrealized gains (losses) for the period	\$ 0.65	0.19	2.86	4.68	5.25	0.77
Total increase (decrease) from operations⁽³⁾	\$ 1.76	2.77	5.23	5.47	5.83	0.80
Distributions						
From income (excluding dividends)	\$ —	—	—	0.00	—	—
From dividends	\$ 0.28	0.59	0.57	0.38	0.26	0.01
From capital gains	\$ —	—	0.08	0.00	—	—
Return of capital	\$ 0.01	0.02	0.02	0.01	0.07	—
Total Annual Distributions⁽⁴⁾	\$ 0.29	0.61	0.67	0.39	0.33	0.01
Net assets, end of period	\$ 34.57	33.07	31.17	26.36	21.64	15.64

Listed USD Units [†]	Period ended Jun. 30, 2017	Financial years ended Dec. 31				
		2016	2015	2014	2013	2012 ⁽⁵⁾
Net assets, beginning of period	\$ 24.71	22.61	22.77	20.46	15.82	15.00
Increase (decrease) from operations						
Total revenue	\$ 0.27	0.52	0.47	0.45	0.37	0.04
Total expenses ⁽²⁾	\$ (0.02)	(0.08)	(0.09)	(0.09)	(0.03)	—
Realized gains (losses) for the period	\$ 0.58	1.53	1.52	0.36	0.12	0.04
Unrealized gains (losses) for the period	\$ 0.25	(0.03)	2.17	4.08	5.66	0.32
Total increase (decrease) from operations⁽³⁾	\$ 1.08	1.94	4.07	4.80	6.12	0.40
Distributions						
From income (excluding dividends)	\$ —	—	—	0.00	—	—
From dividends	\$ 0.21	0.45	0.40	0.37	0.30	—
From capital gains	\$ —	—	0.05	0.03	—	—
Return of capital	\$ 0.01	0.02	0.02	0.01	0.02	0.02
Total Annual Distributions⁽⁴⁾	\$ 0.22	0.47	0.47	0.41	0.32	0.02
Net assets, end of period	\$ 26.75	24.71	22.61	22.77	20.46	15.82

BMO S&P 500 Index ETF

Institutional Units	Period ended Jun. 30, 2017	Financial years ended Dec. 31			
		2016	2015	2014 ⁽⁶⁾	
Net assets, beginning of period	\$ 34.77	32.00	26.63	21.55	
Increase (decrease) from operations					
Total revenue	\$ 0.36	0.65	0.49	0.33	
Total expenses	\$ —	—	(0.02)	(0.00)	
Realized gains (losses) for the period	\$ 0.86	2.10	1.93	0.37	
Unrealized gains (losses) for the period	\$ 0.59	0.02	2.97	4.38	
Total increase (decrease) from operations⁽³⁾	\$ 1.81	2.77	5.37	5.08	
Distributions					
From income (excluding dividends)	\$ —	—	—	—	
From dividends	\$ —	—	—	—	
From capital gains	\$ —	—	—	—	
Return of capital	\$ —	—	—	—	
Total Annual Distributions⁽⁴⁾	\$ —	—	—	—	
Net assets, end of period	\$ 36.58	34.77	32.00	26.63	

[†] Amounts stated in U.S. dollars.

⁽¹⁾ This information is derived from the ETF's unaudited and audited financial statements. The financial information presented for the periods ended June 30, 2017, December 31, 2016, December 31, 2015, December 31, 2014 and December 31, 2013 is derived from the financial statements determined in accordance with IFRS. Information for years prior to January 1, 2013 is derived from prior period financial statements prepared in accordance with Canadian GAAP.

⁽²⁾ Prior to 2013, withholding taxes were not included in expenses as they were included in revenue.

⁽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. The allocation of the distributions from each of income, dividends, capital gains and return of capital is based on the Manager's estimate as at June 30 of the period shown, which is the ETF's semi-annual period end. However, actual allocation of distributions is determined as at December 15, the ETF's tax year-end. Accordingly, the actual allocation among income, dividends, capital gains and return of capital may differ from these estimates.

⁽⁵⁾ The information shown in this column is for the period beginning November 1, 2012 (the ETF's establishment date) and ending December 31, 2012.

⁽⁶⁾ The information shown in this column is for the period beginning February 10, 2014 (the ETF's establishment date) and ending December 31, 2014.

Ratios and Supplemental Data

Listed CAD Units	Period ended Jun. 30, 2017	Financial years ended Dec. 31				
		2016	2015	2014	2013	2012 ⁽⁵⁾
Total net asset value (000's) ⁽¹⁾	\$ 3,555,466	2,931,965	2,419,299	2,029,792	771,024	4,692
Number of units						
outstanding (000's) ⁽¹⁾	102,851	88,651	77,622	77,011	35,634	300
Management expense ratio ⁽²⁾	% 0.09	0.10	0.11	0.13	0.17	0.17
Management expense ratio						
before waivers or absorptions ⁽²⁾	% 0.09	0.10	0.11	0.13	0.17	0.17
Trading expense ratio ⁽³⁾	% 0.00	0.00	0.00	0.00	—	—
Portfolio turnover rate ⁽⁴⁾	% 10.88	31.90	26.07	26.24	51.55	0.35
Net asset value per unit	\$ 34.57	33.07	31.17	26.36	21.64	15.64
Closing market price	\$ 34.58	33.11	31.19	26.36	21.66	15.51

Listed USD Units	Period ended Jun. 30, 2017	Financial years ended Dec. 31					
		2016	2015	2014	2013	2012 ⁽⁵⁾	
Total net asset value (000's) ^{(1)†}	\$ 257,317	183,099	166,371	95,731	59,079	13,375	
Number of units							
outstanding (000's) ⁽¹⁾	7,418	5,518	5,318	3,618	2,718	850	
Management expense ratio ⁽²⁾	% 0.09	0.10	0.11	0.13	0.17	0.17	
Management expense ratio							
before waivers or absorptions ⁽²⁾	% 0.09	0.10	0.11	0.13	0.17	0.17	
Trading expense ratio ⁽³⁾	% 0.00	0.00	0.00	0.00	—	—	
Portfolio turnover rate ⁽⁴⁾	% 10.88	31.90	26.07	26.24	51.55	0.35	
Net asset value per unit [†]	\$ 26.75	24.71	22.61	22.77	20.46	15.82	
Closing market price [†]	\$ 26.77	24.76	22.90	23.00	20.46	15.78	

Institutional Units	Period ended Jun. 30, 2017	Financial years ended Dec. 31		
		2016	2015	2014 ⁽⁶⁾
Total net asset value (000's) ⁽¹⁾	\$ 0	0	0	0
Number of units outstanding (000's) ⁽¹⁾	0	0	0	0
Management expense ratio [*]	% —*	—*	—*	—*
Management expense ratio before waivers or absorptions [*]	% —*	—*	—*	—*
Trading expense ratio ⁽³⁾	% 0.00	0.00	0.00	0.00
Portfolio turnover rate ⁽⁴⁾	% 10.88	31.90	26.07	26.24
Net asset value per unit	\$ 36.58	34.77	32.00	26.63

^{*} Management fees are paid directly to the Manager as negotiated with the investor.

[†] Amounts stated in U.S. dollars.

⁽¹⁾ This information is provided as at June 30 or December 31 of the period shown, as applicable.

⁽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. For the financial periods ended December 31, 2013 and December 31, 2012, no commissions or other portfolio transaction costs were incurred by the ETF. As a result, the trading expense ratio for these periods was zero.

⁽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 shown in this column is for the period beginning November 1, 2012 (the ETF's establishment date) and ending December 31, 2012.

⁽⁶⁾ The information shown in this column is for the period beginning February 10, 2014 (the ETF's establishment date) and ending December 31, 2014.

Past Performance

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

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

On May 1, 2014, the ETF reduced its maximum annual management fee from 0.15% to 0.10%.

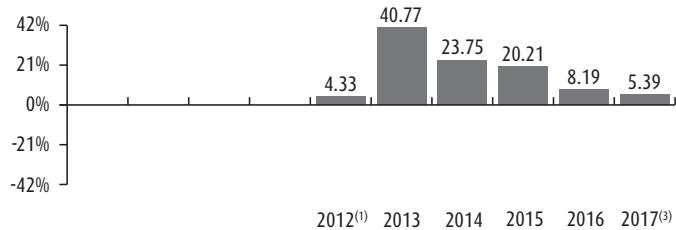
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On June 22, 2016, the ETF reduced its maximum annual management fee from 0.10% to 0.08%. These changes could have affected the performance of the ETF, had they been in effect throughout the performance measurement periods presented.

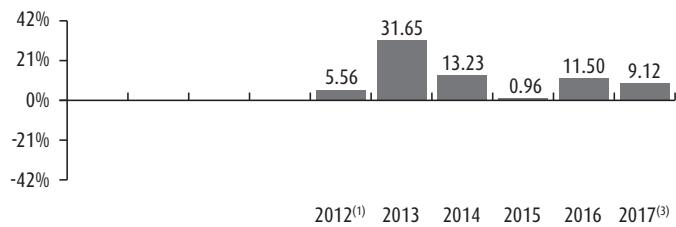
Year-by-Year Returns

The following bar charts show the performance of the ETF for each of the financial years shown. 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.

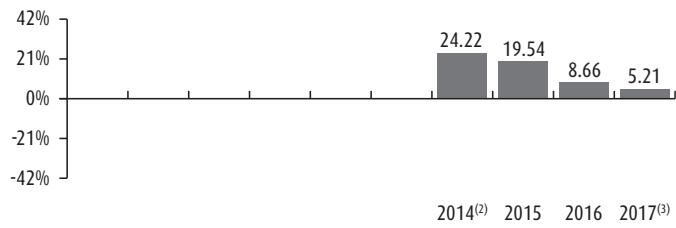
Listed CAD Units



Listed USD Units



Institutional Units



⁽¹⁾ Return from November 14, 2012 to December 31, 2012.

⁽²⁾ Return from January 3, 2014 to December 31, 2014.

⁽³⁾ For the six-month period ended June 30, 2017.

Summary of Investment Portfolio

As at June 30, 2017

Portfolio Allocation	% of Net Asset Value
Information Technology	22.3
Health Care	14.5
Financials	14.5
Consumer Discretionary	12.2
Industrials	10.2
Consumer Staples	9.1
Energy	6.0
Utilities	3.2
Real Estate	2.9
Materials	2.8
Telecommunication Services	2.2
Cash/Receivables/Payables	0.1
Total Portfolio Allocation	100.0

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Top 25 Holdings	% of Net Asset Value
Apple Inc.	3.6
Alphabet, Inc.	2.6
Microsoft Corporation	2.6
Amazon.com, Inc.	1.9
Facebook, Inc.	1.7
Johnson & Johnson	1.7
Exxon Mobil Corporation	1.6
JPMorgan Chase & Co.	1.6
Berkshire Hathaway Inc., Class B	1.6
Wells Fargo & Company	1.2
Bank of America Corporation	1.2
General Electric Company	1.1
AT&T Inc.	1.1
Procter & Gamble Company, The,	1.1
Pfizer Inc.	1.0
Chevron Corporation	1.0
Comcast Corporation, Class A	0.9
Citigroup Inc.	0.9
Home Depot, Inc., The,	0.9
Verizon Communications Inc.	0.9
Philip Morris International Inc.	0.9
UnitedHealth Group Incorporated	0.9
Merck & Co., Inc.	0.8
Visa Inc., Class A	0.8
Coca-Cola Company, The	0.8
Top Holdings as a Percentage of Total Net Asset Value	34.4
Total Net Asset Value	\$3,812,783,040

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

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

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

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