BMO U.S. Equity ETF Fund (the "Fund")

For the period ended September 30, 2013 • Manager: BMO Investments Inc. (the "Manager")

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

2013 Annual Management Report of Fund Performance

This annual management report of fund performance contains financial highlights but does not contain the complete annual financial statements of the Fund. If the annual financial statements of the Fund do not accompany the mailing of this report, you may obtain a copy of the annual financial statements at your request, and at no cost, by calling 1-800-665-7700, by writing to us at BMO Investments Inc., First Canadian Place, 100 King Street West, 43rd Floor, Toronto, Ontario, M5X 1A1 or by visiting our website at **www.bmo.com/mutualfunds** or SEDAR at **www.sedar.com**. You may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record and/or quarterly portfolio disclosure.

MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The Fund's objective is to provide a return that is similar to the return of one or more exchange traded funds that invest primarily in U.S. equities. The Fund invests up to 100% of the Fund's assets in securities of BMO S&P 500 Hedged to CAD Index ETF.

The investment strategy of the exchange traded fund is to invest in and hold the constituent securities of the index in the same proportion as they are reflected in the index or securities intended to replicate the performance of the index.

Risk

No changes affecting the overall level of risk associated with investing in the Fund were made during the period. The risks of this Fund remain as discussed in the Fund's most recent simplified prospectus or its amendments.

Results of Operations

Over the 12-month period ended September 30, 2013, (the "period"), Series A units of the Fund returned 17.73%.

During the period, the U.S. equity market posted positive returns as measured by the S&P 500 Total Return Index, with Financials, Health Care, Consumer Discretionary and Industrials sectors being the primary drivers. The Materials sector underperformed other sectors as a result of weak commodity prices. U.S. new auto sales reached a five-year high, and the Case–Shilling Home Price Index increased 11.1% from the beginning of the period through to the end of July (the most recent data available). Both of these indicators of strong economic performance suggest an ongoing U.S. economic recovery.

The Financials and Consumer Discretionary sectors contributed significantly to performance. U.S. banks posted particularly strong returns, while the Health Care, Industrials, Consumer Staples, Energy, Information Technology, Materials and Utilities sectors also contributed positively to performance. The Telecommunication Services sector was the only sector to detract from performance, partly as a result of the sharp decline in AT&T Inc.'s share price.

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

Recent Developments

The portfolio manager believes that the uncertain U.S. political environment has contributed to increased capital market volatility and could have a negative impact on the global economic recovery. The U.S. government remains in partial shutdown and the U.S. could face a potential default if an agreement is not reached. The portfolio manager believes that the possible withdrawal of the U.S. Federal Reserve Board's (the "Fed's") financial stimulus, through its US$85 billion monthly bond buying program, is also a risk. At its September meeting, the Fed decided to continue its bond buying program, however, a reduction of stimulus could occur in 2014, which the portfolio manager believes would likely challenge the global economic recovery and equity market performance.

Two key metrics being watched closely by the Fed are the rate of inflation and the unemployment rate. Over the period, the unemployment rate declined from 8.0% to 7.6%, while inflation hovered between 1.5% and 2.0%. As long as inflation remains around this level, the portfolio manager believes that the Fed's stimulus measures will likely continue, at least over the near term.

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Future Accounting Standards

Canadian investment entities will be required to prepare their financial statements in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board, for fiscal years beginning on or after January 1, 2014. As a result, the Fund will report its financial results for the interim period ending March 31, 2015, prepared on an IFRS basis. It will also provide comparative data on an IFRS basis, including an opening balance sheet as at October 1, 2013 (transition date). A summary of the significant standards impacting the Fund under IFRS are outlined below.

The differences between the Fund's accounting policies under Canadian generally accepted accounting principles (GAAP) and IFRS requirements will result in measurement and recognition differences on transition to IFRS. The net impact of these differences will be recorded in the increase/decrease in net assets attributable to redeemable unitholders.

The framework for fair valuation is set out under IFRS 13 Fair Value Measurement, which includes the requirements for the measurement and disclosure of fair value. If an asset or liability measured at fair value has a bid price and an ask price, the standard requires valuation to be based on a price within the bid-ask spread that is most representative of fair value. The standard allows the use of mid-market pricing or other pricing conventions that are used by market participants as a practical means for fair value measurements within a bid-ask spread. Thus this standard will impact the net assets per unit for financial statement reporting purposes compared to current standards, and may also result in the elimination of the differences between the net asset per unit and net asset value per unit ("NAVPU") at the financial statement reporting date. While IFRS does not require interest income to be disclosed for debt instruments measured at fair value through profit or loss, when interest income is disclosed, IFRS requires that the effective interest rate method of calculating accrued interest be used rather than the straight-line amortization method. The Manager is assessing the impact of this change to the Fund's financial statements. The Manager has not identified any changes that will impact NAVPU as a result of the transition to IFRS.

Where the Fund holds controlling interest in an investment, it is the Manager's expectation that the Fund will qualify as an investment entity in accordance with IFRS 10 Consolidated Financial Statements. As such, the Fund will not be required to consolidate its investments, but rather to hold the investments at fair value through profit or loss regardless of whether those investments are controlled. If the Fund fair values the investments it controls, it may be required to make additional financial statement disclosures on its controlled investments in accordance with IFRS 12 Disclosure of Interests in Other Entities ("IFRS 12"). IFRS 12 also requires additional disclosures if the Fund is determined to qualify as an investment entity without having all of the typical characteristics of an investment entity.

The criteria contained within IAS 32 Financial Instruments: Presentation ("IAS 32") will result in the classification of the unitholders' equity as a liability within the Fund's Statement of Net Assets, unless all conditions required for equity classification are met. The Manager is currently assessing the Fund's unitholder structure to determine classification under IAS 32.

Under IFRS, cash flows statement is one of the primary financial statements required to be presented. The Fund will therefore be presenting cash flows statement in its set of financial statements in accordance with the presentation requirements in IAS 7 Statement of Cash Flows.

RELATED PARTY TRANSACTIONS

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

Portfolio Manager

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

Administration Fees

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

BMO U.S. Equity ETF Fund

December 1, 2007 (e.g., cost associated with the production of Fund Facts, filed in compliance with the relevant amendments to NI 81-101). The fixed administration fee is calculated as a fixed annual percentage of the average net assets of the Fund. Further details about the fixed administration fee and/or Fund Expenses can be found in the Fund's most recent simplified prospectus at **www.bmo.com/mutualfunds** or **www.sedar.com**.

Brokerage Commissions

The Fund pays standard brokerage commissions at market rates to BMO Nesbitt Burns Inc., an affiliate of the Manager, for executing a portion of its trades. The brokerage commissions charged to the Fund (excluding exchange and other fees) during the period were as follows:

		Period ended Sep. 30, 2013 $000	Period ended Sep. 30, 2012 $000
Total brokerage commissions	$	13	5
Brokerage commissions paid to BMO Nesbitt Burns Inc.	$	1	1

Distribution Services

The Manager markets and distributes the Fund directly through Bank of Montreal branches and through registered dealers and brokers, including BMO InvestorLine Inc. and BMO Nesbitt Burns Inc., both affiliates of the Manager. The Manager pays to these affiliates annual service or trailing commissions based on the average daily value of the units that are held in investor accounts.

Management Fees

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

		As a Percentage of Management Fees	
	Maximum Annual Management Fee Rate %	Dealer Compensation %	General Administration, Investment Advice and Profit %
Series A Units	0.85	8	92

FINANCIAL HIGHLIGHTS

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

The Fund's Net Assets per Unit [1]

Series A

		Periods ended Sep. 30				
		2013	2012	2011	2010	2009
Net assets, beginning of period	$	9.94	7.84	7.83	7.42	8.33
Increase (decrease) from operations:						
Total revenue	$	0.54	0.24	0.23	0.33	-1.39
Total expenses	$	-0.11	-0.08	-0.08	-0.09	-0.07
Realized gains (losses) for the period	$	0.04	0.06	0.06	-0.06	0.16
Unrealized gains (losses) for the period	$	1.29	1.86	-0.16	0.22	-0.02
Total increase (decrease) from operations [2]	$	1.76	2.08	0.05	0.40	-1.32
Distributions:						
From income (excluding dividends)	$	–	–	–	–	–
From dividends	$	–	–	–	–	–
From capital gains	$	–	–	–	–	–
Return of capital	$	–	–	–	–	–
Total Annual Distributions [3]	$	–	–	–	–	–
Net assets, end of period	$	11.72	9.94	7.84	7.83	7.42

[1] This information is derived from the Fund's audited financial statements. The net assets per unit presented in the financial statements differs from the net asset value calculated for fund pricing purposes. An explanation of these differences can be found in the notes to the Fund's financial statements.

[2] Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

[3] Distributions were either paid in cash or reinvested in additional units of the Fund, or both.

Ratios and Supplemental Data

Series A

		Periods ended Sep. 30				
		2013	2012	2011	2010	2009
Total net asset value (000's) [1]	$	125,650	82,132	64,977	68,531	70,100
Number of units outstanding (000's) [1]		10,730	8,257	8,285	8,728	9,451
Management expense ratio [2]	%	1.16	1.15	1.15	1.12	1.10
Management expense ratio before waivers or absorptions	%	1.16	1.15	1.16	1.15	1.11
Trading expense ratio [3]	%	0.01	0.01	0.01	0.07	–
Portfolio turnover rate [4]	%	1.69	5.50	2.69	1.04	–
Net asset value per unit	$	11.71	9.95	7.84	7.85	7.42

[1] This information is provided as at September 30 of the period shown, as applicable.

[2] Management expense ratio is based on total expenses (excluding commissions and other portfolio transactions costs) for the stated period and is expressed as an annualized percentage of daily average net asset value during the period.

[3] The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. For the financial period-ended September 30, 2009, no commissions or other portfolio transaction costs were incurred by the Fund. As a result, the trading expense ratio for this period was zero.

[4] The Fund's portfolio turnover rate indicates how actively the Fund's portfolio manager manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a fund. For the financial period-ended September 30, 2009, no purchases or sales of portfolio securities were made by the Fund. As a result, the portfolio turnover rate for this period was zero.

BMO U.S. Equity ETF Fund

PAST PERFORMANCE

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

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

On September 17, 2010, BMO Asset Management Inc. replaced Harris Investment Management, Inc. as portfolio manager of the Fund. The Fund also changed its investment objective to permit it to replicate the performance of one or more exchange traded funds that invest primarily in U.S. equities. In addition, the Fund will track the Dow Jones U.S. Large-Cap Index (C$) instead of the S&P 500 Index (C$ hedged).

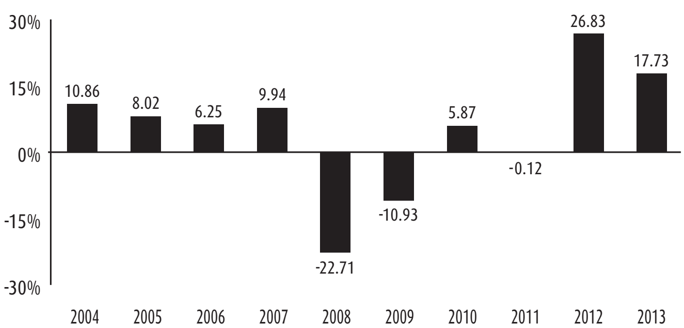
On September 21, 2012, the Fund changed its investment strategies to track the S&P 500 Hedged to Canadian Dollars Index instead of the Dow Jones U.S. Large-Cap Index (C$).

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

Year-by-Year Returns

The following bar chart shows the performance of the Fund for each of the financial years shown. The chart shows in percentage terms how an investment made on the first day of each financial year would have increased or decreased by the last day of each financial year.

Series A



Annual Compound Returns

This table compares the historical annual compound returns of the Fund with its benchmark, the Standard & Poor's 500 Total Return Index ("S&P 500") (C$ hedged).

The S&P 500 (C$ hedged) reflects changes in the performance of 500 widely held U.S. common stocks where the U.S. dollar exposure has been hedged into Canadian dollars.

		1 year	3 years	5 years	10 years	Since Inception
BMO U.S. Equity ETF Fund	%	17.73	14.25	7.06	4.28	
S&P 500 (C$ hedged)	%	19.97	16.32	8.64	6.63	

A commentary on the market and/or information regarding the relative performance of the Fund as compared to its benchmark can be found under the Results of Operations section of this report.

BMO U.S. Equity ETF Fund

SUMMARY OF INVESTMENT PORTFOLIO

As at September 30, 2013

Portfolio Allocation+	% of Net Asset Value
BMO S&P 500 Index ETF	35.8
Information Technology	11.0
Financials	9.9
Health Care	8.0
Consumer Discretionary	7.9
Industrials	6.5
Energy	6.4
Consumer Staples	6.1
Cash/Receivables/Payables	2.9
Materials	2.1
Utilities	1.9
Telecommunication Services	1.5
Total Portfolio Allocation	**100.0**

Top 25 Holdings+	% of Net Asset Value
Issuer	
BMO S&P 500 Index ETF++	35.8
Cash/Receivables/Payables	2.9
Apple Inc.	1.8
Exxon Mobil Corporation	1.6
Microsoft Corporation	1.0
Google Inc., Class A	1.0
Johnson & Johnson	1.0
General Electric Company	1.0
Chevron Corporation	1.0
Procter & Gamble Company, The,	0.8
Berkshire Hathaway Inc., Class B	0.8
Wells Fargo & Company	0.8
JPMorgan Chase & Co.	0.8
Pfizer Inc.	0.8
International Business Machines Corporation	0.8
AT&T Inc.	0.7
Bank of America Corporation	0.6
Citigroup Inc.	0.6
Coca-Cola Company, The,	0.6
Philip Morris International Inc.	0.6
Merck & Co., Inc.	0.6
Verizon Communications Inc.	0.5
Cisco Systems, Inc.	0.5
Pepsico, Inc.	0.5
Wal-Mart Stores, Inc.	0.5
Top Holdings as a Percentage of Total Net Asset Value	**57.6**
Total Net Asset Value	**$125,649,772**

+ *The Fund obtains its exposure to U.S. equity markets primarily through investment in BMO S&P 500 Hedged to CAD Index ETF. The listed holdings represent the Fund's exposure as a result of this ETF holding.*

++ *The prospectus and other information about the underlying exchange traded fund held in the portfolio are available on the internet at* ***www.sedar.com*** *and, also at* ***www.bmoetfs.com****.*

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

www.bmo.com/mutualfunds

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BMO Mutual Funds

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

BMO Mutual Funds are offered by BMO Investments Inc., a financial services firm and separate legal entity from Bank of Montreal.