

**BMO Short Federal Bond Index ETF - CAD Units**
ZFS**Manager: BMO Asset Management Inc.**

This document contains key information you should know about BMO Short Federal Bond Index ETF - CAD 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, or 1-800-361-1392, or visit www.bmo.com/etflegal. **Before you invest, consider how the ETF would work with your other investments and your tolerance for risk.**

Quick facts

Date ETF started:	October 20, 2009	Fund manager:	BMO Asset Management Inc.
Total value on November 30, 2021:	\$481.0 Million	Portfolio manager:	BMO Asset Management Inc.
Management expense ratio (MER):	0.22%	Distributions:	Monthly (any net income and/or return of capital) and in December (any net realized capital gains)

Trading information (12 months ending November 30, 2021)

Ticker symbol:	ZFS	Average daily volume:	231,290 units
Exchange:	Toronto Stock Exchange	Number of days traded:	251 out of 251 trading days
Currency:	Canadian dollars		

Pricing information (12 months ending November 30, 2021)

Market price:	\$14.03 - \$14.56	Average bid-ask spread:	0.09%
Net asset value (NAV):	\$14.04 - \$14.56		

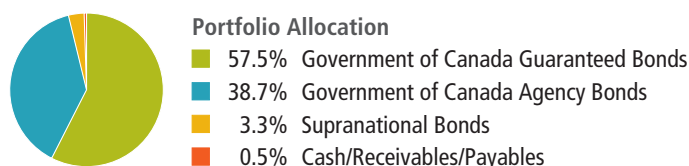
What does the ETF invest in?

The ETF seeks to replicate, to the extent possible, the performance of a short-term federal bond index, net of expenses. Currently, the ETF seeks to replicate the performance of the FTSE Canada Short Term Federal Bond Index™ (the "Index"). The Index consists of semi-annual pay fixed rate federal bonds denominated in Canadian dollars, with an effective term to maturity less than five years and greater than one year, a credit rating of AAA and minimum size requirement of \$100 million per issue for new issuance. Each constituent Security in the Index is weighted by its relative market capitalization.

The charts below give you a snapshot of the ETF's investments on November 30, 2021. The ETF's investments will change to reflect changes in the Index.

Top 10 investments (November 30, 2021)

1. Government of Canada, Unsecured, 0.500% Sep 1, 2025	7.3%
2. Government of Canada, Unsecured, 2.000% Sep 1, 2023	5.1%
3. Government of Canada, Senior, Unsecured, Notes, 1.750% Mar 1, 2023	4.8%
4. Canada Housing Trust, Mortgage Bonds, Series 58, Secured, 2.900% Jun 15, 2024	4.6%
5. Canada Housing Trust, Mortgage Bonds, Series 98, Secured, 1.250% Jun 15, 2026	4.2%
6. Canada Housing Trust, Mortgage Bonds, Series 67, Secured, 1.950% Dec 15, 2025	4.0%
7. Government of Canada, Unsecured, 2.500% Jun 1, 2024	3.9%
8. Canada Housing Trust, Mortgage Bonds, Series 52, Secured, 2.350% Sep 15, 2023	3.7%
9. Government of Canada, Series 1, Unsecured, Notes, 1.500% Jun 1, 2023	3.6%
10. Government of Canada, Unsecured, 0.250% Mar 1, 2026	3.6%

Total percentage of top 10 investments 44.8%**Total number of investments: 40****Investment mix (November 30, 2021)****How risky is it?**

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

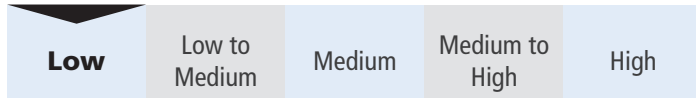
One way to gauge risk is to look at how much an ETF's returns change over time. This is called "volatility".

In general, ETFs 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**.

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

ETFs 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 CAD Units of the ETF have performed over the past 10 years.

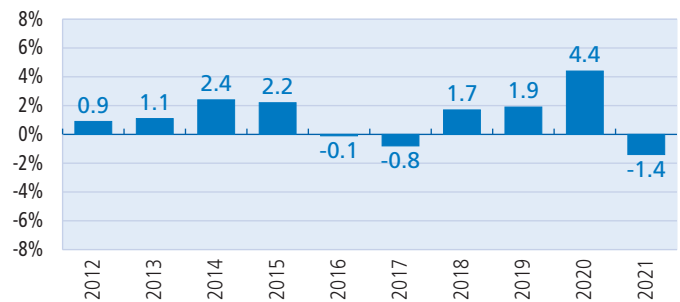
Returns¹ after expenses have been deducted. These expenses reduce the ETF's returns. This means that the ETF's returns may not match the returns of the FTSE Canada Short Term Federal Bond Index™.

¹ Returns are calculated using the ETF's net asset value (NAV).

Year-by-year returns

This chart shows how CAD Units of the ETF has performed in each of the past 10 completed calendar years. The ETF dropped in value in 3 of the 10 years.

The range of returns and change from year to year can help you assess how risky the ETF has been in the past. It does not tell you how the ETF will perform in the future.



Best and worst 3-month returns

This table shows the best and worst returns for CAD Units of the ETF in a 3-month period over the past 10 calendar years. The best and worst 3-month returns could be higher or lower in the future. Consider how much of a loss you could afford to take in a short period of time.

	Return	3 months ending	If you invested \$1,000 at the beginning of the period
Best return	3.2%	March 31, 2020	Your investment would rise to \$1,032
Worst return	-1.5%	October 31, 2021	Your investment would drop to \$985

Average return

The annual compound return of CAD Units of the ETF was 1.2% over the past 10 years as of December 31, 2021. If you had invested \$1,000 in the ETF 10 years ago, your investment would now be worth \$1,127.

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 federal 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, 2021, the ETF's expenses were 0.22% of its value. This equals \$2.20 for every \$1,000 invested.

	Annual rate (as a % of the ETF's value)
Management expense ratio (MER) This is the total of the ETF's management fee and operating expenses.	0.22%
Trading expense ratio (TER) These are the ETF's trading costs.	–
ETF expenses The amount included for ETF expenses is the amount arrived at by adding the MER and the TER.	0.22%

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.

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