

# BMO Canadian Equity ETF Fund (the "Fund")

For the six-month period ended March 31, 2017 (the "Period")

Manager: BMO Investments Inc. (the "Manager" or "BMOI")

Portfolio manager: BMO Asset Management Inc., Toronto, Ontario (the "portfolio manager")

## 2017 Semi-Annual Management Report of Fund Performance

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 Fund. If the semi-annual financial statements of the Fund 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 1-800-665-7700 and 1-800-668-7327, by writing to us at BMO Investments Inc., First Canadian Place, 100 King Street West, 43rd Floor, Toronto, Ontario, M5X 1A1 or by visiting our website at [www.bmo.com/mutualfunds](http://www.bmo.com/mutualfunds) and [www.bmo.com/gam/ca](http://www.bmo.com/gam/ca) or SEDAR at [www.sedar.com](http://www.sedar.com). You may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record and/or quarterly portfolio disclosure.

### MANAGEMENT DISCUSSION OF FUND PERFORMANCE

#### Results of Operations

During the Period, the Fund's total net asset value changed from approximately \$336 million to approximately \$357 million. Series A units of the Fund returned 6.42%. Please see the *Past Performance* section for information on the performance returns of the Fund's other series.

During the Period, the performance of the S&P/TSX Capped Composite Index was uneven across sectors, but Canadian equities did manage to post gains of 7.1% over the first quarter of 2017. The result of the U.S. presidential election revived the trend of global reflation and drove interest rates higher. However, interest rates remained unchanged since early December of 2016, as much of the anticipated U.S. Federal Reserve Board's ("Fed") interest rate increases had already been priced into the market, and there was growing uncertainty about the content and timing of reforms by the new U.S. administration. Nevertheless, the Financials sector registered double-digit gains amid higher interest rates, solid loan growth and expense control. Also, non-domestic operations, for banks with an international footprint, continued to deliver good results. The Energy sector posted a small gain as market concerns about rising U.S. drilling activity and compliance with the quotas led to a correction in oil prices to below US\$50 per barrel. In addition, Materials stocks had mixed performance as, even after a rebound in gold prices in 2017, the sell-off in precious metals at the end of 2016 resulted in underperformance from gold.

Exposure to the Financials, Industrials and Consumer Discretionary sectors contributed most to the Fund's performance. The top individual contributors included

holdings in Royal Bank of Canada, The Toronto-Dominion Bank and Bank of Nova Scotia, which all benefited from strong financial sector performance.

Allocations to the Health Care and Materials sectors detracted from performance as these were the only two sectors to post negative returns. The Fund's position in Valeant Pharmaceuticals International Inc. was the largest individual detractor after its stock declined 54% over the Period, resulting in an impact of -0.3% to Fund performance.

The Manager confirms that the Fund did not borrow money during the Period.

*For information on the Fund's performance and composition, please refer to the Past Performance section and Summary of Investment Portfolio section of this report.*

#### Recent Developments

Despite interest rate increases by the Fed and market expectations of higher interest rates in Europe, the portfolio manager believes that central banks will likely maintain accommodative monetary policy, particularly if economic data show any signs of weakness. Meanwhile, there are expectations of some fiscal stimulus in the U.S. under the new administration, which should support business and consumer confidence, and bolster economic growth. Modestly rising global oil demand and oil production cuts by a number of countries should support oil prices and Canadian equities. In addition, the portfolio manager expects a benign outcome in upcoming European elections, which should revive

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investor risk appetite for stocks in Europe and globally. The portfolio manager will continue to be fully invested across a diverse array of sectors and industries, as reflected in the benchmark, to strive to deliver index-like returns.

## Subsequent Event

### *Multi-Series Structure Change*

Effective April 24, 2017, in addition to the types of units currently available for sale to investors, the Manager began offering Series F units. Series F units are available to investors who are enrolled in a dealer sponsored wrap program of flat fee accounts. Series F units may only be purchased through dealers who have entered into an F Series Agreement with the Manager.

### *Management Fee Change*

Effective April 24, 2017, the management fee on Series A units was lowered from 0.85% to 0.75% and on Series D units from 0.60% to 0.50%.

## RELATED PARTY TRANSACTIONS

BMO Investments Inc., an indirect, wholly-owned subsidiary of Bank of Montreal (“BMO”), is the Manager of the Fund. From time to time, the Manager may, on behalf of the Fund, 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 transaction involving the Fund and a Related Party.

## Portfolio Manager

The Fund’s portfolio manager is BMO Asset Management Inc. (“BMOAM”), an affiliate of the Manager. BMOAM provides portfolio management services to the Fund. BMOAM receives from the Fund a management fee based on assets under management, calculated daily and payable monthly.

## Administration Fees and Operating Expenses

The Fund pays a fixed administration fee to the Manager in respect of each series other than Series I. The Manager in return pays the operating expenses of these series of the Fund, other than certain specified expenses that are paid directly by the Fund (“Fund Expenses”). Fund Expenses include interest or other borrowing expenses, costs and expenses related to the operation of the Fund’s Independent Review Committee (“IRC”), including fees and expenses of IRC members, taxes to which the Fund is or might be subject, and costs associated with compliance with any new governmental or regulatory requirement introduced after

December 1, 2007 (e.g., cost associated with the production of fund facts, filed in compliance with the relevant amendments to NI 81-101). Fund Expenses are allocated proportionately among the relevant series. If the Fund Expenses are specific to a series, the Fund Expenses are allocated to that series. The fixed administration fee is calculated as a fixed annual percentage of the average net asset value of each relevant series of the Fund. Separate fees and expenses are negotiated and paid by each Series I investor. Further details about the fixed administration fee and/or Fund Expenses can be found in the Fund’s most recent simplified prospectus at [www.bmo.com/mutualfunds](http://www.bmo.com/mutualfunds) and [www.bmo.com/gam/ca](http://www.bmo.com/gam/ca) or [www.sedar.com](http://www.sedar.com).

## Distribution Services

The Manager markets and distributes the Fund through Bank of Montreal branches and/or (depending on the series) through registered dealers and brokers, including BMO InvestorLine Inc. and BMO Nesbitt Burns Inc., both affiliates of the Manager. The Manager pays to these affiliates a service fee called a “trailing commission” based on the average daily value of the units and/or shares that are held in investor accounts. This service fee is paid monthly or quarterly and varies by purchase option and by series.

## Management Fees

The Manager is responsible for the day-to-day management of the business and operations of the Fund. The Manager monitors and evaluates the Fund’s performance, pays for the investment advice provided by the Fund’s portfolio manager and provides certain administrative services required by the Fund. As compensation for its services, the Manager is entitled to receive a management fee payable monthly, calculated based on the daily net asset value of each series of the Fund at the maximum annual rate set out in the table below.

	Maximum Annual Management Fee Rate* %	As a Percentage of Management Fees	
		Dealer Compensation %	General Administration, Investment Advice and Profit %
Series A Units	0.85	51	49
Series D Units	0.60	4	96
Series I Units	—	—	—

\* For Series I Units, separate Series I fees are negotiated and paid by each Series I investor. Since the Manager pays no distribution, service or trailing fees on Series I Units, the combined management and administrative fees for Series I Units will not exceed the management fee charged for Series A Units.

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## FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the periods indicated.

### The Fund's Net Assets per Unit <sup>(1)</sup>

#### Series A Units

	Period ended		Periods ended Sep. 30			
	Mar. 31	2016	2015	2014	2013	2012
	2017					
Net assets, beginning of period	\$ 30.93	28.42	31.87	27.39	26.09	24.69
<b>Increase (decrease)</b>						
<b>from operations:</b>						
Total revenue	\$ 0.44	0.93	1.10	0.91	0.69	0.68
Total expenses <sup>(2)</sup>	\$ -0.16	-0.29	-0.31	-0.28	-0.24	-0.23
Realized gains (losses)						
for the period	\$ 0.31	0.19	0.60	0.36	0.02	-0.12
Unrealized gains (losses)						
for the period	\$ 1.37	2.67	-4.12	4.17	1.13	1.47
<b>Total increase (decrease)</b>						
<b>from operations <sup>(3)</sup></b>	\$ 1.96	3.50	-2.73	5.16	1.60	1.80
<b>Distributions:</b>						
From income						
(excluding dividends)	\$ —	—	—	—	—	—
From dividends	\$ 0.62	0.60	0.53	0.59	0.28	0.36
From capital gains	\$ —	0.37	0.06	—	—	0.05
Return of capital	\$ 0.01	0.04	0.01	0.02	0.04	—
<b>Total Annual Distributions <sup>(4)</sup></b>	\$ 0.63	1.01	0.60	0.61	0.32	0.41
<b>Net assets, end of period</b>	\$ 32.27	30.93	28.42	31.87	27.36	26.09

#### Series D Units

	Period ended		Periods ended Sep. 30	
	Mar. 31	2016	2015	2014 <sup>(5)</sup>
	2017			
Net assets, beginning of period	\$ 10.41	9.50	10.57	10.00 <sup>*</sup>
<b>Increase (decrease)</b>				
<b>from operations:</b>				
Total revenue	\$ 0.15	0.33	0.39	0.19
Total expenses <sup>(2)</sup>	\$ -0.04	-0.07	-0.07	-0.04
Realized gains (losses)				
for the period	\$ 0.11	0.06	0.21	0.06
Unrealized gains (losses)				
for the period	\$ 0.43	1.16	-1.64	-0.05
<b>Total increase (decrease)</b>				
<b>from operations <sup>(3)</sup></b>	\$ 0.65	1.48	-1.11	0.16
<b>Distributions:</b>				
From income				
(excluding dividends)	\$ —	—	—	—
From dividends	\$ 0.23	0.20	0.14	—
From capital gains	\$ —	0.09	0.01	—
Return of capital	\$ 0.00	0.01	0.00	—
<b>Total Annual Distributions <sup>(4)</sup></b>	\$ 0.23	0.30	0.15	—
<b>Net assets, end of period</b>	\$ 10.86	10.41	9.50	10.57

## Series I Units

	Period ended		Periods ended Sep. 30			
	Mar. 31	2016	2015	2014	2013	2012
	2017					
Net assets, beginning of period	\$ 1.95	1.79	2.01	1.73	1.65	1.62
<b>Increase (decrease)</b>						
<b>from operations:</b>						
Total revenue	\$ 0.03	0.06	0.07	0.06	0.05	0.05
Total expenses <sup>(2)</sup>	\$ 0.00	0.00	0.00	0.00	0.00	0.00
Realized gains (losses)						
for the period	\$ 0.02	0.01	0.04	0.02	0.00	-0.01
Unrealized gains (losses)						
for the period	\$ 0.08	0.17	-0.27	0.26	0.07	0.09
<b>Total increase (decrease)</b>						
<b>from operations <sup>(3)</sup></b>	\$ 0.13	0.24	-0.16	0.34	0.12	0.13
<b>Distributions:</b>						
From income						
(excluding dividends)	\$ 0.00	0.00	0.00	0.01	0.00	0.00
From dividends	\$ 0.06	0.06	0.05	0.05	0.04	0.05
From capital gains	\$ —	0.03	0.01	—	—	0.05
Return of capital	\$ 0.00	0.00	0.00	0.00	0.01	—
<b>Total Annual Distributions <sup>(4)</sup></b>	\$ 0.06	0.09	0.06	0.06	0.05	0.10
<b>Net assets, end of period</b>	\$ 2.02	1.95	1.79	2.01	1.73	1.65

\* Initial net assets.

<sup>(1)</sup> This information is derived from the Fund's unaudited and audited financial statements. The financial information presented for the periods ended March 31, 2017, September 30, 2016, September 30, 2015 and September 30, 2014 is derived from the financial statements determined in accordance with IFRS. Information for periods prior to October 1, 2013 is derived from prior period financial statements prepared in accordance with Canadian GAAP.

<sup>(2)</sup> Includes commissions and other portfolio transaction costs. Prior to October 1, 2013, withholding taxes were not included in expenses as they were included in revenue.

<sup>(3)</sup> 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.

<sup>(4)</sup> Distributions were either paid in cash or reinvested in additional units of the Fund, 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 September 30 of the period shown, which is the Fund's financial year-end. However, the actual allocation of distributions is determined as at December 15, the Fund's tax year-end. Accordingly, the actual allocation among income, dividends, capital gains and return of capital may differ from these estimates.

<sup>(5)</sup> The information shown in this column is for the period beginning April 8, 2014 (the series' launch date) and ending September 30, 2014.

## Ratios and Supplemental Data

### Series A Units

	Period ended		Periods ended Sep. 30			
	Mar. 31	2016	2015	2014	2013	2012
	2017					
Total net asset value (000's) <sup>(1)</sup>	\$ 346,797	327,005	314,607	384,639	357,591	379,594
Number of units						
outstanding (000's) <sup>(1)</sup>	10,746	10,572	11,069	12,068	13,053	14,534
Management expense ratio <sup>(2)</sup>	% 1.05	1.05	1.05	1.05	1.05	1.05
Management expense ratio						
before waivers or absorptions	% 1.05	1.05	1.05	1.05	1.05	1.05
Trading expense ratio <sup>(3)</sup>	% 0.01	0.01	0.01	0.01	0.01	0.01
Portfolio turnover rate <sup>(4)</sup>	% 6.36	5.28	6.25	1.45	1.58	2.28
Net asset value per unit	\$ 32.27	30.93	28.42	31.87	27.39	26.12

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## Series D Units

	Period ended		Periods ended Sep. 30	
	Mar. 31 2017	2016	2015	2014 <sup>(3)</sup>
Total net asset value (000's) <sup>(1)</sup>	\$ 1,698	1,305	778	526
Number of units				
outstanding (000's) <sup>(1)</sup>	156	125	82	50
Management expense ratio <sup>(2)</sup>	% 0.78	0.78	0.79	0.80
Management expense ratio				
before waivers or absorptions	% 0.78	0.78	0.79	0.85
Trading expense ratio <sup>(3)</sup>	% 0.01	0.01	0.01	0.01
Portfolio turnover rate <sup>(4)</sup>	% 6.36	5.28	6.25	1.45
Net asset value per unit	\$ 10.86	10.41	9.50	10.57

## Series I Units

	Period ended		Periods ended Sep. 30			
	Mar. 31 2017	2016	2015	2014	2013	2012
Total net asset value (000's) <sup>(1)</sup>	\$ 8,723	8,185	7,490	8,476	7,535	7,827
Number of units						
outstanding (000's) <sup>(1)</sup>	4,312	4,205	4,177	4,213	4,359	4,724
Management expense ratio <sup>+</sup>	% —	—	—	—	0.00	—
Management expense ratio						
before waivers or absorptions <sup>+</sup>	% —	—	—	—	0.16	0.16
Trading expense ratio <sup>(3)</sup>	% 0.01	0.01	0.01	0.01	0.01	0.01
Portfolio turnover rate <sup>(4)</sup>	% 6.36	5.28	6.25	1.45	1.58	2.28
Net asset value per unit	\$ 2.02	1.95	1.79	2.01	1.73	1.66

+ Operating expenses are paid by BMOII and management fees are paid directly to BMOII as negotiated with the investor.

<sup>(1)</sup> This information is provided as at March 31 or September 30 of the period shown, as applicable.

<sup>(2)</sup> 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.

<sup>(3)</sup> 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.

<sup>(4)</sup> The Fund's portfolio turnover rate indicates how actively the Fund's portfolio manager manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a fund's portfolio turnover rate in a year, the greater the trading costs payable by the fund 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 a fund.

<sup>(5)</sup> The information shown in this column is for the period beginning April 8, 2014 (the series' launch date) and ending September 30, 2014.

## PAST PERFORMANCE

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

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 Fund has performed in the past does not indicate how it will perform in the future.

The returns of each series may differ from one another for a number of reasons, including if the series was not issued and outstanding for the entire reporting period and because of the different levels of management fees and expenses allocated and payable by each series.

On September 17, 2010, the Fund changed its investment objective and strategies to permit it to replicate the performance of one or more exchange traded funds that invest primarily in Canadian equities. In addition, the Fund tracked the Dow Jones Canada Titans 60 Index instead of the S&P/TSX Composite Total Return Index.

On September 21, 2012, the Fund changed its investment strategies to track the S&P/TSX Capped Composite Index instead of the Dow Jones Canada Titans 60 Index.

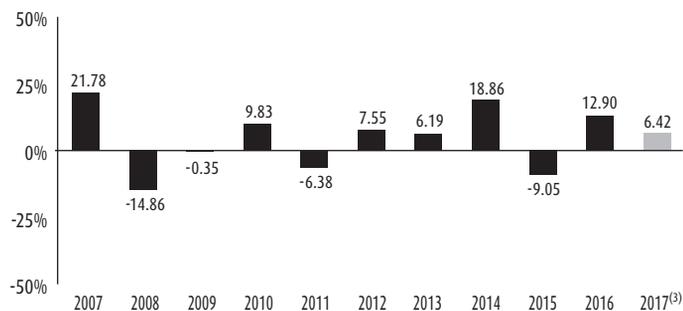
These changes could have affected the performance of the Fund had they been in effect throughout the performance measurement periods presented.

# BMO Canadian Equity ETF Fund

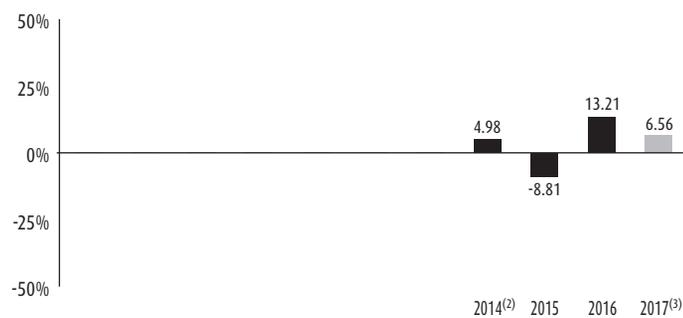
## Year-by-Year Returns

The following bar charts show the performance of each series of the Fund for each of the financial years shown and for the six-month period ended March 31, 2017. The charts show in percentage terms how an investment made on the first day of each financial year would have increased or decreased by the last day of each financial year.

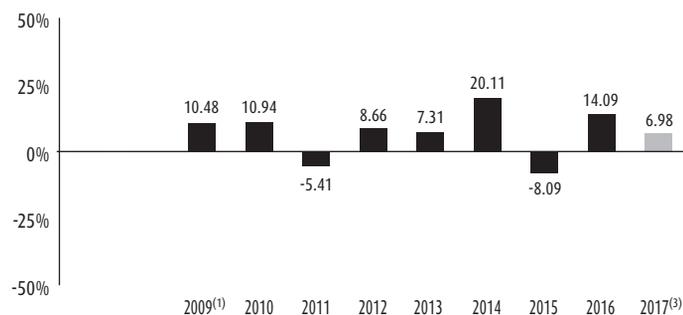
### Series A Units



### Series D Units



### Series I Units



<sup>(1)</sup> For the period beginning July 17, 2009 to September 30, 2009.

<sup>(2)</sup> For the period beginning April 8, 2014 to September 30, 2014.

<sup>(3)</sup> For the six-month period ended March 31, 2017.

# BMO Canadian Equity ETF Fund

## SUMMARY OF INVESTMENT PORTFOLIO

As at March 31, 2017

<b>Portfolio Allocation</b>	<b>% of Net Asset Value</b>	<b>Top 25 Holdings<sup>+</sup></b>	<b>% of Net Asset Value</b>
Financials	33.0	<b>Issuer</b>	
Energy	20.4	Royal Bank of Canada	6.5
Materials	11.6	Toronto-Dominion Bank, The,	5.7
Industrials	8.6	Bank of Nova Scotia, The,	4.3
Consumer Discretionary	4.9	Enbridge Inc.	4.1
Telecommunication Services	4.5	Canadian National Railway Company	3.4
Consumer Staples	3.6	Suncor Energy Inc.	3.1
Money Market Investments	3.4	Bank of Montreal	2.9
Utilities	2.9	TransCanada Corporation	2.4
Real Estate	2.9	BCE Inc.	2.4
Information Technology	2.7	Canadian Natural Resources Limited	2.2
Cash/Receivables/Payables	0.9	Manulife Financial Corporation	2.1
Health Care	0.6	Canadian Imperial Bank of Commerce	2.1
<b>Total Portfolio Allocation</b>	<b>100.0</b>	Brookfield Asset Management Inc., Class A	1.9
		Sun Life Financial Inc.	1.4
		Barrick Gold Corporation	1.3
		Canadian Pacific Railway Limited	1.3
		TELUS Corporation	1.2
		Alimentation Couche-Tard Inc., Class B	1.2
		Rogers Communications Inc., Class B	1.0
		Magna International Inc.	1.0
		Waste Connections, Inc.	0.9
		Cash/Receivables/Payables	0.9
		Potash Corporation of Saskatchewan Inc.	0.9
		National Bank of Canada	0.9
		Fortis Inc.	0.8
		<b>Top Holdings as a Percentage of Total Net Asset Value</b>	<b>55.9</b>
		<b>Total Net Asset Value</b>	<b>\$357,217,814</b>

<sup>+</sup> The Fund obtains its exposure to Canadian equity markets primarily through investment in BMO S&P/TSX Capped Composite Index ETF. The listed holdings represent the Fund's exposure as a result of this ETF holding.

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

[www.bmo.com/mutualfunds](http://www.bmo.com/mutualfunds) and [www.bmo.com/gam/ca](http://www.bmo.com/gam/ca)

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For more information please call BMO Investment Centre at 1-800-665-7700 (investors who purchased BMO Mutual Funds through a BMO Bank of Montreal branch or BMO Online Banking) or call Client Services toll-free at 1-800-668-7327 (investors who purchased BMO Mutual Funds through a full-service or discount broker) or at 1-800-361-1392 (investors who purchased Series NBA and NBF through a full-service or discount broker).



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 Fund may invest in and the risks detailed from time to time in BMO Mutual Funds' simplified 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 Fund, 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 Investments Inc. does not undertake, and specifically disclaims, any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless required by applicable law.

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