

SEMI-ANNUAL FINANCIAL STATEMENTS

# BMO High Yield US Corporate Bond Hedged to CAD Index ETF (ZHY)

June 30, 2017

# BMO High Yield US Corporate Bond Hedged to CAD Index ETF

(unaudited)

## Statement of Financial Position

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

As at	June 30 2017	December 31 2016
<b>Assets</b>		
<b>Current Assets</b>		
Cash	4,929	9,900
Investments		
Non-derivative financial assets	1,121,881	1,067,127
Derivative assets	41,943	4,827
Receivable for investments sold	—	2,068
Subscriptions receivable	1,455	1,436
Interest receivable	17,357	17,224
Distribution receivable from investment trusts	268	467
<b>Total assets</b>	<b>1,187,833</b>	<b>1,103,049</b>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Payable for investments purchased	38,185	—
Derivative liabilities	945	1,879
Distributions payable	4,959	5,838
Accrued expenses	1,679	1,745
<b>Total liabilities</b>	<b>45,768</b>	<b>9,462</b>
<b>Net assets attributable to holders of redeemable units</b>	<b>1,142,065</b>	<b>1,093,587</b>
<b>Net assets attributable to holders of redeemable units</b>		
Listed CAD Units	1,112,909	1,065,798
Institutional Units	29,156	27,789
<b>Net assets attributable to holders of redeemable units per unit</b>		
Listed CAD Units	\$14.55	\$14.36
Institutional Units	\$14.92	\$14.43

## Statement of Comprehensive Income

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

For the periods ended	June 30 2017	June 30 2016
<b>Income</b>		
Interest income	34,411	36,236
Dividend income	1	—
Distribution from investment trusts	294	1,132
Other changes in fair value of investments and derivatives		
Net realized gain	21,800	19,068
Change in unrealized (depreciation) appreciation	(8,172)	36,017
<b>Net gain in fair value of investments and derivatives</b>	<b>48,334</b>	<b>92,453</b>
Securities lending (note 8)	488	573
Foreign exchange loss	(518)	(2,202)
<b>Total other loss</b>	<b>(30)</b>	<b>(1,629)</b>
<b>Total income</b>	<b>48,304</b>	<b>90,824</b>
<b>Expenses</b>		
Management fees (note 6)	3,312	3,359
Management fees reduction	(113)	(35)
Independent review committee fees (note 6)	1	2
Withholding taxes	218	229
Interest charges	—	2
ETF Summary document fees	0	0
Commissions and other portfolio transaction costs (note 6)	0	27
Operating expenses absorbed by the Manager	(0)	(2)
<b>Total expenses</b>	<b>3,418</b>	<b>3,582</b>
<b>Increase in net assets attributable to holders of redeemable units</b>	<b>44,886</b>	<b>87,242</b>
<b>Increase in net assets attributable to holders of redeemable units</b>		
Listed CAD Units	43,652	85,289
Institutional Units	1,234	1,953
<b>Increase in net assets attributable to holders of redeemable units per unit (note 8)</b>		
Listed CAD Units	0.58	1.02
Institutional Units	0.63	1.06

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

# BMO High Yield US Corporate Bond Hedged to CAD Index 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 2017	June 30 2016	For the periods ended	June 30 2017	June 30 2016
<b>Listed CAD Units</b>			<b>Total Fund</b>		
Net assets attributable to holders of redeemable units at beginning of period	1,065,798	1,073,887	Net assets attributable to holders of redeemable units at beginning of period	1,093,587	1,097,887
Increase in net assets attributable to holders of redeemable units	43,652	85,289	Increase in net assets attributable to holders of redeemable units	44,886	87,242
<b>Distributions to holders of redeemable units from:</b>			<b>Distributions to holders of redeemable units from:</b>		
Net investment income	(29,808)	(34,443)	Net investment income	(30,095)	(35,241)
Return of capital	(209)	(517)	Return of capital	(209)	(517)
Management fee	(113)	(35)	Management fee	(113)	(35)
<b>Total distributions to holders of redeemable units</b>	<b>(30,130)</b>	<b>(34,995)</b>	<b>Total distributions paid to holders of redeemable units</b>	<b>(30,417)</b>	<b>(35,793)</b>
<b>Redeemable unit transactions</b>			<b>Redeemable unit transactions</b>		
Proceeds from redeemable units issued	37,918	99,299	Proceeds from redeemable units issued	37,918	99,299
Redemption of redeemable units	(4,329)	(103,661)	Reinvestments of distributions to holders of redeemable units	420	860
<b>Net increase (decrease) from redeemable unit transactions</b>	<b>33,589</b>	<b>(4,362)</b>	Redemption of redeemable units	(4,329)	(103,661)
<b>Net increase in net assets attributable to holders of redeemable units</b>	<b>47,111</b>	<b>45,932</b>	<b>Net increase (decrease) from redeemable unit transactions</b>	<b>34,009</b>	<b>(3,502)</b>
<b>Net assets attributable to holders of redeemable units at end of period</b>	<b>1,112,909</b>	<b>1,119,819</b>	<b>Net increase in net assets attributable to holders of redeemable units</b>	<b>48,478</b>	<b>47,947</b>
<b>Institutional Units</b>			<b>Net assets attributable to holders of redeemable units at end of period</b>		
Net assets attributable to holders of redeemable units at beginning of period	27,789	24,000	1,142,065	1,145,834	
Increase in net assets attributable to holders of redeemable units	1,234	1,953			
<b>Distributions to holders of redeemable units from:</b>					
Net investment income	(287)	(798)			
<b>Total distributions to holders of redeemable units</b>	<b>(287)</b>	<b>(798)</b>			
<b>Redeemable unit transactions</b>					
Reinvestments of distributions to holders of redeemable units	420	860			
<b>Net increase from redeemable unit transactions</b>	<b>420</b>	<b>860</b>			
<b>Net increase in net assets attributable to holders of redeemable units</b>	<b>1,367</b>	<b>2,015</b>			
<b>Net assets attributable to holders of redeemable units at end of period</b>	<b>29,156</b>	<b>26,015</b>			

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

# BMO High Yield US Corporate Bond Hedged to CAD Index ETF

(unaudited)

## Statement of Cash Flows

(All amounts in thousands of Canadian dollars)

For the periods ended	June 30 2017	June 30 2016
<b>Cash flows from operating activities</b>		
Increase in net assets attributable to holders of redeemable units	44,886	87,242
Adjustments for:		
Foreign exchange (gain) loss on cash	(3)	49
Net realized gain on sale of investments and derivatives	(21,800)	(19,068)
Change in unrealized depreciation (appreciation) of investments and derivatives	8,172	(36,017)
Increase in interest receivable	(133)	(62)
Decrease in distribution receivable from investment trusts	199	361
(Decrease) increase in accrued expenses	(66)	15
Amortization of premium and discount	353	1,443
Interest received in kind	—	(129)
Purchases of investments	(207,537)	(362,712)
Proceeds from sale and maturity of investments	177,592	348,896
Cash (outflows) inflows on derivatives	(3,394)	12,729
<b>Net cash from operating activities</b>	<b>(1,731)</b>	<b>32,747</b>
<b>Cash flows from financing activities</b>		
Distributions paid to holders of redeemable units, net of reinvested distributions	(30,876)	(38,238)
Proceeds from issuances of redeemable units	31,962	82,806
Amounts paid on redemption of redeemable units	(4,329)	(94,074)
<b>Net cash used in financing activities</b>	<b>(3,243)</b>	<b>(49,506)</b>
Foreign exchange gain (loss) on cash	3	(49)
Net decrease in cash	(4,974)	(16,759)
Cash at beginning of period	9,900	24,305
<b>Cash at end of period</b>	<b>4,929</b>	<b>7,497</b>

### Supplementary Information

Interest received, net of withholding taxes*	34,532	37,459
Dividends received, net of withholding taxes*	1	—
Distribution received from investment trusts*	449	1,493
Interest expense paid*	—	2

\*These items are from operating activities

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

# BMO High Yield US Corporate Bond Hedged to CAD Index ETF

(unaudited)

## Schedule of Investment Portfolio

As at June 30, 2017 (All amounts in thousands of Canadian dollars, unless otherwise noted)

	Par Value (in thousands)	Cost (\$)	Fair Value (\$)		Par Value (in thousands)	Cost (\$)	Fair Value (\$)
<b>BONDS &amp; DEBENTURES</b>							
<b>Corporate Bonds &amp; Debentures — 96.8%</b>							
1011778 B.C. ULC/New Red Finance, Inc., Series 144A, Secured, Notes, Callable, 4.625% Jan 15, 2022 .....	USD 2,000	2,460	2,649	Ally Financial Inc., Senior, Unsecured, Notes, 4.250% Apr 15, 2021 .....	USD 1,000	1,394	1,342
1011778 B.C. ULC/New Red Finance, Inc., Series 144A, Secured, Notes, Callable, 6.000% Apr 1, 2022 .....	USD 3,000	3,346	4,031	Ally Financial Inc., Senior, Unsecured, Notes, 4.125% Feb 13, 2022 .....	USD 1,000	1,372	1,329
Acadia Healthcare Company, Inc., Senior, Unsecured, Notes, Callable, 5.625% Feb 15, 2023 .....	USD 1,000	1,320	1,345	Ally Financial Inc., Senior, Unsecured, Notes, 5.125% Sep 30, 2024 .....	USD 1,000	1,391	1,368
Acosta Inc., Series 144A, Senior, Unsecured, Notes, Callable, 7.750% Oct 1, 2022 .....	USD 1,250	1,559	1,228	Ally Financial Inc., Notes, Subordinated, Callable, 5.750% Nov 20, 2025 .....	USD 1,000	1,262	1,367
Adient Global Holdings Ltd., Series 144A, Senior, Unsecured, Notes, Callable, 4.875% Aug 15, 2026 .....	USD 1,500	1,968	1,950	Altice Financing S.A., Series 144A, Secured, Notes, Callable, 6.500% Jan 15, 2022 .....	USD 2,200	2,583	2,981
ADT Corporation, The, Senior, Unsecured, Notes, 6.250% Oct 15, 2021 .....	USD 1,500	1,708	2,113	Altice Financing S.A., Series 144A, Secured, Notes, Callable, 6.625% Feb 15, 2023 .....	USD 2,000	2,542	2,746
ADT Corporation, The, Senior, Unsecured, Notes, 3.500% Jul 15, 2022 .....	USD 1,000	941	1,255	Altice Financing S.A., Series 144A, Secured, Notes, Callable, 7.500% May 15, 2026 .....	USD 3,500	4,433	5,038
AECOM, Senior, Unsecured, Notes, Callable, 5.750% Oct 15, 2022 .....	USD 1,250	1,547	1,698	Altice S.A., Series 144A, Secured, Notes, Callable, 7.750% May 15, 2022 .....	USD 5,750	6,772	7,913
AECOM, Senior, Unsecured, Notes, Callable, 5.875% Oct 15, 2024 .....	USD 750	917	1,053	Altice US Finance I Corporation, Series 144A, Secured, Notes, Callable, 5.375% Jul 15, 2023 ..	USD 3,500	4,517	4,715
AECOM, Series 144A, Senior, Unsecured, Notes, Callable, 5.125% Mar 15, 2027 .....	USD 1,500	2,021	1,950	AMC Entertainment Inc., Senior, Notes, Subordinated, Callable, 5.750% Jun 15, 2025 ..	USD 1,000	1,389	1,349
AES Corporation, The, Senior, Unsecured, Notes, 7.375% Jul 1, 2021 .....	USD 460	646	683	AMC Networks Inc., Senior, Unsecured, Notes, Callable, 4.750% Dec 15, 2022 .....	USD 750	816	1,002
AES Corporation, The, Senior, Unsecured, Notes, Callable, 5.500% Mar 15, 2024 .....	USD 2,000	2,704	2,707	American Airlines Group Inc., Series 144A, Senior, Unsecured, Notes, 5.500% Oct 1, 2019 .....	USD 1,750	2,089	2,389
Aircastle Limited, Senior, Unsecured, Notes, 5.125% Mar 15, 2021 .....	USD 2,500	2,766	3,465	American Axle & Manufacturing, Inc., Senior, Unsecured, Notes, Callable, 6.625% Oct 15, 2022 .....	USD 750	865	1,001
Albertsons Cos LLC/Safeway Inc./New Albertson's Inc./Albertson's LLC, Series 144A, Senior, Unsecured, Notes, Callable, 6.625% Jun 15, 2024 .....	USD 2,000	2,791	2,574	American Axle & Manufacturing, Inc., Series 144A, Senior, Unsecured, Notes, Callable, 6.500% Apr 1, 2027 .....	USD 1,500	1,964	1,887
Alcoa Nederland Holding B.V., Series 144A, Senior, Unsecured, Notes, Callable, 6.750% Sep 30, 2024 .....	USD 1,500	2,115	2,105	American Energy-Permian Basin LLC/AEPB Finance Corp., Series 144A, Senior, Unsecured, Notes, Callable, 7.125% Nov 1, 2020 .....	USD 2,000	2,087	2,140
Alcoa Nederland Holding B.V., Series 144A, Senior, Unsecured, Notes, Callable, 7.000% Sep 30, 2026 .....	USD 1,500	2,138	2,135	American Tire Distributors, Inc., Series 144A, Senior, Notes, Subordinated, Callable, 10.250% Mar 1, 2022 .....	USD 1,000	1,207	1,339
Algeco Scotsman Global Finance Plc, Series 144A, Secured, Notes, Callable, 8.500% Oct 15, 2018 ..	USD 2,000	1,997	2,425	AmeriGas Partners, L.P./AmeriGas Finance Corp., Senior, Unsecured, Notes, Callable, 5.875% Aug 20, 2026 .....	USD 1,000	1,349	1,329
Allegheny Technologies Inc., Senior, Unsecured, Notes, Callable, Multi-Coupon, 7.875% Aug 15, 2023 .....	USD 1,250	1,633	1,680	Amkor Technology, Inc., Senior, Unsecured, Notes, Callable, 6.375% Oct 1, 2022 .....	USD 1,000	1,297	1,349
Alliance One International Inc., Secured, Notes, Callable, 9.875% Jul 15, 2021 .....	USD 1,000	1,100	1,128	Amsted Industries, Inc., Series 144A, Senior, Unsecured, Notes, Callable, 5.000% Mar 15, 2022 .....	USD 1,500	1,878	2,011
Allison Transmission Inc., Series 144A, Senior, Unsecured, Notes, Callable, 5.000% Oct 1, 2024 ..	USD 1,000	1,321	1,324	AmSurg Corporation, Senior, Unsecured, Notes, Callable, 5.625% Jul 15, 2022 .....	USD 1,500	1,712	2,018
Ally Financial Inc., Senior, Unsecured, Notes, 3.600% May 21, 2018 .....	USD 2,000	2,651	2,626	Anglo American Capital plc, Series 144A, Senior, Unsecured, Notes, 3.625% May 14, 2020 .....	USD 1,000	1,169	1,313
Ally Financial Inc., Senior, Unsecured, Notes, 3.250% Nov 5, 2018 .....	USD 1,000	1,382	1,311	Anglo American Capital plc, Series 144A, Senior, Unsecured, Notes, 4.875% May 14, 2025 .....	USD 1,000	1,087	1,341
				Antero Resources Corporation, Senior, Unsecured, Notes, Callable, 5.375% Nov 1, 2021 .....	USD 4,000	4,702	5,226
				APX Group, Inc., Senior, Unsecured, Notes, Callable, 8.750% Dec 1, 2020 .....	USD 2,500	3,459	3,339
				Aramark Services, Inc., Senior, Unsecured, Notes, Callable, 5.125% Jan 15, 2024 .....	USD 1,500	2,040	2,042

# BMO High Yield US Corporate Bond Hedged to CAD Index ETF (unaudited)

## Schedule of Investment Portfolio (cont'd)

As at June 30, 2017 (All amounts in thousands of Canadian dollars, unless otherwise noted)

	Par Value (in thousands)	Cost (\$)	Fair Value (\$)		Par Value (in thousands)	Cost (\$)	Fair Value (\$)
Aramark Services, Inc., Senior, Unsecured, Notes, Callable, 4.750% Jun 1, 2026 .....	USD 1,500	1,947	2,011	BWAY Holding Company, Series 144A, Secured, Notes, Callable, 5.500% Apr 15, 2024 .....	USD 2,000	2,686	2,649
Arconic Inc., Senior, Unsecured, Notes, Callable, 5.125% Oct 1, 2024 .....	USD 2,000	2,449	2,691	BWAY Holding Company, Series 144A, Senior, Unsecured, Notes, Callable, 7.250% Apr 15, 2025 .....	USD 2,000	2,657	2,629
Ardagh Packaging Finance PLC/Ardagh MP Holdings USA Inc., Series 144A, Secured, Notes, Callable, 4.625% May 15, 2023 .....	USD 2,000	2,584	2,658	California Resources Corporation, Series 144A, Secured, Notes, Callable, 8.000% Dec 15, 2022 ..	USD 1,500	1,274	1,230
Ardagh Packaging Finance PLC/Ardagh MP Holdings USA Inc., Series 144A, Secured, Notes, Callable, 7.250% May 15, 2024 .....	USD 2,000	2,829	2,834	California Resources Corporation, Senior, Unsecured, Notes, Callable, 6.000% Nov 15, 2024 .....	USD 344	395	232
Argos Merger Sub, Inc., Series 144A, Senior, Unsecured, Notes, Callable, 7.125% Mar 15, 2023 .....	USD 2,500	3,198	2,885	Calpine Corporation, Senior, Unsecured, Notes, Callable, 5.375% Jan 15, 2023 .....	USD 2,000	2,146	2,526
Ascent Resources-Utica Holdings LLC/ARU Finance Corp., Series 144A, Senior, Unsecured, Notes, Callable, 10.000% Apr 1, 2022 .....	USD 2,000	2,793	2,594	Calpine Corporation, Senior, Unsecured, Notes, Callable, 5.750% Jan 15, 2025 .....	USD 3,000	3,322	3,647
Ashland Inc., Senior, Unsecured, Notes, Callable, Multi-Couponed, 4.750% Aug 15, 2022 .....	USD 2,000	2,176	2,704	Calumet Specialty Products Partners LP/Calumet Finance Corporation, Senior, Unsecured, Notes, Callable, 6.500% Apr 15, 2021 .....	USD 2,000	2,202	2,256
Avis Budget Car Rental LLC/Avis Budget Finance Inc., Senior, Unsecured, Notes, Callable, 5.500% Apr 1, 2023 .....	USD 1,500	1,859	1,931	Capsugel S.A., Series 144A, Senior, Unsecured, Notes, Callable, Pay-In-Kind, 7.000% May 15, 2019 .....	USD 994	1,245	1,289
Avon Products, Inc., Senior, Unsecured, Notes, Multi-Step Coupon, 6.750% Mar 15, 2023 .....	USD 1,500	1,606	1,773	Carrizo Oil & Gas, Inc., Senior, Unsecured, Notes, Callable, 6.250% Apr 15, 2023 .....	USD 1,500	1,842	1,872
B&G Foods, Inc., Senior, Unsecured, Notes, Callable, 4.625% Jun 1, 2021 .....	USD 1,200	1,350	1,585	Cascades Inc., Series 144A, Senior, Unsecured, Notes, Callable, 5.500% Jul 15, 2022 .....	USD 750	800	993
Ball Corporation, Senior, Unsecured, Notes, 4.375% Dec 15, 2020 .....	USD 1,500	2,112	2,045	CCO Holdings LLC/CCO Holdings Capital Corporation, Series 144A, Senior, Unsecured, Notes, Callable, 5.125% May 1, 2023 .....	USD 1,900	2,657	2,581
Ball Corporation, Senior, Unsecured, Notes, 4.000% Nov 15, 2023 .....	USD 1,000	1,067	1,326	CCO Holdings LLC/CCO Holdings Capital Corporation, Series 144A, Senior, Unsecured, Notes, Callable, 5.875% Apr 1, 2024 .....	USD 3,900	5,473	5,393
Ball Corporation, Senior, Unsecured, Notes, 5.250% Jul 1, 2025 .....	USD 2,000	2,455	2,859	CCO Holdings LLC/CCO Holdings Capital Corporation, Series 144A, Senior, Unsecured, Notes, Callable, 5.750% Feb 15, 2026 .....	USD 3,000	3,936	4,163
Belden Inc., Series 144A, Senior, Notes, Subordinated, Callable, 5.500% Sep 1, 2022 ..	USD 1,250	1,454	1,674	CCO Holdings LLC/CCO Holdings Capital Corporation, Series 144A, Senior, Unsecured, Notes, Callable, 5.500% May 1, 2026 .....	USD 1,000	1,432	1,371
Berry Plastics Corporation, Secured, Notes, Callable, 5.500% May 15, 2022 .....	USD 750	816	1,012	CCO Holdings LLC/CCO Holdings Capital Corporation, Series 144A, Senior, Unsecured, Notes, Callable, 5.125% May 1, 2027 .....	USD 4,900	6,671	6,481
Berry Plastics Corporation, Secured, Notes, Callable, 5.125% Jul 15, 2023 .....	USD 1,500	1,970	2,013	CCO Holdings LLC/CCO Holdings Capital Corporation, Series 144A, Senior, Unsecured, Notes, Callable, 5.875% May 1, 2027 .....	USD 1,000	1,446	1,381
Blue Cube Spinco Inc., Senior, Unsecured, Notes, Callable, 9.750% Oct 15, 2023 .....	USD 800	1,177	1,258	CDW LLC/CDW Finance Corp., Senior, Unsecured, Notes, Callable, 5.500% Dec 1, 2024 .....	USD 500	651	702
Blue Cube Spinco Inc., Senior, Unsecured, Notes, Callable, 10.000% Oct 15, 2025 .....	USD 1,000	1,478	1,595	CDW LLC/CDW Finance Corp., Senior, Unsecured Notes, Callable, 5.000% Sep 1, 2025 .....	USD 2,000	2,725	2,691
BMC Software Finance Inc., Series 144A, Senior, Unsecured, Notes, Callable, 8.125% Jul 15, 2021 .....	USD 2,500	2,865	3,364	Centene Corporation, Senior, Unsecured, Notes, Callable, 5.625% Feb 15, 2021 .....	USD 3,000	4,219	4,056
Bombardier Inc., Series 144A, Senior, Unsecured, Notes, 6.125% Jan 15, 2023 .....	USD 3,000	3,270	3,895	Centene Corporation, Senior, Unsecured, Notes, Callable, 4.750% Jan 15, 2025 .....	USD 2,000	2,615	2,678
Bombardier Inc., Series 144A, Senior, Unsecured, Notes, Callable, 7.500% Mar 15, 2025 .....	USD 2,500	3,250	3,360	CenturyLink Inc., Series V, Senior, Unsecured, Notes, 5.625% Apr 1, 2020 .....	USD 1,500	1,817	2,059
Boxer Parent Company, Inc., Series 144A, Senior, Unsecured, Notes, Callable, 9.000% Oct 15, 2019 .....	USD 1,000	1,080	1,297	CenturyLink Inc., Series Y, Senior, Unsecured, Notes, Callable, 7.500% Apr 1, 2024 .....	USD 1,500	2,133	2,130
Boyd Gaming Corporation, Senior, Unsecured, Notes, Callable, 6.875% May 15, 2023 .....	USD 2,600	3,578	3,608	Conveo Corporation, Series 144A, Secured, Notes, Callable, 6.000% Aug 1, 2019 .....	USD 750	907	819
Brookfield Residential Properties Inc., Series 144A, Senior, Unsecured, Notes, Callable, 6.500% Dec 15, 2020 .....	USD 2,000	2,241	2,684	Cequel Communications Holdings I LLC/Cequel Capital Corp., Series 144A, Senior, Unsecured, Notes, Callable, 6.375% Sep 15, 2020 .....	USD 1,752	1,803	2,323
Building Materials Corporation of America, Series 144A, Senior, Unsecured, Notes, Callable, 5.375% Nov 15, 2024 .....	USD 1,500	1,836	2,035				

# BMO High Yield US Corporate Bond Hedged to CAD Index ETF

(unaudited)

## Schedule of Investment Portfolio (cont'd)

As at June 30, 2017 (All amounts in thousands of Canadian dollars, unless otherwise noted)

	Par Value (in thousands)	Cost (\$)	Fair Value (\$)		Par Value (in thousands)	Cost (\$)	Fair Value (\$)
Cequel Communications Holdings I LLC/Cequel Capital Corp., Series 144A, Senior, Unsecured, Notes, Callable, 5.125% Dec 15, 2021 ..	USD 1,500	1,621	1,987	CONSOL Energy Inc., Senior, Unsecured, Notes, Callable, 5.875% Apr 15, 2022 ..	USD 3,250	3,721	4,115
CF Industries, Inc., Senior, Unsecured, Notes, 3.450% Jun 1, 2023 ..	USD 2,000	2,544	2,468	Consolidated Energy Finance S.A., Series 144A, Senior, Unsecured, Notes, Callable, 6.750% Oct 15, 2019 ..	USD 592	721	785
CF Industries, Inc., Senior, Unsecured, Notes, 5.375% Mar 15, 2044 ..	USD 1,000	1,203	1,161	Continental Resources, Inc., Senior, Unsecured, Notes, Callable, 4.500% Apr 15, 2023 ..	USD 1,300	1,294	1,610
Change Healthcare Holdings LLC/Change Healthcare Finance Inc., Series 144A, Senior, Unsecured, Notes, Callable, 5.750% Mar 1, 2025 ..	USD 1,500	2,060	1,991	Continental Resources, Inc., Senior, Unsecured, Notes, Callable, 3.800% Jun 1, 2024 ..	USD 2,850	2,669	3,386
Chemours Company, The, Senior, Unsecured, Notes, Callable, 6.625% May 15, 2023 ..	USD 3,000	3,759	4,114	Crown Americas LLC/Crown Americas Capital Corp. IV, Senior, Unsecured, Notes, 4.500% Jan 15, 2023 ..	USD 1,500	1,599	2,038
Cheniere Corpus Christi Holdings, LLC, Senior, Secured, Notes, 5.875% Mar 31, 2025 ..	USD 4,000	5,503	5,524	CVR Refining LLC/Coffeyville Finance Inc., Secured, Notes, Callable, 6.500% Nov 1, 2022 ..	USD 750	847	982
Chesapeake Energy Corporation, Secured, Notes, Callable, 8.000% Dec 15, 2022 ..	USD 4,000	3,402	5,498	DaVita Inc., Senior, Unsecured, Notes, Callable, 5.750% Aug 15, 2022 ..	USD 1,000	1,247	1,334
CHS/Community Health Systems, Inc., Senior, Unsecured, Notes, Callable, 8.000% Nov 15, 2019 ..	USD 3,300	3,642	4,301	DaVita Inc., Senior, Unsecured, Notes, Callable, 5.125% Jul 15, 2024 ..	USD 2,000	2,358	2,633
CHS/Community Health Systems, Inc., Senior, Unsecured, Notes, Callable, 6.875% Feb 1, 2022 ..	USD 4,750	5,832	5,374	DaVita Inc., Senior, Unsecured, Notes, Callable, 5.000% May 1, 2025 ..	USD 2,500	3,101	3,250
Cinemark USA, Inc., Senior, Unsecured, Notes, Callable, 4.875% Jun 1, 2023 ..	USD 200	248	264	DCP Midstream LLC, Series 144A, Fixed to Floating, Junior, Notes, Subordinated, Callable, 5.850% May 21, 2043 ..	USD 1,204	1,120	1,452
CIT Group, Inc., Senior, Unsecured, Notes, 3.875% Feb 19, 2019 ..	USD 2,000	2,733	2,665	Denbury Resources Inc., Senior, Notes, Subordinated, Callable, 5.500% May 1, 2022 ..	USD 2,000	2,226	1,452
Clean Harbors, Inc., Senior, Unsecured, Notes, Callable, 5.125% Jun 1, 2021 ..	USD 750	812	993	Deutsche Bank AG, Notes, Subordinated, 4.500% Apr 1, 2025 ..	USD 2,000	2,558	2,577
Clear Channel Communications, Inc., Senior, Secured, Notes, Callable, 9.000% Dec 15, 2019 ..	USD 3,000	3,256	3,054	Deutsche Bank AG, Fixed to Floating, Notes, Subordinated, Callable, 4.296% May 24, 2028 ..	USD 2,000	2,546	2,556
Clear Channel Worldwide Holdings, Inc., Senior, Unsecured, Notes, Callable, 6.500% Nov 15, 2022 ..	USD 2,000	2,398	2,665	Diamond 1 Finance Corp./Diamond 2 Finance Corp., Series 144A, Senior, Unsecured, Notes, Callable, 5.875% Jun 15, 2021 ..	USD 4,000	5,397	5,434
Cliffs Natural Resources Inc., Series 144A, Secured, Notes, Callable, 8.250% Mar 31, 2020 ..	USD 934	1,043	1,317	Diamond Resorts International Inc., Series 144A, Secured, Notes, Callable, 7.750% Sep 1, 2023 ..	USD 1,250	1,659	1,716
CNH Industrial Capital LLC, Senior, Unsecured, Notes, 3.625% Apr 15, 2018 ..	USD 1,000	1,326	1,307	Diamondback Energy Inc., Series 144A, Senior, Unsecured, Notes, Callable, 4.750% Nov 1, 2024 ..	USD 1,000	1,307	1,294
CNH Industrial Capital LLC, Senior, Unsecured, Notes, 4.375% Nov 6, 2020 ..	USD 1,000	1,358	1,360	Diamondback Energy Inc., Series 144A, Senior, Unsecured, Notes, Callable, 5.375% May 31, 2025 ..	USD 1,000	1,351	1,329
CNH Industrial NV, Senior, Unsecured, Notes, 4.500% Aug 15, 2023 ..	USD 1,000	1,324	1,373	DISH DBS Corporation, Senior, Unsecured, Notes, 5.875% Jul 15, 2022 ..	USD 250	289	349
CommScope Technologies Finance LLC, Series 144A, Senior, Secured, Notes, Callable, 6.000% Jun 15, 2025 ..	USD 1,500	1,973	2,081	DISH DBS Corporation, Senior, Unsecured, Notes, 5.875% Nov 15, 2024 ..	USD 4,000	4,886	5,531
CommScope Technologies LLC, Series 144A, Senior, Unsecured, Notes, Callable, 5.000% Mar 15, 2027 ..	USD 2,000	2,646	2,587	DISH DBS Corporation, Senior, Unsecured, Notes, 7.750% Jul 1, 2026 ..	USD 2,000	2,785	3,070
Communications Sales & Leasing, Inc., Senior, Unsecured, Notes, Callable, 8.250% Oct 15, 2023 ..	USD 1,500	1,861	2,004	DJO Finco Inc./DJO Finance LLC, Series 144A, Secured, Notes, Callable, 8.125% Jun 15, 2021 ..	USD 2,000	2,394	2,419
Comstock Resources Inc., Series 144A, Secured, Notes, Callable, 10.000% Mar 15, 2020 ..	USD 1,000	1,224	1,281	Dollar Tree, Inc., Senior, Unsecured, Notes, Callable, 5.250% Mar 1, 2020 ..	USD 2,000	2,566	2,662
Concho Resources Inc., Senior, Unsecured, Notes, Callable, 5.500% Apr 1, 2023 ..	USD 3,000	3,601	4,007	Dollar Tree, Inc., Senior, Unsecured, Notes, Callable, 5.750% Mar 1, 2023 ..	USD 2,500	3,258	3,416
Concordia Healthcare Corporation, Series 144A, Senior, Unsecured, Notes, Callable, 7.000% Apr 15, 2023 ..	USD 2,000	2,444	389	DuPont Fabros Technology LP, Senior, Unsecured, Notes, Callable, 5.875% Sep 15, 2021 ..	USD 750	836	1,012
				Dynegey Inc., Senior, Unsecured, Notes, Callable, 6.750% Nov 1, 2019 ..	USD 250	312	334
				Dynegey Inc., Senior, Unsecured, Notes, Callable, 7.375% Nov 1, 2022 ..	USD 2,500	2,899	3,201

# BMO High Yield US Corporate Bond Hedged to CAD Index ETF

(unaudited)

## Schedule of Investment Portfolio (cont'd)

As at June 30, 2017 (All amounts in thousands of Canadian dollars, unless otherwise noted)

	Par Value (in thousands)	Cost (\$)	Fair Value (\$)		Par Value (in thousands)	Cost (\$)	Fair Value (\$)
Dyegy Inc., Senior, Unsecured, Notes, Callable, 7.625% Nov 1, 2024	USD 2,750	3,394	3,459	Florida East Coast Holdings Corporation, Series 144A, Secured, Notes, Callable, 6.750% May 1, 2019	USD 1,500	1,707	1,991
EMC Corporation, Senior, Unsecured, Notes, 1.875% Jun 1, 2018	USD 1,800	2,334	2,321	Freeport-McMoRan Inc., Senior, Unsecured, Notes, 3.100% Mar 15, 2020	USD 3,000	3,937	3,788
EMC Corporation, Senior, Unsecured, Notes, 2.650% Jun 1, 2020	USD 2,000	2,539	2,543	Freeport-McMoRan Inc., Senior, Unsecured, Notes, Callable, 3.875% Mar 15, 2023	USD 1,400	1,339	1,693
Endo Finance LLC & Endo Finco Inc., Series 144A, Senior, Unsecured, Notes, Callable, 5.375% Jan 15, 2023	USD 1,000	1,067	1,083	Freeport-McMoRan Inc., Senior, Unsecured, Notes, Callable, 5.450% Mar 15, 2043	USD 2,250	1,975	2,513
Endo Finance LLC/Endo Ltd./Endo Finco Inc., Series 144A, Senior, Unsecured, Notes, Callable, 6.000% Jul 15, 2023	USD 2,500	3,208	2,723	Fresh Market Inc., The, Series 144A, Secured, Notes, Callable, 9.750% May 1, 2023	USD 1,500	1,861	1,624
Endo Finance LLC/Endo Ltd./Endo Finco Inc., Series 144A, Senior, Unsecured, Notes, Callable, 6.000% Feb 1, 2025	USD 1,500	1,915	1,600	Frontier Communications Corporation, Senior, Unsecured, Notes, Callable, 10.500% Sep 15, 2022	USD 4,000	5,384	4,947
Enel S.p.A., Series 144A, Fixed to Floating, Notes, Subordinated, Callable, 8.750% Sep 24, 2073	USD 2,250	2,879	3,465	Frontier Communications Corporation, Senior, Unsecured, Notes, Callable, 11.000% Sep 15, 2025	USD 3,000	4,104	3,594
Energy Transfer Equity, L.P., Secured, Notes, Callable, 5.875% Jan 15, 2024	USD 750	887	1,029	Gannett Co., Inc., Senior, Unsecured, Notes, Callable, 5.125% Oct 15, 2019	USD 1,000	1,103	1,326
Energy Transfer Equity, L.P., Senior, Unsecured, Notes, Callable, 5.500% Jun 1, 2027	USD 2,250	2,633	3,020	Gannett Co., Inc., Senior, Unsecured, Notes, Callable, 6.375% Oct 15, 2023	USD 1,500	1,704	2,052
Enso PLC, Senior, Unsecured, Notes, Callable, 5.200% Mar 15, 2025	USD 2,000	1,554	2,101	Gates Global LLC/Gates Global Company, Series 144A, Senior, Unsecured, Notes, Callable, 6.000% Jul 15, 2022	USD 1,500	1,820	1,945
Envision Healthcare Corporation, Series 144A, Senior, Unsecured, Notes, Callable, 5.125% Jul 1, 2022	USD 1,750	2,253	2,326	General Cable Corporation, Senior, Unsecured, Notes, Callable, Multi-Couponed, 5.750% Oct 1, 2022	USD 1,000	1,192	1,287
EP Energy LLC/Everest Acquisition Finance Inc., Series 144A, Secured, Notes, Callable, 8.000% Feb 15, 2025	USD 2,250	2,804	2,181	GLP Capital LP/GLP Financing II Inc., Senior, Unsecured, Notes, Callable, 4.875% Nov 1, 2020	USD 2,500	2,900	3,457
Equinix, Inc., Senior, Unsecured, Notes, Callable, 5.375% Apr 1, 2023	USD 3,250	3,904	4,388	GLP Capital LP/GLP Financing II Inc., Senior, Unsecured, Notes, 5.375% Apr 15, 2026	USD 1,000	1,305	1,412
Equinix, Inc., Senior, Unsecured, Notes, Callable, 5.875% Jan 15, 2026	USD 1,000	1,411	1,414	Goodyear Tire & Rubber Company, The, Senior, Unsecured, Notes, Callable, 5.125% Nov 15, 2023	USD 2,000	2,717	2,714
Escow Corporation, Secured, Notes, 6.000% Oct 1, 2020	USD 2,900	3,373	4,033	Gray Television, Inc., Series 144A, Senior, Unsecured, Notes, Callable, 5.125% Oct 15, 2024	USD 1,500	1,926	1,965
ESH Hospitality, Inc., Series 144A, Senior, Unsecured, Notes, Callable, 5.250% May 1, 2025	USD 2,250	2,850	3,005	Gulfport Energy Corporation, Series 144A, Senior, Unsecured, Notes, Callable, 6.000% Oct 15, 2024	USD 1,000	1,350	1,261
Felcor Lodging Limited Partnership, Secured, Notes, Callable, 5.625% Mar 1, 2023	USD 750	885	1,010	Gulfport Energy Corporation, Series 144A, Senior, Unsecured, Notes, Callable, 6.375% May 15, 2025	USD 1,000	1,349	1,274
Fiat Chrysler Automobiles N.V., Senior, Unsecured, Notes, 4.500% Apr 15, 2020	USD 2,500	3,148	3,323	H&E Equipment Services Inc., Senior, Unsecured, Notes, Callable, 7.000% Sep 1, 2022	USD 1,000	1,055	1,349
Fiat Chrysler Automobiles N.V., Senior, Unsecured, Notes, 5.250% Apr 15, 2023	USD 1,500	1,984	1,974	Halcon Resources Corporation, Series 144A, Senior, Unsecured, Notes, Callable, 6.750% Feb 15, 2025	USD 2,000	2,618	2,334
First Data Corporation, Series 144A, Senior, Unsecured, Notes, Callable, 7.000% Dec 1, 2023	USD 6,000	8,044	8,306	Hanesbrands, Inc., Series 144A, Senior, Unsecured, Notes, Callable, 4.625% May 15, 2024	USD 1,500	1,959	1,972
First Data Corporation, Series 144A, Secured, Notes, Callable, 5.750% Jan 15, 2024	USD 3,000	3,923	4,046	Hanesbrands, Inc., Series 144A, Senior, Unsecured, Notes, Callable, 4.875% May 15, 2026	USD 1,500	1,961	1,974
First Quality Finance Company Inc., Series 144A, Senior, Unsecured, Notes, Callable, 4.625% May 15, 2021	USD 1,500	1,582	1,970	Harland Clarke Holdings Corp., Series 144A, Senior, Unsecured, Notes, Callable, 9.250% Mar 1, 2021	USD 1,000	1,230	1,269
First Quantum Minerals Ltd., Series 144A, Senior, Unsecured, Notes, Callable, 7.000% Feb 15, 2021	USD 2,000	2,336	2,658	HCA, Inc., Secured, Notes, 3.750% Mar 15, 2019	USD 1,000	1,340	1,323
First Quantum Minerals Ltd., Series 144A, Senior, Unsecured, Notes, Callable, 7.500% Apr 1, 2025	USD 2,500	3,385	3,169	HCA, Inc., Secured, Notes, 5.000% Mar 15, 2024	USD 1,000	1,380	1,373



# BMO High Yield US Corporate Bond Hedged to CAD Index ETF

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## Schedule of Investment Portfolio (cont'd)

As at June 30, 2017 (All amounts in thousands of Canadian dollars, unless otherwise noted)

	Par Value (in thousands)	Cost (\$)	Fair Value (\$)		Par Value (in thousands)	Cost (\$)	Fair Value (\$)
HCA, Inc., Senior, Unsecured, Notes, 5.375% Feb 1, 2025 .....	USD 6,000	7,798	8,209	Infor Software Parent LLC/Infor Software Parent Inc., Series 144A, Senior, Unsecured, Notes, Callable, 7.125% May 1, 2021 .....	USD 3,000	3,398	4,017
HCA, Inc., Secured, Notes, Callable, 5.250% Jun 15, 2026 .....	USD 2,000	2,937	2,801	Ingles Markets Inc., Senior, Unsecured, Notes, Callable, 5.750% Jun 15, 2023 .....	USD 1,000	1,108	1,271
HCA, Inc., Secured, Notes, Callable, 4.500% Feb 15, 2027 .....	USD 3,000	4,184	4,002	Inmarsat Finance Plc, Series 144A, Senior, Unsecured, Notes, Callable, 4.875% May 15, 2022 .....	USD 2,000	2,193	2,632
HD Supply, Inc., Series 144A, Secured, Notes, Callable, 5.250% Dec 15, 2021 .....	USD 1,000	1,286	1,360	Intelsat (Luxembourg) S.A., Senior, Unsecured, Notes, Callable, 7.750% Jun 1, 2021 .....	USD 1,500	1,684	1,070
HD Supply, Inc., Series 144A, Senior, Unsecured, Notes, Callable, 5.750% Apr 15, 2024 .....	USD 2,000	2,670	2,759	Intelsat Jackson Holdings S.A., Senior, Unsecured, Notes, Callable, 5.500% Aug 1, 2023 .....	USD 6,000	6,531	6,439
HealthSouth Corporation, Senior, Unsecured, Notes, Callable, 5.750% Nov 1, 2024 .....	USD 2,250	2,974	2,998	InterGen NV, Series 144A, Secured, Notes, Subordinated, 5.017% Jun 30, 2023 .....	USD 1,130	1,228	1,410
Hertz Corporation, The, Senior, Unsecured, Notes, Callable, 5.875% Oct 15, 2020 .....	USD 1,500	1,756	1,877	International Game Technology PLC, Series 144A, Secured, Notes, Callable, 6.250% Feb 15, 2022 ..	USD 2,000	2,469	2,830
Hilcorp Energy I LP/Hilcorp Finance Company, Series 144A, Senior, Unsecured, Notes, Callable, 5.750% Oct 1, 2025 .....	USD 1,500	1,978	1,833	International Game Technology PLC, Series 144A, Secured, Notes, Callable, 6.500% Feb 15, 2025 ..	USD 2,450	3,000	3,491
Hilton Domestic Operating Company, Inc., Series 144A, Callable, 4.250% Sep 1, 2024 .....	USD 200	261	262	Intesa Sanpaolo S.p.A., Series 144A, Notes, Subordinated, 5.017% Jun 26, 2024 .....	USD 2,000	2,309	2,633
Hilton Worldwide Finance LLC/Hilton Worldwide Finance Corporation, Series 144A, Senior, Unsecured, Notes, Callable, 4.875% Apr 1, 2027 .....	USD 2,000	2,681	2,701	Intesa Sanpaolo S.p.A., Series 144A, Notes, Subordinated, 5.710% Jan 15, 2026 .....	USD 1,475	1,919	2,023
Hockey Merger Sub 2 Inc., Series 144A, Senior, Unsecured, Notes, Callable, 7.875% Oct 1, 2021 ..	USD 2,000	2,349	2,707	INVISTA Finance, LLC, Series 144A, Secured, Notes, 4.250% Oct 15, 2019 .....	USD 1,500	1,976	1,990
Hologic, Inc., Series 144A, Senior, Unsecured, Notes, Callable, 5.250% Jul 15, 2022 .....	USD 1,500	2,117	2,042	Iron Mountain Incorporated, Series 144A, Senior, Unsecured, Notes, Callable, 6.000% Oct 1, 2020 ..	USD 1,000	1,355	1,342
Howard Hughes Corporation, The, Series 144A, Senior, Unsecured, Notes, Callable, 5.375% Mar 15, 2025 .....	USD 2,000	2,649	2,650	Iron Mountain Incorporated, Senior, Unsecured, Notes, Callable, 6.000% Aug 15, 2023 .....	USD 1,000	1,127	1,371
HRG Group Inc, Senior, Unsecured, Notes, Callable, 7.750% Jan 15, 2022 .....	USD 3,000	3,623	4,085	Iron Mountain Incorporated, Senior, Notes, Subordinated, Callable, 5.750% Aug 15, 2024 .	USD 2,250	2,550	2,980
Hughes Satellite Systems Corporation, Secured, Notes, 5.250% Aug 1, 2026 .....	USD 1,965	2,622	2,663	iStar Inc., Senior, Unsecured, Notes, Callable, 5.000% Jul 1, 2019 .....	USD 1,750	1,868	2,292
Huntington Ingalls Industries, Inc., Series 144A, Senior, Unsecured, Notes, Callable, 5.000% Nov 15, 2025 .....	USD 2,250	3,052	3,111	Jaguar Holding Company II/Pharmaceutical Product Development LLC, Series 144A, Senior, Unsecured, Notes, Callable, 6.375% Aug 1, 2023 .....	USD 2,000	2,741	2,733
Huntsman International LLC., Senior, Unsecured, Notes, 4.875% Nov 15, 2020 .....	USD 1,000	1,033	1,368	Jaguar Land Rover Automotive PLC, Series 144A, Senior, Unsecured, Notes, 4.125% Dec 15, 2018 ..	USD 2,750	3,169	3,642
Icahn Enterprises LP/Icahn Enterprises Finance Corp., Senior, Unsecured, Notes, Callable, 4.875% Mar 15, 2019 .....	USD 1,250	1,465	1,637	JBS USA LLC/JBS USA Finance Inc., Series 144A, Senior, Unsecured, Notes, Callable, 5.875% Jul 15, 2024 .....	USD 2,500	3,079	3,060
Icahn Enterprises LP/Icahn Enterprises Finance Corp., Senior, Unsecured, Notes, Callable, 6.000% Aug 1, 2020 .....	USD 2,000	2,256	2,671	Jefferies Finance LLC/JFIN Co-Issuer Corp., Series 144A, Senior, Unsecured, Notes, Callable, 7.375% Apr 1, 2020 .....	USD 1,000	1,111	1,329
Icahn Enterprises LP/Icahn Enterprises Finance Corp., Senior, Unsecured, Notes, Callable, 5.875% Feb 1, 2022 .....	USD 1,000	1,165	1,323	Jupiter Resources Inc., Series 144A, Senior, Unsecured, Notes, Callable, 8.500% Oct 1, 2022 ..	USD 1,500	1,554	1,454
IHO Verwaltungs GmbH, Series 144A, Senior, Secured, Callable, 4.500% Sep 15, 2023 .....	USD 3,250	4,288	4,278	K. Hovnanian Enterprises, Inc., Series 144A, Secured, Notes, Callable, 7.250% Oct 15, 2020 ..	USD 1,250	1,420	1,649
IHS Markit Ltd., Series 144A, Senior, Unsecured, Notes, Callable, 5.000% Nov 1, 2022 .....	USD 1,000	1,263	1,401	KFC Holding Co./Pizza Hut Holdings LLC/Taco Bell of America LLC, Series 144A, Senior, Unsecured, Notes, Callable, 5.000% Jun 1, 2024 .....	USD 1,000	1,362	1,347
Inception Merger Sub Inc./Rackspace Hosting Inc., Series 144A, Senior, Unsecured, Notes, Callable, 8.625% Nov 15, 2024 .....	USD 2,000	2,683	2,762	KFC Holding Co./Pizza Hut Holdings LLC/Taco Bell of America LLC, Series 144A, Senior, Unsecured, Notes, Callable, 5.250% Jun 1, 2026 .....	USD 2,000	2,761	2,730
Infor (US), Inc., Senior, Unsecured, Notes, Callable, 6.500% May 15, 2022 .....	USD 1,000	1,225	1,339	Kindred Healthcare, Inc., Senior, Unsecured, Notes, Callable, 6.375% Apr 15, 2022 .....	USD 3,250	3,811	4,151
				Kinetics Concepts Inc./KCI USA Inc., Series 144A, Secured, Notes, Callable, 7.875% Feb 15, 2021 ..	USD 1,000	1,409	1,375

# BMO High Yield US Corporate Bond Hedged to CAD Index ETF

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## Schedule of Investment Portfolio (cont'd)

As at June 30, 2017 (All amounts in thousands of Canadian dollars, unless otherwise noted)

	Par Value (in thousands)	Cost (\$)	Fair Value (\$)		Par Value (in thousands)	Cost (\$)	Fair Value (\$)
KLX Inc., Series 144A, Senior, Unsecured, Notes, Callable, 5.875% Dec 1, 2022.....	USD 2,500	3,118	3,400	Micron Technology, Inc., Series 144A, Senior, Unsecured, Notes, Callable, 5.250% Aug 1, 2023 .....	USD 1,000	1,201	1,349
Koninklijke (Royal) KPN N.V., Series 144A, Senior, Notes, Subordinated, Callable, 7.000% Mar 28, 2073 .....	USD 1,000	1,362	1,438	Millicom International Cellular S.A., Series 144A, Senior, Unsecured, Notes, Callable, 6.625% Oct 15, 2021 .....	USD 2,500	2,914	3,360
Kronos Acquisition Holdings Inc., Series 144A, Senior, Unsecured, Notes, Callable, 9.000% Aug 15, 2023 .....	USD 1,500	2,053	1,935	Momentive Performance Materials Inc., Secured, Notes, Callable, 3.880% Oct 24, 2021.....	USD 1,500	1,740	1,926
L Brands, Inc., Senior, Unsecured, Notes, 6.875% Nov 1, 2035 .....	USD 1,500	2,135	1,877	MPH Acquisition Holdings LLC, Series 144A, Senior, Unsecured, Notes, Callable, 7.125% Jun 1, 2024..	USD 2,000	2,843	2,769
Lamar Media Corporation, Senior, Notes, Subordinated, Callable, 5.000% May 1, 2023...	USD 2,500	2,768	3,355	MSCI Inc., Series 144A, Senior, Unsecured, Notes, Callable, 5.250% Nov 15, 2024 .....	USD 1,000	1,289	1,381
Lamb Weston Holdings, Inc., Series 144A, Senior, Unsecured, Notes, Callable, 4.625% Nov 1, 2024 .....	USD 1,000	1,339	1,336	MSCI Inc., Series 144A, Senior, Unsecured, Notes, Callable, 5.750% Aug 15, 2025 .....	USD 1,000	1,364	1,401
Lennar Corporation, Senior, Unsecured, Notes, Callable, 4.125% Jan 15, 2022.....	USD 2,500	3,379	3,347	Murphy Oil Corporation, Senior, Unsecured, Notes, Callable, Multi-Couponed, 4.700% Dec 1, 2022 ..	USD 2,000	2,214	2,490
Level 3 Financing Inc., Senior, Unsecured, Notes, Callable, 5.375% Aug 15, 2022 .....	USD 1,000	1,247	1,332	Nationstar Mortgage LLC/Nationstar Capital Corporation, Senior, Unsecured, Notes, Callable, 6.500% Jul 1, 2021 .....	USD 1,000	1,227	1,323
Level 3 Financing Inc., Senior, Unsecured, Notes, Callable, 5.375% May 1, 2025 .....	USD 1,500	2,056	2,047	Nature's Bounty Company, The, Series 144A, Senior, Unsecured, Notes, Callable, 7.625% May 15, 2021 .....	USD 2,000	2,820	2,749
LifePoint Hospitals, Inc., Senior, Unsecured, Notes, Callable, 5.500% Dec 1, 2021.....	USD 1,500	1,685	2,013	Navient Corporation, Medium Term Notes, Senior, Unsecured, 4.875% Jun 17, 2019 .....	USD 1,000	1,294	1,348
LifePoint Hospitals, Inc., Senior, Unsecured, Notes, Callable, 5.875% Dec 1, 2023.....	USD 1,500	2,032	2,052	Navient Corporation, Senior, Unsecured, Notes, 7.250% Sep 25, 2023 .....	USD 1,000	1,412	1,392
LKQ Corporation, Senior, Unsecured, Notes, Callable, 4.750% May 15, 2023.....	USD 1,250	1,510	1,653	Navios Maritime Acquisition Corp./Navios Acquisition Finance US Inc., Series 144A, Secured, Notes, Callable, 8.125% Nov 15, 2021 .....	USD 1,000	1,115	1,099
Mallinckrodt International Finance SA/Mallinckrodt CB LLC, Series 144A, Senior, Unsecured, Notes, Callable, 4.875% Apr 15, 2020.....	USD 1,000	1,334	1,263	Navios Maritime Holdings Inc./Navios Maritime Finance II US Inc., Series 144A, Secured, Notes, Callable, 7.375% Jan 15, 2022 .....	USD 1,000	1,113	1,002
Mallinckrodt International Finance SA/Mallinckrodt CB LLC, Series 144A, Senior, Unsecured, Notes, Callable, 5.750% Aug 1, 2022 .....	USD 1,200	1,354	1,463	NCL Corporation Ltd., Series 144A, Senior, Unsecured, Notes, Callable, 4.625% Nov 15, 2020 .....	USD 750	998	999
Mallinckrodt International Finance SA/Mallinckrodt CB LLC, Series 144A, Senior, Unsecured, Notes, Callable, 5.625% Oct 15, 2023.....	USD 1,000	1,307	1,185	NCR Corporation, Senior, Unsecured, Notes, Callable, 4.625% Feb 15, 2021 .....	USD 1,000	1,086	1,324
MDC Partners Inc., Series 144A, Senior, Unsecured, Notes, Callable, 6.500% May 1, 2024 .....	USD 1,500	1,974	1,940	NCR Corporation, Senior, Unsecured, Notes, Callable, 5.000% Jul 15, 2022.....	USD 1,500	1,496	1,989
MEG Energy Corporation, Series 144A, Senior, Unsecured, Notes, Callable, 6.375% Jan 30, 2023 .....	USD 1,000	1,119	1,002	Neiman Marcus Group Ltd LLC, Series 144A, Senior, Unsecured, Notes, Callable, 8.000% Oct 15, 2021 .....	USD 2,500	2,769	1,775
MEG Energy Corporation, Series 144A, Senior, Unsecured, Notes, Callable, 7.000% Mar 31, 2024 .....	USD 550	649	549	Neptune Finco Corp., Series 144A, Senior, Unsecured, Notes, Callable, 10.125% Jan 15, 2023 .....	USD 2,000	2,759	3,005
MEG Energy Corporation, Series 144A, Secured Notes, Callable, 6.500% Jan 15, 2025.....	USD 2,000	2,640	2,360	Neptune Finco Corp., Series 144A, Senior, Unsecured, Notes, Callable, 10.875% Oct 15, 2025 .....	USD 3,500	4,978	5,452
MGM Growth Properties Operating Partnership LP/MGP Finance Co-Issuer Inc., Senior, Unsecured, Notes, Callable, 5.625% May 1, 2024 .....	USD 2,000	2,628	2,824	Netflix Inc., Senior, Unsecured, Notes, 5.500% Feb 15, 2022 .....	USD 1,750	2,233	2,459
MGM Resorts International, Senior, Unsecured, Notes, 6.625% Dec 15, 2021.....	USD 2,000	2,081	2,905	Netflix Inc., Series 144A, Senior, Unsecured, Notes, 4.375% Nov 15, 2026 .....	USD 2,000	2,620	2,590
MGM Resorts International, Senior, Unsecured, Notes, 6.000% Mar 15, 2023 .....	USD 1,070	1,419	1,533	Nexstar Escrow Corporation, Series 144A, Senior, Unsecured, Notes, Callable, 5.625% Aug 1, 2024 .....	USD 2,000	2,647	2,620
Michaels Stores Inc., Series 144A, Senior, Notes, Subordinated, Callable, 5.875% Dec 15, 2020..	USD 750	813	997	Nielsen Finance LLC/Nielsen Finance Co., Senior, Unsecured, Notes, Callable, 4.500% Oct 1, 2020..	USD 2,000	2,197	2,633
Micron Technology, Inc., Senior, Unsecured, Notes, Callable, 5.875% Feb 15, 2022 .....	USD 2,000	2,368	2,710				

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As at June 30, 2017 (All amounts in thousands of Canadian dollars, unless otherwise noted)

	Par Value (in thousands)	Cost (\$)	Fair Value (\$)		Par Value (in thousands)	Cost (\$)	Fair Value (\$)
Nielsen Finance LLC/Nielsen Finance Co., Series 144A, Senior, Unsecured, Notes, Callable, 5.000% Apr 15, 2022	USD 3,000	3,401	4,036	Penske Automotive Group Inc., Senior, Notes, Subordinated, Callable, 5.750% Oct 1, 2022	USD 1,500	1,679	2,004
Noble Holdings International Limited, Senior, Unsecured, Notes, Callable, 7.750% Jan 15, 2024	USD 2,000	2,594	2,046	Pilgrim's Pride Corporation, Series 144A, Senior, Unsecured, Notes, Callable, 5.750% Mar 15, 2025	USD 1,000	1,317	1,298
Novelis Corporation, Series 144A, Senior, Unsecured, Notes, Callable, 6.250% Aug 15, 2024	USD 1,000	1,371	1,357	Platform Specialty Products Corporation, Series 144A, Senior, Unsecured, Notes, Callable, 6.500% Feb 1, 2022	USD 1,500	1,859	2,011
Novelis Corporation, Series 144A, Senior, Unsecured, Notes, Callable, 5.875% Sep 30, 2026	USD 1,475	1,964	1,970	PolyOne Corporation, Senior, Unsecured, Notes, 5.250% Mar 15, 2023	USD 1,500	1,534	2,038
NRG Energy, Inc., Senior, Unsecured, Notes, Callable, 6.250% Jul 15, 2022	USD 2,750	3,359	3,655	Post Holdings Inc., Series 144A, Senior, Unsecured, Notes, Callable, 5.000% Aug 15, 2026	USD 2,500	3,195	3,234
Numericable-SFR S.A., Series 144A, Secured, Notes, Callable, 6.000% May 15, 2022	USD 3,650	4,547	4,946	Post Holdings Inc., Series 144A, Senior, Unsecured, Notes, Callable, 5.750% Mar 01, 2027	USD 3,000	4,022	3,866
Numericable-SFR S.A., Series 144A, Secured, Notes, Callable, 6.250% May 15, 2024	USD 2,000	2,528	2,743	Prime Security One MS, Inc., Series 144A, Secured, Notes, 4.875% Jul 15, 2032	USD 1,500	1,382	1,702
Numericable-SFR S.A., Series 144A, Secured, Notes, Callable, 7.375% May 1, 2026	USD 7,000	9,146	9,815	Prime Security Services Borrower LLC/Prime Finance Inc., Series 144A, Secured, Notes, Callable, 9.250% May 15, 2023	USD 4,500	5,910	6,332
NXP B.V./NXP Funding LLC, Series 144A, Senior, Unsecured, Notes, 4.125% Jun 1, 2021	USD 2,950	4,132	4,017	PulteGroup Inc., Senior, Unsecured, Notes, Callable, 5.500% Mar 1, 2026	USD 2,000	2,754	2,765
Oasis Petroleum Inc., Senior, Unsecured, Notes, Callable, 6.875% Mar 15, 2022	USD 1,500	2,075	1,887	PVH Corporation, Senior, Unsecured, Notes, Callable, 4.500% Dec 15, 2022	USD 1,000	1,079	1,339
OneMain Financial Holdings, Inc., Series 144A, Senior, Unsecured, Notes, Callable, 6.750% Dec 15, 2019	USD 1,000	1,267	1,362	Quicken Loans, Inc., Series 144A, Senior, Unsecured, Notes, Callable, 5.750% May 1, 2025	USD 2,500	3,043	3,339
OneMain Financial Holdings, Inc., Series 144A, Senior, Unsecured, Notes, Callable, 7.250% Dec 15, 2021	USD 250	325	341	Quintiles IMS Incorporated, Series 144A, Senior, Unsecured, Notes, Callable, 5.000% Oct 15, 2026	USD 2,000	2,749	2,671
Opal Acquisition Inc., Series 144A, Senior, Unsecured, Notes, Callable, 8.875% Dec 15, 2021	USD 1,000	1,282	1,170	Quintiles Transnational Corporation, Series 144A, Senior, Unsecured, Notes, Callable, 4.875% May 15, 2023	USD 1,000	1,329	1,332
Open Text Corporation, Series 144A, Senior, Unsecured, Notes, Callable, 5.625% Jan 15, 2023	USD 1,000	1,287	1,355	Range Resources Corporation, Senior, Unsecured, Notes, Subordinated, Callable, 5.000% Aug 15, 2022	USD 1,000	1,003	1,274
Ortho-Clinical Diagnostics, Inc., Series 144A, Senior, Unsecured, Notes, Callable, 6.625% May 15, 2022	USD 2,000	2,214	2,477	Range Resources Corporation, Series 144A, Senior, Unsecured, Notes, Callable, 5.000% Mar 15, 2023	USD 2,000	2,253	2,529
Outdoor Americas Capital LLC/Outfront Media Capital Corporation, Senior, Unsecured, Notes, Callable, 5.625% Feb 15, 2024	USD 1,000	1,338	1,357	Realogy Group LLC/Realogy Co-Issuer Corp., Series 144A, Senior, Unsecured, Notes, Callable, 4.875% Jun 1, 2023	USD 2,000	2,559	2,607
Outfront Media Capital LLC/Outfront Media Capital Corporation, Senior, Unsecured, Notes, Callable, 5.250% Feb 15, 2022	USD 1,000	1,318	1,345	Regal Entertainment Group, Senior, Unsecured, Notes, Callable, 5.750% Mar 15, 2022	USD 1,000	1,109	1,355
Owens-Brockway Glass Container Inc., Series 144A, Senior, Unsecured, Notes, 5.875% Aug 15, 2023	USD 2,000	2,751	2,866	RegionalCare Hospital Partners Holdings, Inc., Series 144A, Secured, Notes, Callable, 8.250% May 1, 2023	USD 1,500	1,972	2,096
Pacific Drilling S.A., Series 144A, Secured, Notes, Callable, 5.375% Jun 1, 2020	USD 2,500	2,746	1,459	Resolute Forest Products Inc., Senior, Unsecured, Notes, Callable, 5.875% May 15, 2023	USD 750	805	943
Paris Las Vegas Holding LLC/Harrah's Las Vegas LLC/Flamingo Las Vega Holding LLC, Series 144A, Secured, Notes, Callable, 11.000% Oct 1, 2021	USD 3,050	3,461	4,242	Reynolds Group Issuer Inc./Reynolds Group Issuer LLC/Reynolds Group Issuer LU, Secured, Notes, Callable, 5.750% Oct 15, 2020	USD 4,750	6,186	6,291
Park Aerospace Holdings Limited, Series 144A, Senior, Unsecured, Notes, 5.250% Aug 15, 2022	USD 2,500	3,353	3,381	Reynolds Group Issuer Inc./Reynolds Group Issuer LLC/Reynolds Group Issuer LU, Series 144A, Secured, Notes, Callable, 5.125% Jul 15, 2023	USD 2,000	2,717	2,684
PDC Energy Inc., Senior, Unsecured, Notes, Callable, 7.750% Oct 15, 2022	USD 1,000	1,291	1,345	Rice Energy Inc., Senior, Unsecured, Notes, Callable, 6.250% May 1, 2022	USD 1,000	1,092	1,352
				Rite Aid Corporation, Senior, Unsecured, Notes, Callable, 6.750% Jun 15, 2021	USD 500	571	668

# BMO High Yield US Corporate Bond Hedged to CAD Index ETF

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## Schedule of Investment Portfolio (cont'd)

As at June 30, 2017 (All amounts in thousands of Canadian dollars, unless otherwise noted)

	Par Value (in thousands)	Cost (\$)	Fair Value (\$)		Par Value (in thousands)	Cost (\$)	Fair Value (\$)
Rite Aid Corporation, Series 144A, Senior, Unsecured, Notes, Callable, 6.125% Apr 1, 2023 .....	USD 2,250	2,955	2,870	Sirius XM Radio Inc., Series 144A, Senior, Unsecured, Notes, Callable, 5.000% Aug 1, 2027 .....	USD 3,000	3,929	3,915
RJS Power Holdings LLC, Series 144A, Senior, Unsecured, Notes, Callable, 4.625% Jul 15, 2019 .....	USD 265	297	335	Six Flags Entertainment Corporation, Series 144A, Senior, Unsecured, Notes, Callable, 5.500% Apr 15, 2027 .....	USD 2,500	3,356	3,331
Royal Bank of Scotland Group plc, The, Notes, Subordinated, 6.125% Dec 15, 2022 .....	USD 1,250	1,459	1,771	SLM Corporation, Series A, Medium Term Notes, Senior, Unsecured, 5.500% Jan 15, 2019 .....	USD 2,250	2,688	3,041
Royal Bank of Scotland Group plc, The, Notes, Subordinated, 5.125% May 28, 2024 .....	USD 4,250	5,254	5,777	SLM Corporation, Senior, Unsecured, Notes, 5.500% Jan 25, 2023 .....	USD 1,000	1,117	1,313
Royal Bank of Scotland plc, The, Unsecured, Notes, 6.000% Dec 19, 2023 .....	USD 1,500	1,714	2,146	SM Energy Company, Senior, Unsecured, Notes, Callable, 6.125% Nov 15, 2022 .....	USD 1,500	1,905	1,848
Royal Caribbean Cruises Ltd., Senior, Unsecured, Notes, 5.250% Nov 15, 2022 .....	USD 1,000	1,029	1,433	SM Energy Company, Senior, Unsecured, Notes, Callable, 5.625% Jun 1, 2025 .....	USD 500	617	584
RSP Permian, Inc., Senior, Unsecured, Notes, Callable, 6.625% Oct 1, 2022 .....	USD 1,000	1,288	1,342	SoftBank Group Corp., Series 144A, Senior, Unsecured, Notes, 4.500% Apr 15, 2020 .....	USD 3,750	4,152	5,033
Sable International Finance Ltd., Series 144A, Senior, Unsecured, Notes, Callable, 6.875% Aug 1, 2022 .....	USD 1,500	2,140	2,094	Solera LLC/Solera Finance Inc., Series 144A, Senior, Unsecured, Notes, Callable, 10.500% Mar 1, 2024 .....	USD 1,500	2,052	2,235
Sabre GBL Inc., Series 144A, Secured, Notes, Callable, 5.250% Nov 15, 2023 .....	USD 1,000	1,324	1,349	Southwestern Energy Company, Senior, Unsecured, Notes, Callable, Multi-Coupon, 5.800% Jan 23, 2020 .....	USD 750	754	992
Sanchez Energy Corporation, Senior, Unsecured, Notes, Callable, 6.125% Jan 15, 2023 .....	USD 2,500	2,770	2,594	Southwestern Energy Company, Senior, Unsecured, Notes, Callable, 4.100% Mar 15, 2022 .....	USD 900	773	1,085
SBA Communications Corporation, Senior, Unsecured, Notes, Callable, 4.875% Jul 15, 2022 .....	USD 750	896	1,002	Southwestern Energy Company, Senior, Unsecured, Notes, Callable, Multi-Coupon, 6.700% Jan 23, 2025 .....	USD 2,000	1,667	2,535
SBA Communications Corporation, Series 144A, Senior, Unsecured, Notes, Callable, 4.875% Sep 1, 2024 .....	USD 1,000	1,315	1,318	Spectrum Brands Inc., Senior, Unsecured, Notes, Callable, 6.625% Nov 15, 2022 .....	USD 1,500	1,725	2,042
Scientific Games International Inc., Series 144A, Secured, Notes, Callable, 7.000% Jan 1, 2022 ..	USD 1,750	2,168	2,417	Spectrum Brands Inc., Senior, Unsecured, Notes, Callable, 5.750% Jul 15, 2025 .....	USD 1,000	1,326	1,391
Scientific Games International Inc., Senior, Unsecured, Notes, Callable, 10.000% Dec 1, 2022 .....	USD 2,500	2,921	3,554	Springleaf Finance Corporation, Senior, Unsecured, Notes, 5.250% Dec 15, 2019 .....	USD 3,500	4,363	4,698
Select Medical Corporation, Senior, Unsecured, Notes, Callable, 6.375% Jun 1, 2021 .....	USD 1,000	1,260	1,332	Sprint Communications Inc., Senior, Unsecured, Notes, 6.000% Nov 15, 2022 .....	USD 2,000	2,762	2,749
Sensata Technologies B.V., Series 144A, Senior, Unsecured, Notes, 4.875% Oct 15, 2023 .....	USD 3,000	3,943	3,949	Sprint Corporation, Senior, Unsecured, Notes, 7.250% Sep 15, 2021 .....	USD 1,000	1,482	1,439
Service Corporation International, Senior, Unsecured, Notes, Callable, 5.375% May 15, 2024 .....	USD 2,000	2,745	2,730	Sprint Corporation, Senior, Unsecured, Notes, 7.875% Sep 15, 2023 .....	USD 3,750	4,021	5,592
Seven Generations Energy Ltd., Series 144A, Senior, Unsecured, Notes, Callable, 8.250% May 15, 2020 .....	USD 1,000	1,279	1,355	Sprint Corporation, Senior, Unsecured, Notes, 7.125% Jun 15, 2024 .....	USD 6,000	7,021	8,656
Signode Industrial Group US Inc., Series 144A, Senior, Unsecured, Notes, Callable, 6.375% May 1, 2022 .....	USD 1,900	2,078	2,575	Sprint Corporation, Senior, Unsecured, Notes, Callable, 7.625% Feb 15, 2025 .....	USD 3,000	4,497	4,474
SIL II BO/SIL II US Hold, Series 144A, Senior, Unsecured, Notes, Callable, 7.75% Dec 15, 2020 .....	USD 1,000	1,023	1,302	Standard Industries, Inc., Series 144A, Senior, Unsecured, Notes, Callable, 5.125% Feb 15, 2021 .....	USD 1,000	1,379	1,344
Sinclair Television Group, Inc., Senior, Unsecured, Notes, Callable, 5.375% Apr 1, 2021 .....	USD 2,500	2,656	3,323	Steel Dynamics, Inc., Senior, Unsecured, Notes, Callable, 5.125% Oct 1, 2021 .....	USD 1,500	1,888	2,001
Sirius XM Holdings Inc., Series 144A, Senior, Unsecured, Notes, Callable, 6.000% Jul 15, 2024 .....	USD 1,000	1,117	1,378	Sunoco LP/Sunoco Finance Corporation, Senior, Unsecured, Notes, Callable, 6.375% Apr 1, 2023 .....	USD 2,000	2,677	2,736
Sirius XM Radio Inc., Series 144A, Senior, Unsecured, Notes, Callable, 5.375% Apr 15, 2025 .....	USD 2,500	3,244	3,351	Symantec Corporation, Series 144A, Senior, Unsecured, Notes, Callable, 5.000% Apr 15, 2025 .....	USD 500	692	678
				Targa Resources Partners LP/Targa Resources Partners Finance Corp., Senior, Unsecured, Notes, Callable, 4.250% Nov 15, 2023 .....	USD 2,000	2,603	2,532

# BMO High Yield US Corporate Bond Hedged to CAD Index ETF

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## Schedule of Investment Portfolio (cont'd)

As at June 30, 2017 (All amounts in thousands of Canadian dollars, unless otherwise noted)

	Par Value (in thousands)	Cost (\$)	Fair Value (\$)		Par Value (in thousands)	Cost (\$)	Fair Value (\$)
Taylor Morrison Communities Inc./Monarch Communities Inc., Series 144A, Senior, Unsecured, Notes, 5.250% Apr 15, 2021	USD 750	822	997	TransDigm, Inc., Senior, Notes, Subordinated, Callable, 6.500% Jul 15, 2024	USD 2,000	2,191	2,665
Teck Resources Limited, Senior, Unsecured, Notes, Callable, 3.750% Feb 1, 2023	USD 2,000	1,955	2,513	Transocean Inc., Series 144A, Senior, Unsecured, Notes, Callable, 9.000% Jul 15, 2023	USD 1,000	1,274	1,345
Telecom Italia S.p.A., Series 144A, Senior, Unsecured, Notes, 5.303% May 30, 2024	USD 2,300	2,515	3,203	Transocean Proteus Limited, Series 144A, Secured, Notes, Callable, 6.250% Dec 1, 2024	USD 1,900	2,573	2,519
Tenet Healthcare Corporation, Senior, Unsecured, Notes, 5.000% Mar 1, 2019	USD 1,000	1,390	1,360	Tribune Media Company, Senior, Unsecured, Notes, Callable, 5.875% Jul 15, 2022	USD 1,500	1,930	2,038
Tenet Healthcare Corporation, Series 144A, Secured, Notes, Callable, 7.500% Jan 1, 2022	USD 1,000	1,477	1,404	Tronex Finance LLC, Senior, Unsecured, Notes, Callable, 6.375% Aug 15, 2020	USD 2,000	1,987	2,594
Tenet Healthcare Corporation, Senior, Unsecured, Notes, 8.125% Apr 1, 2022	USD 3,500	4,374	4,822	Tullow Oil plc, Series 144A, Senior, Unsecured, Notes, Callable, 6.000% Nov 1, 2020	USD 1,500	1,868	1,828
Tenet Healthcare Corporation, Series 144A, Senior, Secured, Notes, Callable, 4.625% Jul 15, 2024	USD 1,000	1,333	1,298	Tullow Oil plc, Series 144A, Senior, Unsecured, Notes, Callable, 6.250% Apr 15, 2022	USD 1,500	1,824	1,780
Tennessee Merger Sub, Inc., Series 144A, Senior, Unsecured, Notes, Callable, 6.375% Feb 1, 2025	USD 1,500	1,924	1,887	Ultra Resources, Inc., Series 144A, Senior, Unsecured, Notes, Callable, 7.125% Apr 15, 2025	USD 2,000	2,649	2,555
TerraForm Power Operating, LLC, Series 144A, Senior, Unsecured, Notes, Callable, 5.875% Feb 1, 2023	USD 1,000	1,289	1,352	United Rentals (North America), Inc., Secured, Notes, Callable, 4.625% Jul 15, 2023	USD 1,500	2,076	2,018
Tesoro Corporation, Series 144A, Senior, Unsecured, Notes, Callable, 4.750% Dec 15, 2023	USD 1,500	2,010	2,091	United Rentals (North America), Inc., Senior, Unsecured, Notes, Callable, 5.875% Sep 15, 2026	USD 1,000	1,411	1,381
Tesoro Corporation, Series 144A, Senior, Unsecured, Notes, Callable, 5.125% Dec 15, 2026	USD 1,500	2,045	2,111	United Rentals (North America), Inc., Senior, Unsecured, Notes, Callable, 5.500% May 15, 2027	USD 5,000	6,730	6,679
Tesoro Logistics LP/Tesoro Logistics Finance Corp., Senior, Unsecured, Notes, Callable, 6.250% Oct 15, 2022	USD 3,500	4,102	4,822	United States Steel Corporation, Series 144A, Secured, Notes, Callable, 8.375% Jul 1, 2021	USD 2,000	2,616	2,850
THC Escrow Corporation III, Series 144A, Secured, Notes, Callable, 5.125% May 1, 2025	USD 3,500	4,591	4,556	Unitymedia Hessen GmbH & Co KG/Unitymedia NRW GmbH, Series 144A, Senior, Secured, Notes, Callable, 5.500% Jan 15, 2023	USD 1,350	1,383	1,816
THC Escrow Corporation III, Series 144A, Senior, Unsecured, Notes, Callable, 7.000% Aug 1, 2025	USD 2,000	2,633	2,587	Unitymedia KabelBW GmbH, Series 144A, Senior, Unsecured, Notes, Callable, 6.125% Jan 15, 2025	USD 1,500	1,978	2,086
The Hertz Corporation, Series 144A, Secured, Notes, Callable, 7.625% Jun 1, 2022	USD 3,000	3,890	3,886	Univision Communications Inc., Series 144A, Secured, Notes, Callable, 6.750% Sep 15, 2022	USD 250	289	337
TIBCO Software Inc., Series 144A, Senior, Unsecured, Notes, Callable, 11.375% Dec 1, 2021	USD 1,250	1,585	1,787	Univision Communications Inc., Series 144A, Secured, Notes, Callable, 5.125% May 15, 2023	USD 1,500	1,919	1,957
Time Inc., Series 144A, Senior, Unsecured, Notes, Callable, 5.750% Apr 15, 2022	USD 1,000	1,230	1,341	Univision Communications Inc., Series 144A, Secured, Notes, Callable, 5.125% Feb 15, 2025	USD 2,000	2,422	2,564
T-Mobile USA, Inc., Senior, Unsecured, Notes, Callable, 5.125% Apr 15, 2025	USD 2,000	2,730	2,723	UPCB Finance IV Ltd., Series 144A, Secured, Notes, Callable, 5.375% Jan 15, 2025	USD 1,500	1,848	2,030
T-Mobile USA, Inc., Senior, Unsecured, Notes, Callable, 5.375% Apr 15, 2027	USD 2,000	2,788	2,769	US Airways Group Inc., Senior, Unsecured, Notes, 6.125% Jun 1, 2018	USD 750	818	1,001
T-Mobile USA Inc., Senior, Unsecured, Notes, Callable, 6.625% Apr 1, 2023	USD 2,000	2,152	2,740	Valeant Pharmaceuticals International, Inc., Series 144A, Senior, Unsecured, Notes, Callable, 5.625% Dec 1, 2021	USD 3,500	4,115	4,108
T-Mobile USA Inc., Senior, Unsecured, Notes, Callable, 6.375% Mar 1, 2025	USD 2,000	2,923	2,801	Valeant Pharmaceuticals International, Inc., Series 144A, Secured, Notes, Callable, 6.500% Mar 15, 2022	USD 2,000	2,846	2,720
T-Mobile USA Inc., Senior, Unsecured, Notes, Callable, 6.500% Jan 15, 2026	USD 3,000	4,014	4,294	Valeant Pharmaceuticals International, Inc., Series 144A, Secured, Notes, Callable, 7.000% Mar 15, 2024	USD 1,000	1,410	1,367
TMX Finance LLC/TitleMax Finance Corp., Series 144A, Secured, Notes, Callable, 8.500% Sep 15, 2018	USD 1,000	1,102	1,232	Vector Group Ltd., Series 144A, Secured, Notes, Callable, 6.125% Feb 1, 2025	USD 2,000	2,674	2,691
TPC Group Inc., Series 144A, Secured, Notes, Callable, 8.750% Dec 15, 2020	USD 1,000	1,005	1,174	VeriSign, Inc., Senior, Unsecured, Notes, Callable, 4.625% May 1, 2023	USD 1,750	2,018	2,326
TransDigm, Inc., Senior, Notes, Subordinated, Callable, 6.000% Jul 15, 2022	USD 2,000	2,174	2,665	Vertiv Group Corporation, Series 144A, Senior, Unsecured, Notes, Callable, 9.250% Oct 15, 2024	USD 1,500	2,146	2,111

# BMO High Yield US Corporate Bond Hedged to CAD Index ETF

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## Schedule of Investment Portfolio (cont'd)

As at June 30, 2017 (All amounts in thousands of Canadian dollars, unless otherwise noted)

	Par Value (in thousands)	Cost (\$)	Fair Value (\$)		Par Value (in thousands)	Cost (\$)	Fair Value (\$)
Vertiv Intermediate Holding Corporation, Series 144A, Senior, Unsecured, Notes, Callable, Pay-in-Kind, 12.000% Feb 15, 2022	USD 1,500	2,082	2,086	Zayo Group LLC/Zayo Capital Inc., Senior, Unsecured, Notes, Callable, 6.000% Apr 1, 2023	USD 3,500	4,704	4,777
Viacom Inc., Fixed to Floating Rate, Junior, Notes, Subordinated, Callable, 6.250% Feb 28, 2057	USD 1,500	2,011	2,023	Zebra Technologies Corporation, Senior, Unsecured, Notes, Callable, 7.250% Oct 15, 2022	USD 1,500	1,878	2,069
Videotron Ltee, Series 144A, Senior, Unsecured, Notes, Callable, 5.375% Jun 15, 2024	USD 1,000	1,373	1,375	ZF North America Capital, Inc., Series 144A, Senior, Unsecured, Notes, 4.000% Apr 29, 2020	USD 1,200	1,491	1,611
Virgin Media Secured Finance PLC, Series 144A, Secured, Notes, Callable, 5.500% Aug 15, 2026	USD 2,000	2,686	2,714	ZF North America Capital, Inc., Series 144A, Senior, Unsecured, Notes, 4.500% Apr 29, 2022	USD 1,500	1,855	2,045
Vizient, Inc., Series 144A, Senior, Unsecured, Notes, Callable, 10.375% Mar 1, 2024	USD 1,000	1,386	1,495	ZF North America Capital, Inc., Series 144A, Senior, Unsecured, Notes, 4.750% Apr 29, 2025	USD 2,000	2,505	2,723
Voya Financial, Inc., Fixed to Floating, Junior, Notes, Subordinated, Callable, 5.650% May 15, 2053	USD 1,000	1,102	1,381	Ziggo Bond Finance B.V., Series 144A, Senior, Unsecured, Notes, Callable, 6.000% Jan 15, 2027	USD 1,000	1,297	1,313
VRX Escrow Corporation, Series 144A, Senior, Unsecured, Notes, Callable, 5.875% May 15, 2023	USD 4,000	4,926	4,448	Ziggo Secured Finance B.V., Series 144A, Secured, Notes, Callable, 5.500% Jan 15, 2027	USD 1,000	1,299	1,332
VRX Escrow Corporation, Series 144A, Senior, Unsecured, Notes, Callable, 6.125% Apr 15, 2025	USD 5,000	6,453	5,495			1,044,922	1,105,828
W.R. Grace & Co., Series 144A, Senior, Unsecured, Notes, 5.125% Oct 1, 2021	USD 1,000	1,281	1,389	<b>Total Bonds &amp; Debentures — 96.8%</b>		<b>1,044,922</b>	<b>1,105,828</b>
Weatherford International Ltd., Senior, Unsecured, Notes, Callable, 7.750% Jun 15, 2021	USD 1,500	1,952	1,960		Number of Shares or Units	Cost* (\$)	Fair Value (\$)
Weatherford International Ltd., Senior, Unsecured, Notes, Callable, 8.250% Jun 15, 2023	USD 1,500	1,926	1,943	<b>EQUITIES</b>			
West Corporation, Series 144A, Senior, Unsecured, Notes, Callable, 5.375% Jul 15, 2022	USD 1,500	1,683	1,957	<b>Energy — 0.0%</b>			
Western Digital Corporation, Senior, Unsecured, Notes, Callable, 10.500% Apr 1, 2024	USD 4,300	5,651	6,580	Arch Coal, Inc.	1,574	136	139
Whiting Petroleum Corporation, Senior, Unsecured, Notes, Callable, 5.000% Mar 15, 2019	USD 1,500	1,868	1,933	<b>Industrials — 0.0%</b>			
Whiting Petroleum Corporation, Senior, Unsecured, Notes, Callable, 5.750% Mar 15, 2021	USD 750	839	914	CEVA Holdings LLC <sup>c</sup>	135	130	115
WideOpenWest Finance LLC/WideOpenWest Capital Corp., Senior, Unsecured, Notes, Callable, 10.250% Jul 15, 2019	USD 1,328	1,345	1,770	CEVA Holdings LLC, Series A-2, Convertible, Preferred <sup>d</sup>	291	294	248
Williams Companies, Inc., The, Senior, Unsecured, Notes, Callable, 3.700% Jan 15, 2023	USD 2,000	2,113	2,559			424	363
Williams Companies, Inc., The, Senior, Unsecured, Notes, Callable, 4.550% Jun 24, 2024	USD 1,000	1,024	1,331	<b>Materials — 0.0%</b>			
Wind Acquisition Finance S.A., Series 144A, Secured, Notes, Callable, 4.750% Jul 15, 2020	USD 750	840	985	Emerald Plantation Holdings Limited	62,058	—	9
Wind Acquisition Finance S.A., Series 144A, Senior, Secured, Notes, Callable, 7.375% Apr 23, 2021	USD 5,000	5,575	6,735	<b>Total Equities — 0.0%</b>		<b>560</b>	<b>511</b>
Windstream Holdings Inc., Senior, Unsecured, Notes, Callable, 6.375% Aug 1, 2023	USD 1,200	1,312	1,284		Number of Shares or Units	Cost* (\$)	Fair Value (\$)
WMG Acquisition Corporation, Series 144A, Senior, Unsecured, Notes, Callable, 6.750% Apr 15, 2022	USD 1,000	1,182	1,362	<b>HOLDINGS IN INVESTMENT FUNDS — 1.4%</b>			
WPX Energy Inc., Senior, Unsecured, Notes, Callable, 7.500% Aug 1, 2020	USD 1,000	1,133	1,365	SPDR Bloomberg Barclays High Yield Bond ETF	322,171	15,297	15,542
Wynn Las Vegas LLC/Wynn Las Vegas Capital Corporation, Series 144A, Senior, Unsecured, Notes, 5.500% Mar 1, 2025	USD 3,300	4,170	4,504	<b>Total Holdings in Investment Funds — 1.4%</b>		<b>15,297</b>	<b>15,542</b>
XPO Logistics, Inc., Series 144A, Senior, Unsecured, Notes, Callable, 6.500% Jun 15, 2022	USD 1,950	2,428	2,658	<b>Total Investment Portfolio — 98.2%</b>		<b>1,060,779</b>	<b>1,121,881</b>
				Total Unrealized Gain on Forward Currency Contracts — 3.7%			42,682
				Total Unrealized Loss on Forward Currency Contracts — (0.1)%			(1,684)
				Other Assets Less Liabilities — (1.8)%			(20,814)
				<b>NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS - 100.0%</b>			<b>1,142,065</b>

+ 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.

\* These securities have no quoted market value and are valued using valuation techniques (note 3).

# BMO High Yield US Corporate Bond Hedged to CAD Index ETF

(unaudited)

## Schedule of Investment Portfolio (cont'd)

As at June 30, 2017 (All amounts in thousands of Canadian dollars, unless otherwise noted)

### UNREALIZED GAIN ON FORWARD CURRENCY CONTRACTS

Settlement Date	Currency Buy	Position (000s)	Currency Sell	Position (000s)	Contract Rate	Counterparty	Credit Rating*	Unrealized Gain
6-Jul-17	CAD	1,452	USD	(1,116)	1.3013	Royal Bank of Canada	A-1+	5
6-Jul-17	CAD	1,470	USD	(1,117)	1.3161	Royal Bank of Canada	A-1+	22
6-Jul-17	CAD	1,477	USD	(1,118)	1.3208	Toronto Dominion Bank, The	A-1+	27
6-Jul-17	CAD	2,953	USD	(2,235)	1.3214	Bank of Nova Scotia	A-1	55
6-Jul-17	CAD	2,954	USD	(2,233)	1.3228	Bank of Nova Scotia	A-1	58
6-Jul-17	CAD	4,499	USD	(3,397)	1.3245	Bank of New York Mellon Trust Co. N.A.(The)	A-1+	94
6-Jul-17	CAD	3,000	USD	(2,234)	1.3431	Royal Bank of Canada	A-1+	104
6-Jul-17	CAD	3,010	USD	(2,235)	1.3466	Bank of New York Mellon Trust Co. N.A.(The)	A-1+	111
6-Jul-17	CAD	20,396	USD	(15,105)	1.3503	Bank of New York Mellon Trust Co. N.A.(The)	A-1+	808
6-Jul-17	CAD	185,561	USD	(137,976)	1.3449	Toronto Dominion Bank, The	A-1+	6,638
6-Jul-17	CAD	206,852	USD	(153,808)	1.3449	Royal Bank of Canada	A-1+	7,399
6-Jul-17	CAD	208,206	USD	(154,816)	1.3449	Bank of Montreal	A-1	7,446
6-Jul-17	CAD	233,857	USD	(173,892)	1.3448	Bank of Nova Scotia	A-1	8,360
6-Jul-17	CAD	273,576	USD	(203,425)	1.3448	Bank of New York Mellon Trust Co. N.A.(The)	A-1+	9,780
3-Aug-17	CAD	34,963	USD	(26,945)	1.2976	Bank of New York Mellon Trust Co. N.A.(The)	A-1+	44
3-Aug-17	CAD	180,539	USD	(139,094)	1.2980	Toronto Dominion Bank, The	A-1+	282
3-Aug-17	CAD	205,430	USD	(158,275)	1.2979	Royal Bank of Canada	A-1+	317
3-Aug-17	CAD	200,947	USD	(154,816)	1.2980	Bank of Montreal	A-1	317
3-Aug-17	CAD	231,504	USD	(178,360)	1.2980	Bank of Nova Scotia	A-1	362
3-Aug-17	CAD	290,951	USD	(224,162)	1.2980	Bank of New York Mellon Trust Co. N.A.(The)	A-1+	453
<b>Total Unrealized Gain on Forward Currency Contracts</b>								<b>42,682</b>

### UNREALIZED LOSS ON FORWARD CURRENCY CONTRACTS

Settlement Date	Currency Buy	Position (000s)	Currency Sell	Position (000s)	Contract Rate	Counterparty	Credit Rating*	Unrealized Loss
6-Jul-17	USD	1,116	CAD	(1,452)	0.7685	Royal Bank of Canada	A-1+	(5)
6-Jul-17	USD	27,500	CAD	(35,703)	0.7702	Bank of New York Mellon Trust Co. N.A.(The)	A-1+	(42)
6-Jul-17	USD	139,094	CAD	(180,642)	0.7700	Toronto Dominion Bank, The	A-1+	(268)
6-Jul-17	USD	154,816	CAD	(201,059)	0.7700	Bank of Montreal	A-1	(299)
6-Jul-17	USD	158,275	CAD	(205,548)	0.7700	Royal Bank of Canada	A-1+	(302)
6-Jul-17	USD	178,360	CAD	(231,630)	0.7700	Bank of Nova Scotia	A-1	(339)
6-Jul-17	USD	224,162	CAD	(291,116)	0.7700	Bank of New York Mellon Trust Co. N.A.(The)	A-1+	(429)
<b>Total Unrealized Loss on Forward Currency Contracts</b>								<b>(1,684)</b>

\* Credit Rating provided by Standard & Poor's.

# BMO High Yield US Corporate Bond Hedged to CAD Index ETF

(unaudited)

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## Notes to the Financial Statements

(All amounts in thousands of Canadian dollars, except per unit data)  
June 30, 2017

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### 1. The ETF Fund

BMO High Yield US Corporate Bond Hedged to CAD Index 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, M5X 1A1.

The Statement of Financial Position and related notes of each of the ETFs are as at June 30, 2017 and December 31, 2016, except for ETFs established in 2017, in which case the information is only as at June 30, 2017. The Statement of Comprehensive Income, Statement of Changes in Net Assets Attributable to Holders of Redeemable Units, Statement of Cash Flows and related notes are for the periods ended June 30, 2017 and June 30, 2016 except for the ETFs established during either period, in which case the information provided relates to the period from the date of establishment to June 30, 2017 or June 30, 2016, as applicable. Financial information provided for a class of units established during the period(s) is presented from the establishment date as noted in Note 8.

Certain prior period balances have been reclassified to conform with the current presentation.

The financial statements were authorized for issue by the Manager on August 9, 2017.

These financial statements should be read in conjunction with the annual financial statements for the period ended December 31, 2016 which have been prepared in accordance with International Financial Reporting Standards (“IFRS”).

### 2. Basis of preparation and presentation

These unaudited interim financial statements have been prepared in accordance with IFRS and in accordance with International Accounting Standard (“IAS”) 34 – Interim Financial Reporting, as issued

by the International Accounting Standards Board (“IASB”).

### 3. Summary of significant accounting policies

#### **Financial instruments**

The ETF records financial instruments at fair value. Investment transactions are accounted for on the trade date. The ETF’s investments are either designated at fair value through profit or loss (“FVTPL”) at inception or classified as held for trading. 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 and are part of a group of financial assets or financial 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 classes of the units of the ETF. Redemption of units at 95% of the Net Asset Value “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



# BMO High Yield US Corporate Bond Hedged to CAD Index ETF

(unaudited)

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## Notes to the Financial Statements (cont'd)

(All amounts in thousands of Canadian dollars, except per unit data)  
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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, paid or discounted, when appropriate, at the contract's effective interest rate.

The Manager has determined that the ETF meets the definition of "investment entity" and as a result, the ETF measures subsidiaries, if any, at FVTPL.

### **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 held 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 Manager may determine another value which it considers to be fair and reasonable, or use a valuation technique that, to the extent possible, makes maximum use of inputs and assumptions based on observable market data, including volatility, comparable companies, NAV (for exchange-traded funds) 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 Manager may use internal models where the inputs are not based on observable market data.

### **Derivative instruments**

Derivative instruments are financial contracts that derive their value from changes in the underlying 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 measured at fair value. Realized gains and losses are included in "Net realized gain (loss) in the Statement of Comprehensive Income and unrealized gains and losses are included in "Change in unrealized appreciation (depreciation)" 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

# BMO High Yield US Corporate Bond Hedged to CAD Index ETF

(unaudited)

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## Notes to the Financial Statements (cont'd)

(All amounts in thousands of Canadian dollars, except per unit data)  
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purposes, which can include increasing the exposure to a foreign currency, or the shifting 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 (the "Valuation Date" is each day on which the Toronto Stock Exchange is open for trading) 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 is potentially unlimited until closed or expired.

### *Purchased option contracts*

The premium paid for purchasing an option is recorded as an asset in the Statement of Financial Position. The option contract 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 is 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.

### *Credit default swap contracts*

A credit default swap contract is an agreement to transfer credit risk from one party, a buyer of protection, to another party, a seller of protection. The ETF, as a seller of protection, would be required to pay a notional or other agreed upon value to the buyer of protection in the event of a default by a third-party. In return, the ETF would receive from the counterparty a periodic stream of payments over the term of the contract provided that no event of default occurs. If no default occurs, the ETF would keep the stream of payments and would have no payment obligations.

In connection with the agreement, securities or cash may be identified as collateral or margin in accordance with the terms of the agreement to provide assets of value in the event of default or bankruptcy/insolvency.

The ETF, as a buyer of protection, would receive a notional or other agreed upon value from the seller of protection in the event of a default by a third-party. In return, the ETF would be required to pay to the counterparty a periodic stream of payments over the

# BMO High Yield US Corporate Bond Hedged to CAD Index ETF

(unaudited)

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## Notes to the Financial Statements (cont'd)

(All amounts in thousands of Canadian dollars, except per unit data)  
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term of the contract provided that no event of default occurs.

Credit default swap contracts are fair valued daily based upon quotations from independent security pricing sources. Premiums paid or received, if any, are included in "Net realized gain (loss)" in the Statement of Comprehensive Income. Net periodic payments are accrued daily and recorded as "Interest income" in the Statement of Comprehensive Income. When credit default swap contracts expire or are closed out, gains or losses are recorded as "Net realized gain (loss)" in the Statement of Comprehensive Income.

### **Income recognition**

Dividend income and distribution from investment trusts 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)" in the Statement of Comprehensive Income and unrealized foreign exchange gains (losses) are included in "Change in unrealized appreciation (depreciation)" in the Statement of Comprehensive Income. Foreign exchange gains (losses) relating to cash, receivables and payables are included in "Foreign exchange gain (loss)" in the Statement of Comprehensive Income.

### **Securities lending**

An ETF may engage in securities lending pursuant to the terms of an agreement with BNY Mellon (the "securities lending agent"). The aggregate market value of all securities on loan by an ETF cannot exceed 50% of the NAV of the ETF. An ETF will receive collateral of at least 102% of the value of the securities on loan. Collateral will generally be comprised of obligations of or guarantee by the Government of Canada or a province thereof, or by the United States government or its agencies, but may include obligations of other governments with appropriate credit ratings. Further, the program entered into provides for 100% indemnification by the securities lending agent and parties related to the ETF's custodian, to the ETF for any defaults by borrowers.

For those ETFs participating in the program, aggregate values of securities on loan and the collateral held as at June 30, 2017 and December 31, 2016 and information about the security lending income earned by the ETF are disclosed in Note 8.

Income from securities lending, where applicable, is included in the Statement of Comprehensive Income and is recognized when earned. The breakdown of the securities lending income is disclosed in Note 8, where applicable.

### **Cash**

Cash is comprised of cash and deposits with banks which include bankers' acceptances and overnight demand deposits. Cash is recorded at fair value. The

# BMO High Yield US Corporate Bond Hedged to CAD Index ETF

(unaudited)

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## Notes to the Financial Statements (cont'd)

(All amounts in thousands of Canadian dollars, except per unit data)  
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carrying amount of cash approximates its fair value because it is short-term in nature.

### **Other assets and other liabilities**

Receivable from investments sold, dividends receivable, distribution receivable from investment trusts, and subscriptions receivable, are initially recorded at fair value and subsequently measured at amortized cost. Similarly, payable for investments purchased, redemptions payable, distributions 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 class in the Statement of Comprehensive Income represents the increase (decrease) in net assets attributable to holders of redeemable units (“Net Assets”) of the class divided by the weighted average number of units of the class 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 or liabilities 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 Manager has determined that the ETF is an investment entity and as such, it accounts for subsidiaries, if any, 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, if any, have been designated at FVTPL.

### **Unconsolidated structured entities**

During the periods, the ETF had no sponsored unconsolidated structured entities. The Manager has determined that the underlying funds in which the ETF may invest 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 may invest 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)” in the Statement of Comprehensive Income.

# BMO High Yield US Corporate Bond Hedged to CAD Index ETF

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## Notes to the Financial Statements (cont'd)

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

The ETF does not provide and has not committed to providing any additional significant financial or other support to the unconsolidated structured entities other than its investment in the unconsolidated structured entities.

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.

### **Accounting standards issued but not yet adopted**

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 is effective for the ETF for its fiscal year beginning January 1, 2018. The Manager is in the process of assessing the impact of adopting this standard but does not expect that the adoption of this standard to have a significant impact to the ETF's 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's 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 and 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.

# BMO High Yield US Corporate Bond Hedged to CAD Index ETF

(unaudited)

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## Notes to the Financial Statements (cont'd)

(All amounts in thousands of Canadian dollars, except per unit data)  
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### **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 estimates 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 fair value.

### **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 on realized capital gains, dividends and interest. 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 on each Valuation Day, in accordance with Part 14 National Instrument ("NI") 81-106 Investment Fund Continuous Disclosure for the purpose of processing unitholder transactions. Net Assets are determined in accordance with IFRS and may differ from the ETF's NAV. Where an ETF's NAV is not equal to its Net Assets, a reconciliation is shown in Note 8.

# BMO High Yield US Corporate Bond Hedged to CAD Index ETF

(unaudited)

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## Notes to the Financial Statements (cont'd)

*(All amounts in thousands of Canadian dollars, except per unit data)  
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### 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 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 or involving

subsidiaries and affiliates of Bank of Montreal, BMO Asset Management Corp., BMO Asset Management Inc., BMO Nesbitt Burns Inc., BMO Private Investment Counsel Inc., BMO InvestorLine Inc., BMO Investments Inc., or other investment funds offered by Bank of Montreal 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

# BMO High Yield US Corporate Bond Hedged to CAD Index ETF

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## Notes to the Financial Statements (cont'd)

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



# BMO High Yield US Corporate Bond Hedged to CAD Index ETF

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## Notes to the Financial Statements (cont'd)

(All amounts in thousands of Canadian dollars, except per unit data)  
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### 8. ETF specific information

#### (a) ETF information and change in units

The ETF was established on October 16, 2009. The Listed Units are listed on the TSX under the symbol ZHY.

Institutional Units are available to Accredited Investors only. A subscription agreement is required to purchase Institutional Units and must be received in a form satisfactory to the Manager before an investor's initial subscription for Institutional Units may be accepted.

The last close price as at June 30, 2017 and December 31, 2016 are shown in the following table.

Class	As at	
	Jun. 30, 2017	Dec. 31, 2016
Listed CAD Units	\$14.60	\$14.41

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, 2017	Jun. 30, 2016
<b>Listed CAD Units</b>		
Units issued and outstanding, beginning of period	74,197	80,709
Units issued	2,600	7,400
Redeemed during the period	(300)	(7,523)
Units issued and outstanding, end of period	76,497	80,586
<b>Institutional Units</b>		
Units issued and outstanding, beginning of period	1,926	1,804
Issued on reinvestment of distributions	29	64
Units issued and outstanding, end of period	1,955	1,868

#### (b) Reconciliation of NAV to Net Assets

As at June 30, 2017 and December 31, 2016, 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, 2017 and June 30, 2016 is calculated as follows:

For the periods ended	Jun. 30, 2017	Jun. 30, 2016
<b>Listed CAD Units</b>		
Increase in net assets attributable to holders of redeemable units	43,652	85,289
Weighted average units outstanding during the period	74,962	83,455
Increase in net assets attributable to holders of redeemable units per unit	0.58	1.02
<b>Institutional Units</b>		
Increase in net assets attributable to holders of redeemable units	1,234	1,953
Weighted average units outstanding during the period	1,949	1,842
Increase in net assets attributable to holders of redeemable units per unit	0.63	1.06

#### (d) Income taxes

As at the tax year-ended December 2016, the ETF had the following capital and non-capital losses available for income tax purposes:

Total Capital Losses (\$)	Total Non-Capital Losses (\$)	Non-Capital Losses That Expire in		
		2027 (\$)	2028 (\$)	2029 and thereafter (\$)
223,449	—	—	—	—

#### (e) Related party transactions

##### Management fees

The Manager is entitled to receive a management fee of 0.550% per annum of the NAV of the ETF, plus applicable taxes, accrued daily and paid quarterly in arrears.

Management fees for Institutional Units are paid directly to the Manager as negotiated with the investor.

The outstanding accrued management fees due to the Manager are included in "Accrued expenses" in the Statement of Financial Position and as at June 30, 2017 amounted to \$1,678 (December 31, 2016 — \$1,744).

# BMO High Yield US Corporate Bond Hedged to CAD Index ETF

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## Notes to the Financial Statements (cont'd)

(All amounts in thousands of Canadian dollars, except per unit data)  
June 30, 2017

### 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, 2017 (\$)	Jun. 30, 2016 (\$)
Total brokerage amounts paid	—	26
Total brokerage amounts paid to related parties	—	0

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

### (f) Financial instruments risks

The ETF's objective is to replicate, to the extent possible, the performance of the broad United States high yield corporate bond market index, net of expenses. The investment strategy of the ETF is currently to invest in and hold the constituent securities of the Barclays Capital U.S. High Yield Very Liquid Index CAD Hedged in the same proportion as they are reflected in the Barclays Capital U.S. High Yield Very Liquid Index CAD Hedged or securities intended to replicate the performance of the index.

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

### Currency risk

The ETF's exposure to currency risk is summarized in the tables below. Amounts shown are based on the carrying value of monetary and non-monetary assets (including derivatives and the underlying principle (notional) amount of forward currency contracts, if any).

Currency	As at Jun. 30, 2017				
	Cash and other current receivables & payables (\$)	Investments (monetary & non-monetary) (\$)	Forward currency contracts (\$)	Net currency exposure (\$)	As a % of net assets (%)
U.S. Dollar	(16,498)	1,121,881	(1,105,450)	(67)	(0.0)

All amounts in Canadian dollars

Currency	As at Dec. 31, 2016				
	Cash and other current receivables & payables (\$)	Investments (monetary & non-monetary) (\$)	Forward currency contracts (\$)	Net currency exposure (\$)	As a % of net assets (%)
U.S. Dollar	29,060	1,067,127	(1,095,912)	275	0.0

All amounts in Canadian dollars

As at June 30, 2017 and December 31, 2016, if the Canadian dollar had strengthened or weakened by 5% in relation to all foreign currencies, with all variables held constant, the Net Assets of the ETF could possibly have increased or decreased, respectively, by approximately \$3 (December 31, 2016 — \$14). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

### Interest rate risk

The ETF's exposure to interest rate risk, by remaining term to maturity, is summarized in the following table:

Number of years	Interest Rate Exposure as at Jun. 30, 2017	Interest Rate Exposure as at Dec. 31, 2016
Less than 1 year	7,254	—
One to three years	83,276	84,846
Three to five years	275,305	234,619
Five to ten years	716,511	708,168
Greater than ten years	23,482	24,048
<b>Total</b>	<b>1,105,828</b>	<b>1,051,681</b>

All amounts in Canadian dollars

As at June 30, 2017 and December 31, 2016, if the prevailing interest rates had been raised or lowered by 1%, assuming a parallel shift in the yield curve, with all other variables held constant, the Net Assets of the ETF could possibly have increased or decreased, respectively, by approximately \$38,657 (December 31, 2016 — \$36,558). The ETF's interest rate sensitivity was determined based on portfolio weighted duration. In practice, actual results may differ from this sensitivity analysis and the difference could be material.

### Other market risk

The ETF was not significantly exposed to other market risk as at June 30, 2017 and December 31, 2016 as it was invested fully in fixed income securities.

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## Notes to the Financial Statements (cont'd)

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

The ETF's exposure to credit risk, grouped by credit ratings, is summarized in the following table:

Credit Rating	As a % of Net Assets as at	
	Jun. 30, 2017	Dec. 31, 2016
AA	2.3	0.2
A	1.4	0.3
BBB	0.3	0.3
BB	37.4	36.3
B	44.2	41.5
CCC	14.6	17.7
CC	0.3	0.3
Unrated	–	0.1
<b>Total</b>	<b>100.5</b>	<b>96.7</b>

### Securities lending

The ETF had assets involved in securities lending transactions outstanding as at June 30, 2017 and December 31, 2016 as follows:

	Aggregate Value of Securities on Loan (\$)	Aggregate Value of Collateral Received for the Loan (\$)
Jun. 30, 2017	357,150	375,575
Dec. 31, 2016	310,116	326,352

The table below is a reconciliation of the gross amount generated from securities lending transactions to the security lending revenue for the periods ended June 30, 2017 and June 30, 2016:

For the periods ended	Jun. 30, 2017		Jun. 30, 2016	
	Amount	% of Gross Securities Lending Revenue	Amount	% of Gross Securities Lending Revenue
Gross securities lending revenue	623	100.0	727	100.0
Withholding taxes	174	27.8	215	29.5
	449	72.2	512	70.5
Payment to securities lending agents	135	21.6	154	21.1
Net securities lending revenue*	314	50.6	358	49.4

\* Amount shown on the Statement of Comprehensive Income is gross of withholding taxes of \$174 (June 30, 2016 — \$215).

### Concentration risk

The ETF's concentration risk is summarized in the following table:

As at	Jun. 30, 2017	Dec. 31, 2016
<b>Bonds &amp; Debentures</b>		
Corporate Bonds & Debentures	96.8%	96.2%
<b>Equities</b>		
Energy	0.0%	0.0%
Industrials	0.0%	0.1%
Materials	0.0%	0.0%
Exchange Traded Funds	1.4%	1.3%
Other Assets Less Liabilities	1.8%	2.4%
	<b>100.0%</b>	<b>100.0%</b>

### (g) Financial assets and financial liabilities

#### Categories of financial assets and financial liabilities

The categories of financial assets and financial liabilities, except cash, are summarized in the following table:

As at	Jun. 30, 2017	Dec. 31, 2016
Financial assets designated at FVTPL	1,121,881	1,067,127
Financial assets held for trading	41,943	4,827
Loans and receivables	19,080	21,195
Financial liabilities held for trading	945	1,879
Financial liabilities measured at amortized cost	44,823	7,583

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

For the periods ended	Jun. 30, 2017	Jun. 30, 2016
<b>Net realized gains (losses) on financial assets</b>		
Held for trading	–	12,729
Designated at FVTPL	59,900	43,707
	59,900	56,436
<b>Net realized gains (losses) on financial liabilities</b>		
Held for trading	(3,394)	–
<b>Total net realized gains (losses) on financial assets and financial liabilities</b>	<b>56,506</b>	<b>56,436</b>

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(unaudited)

## Notes to the Financial Statements (cont'd)

(All amounts in thousands of Canadian dollars, except per unit data)  
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For the periods ended	Jun. 30, 2017	Jun. 30, 2016
<b>Change in unrealized gains (losses) on financial assets</b>		
Held for trading	38,050	58,752
Designated at FVTPL	(46,222)	(22,735)
	(8,172)	36,017
<b>Total change in net unrealized gains (losses) on financial assets and financial liabilities</b>	(8,172)	36,017

### (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, 2017

Financial assets	Level 1	Level 2	Level 3	Total
Debt Securities	1,039,592	66,236	—	1,105,828
Equity Securities	148	—	363	511
Investment Funds	15,542	—	—	15,542
Derivatives	—	42,682	—	42,682
<b>Total</b>	<b>1,055,282</b>	<b>108,918</b>	<b>363</b>	<b>1,164,563</b>
<b>Financial liabilities</b>				
Derivatives	—	(1,684)	—	(1,684)

As at Dec. 31, 2016

Financial assets	Level 1	Level 2	Level 3	Total
Debt Securities	1,016,769	34,912	—	1,051,681
Equity Securities	176	—	520	696
Investment Funds	14,750	—	—	14,750
Derivatives	—	5,145	—	5,145
<b>Total</b>	<b>1,031,695</b>	<b>40,057</b>	<b>520</b>	<b>1,072,272</b>
<b>Financial liabilities</b>				
Derivatives	—	(2,197)	—	(2,197)

### Transfers between levels

Transfers are made between the various fair value hierarchy levels due to changes in the availability of quoted market prices or observable inputs due to changing market conditions.

During the period from January 1, 2017 to June 30, 2017, \$2,632 of debt securities were transferred from Level 1 to Level 2 due to reduced observability of the inputs used to value these securities and \$1,161 of debt securities were transferred from Level 2 to Level 1 due to increased availability of quoted prices in the active market.

During the period from January 1, 2016 to December 31, 2016, \$3,153 of debt securities were transferred from Level 1 to Level 2 due to reduced observability of the inputs used to value these securities and \$10,184 of debt securities were transferred from Level 2 to Level 1 due to increased availability of quoted prices in the active market.

### Changes in Level 3 Fair Value Measurements

The following table presents a reconciliation of all Level 3 financial instruments during the periods ended June 30, 2017 and December 31, 2016, including realized and unrealized gains (losses) included in earnings.

For the periods ended	Jun 30, 2017	Dec 31, 2016
<b>Financial Assets</b>		
<b>Equity Securities</b>		
Opening Balance	520	650
Purchase issuance	—	—
Sales/settlements	—	—
Realized and unrealized gains/ (losses) included in earnings	(157)	(130)
Transfers in	—	—
Transfers out	—	—
<b>Closing Balance</b>	<b>363</b>	<b>520</b>

The Manager has assessed the effect of changing the inputs to possible alternatives and determined that they would not have a significant impact on Net Assets of the ETF.

# BMO High Yield US Corporate Bond Hedged to CAD Index ETF

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## Notes to the Financial Statements (cont'd)

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### Level 3 additional disclosures:

The level 3 positions held in the ETF were not considered significant.

### (i) Offsetting financial assets and financial liabilities

The following table presents the amounts that have been offset in the Statement of Financial Position. Amounts offset in the Statement of Financial Position include transactions for which the ETF has a legally enforceable right to offset and intends to settle the positions on a net basis. There were no other master netting agreements in the ETF.

	Gross Amounts of Recognized Financial Assets (Liabilities)	Amounts Set-off on the Statement of Financial Position	Net Amounts Presented on the Statement of Financial Position
<b>As at Jun. 30, 2017</b>			
Derivative Assets	42,682	(739)	41,943
Derivative Liabilities	(1,684)	739	(945)

	Gross Amounts of Recognized Financial Assets (Liabilities)	Amounts Set-off on the Statement of Financial Position	Net Amounts Presented on the Statement of Financial Position
<b>As at Dec. 31, 2016</b>			
Derivative Assets	5,145	(318)	4,827
Derivative Liabilities	(2,197)	318	(1,879)

### (j) Unconsolidated structured entities

Information on the carrying amount and the size of the investments in structured entities is shown in the following table:

	Carrying amount	Carrying amount as a % of the underlying fund's Net Assets
<b>As at Jun. 30, 2017</b>		
<b>Securities</b>		
SPDR Bloomberg Barclays High Yield Bond ETF	15,542	0.1
<b>Total</b>	<b>15,542</b>	

	Carrying amount	Carrying amount as a % of the underlying fund's Net Assets
<b>As at Dec. 31, 2016</b>		
<b>Securities</b>		
SPDR Bloomberg Barclays High Yield Bond ETF	14,750	0.1
<b>Total</b>	<b>14,750</b>	

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