

**BMO Short-Term US Treasury Bond Index ETF - USD Units**  
**ZTS.U****Manager: BMO Asset Management Inc.**

This document contains key information you should know about BMO Short-Term US Treasury Bond Index ETF - USD Units. You can find more details about this exchange traded fund (ETF) in its prospectus. Ask your representative for a copy, contact BMO Asset Management Inc. at [bmo.etfs@bmo.com](mailto:bmo.etfs@bmo.com), or 1-800-361-1392, or visit [www.bmo.com/etflegal](http://www.bmo.com/etflegal).

**Before you invest, consider how the ETF would work with your other investments and your tolerance for risk.**

**Quick facts**

<b>Date ETF started:</b>	February 21, 2017	<b>Fund manager:</b>	BMO Asset Management Inc.
<b>Total value on January 5, 2018:</b>	\$11.9 Million	<b>Portfolio manager:</b>	BMO Asset Management Inc.
<b>Management expense ratio (MER):</b>	0.24%	<b>Distributions:</b>	Quarterly in March, June, September and December (any net income and/or return of capital) and in December (any net realized capital gains)

**Trading information** (12 months ending December 31, 2017)

<b>Ticker symbol:</b>	ZTS.U	<b>Average daily volume:</b>	This information is not available because the ETF has not yet completed 12 consecutive months.
<b>Exchange:</b>	Toronto Stock Exchange	<b>Number of days traded:</b>	This information is not available because the ETF has not yet completed 12 consecutive months.
<b>Currency:</b>	U.S. dollars		

**Pricing information** (12 months ending December 31, 2017)

<b>Market price:</b>	This information is not available because the ETF has not yet completed 12 consecutive months.	<b>Average bid-ask spread:</b>	This information is not available because the ETF has not yet completed 12 consecutive months.
<b>Net asset value (NAV):</b>	This information is not available because the ETF has not yet completed 12 consecutive months.		

**What does the ETF invest in?**

The ETF seeks to replicate, to the extent possible, the performance of the Bloomberg Barclays U.S. Treasury 1-5 Year Bond Index (the "Index"), net of expenses. The investment strategy of the ETF is to invest in and hold the constituent securities of the Index in the same proportion as they are reflected in the Index. The Index provides exposure to the U.S. Treasury bond market. Eligible securities must have between one and five years to maturity, and greater than US\$250 million outstanding.

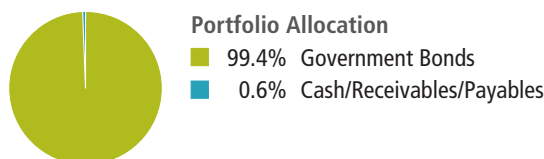
The charts below give you a snapshot of the ETF's investments on January 5, 2018. The ETF's investments will change to reflect changes in the Index.

**Top 10 investments** (January 5, 2018)

1. United States Treasury Notes, 2.250% Jul 31, 2021	1.6%
2. United States Treasury Notes, 1.625% Jul 31, 2019	1.6%
3. United States Treasury Notes, 0.875% May 15, 2019	1.5%
4. United States Treasury Notes, 1.875% Sep 30, 2022	1.5%
5. United States Treasury Notes, 1.875% Jun 30, 2020	1.5%
6. United States Treasury Notes, 2.125% Dec 31, 2022	1.5%
7. United States Treasury Notes, 1.250% Oct 31, 2019	1.4%
8. United States Treasury Notes, 2.750% Feb 15, 2019	1.4%
9. United States Treasury Notes, 1.375% Dec 15, 2019	1.3%
10. United States Treasury Notes, 3.625% Feb 15, 2021	1.1%

**Total percentage of top 10 investments 14.4%**

**Total number of investments: 145**

**Investment mix** (January 5, 2018)**How risky is it?**

The value of the ETF can go down as well as up. You could lose money.

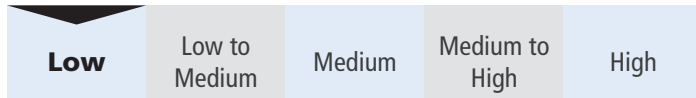
One way to gauge risk is to look at how much an ETF's returns change over time. This is called "volatility".

In general, ETF's with higher volatility will have returns that change more over time. They typically have a greater chance of losing money and may have a greater chance of higher returns. ETFs with lower volatility tend to have returns that change less over time. They typically have lower returns and may have a lower chance of losing money.

**Risk rating**

BMO Asset Management Inc. has rated the volatility of this ETF as **low**. Because this is a new ETF, the risk rating is only an estimate by BMO Asset Management Inc.

Generally, the rating is based on how much the ETF's returns have changed from year to year. It doesn't tell you how volatile the ETF will be in the future. The rating can change over time. An ETF with a low risk rating can still lose money.



For more information about the risk rating and specific risks that can affect the ETF's returns, see the "Risk Factors" section of the ETF's prospectus.

**No guarantees**

ETF's do not have any guarantees. You may not get back the amount of money you invest.

**How has the ETF performed?**

This section tells you how units of the ETF have performed over the past years with returns calculated using the ETF's net asset value (NAV).

**Year-by-year returns**

This section tells you how units of the ETF have performed in past calendar years. However, this information is not available because the ETF has not yet completed a calendar year.

**Best and worst 3-month returns**

This section shows the best and worst returns for units of the ETF in a 3-month period. However, this information is not available because the ETF has not yet completed a calendar year.

**Average return**

This section shows the value and the annual compounded rate of return of a hypothetical \$1,000 investment in units of the ETF. However, this information is not available because the ETF has not yet completed 12 consecutive months.

**Trading ETFs**

ETFs hold a basket of investments, like mutual funds, but trade on exchanges like stocks. Here are a few things to keep in mind when trading ETFs:

**Pricing**

ETFs have two sets of prices: market price and net asset value (NAV).

**Market price**

- ETFs are bought and sold on exchanges at the market price. The market price can change throughout the trading day. Factors like supply, demand, and changes in the value of an ETF's investments can effect the market price.
- You can get price quotes any time during the trading day. Quotes have two parts: **bid** and **ask**.
- The bid is the highest price a buyer is willing to pay if you want to sell your ETF units. The ask is the lowest price a seller is willing to accept if you want to buy ETF units. The difference between the two is called the "**bid-ask spread**".
- In general, a smaller bid-ask spread means the ETF is more liquid. That means you are more likely to get the price you expect.

**Net asset value (NAV)**

- Like mutual funds, ETFs have a NAV. It is calculated after the close of each trading day and reflects the value of an ETF's investments at that point in time.
- NAV is used to calculate financial information for reporting purposes – like the returns shown in this document.

**Orders**

There are two main options for placing trades: market orders and limit orders. A market order lets you buy or sell units at the current market price. A limit order lets you set the price at which you are willing to buy or sell units.

**Timing**

In general, market prices of ETFs can be more volatile around the start and end of the trading day. Consider using a limit order or placing a trade at another time during the trading day.

### Who is this ETF for?

**Investors who:**

- are looking for income
- want exposure to a diversified portfolio of short-term U.S. treasury bonds
- are comfortable with low investment risk (i.e., you are willing to accept some fluctuations in the market value of your investment over the short-term).

### A word about tax

In general, you'll have to pay income tax on any money you make on an ETF. How much you pay depends on the tax laws where you live and whether or not you hold the ETF in a registered plan, such as a Registered Retirement Savings Plan or a Tax-Free Savings Account.

Keep in mind that if you hold your ETF in a non-registered account, distributions from the ETF are included in your taxable income, whether you get them in cash or have them reinvested.

### How much does it cost?

This section shows the fees and expenses you could pay to buy, own and sell units of the ETF. Fees and expenses, including any trailing commissions, can vary among ETFs.

Higher commissions can influence representatives to recommend one investment over another. Ask about other ETFs and investments that may be suitable for you at a lower cost.

#### 1. Brokerage commissions

You may have to pay a commission every time you buy and sell units of the ETF. Commissions may vary by brokerage firm. Some brokerage firms may offer commission-free ETFs or require a minimum purchase amount.

#### 2. ETF expenses

You don't pay these expenses directly. They affect you because they reduce the ETF's returns.

As of June 30, 2017, the ETF's expenses were 0.24% of its value. This equals \$2.40 for every \$1,000 invested.

	Annual rate (as a % of the ETF's value)
<b>Management expense ratio (MER)</b> This is the total of the ETF's management fee and operating expenses. BMO Asset Management Inc. waived some of the ETF's expenses. If it had not done so, the MER would have been higher.	0.24%
<b>Trading expense ratio (TER)</b> These are the ETF's trading costs.	0.00%
<b>ETF expenses</b> The amount included for ETF expenses is the amount arrived at by adding the MER and the TER.	0.24%

#### Trailing commission

The trailing commission is an ongoing commission. It is paid for as long as you own the ETF. It is for the services and advice that your representative and their firm provide to you.

This ETF doesn't have a trailing commission.

### What if I change my mind?

Under securities law in some provinces and territories, you have the right to cancel your purchase within 48 hours after you receive confirmation of the purchase.

In some provinces and territories, you also have the right to cancel a purchase, or in some jurisdictions, claim damages, if the prospectus, ETF Facts or financial statements contain a misrepresentation. You must act within the time limit set by the securities law in your province or territory.

For more information, see the securities law of your province or territory or ask a lawyer.

### For more information

Contact BMO Asset Management Inc. or your representative for a copy of the ETF's prospectus and other disclosure documents. These documents and the ETF Facts make up the ETF's legal documents.

BMO Asset Management Inc.  
First Canadian Place  
100 King Street West, 43rd Floor  
Toronto, Ontario  
M5X 1A1

Toll Free 1-800-361-1392  
[www.bmo.com/etflegal](http://www.bmo.com/etflegal)  
Email: [bmo.etfs@bmo.com](mailto:bmo.etfs@bmo.com)

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.

® "BMO (M-bar roundel symbol)" is a registered trade-mark of Bank of Montreal.

BLOOMBERG® is a trademark and service mark of Bloomberg Finance L.P. and its affiliates (collectively "Bloomberg"). BARCLAYS® is a trademark and service mark of Barclays Bank Plc (collectively with its affiliates, "Barclays"), used under license. Bloomberg or Bloomberg's licensors, including Barclays, own all proprietary rights in the Bloomberg Barclays Indices, including the Index. Neither Bloomberg nor Barclays is affiliated with the Manager, and neither approves, endorses, reviews or recommends the ETF(s) mentioned herein. Neither Bloomberg nor Barclays guarantees the timeliness, accurateness or completeness of any data or information relating to the Index and neither shall be liable in any way to the Manager, investors in ETF(s) mentioned or other third parties in respect of the use or accuracy of the Index or any data included therein.