

Conflicts of Interest Statement

BMO Private Investment Counsel | November 2021

1. Introduction and Scope

This document describes BMO Private Investment Counsel Inc.'s (**we, us** or **our**) Conflicts of Interest as required by applicable securities laws.

2. Identifying and Addressing Conflicts of Interest

A conflict of interest may arise where (i) our interests, including those of our Investment Counsellors, and your interests as our client (**you** or **your**) may be inconsistent or different, or (ii) you may perceive us to be influenced to put our interests ahead of yours, or (iii) monetary or non-monetary benefits available to us, or potential negative consequences for us, may affect the trust you have in us.

We and our Investment Counsellors address existing or reasonably foreseeable material conflicts of interest with you in your best interest. If a conflict cannot be so addressed, it is avoided.

When addressing material conflicts of interest, our Investment Counsellors' conduct and business activities are expected to follow our Code of Conduct (**Code**) and regulatory requirements as set out in applicable policies and procedures so that our relationship with you is managed fairly, honestly and in good faith.

Existing or reasonably foreseeable material conflicts of interest are as follows:

2.1 Membership in BMO Financial Group

We are a member of BMO Financial Group, a highly diversified financial services provider based in North America. We and our affiliated financial services firms are wholly-owned subsidiaries of our parent, Bank of Montreal. In the course of providing services to you, we may enter into transactions with, or accept services from, other members of BMO Financial Group. We are compensated by providing products and services to you for which you pay us. We may also earn revenue from other sources, including from our affiliates, which may be seen as involving a conflict of interest or potential conflict of interest. In these situations of conflicts involving

BMO Financial Group, we may be perceived to be financially motivated to encourage you to enter into transactions with other members of BMO Financial Group, or to enter into more transactions with us to our benefit. We have adopted policies and procedures to identify and manage these conflicts. We will only enter into these transactions where they are permitted under applicable securities laws. We separate different business functions as required by regulations and have procedures in place to prevent or manage material non-public information held by one business from being disclosed to another.

2.2 Related and Connected Issuers

We may advise you or exercise discretion on your behalf with respect to securities issued by a related or a connected party (as defined in the **Related and Connected Issuers Disclosure** on page 4 below).

We address these conflicts of interest in the following manner:

- Our Investment Counsellors are compensated based on a fee, charged as a percentage of your total assets in your accounts, which does not incentivize them to invest you in securities issued by a related party or a connected party over other securities.
- Recommendations or investments made in securities issued by a related or a connected party are evaluated using the same process used to evaluate securities issued by a third party.
- Our investment decisions will be guided by your personalized Investment Policy Statement (**IPS**). We ensure that the suitability of positions in your account is reviewed on an initial and ongoing basis, in accordance with your account agreement.
- We disclose these conflicts so that you can independently assess if they are significant to you.

See also **Related and Connected Issuers Disclosure** on page 4 below and also *2.4 Proprietary Products* below.

2.3 Acting as Underwriter

For securities that we recommend or purchase on your behalf, an affiliate may have provided advice or acted as underwriter to the issuer and received fees and non-public material information from the issuer. We may be perceived to be financially motivated to buy or advise on securities for which our affiliate is receiving other fees from the issuer. To address this material conflict of interest, where our affiliate acts as underwriter for an issuance of securities, the offering document will contain a description of the nature of the relationship with the issuer. In addition, BMO Financial Group separates its institutional corporate finance business, which provides services to the issuer, and our retail advisory businesses, which provides services to you, as required by regulations, and has procedures in place to prevent or manage material non-public information held by one business from being disclosed to another. See also 2.2 *Related and Connected Issuers* above.

2.4 Proprietary Products

We have a number of investment mandates that we may consider suitable for your investment strategy. These mandates can include BMO Private Portfolios or other investment funds, pooled funds, alternative investments, deposits, or structured products managed or offered by us or companies associated or affiliated with us (**Proprietary Products**). BMO Private Portfolios are publicly offered mutual funds that we manage and engage related and unrelated sub-advisors to carry out their investment strategies. BMO Trust Company, our affiliate, is the trustee of these funds. Our related sub-advisors and BMO Trust Company earn fees from providing services to the BMO Private Portfolios. Investment mandates can include non-proprietary products, however generally where an investment mandate includes a fund or structured product, the fund or structured product will be a Proprietary Product. Generally, the suitability determination conducted by us and our Investment Counsellors will not consider the larger market of non-proprietary products or whether those non-proprietary products would be better, worse or equal in meeting your investment needs and objectives. The Proprietary Products and any non-proprietary products considered potentially appropriate for your account are subject to the same due diligence, selection and ongoing monitoring process. We will determine that investing in the Proprietary Products, and as appropriate, a non-proprietary product, is suitable for you, puts your interest first and is guided by your IPS. Our Investment Counsellors are compensated based on a fee, charged as a percentage of the total value of your accounts, which does not incentivize them to invest you in mandates holding only Proprietary Products over other mandates.

In accordance with our written policies and procedures, we manage conflict of interest matters relating to the BMO Private Portfolios, including causing the BMO Private Portfolios to invest in securities issued by or traded by other members of the BMO Financial Group and investing in securities underwritten by dealers that are members

of the BMO Financial Group, in the best interests of the BMO Private Portfolios. Under applicable Canadian securities laws we are required to identify and refer conflict of interest matters to the Independent Review Committee for the BMO Private Portfolios for its review and approval or recommendation, as applicable, to ensure that the proposed action achieves a fair and reasonable result for the BMO Private Portfolios. See also **Related and Connected Issuers Disclosure** on page 4 below.

2.5 Relationship with Other Issuers

BMO Financial Group may have a variety of relationships with unrelated issuers, such as a commercial lender or underwriter. We may be perceived to be financially motivated to include the securities of these issuers in our investment mandates so that BMO Financial Group as a whole can benefit. To address this, we separate different business functions as required by regulations and have procedures in place to prevent or manage material non-public information held by one business from being disclosed to another. In addition, the issuer's offering documents would provide disclosure, as required by securities laws, of relationships BMO Financial Group may have with the issuer. Our compensation arrangements are reasonably designed to not incentivize our Investment Counsellors to buy or recommend these securities over other securities. See 2.3 *Acting as Underwriter* above.

2.6 Relationship with Ameriprise Financial, Inc.

In April 2021, Bank of Montreal entered into an agreement with Ameriprise Financial, Inc. (together with its affiliates, "Ameriprise") pursuant to which, provided closing conditions are met, Ameriprise will purchase and acquire Bank of Montreal affiliates comprising Bank of Montreal's Europe, Middle East, Africa and Asia asset management business, including BMO Asset Management Limited, BMO Global Asset Management (Asia) Limited, LGM Investments Limited and Pyrford International Limited (the "European Transaction"), as well as purchase and acquire certain sub-advisory mandates comprising Bank of Montreal's U.S. asset management business (together with the European Transaction, the "Transaction").

As part of the completion of the European Transaction, which is expected to close in the fourth quarter of calendar 2021, Bank of Montreal will enter into an agreement (the "Relationship Agreement") with Ameriprise. The Transaction and Relationship Agreement set forth a framework of mutual cooperation and give rise to conflicts of interest that relate to mandates in your account for which Ameriprise acts as a sub-advisor.

Upon closing of the Transaction, Ameriprise may act as a sub-advisor for mandates relating to your account that were formerly performed by Bank of Montreal affiliates in Europe and the U.S. Under the Relationship Agreement, we will agree to consider Ameriprise, and hire them, for certain new third party sub-advisory mandates where their offering is suitable for the mandate under consideration. In

order to be hired as a sub-advisor, Ameriprise must meet competitive performance criteria and other conditions under the Relationship Agreement. Ameriprise currently includes Columbia Management Investment Advisers.

We will address these conflicts of interest in the following manner:

- There are the above-mentioned performance and other standards Ameriprise must achieve before we hire them under the Relationship Agreement.
- Ameriprise will be subject to our ongoing sub-advisory monitoring and oversight procedures.
- We are not obligated to hire or keep Ameriprise as a sub-advisor if the engagement does not satisfy, among other things, our policies and procedures or our fiduciary, regulatory, contractual and other legal obligations.
- You are not obligated to be invested in any mandate sub-advised by Ameriprise and we offer alternative investment products.
- We disclose this conflict so that you can independently assess if it is significant to you. Each time we engage a new Ameriprise entity to sub-advise on a mandate, we will disclose this by updating this Statement on our website at <https://www.bmo.com/assets/pdfs/privatebank/tc/en/im-conflict-of-interest-statement-en.pdf>.

2.7 Referral Arrangements

We may enter into arrangements where we receive or pay a referral fee for referring you. As required by applicable securities laws, the terms of the referral arrangement will be set out in writing, you will be provided with disclosure of the arrangement, and, prior to the referral, we will satisfy ourselves that the other party has the appropriate qualifications to provide the specific services to you. We have policies and procedures that are reasonably designed to ensure fees received are appropriate and do not encourage undue incentives. We undertake periodic reviews of our referral arrangements. You do not pay any additional charges and fees in connection with such referrals and are not obligated to purchase any product or service in connection with a referral. See also "Referral fee" within the terms and conditions available at <https://www.bmo.com/privatebanking/popups/terms-and-conditions> for further details of the referral arrangements among certain members of BMO Financial Group.

2.8 Sales Practices, Internal Compensation Arrangements and Incentive Practices

Our Investment Counsellors are compensated by a fee charged as a percentage of total assets in your account. In addition, our Investment Counsellors receive compensation for sales, achievements and referrals.

We address the conflict of interest that our Investment Counsellors may be perceived to be financially motivated to make investments that provide them with better compensation in a variety of ways.

Our fee compensation does not incentivize Investment Counsellors to invest you in particular securities. We charge lower percentages at specific thresholds the more assets you add to your account. We review the suitability of the investment strategy for all accounts of new clients. The compensation of our compliance and supervisory staff is not tied to sales or revenue. Our management fees are disclosed to you. See also 2.7 *Referral Arrangements* above.

2.9 Fee-Based Accounts and Trailing Commissions

We do not cause your account to invest in securities that pay us a trailing commission. If you transfer into your account any securities that pay us a trailing commission, the value of such securities is removed from the calculations of the fees you pay us.

2.10 Personal Financial Dealings with Clients

A conflict of interest can arise where an Investment Counsellor has personal financial dealings with you, including where they are appointed as a trustee or granted a power of attorney and have control or authority over your financial affairs or we acquire assets from you outside of our investing relationship. As these dealings could cause the Investment Counsellor to put their interests ahead of yours in taking any investment action, we have policies and procedures in place which generally prohibit personal financial dealings with clients who are not family members.

2.11 Trade Execution

Our selection of a dealer, intermediary and/or a marketplace to execute a trade can create a potential or perceived conflict of interest because we may direct trades to a dealer, intermediary and/or a marketplace who provides us with benefits (including research reports or terminals with access to market information) or rebates. This conflict of interest is addressed through our compliance with applicable securities laws, including National Instrument 23-102 – *Use of Client Brokerage Commissions*.

2.12 Outside Business Activities (OBA)

Some of our Investment Counsellors may participate in an OBA including acting as a director, officer, shareholder, owner or partner of another entity, having a private investment in a company or participating in community events. The Investment Counsellor's OBA could cause the Investment Counsellor to put such interests ahead of yours. To address this conflict of interest, we have policies and procedures to review any proposed OBA to ensure that conflicts of interest do not exist, are not likely to exist in the future or can be mitigated in a manner that is consistent with the best interest of our client; otherwise the proposed OBA must be avoided. Any OBA by Investment Counsellors must be pre-approved by us. If the OBA presents a potential conflict with you, we will disclose it before investing in the security. Most OBAs are required to be disclosed to our regulator and the regulator must be satisfied that it does not create a conflict of interest.

2.13 Personal Trading

Our employees, including Investment Counsellors, could use non-public information about you, and the securities in your account, for their personal trading. Our Code and other policies are designed to ensure that our Investment Counsellors act in accordance with applicable laws and that they do not engage in personal securities transactions that are prohibited, such as insider trading. This can include seeking approval from us prior to making trades in their personal securities accounts. Employees are prohibited from accessing non-public information of our clients for their direct or indirect personal benefit. We place shares on a “restricted list” to prevent trading when we have non-public information. We review on a regular basis securities transactions made in Investment Counsellor’s and certain other employees’ personal securities accounts.

2.14 Borrowing to Invest

If a member of BMO Financial Group lends you money, they may earn revenue from the investment and/or the lending activity itself. To address this conflict of interest, we have policies and procedures to ensure a heightened level of due diligence is conducted when a “borrow to invest” strategy is recommended to you or your Investment Counsellor becomes aware of such strategy. We provide you with disclosure of the potential risks and costs associated with borrowing money to invest.

2.15 Gifts and Entertainment

We and our Investment Counsellors may receive offers of gifts and/or entertainment from business partners. We could be perceived to be financially motivated to put our interests ahead of your interests because of the gifts and entertainment. To address this conflict of interest, employees are required to comply with our Code, which requires employees not to accept any gift or entertainment which is intended to improperly influence a business decision. As well, Investment Counsellors are obligated by applicable regulations and policy and procedures to make only suitable investments and recommendations.

3. Review

We will notify you of any significant changes to this document by posting an updated version of this Conflicts of Interest Statement on our website at <https://www.bmo.com/assets/pdfs/privatebank/tc/en/im-conflict-of-interest-statement-en.pdf>. We will also notify you by sending a notice explaining the updates via portal, email, or postal mail.

4. Further Inquiries

If you have any questions about this Conflicts of Interest Statement, please contact your Investment Counsellor.

Related and Connected Issuers Disclosure

BMO Private Investment Counsel Inc. may deal with or for you in securities transactions where the issuer of the securities is related or connected to us. Securities laws require us to inform you of any related or connected issuers to us.

- An issuer is **related** to us if we are an influential securityholder of theirs, or they are an influential securityholder of ours, or if we have a common influential securityholder.
- An issuer is **connected** to us where a reasonable prospective purchaser of their securities might question the issuer’s independence from us, a party related to us, one of our directors or officers or a director or officer of our related party.

Bank of Montreal

We are a wholly-owned indirect subsidiary of Bank of Montreal. Bank of Montreal is a reporting issuer with securities listed and trading on the Toronto Stock Exchange and the New York Stock Exchange. Because Bank of Montreal is an influential securityholder of ours it is considered to be a related party and where its securities are being distributed to the public it would be considered to be a connected party under Canadian securities laws.

Issuers and Mutual Funds

The following are also considered to be issuers that are related and/or connected to us:

- the mutual funds in the BMO Private Portfolios group of funds which are managed by us;
- the mutual funds in the BMO Mutual Funds group of funds which are managed by our affiliate BMO Investments Inc.;
- the exchange-traded funds (“ETFs”) in the BMO ETFs group of funds which are managed by our affiliate BMO Asset Management Inc. (“BMO AM”);
- the pooled funds in the BMO AM Pooled Funds group of funds which are managed by our affiliate BMO Asset Management Inc.; and
- such issuer corporations as may in certain circumstances be deemed to be connected issuers under applicable securities laws when BMO Nesbitt Burns Inc. or its affiliates are members of the underwriting group for a new issue of securities.

Additionally, the following affiliates act as portfolio managers or sub-advisors to certain of these investment funds: BMO Asset Management Inc.; BMO Asset Management Corp.; BMO Capital Markets Corp.; and Taplin, Canida & Habacht, LLC.

Where to Find Information

Where we advise you with respect to the purchase or sale of securities of a related and/or connected issuer we will notify you of our relationship with the issuer when giving you the advice.

Principal Trading

In certain instances where we exercise discretion on your behalf, securities purchased for you may be bought from a party associated with us or, in the course of distribution, a connected party. A party is associated with us if we beneficially own, directly or indirectly, securities carrying more than 10% of the voting rights of the party, or if the party is a trust, it is associated with us if we have a substantial beneficial interest or we, or another party in a close relationship to us such as one of our salespeople, directors or officers serve as trustee.

Relationships with other Members of BMO Financial Group

Disclosure of Related Registrants

Bank of Montreal either directly or indirectly through its subsidiaries, controls, and certain of our officers and directors are also directors and officers, of certain of the following Canadian registrants: BMO Asset Management Inc.; BMO Nesbitt Burns Inc.; BMO Investments Inc.; and BMO InvestorLine Inc.

In connection with our ongoing business activities we may obtain or provide management, administrative, referral and/or other services from or to the following affiliates: Bank of Montreal; BMO Asset Management Inc.; BMO Asset Management Corp., BMO Capital Markets Corp.; BMO Capital Markets Limited; BMO Financial Advisors Inc.; BMO Nesbitt Burns Inc.; BMO Estate Insurance Advisory Services Inc.; BMO Investments Inc.; BMO InvestorLine Inc.; BMO Nesbitt Burns Securities Ltd. And BMO Trust Company.



BMO Private Wealth is a brand name for a business group consisting of Bank of Montreal and certain of its affiliates in providing private wealth management products and services. Not all products and services are offered by all legal entities within BMO Private Wealth. Banking services are offered through Bank of Montreal. Investment management, wealth planning, tax planning, philanthropy planning services are offered through BMO Nesbitt Burns Inc. and BMO Private Investment Counsel Inc. Estate, trust, and custodial services are offered through BMO Trust Company. BMO Private Wealth legal entities do not offer tax advice. BMO Trust Company and BMO Bank of Montreal are Members of CDIC.

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