

Our Relationship

Thinking about investing with us? We're here to help! Read on for very important information about our relationship – like the kinds of products and services we can and can't offer you, what you can expect to pay, and how we get paid.

Who are we?

When you open an investment account or buy or sell a BMO Mutual Fund – or any of the other investments we offer – you're dealing with BMO Investments Inc. (BMOII). We're:

- a subsidiary of Bank of Montreal (BMO) and a separate legal entity from BMO;
- registered as a mutual fund dealer in all provinces and territories across Canada; and
- regulated by the Canadian Investment Regulatory Organization and the securities regulators in your province or territory.

We're also an investment fund manager. This means some members of our team create and manage the BMO Mutual Funds we sell you – and that we're the main distributor of BMO Mutual Funds in the market.

What products and services do we offer?

While our representatives can also help with your banking and borrowing needs, we primarily do 2 things:

1. We sell and provide advice about BMO Mutual Funds – and certain other BMO investments like GICs and term investments – that we think may be right for you based on your personal circumstances.
2. Some of our representatives also provide retirement and investment planning advice and services.

What products and services don't we offer?

We don't	This means
sell or give advice about mutual funds managed by other fund companies (third party mutual funds)	We only recommend BMO products. You can still transfer some third party mutual funds you already own to your BMOII account – and in some cases we can help you buy certain third party mutual funds you ask for – but we don't recommend or give advice about non-BMO mutual funds.
sell or give advice about individual stocks, options, or other investments	Our representatives are only licensed to help with mutual funds and certain term investments and deposit notes. If you want to buy or sell individual stocks or need advice about stocks or other investments, we can refer you to one of BMO's other investment teams, like BMO InvestorLine (for customers who don't need advice and want to buy and sell stocks on their own) or BMO Nesbitt Burns (for customers who want advice about stocks and other investments from a licensed advisor).
provide any legal, accounting or tax advice	It's always your responsibility to: <ul style="list-style-type: none"> • know your tax status, like your available account contribution room and whether you've ever qualified as a non-resident; • know and understand the potential consequences of any transactions in your BMOII account, including potential capital gains impacts and tax penalties for non-resident transactions or overcontributing to or withdrawing money from certain types of accounts, and • consult your accountant, lawyer, or other advisors before making any investment decisions, even if we've recommended the investment.

How do we decide what accounts and investments to recommend for you?

We are responsible for providing suitable and unbiased investment recommendations to you that meet the standard of care expected of a trained investment professional based on the client information that you provide to us. While we will work with you to determine the right account(s) and services to best suit your needs, you (or your authorized representative) direct(s) all trading and are(is) responsible for all investment decisions in your account(s).

We offer advice based on what we know about your personal circumstances. While we can't predict how your investments will perform – and whether you'll make or lose money – our representatives always consider Know Your Client (KYC) information when identifying suitable investments for you.

In order to conduct suitability assessments for your account(s) where applicable, securities laws require BMO Investments Inc. to fully understand, among other things:

- your goals for the investments in your account;
- your comfort with, and capacity to withstand, risk, including the risk your investment returns could fluctuate and the risk you could lose money;
- when you expect to need money from the investments in your BMOII account; and
- other relevant factors, like the costs of a specific investment or whether you're investing with borrowed money.

These can only be assessed by collecting from you accurate information about your personal and financial circumstances, including but not limited to, your marital status, age, occupation, income and net worth, and number of dependants. This requirement is part of the KYC rule and is one of the cornerstones of securities regulation. That's why it's important that you always keep us up to date about any changes in your goals or circumstances.

Our account agreements setting out your personal and financial information, which you have provided to us will be available to you at the time of account opening, and when a material change in your KYC information has come to the attention of BMO Investments Inc.

BMO Investments Inc. will always put your interests first and perform due diligence to ensure that the suitability of the investments held in your account(s) is reviewed when:

- a trade is accepted,
- a recommendation is made by us,
- securities are transferred or deposited into your account,

- there is a change in the investment professional responsible for servicing your account(s) the account, or
- there is a material change to your KYC information as maintained by us.

Our suitability assessment will take into consideration all of the investments held in your account(s). We don't typically take into consideration the investments held in other accounts you may hold at BMO Investments Inc., though we may periodically assess whether an actual or proposed transaction in your account(s) could result in you being more highly concentrated in a particular higher-risk fund or type of fund or holding – across all your BMO Investments Inc. accounts – than may be right for you. We don't consider concentration, liquidity, or other risks relating to accounts you may hold at other dealers outside BMO Investments Inc., because we don't have access to information about your accounts outside BMO Investments Inc.

As part of our suitability assessment, we may find – for example – that you may hold some investments that have a risk rating that is lower or higher than the risk tolerance you described to us for your Account. Similarly, we may find that the investments held in your Account do not individually or collectively match your stated investments objectives, time horizon, or Investor Profile for your Account. If we assess that your investments are not suitable based on the information you provided to us, we will inform you of our assessment, confirm that the information we have remains current and accurate, and recommend suitable alternatives for you to consider. However, our suitability determination will not consider the larger market of non-BMO products or whether those non-BMO products would be better, worse or equal in meeting your investment needs and objectives.

You agree to notify us immediately if you have any questions or concerns about the suitability of the investments in your account(s), or believe the investments in your account(s) no longer reflect your stated investment objective, risk tolerance, time horizon or other circumstances, or if you wish to change any information you previously provided to us. We will:

- remind you of this obligation on an annual basis, in writing, and
- make reasonable efforts to try to contact you, verbally or in writing, at least once every 12 months and no later than every 36 months from the date of your last suitability assessment, Investor Profile update, or transaction in your Account, in order to verify that there have been no changes to the information you previously provided us, to assess whether your existing Investor Profile remains right for you, and to review the suitability of your existing holdings.

What are your risks?

The chances you'll make money – and the risk that you might lose money – vary by investment. Generally:

Investment type	Key risks
Term and principal protected investments	These investments – like GICs and Principle Protected Notes – usually guarantee you'll at least get back the money you invested (i.e., your money is protected and you won't lose the money you put in). Some investments also guarantee you'll make a certain amount when your investment matures. There are usually limits on your ability to sell these investments, and you may have to pay a penalty for selling early.
Mutual funds	The value of all mutual funds – like other securities – can go up or down depending on the investments in the fund, the number of interested buyers, and the markets. This means the fund's value could change over time – known as volatility – and you could lose money. The level of risk varies depending on the underlying investments in the fund, but generally the higher the potential return the higher the risk. For more information about investing in mutual funds, see the CSA's <i>Understanding Mutual Funds</i> brochure at securities-administrators.ca
Borrowing to invest	Investing with borrowed money increases your risk for many reasons, including the fact that you have to pay back your loan and interest even if you lose money on your investment. Learn more in our Terms & Conditions or speak to us if you're considering using borrowed money to invest.

What do you pay?

Depending on your investment and the type of account you have, you may incur some or all of the following costs:

Cost	Description
Account Fees	We charge annual fees for some BMOII accounts, like a \$10 registered plan fee for RRSP and RESP accounts.
Transfer and Trading Fees	You may have to pay certain fees – described in our Terms & Conditions – if you transfer your BMOII account elsewhere, or sell or switch your mutual funds shortly after buying them.
Management Expense Ratio (MER)	Whenever you invest in a mutual fund, there is a cost known as the MER. This is the fund's total management fees and operating expenses – including an ongoing trailing commission the fund pays to BMOII for the services and advice we provide you – expressed as a percentage of the fund's assets. For example, if a \$100 million fund has \$2 million in total annual management fees and expenses, its MER is 2%. These costs are indirect and are already reflected in the current values reported for your fund investments. Note that different funds have different MERs. <ul style="list-style-type: none"> • For non-Series F funds: You don't directly pay the MER however it affects you because the fee is deducted from the value of your investments and therefore reduce the returns and performance on the funds you own, which effect will be compounded over time. For example, if you buy a fund with a 2% MER, you don't pay 2% in fees. But the fund's returns will be lower – and therefore you earn less – than if the fund had lower expenses. • For Series F funds: The dealer fees associated with investments in Series F mutual funds are paid directly by you on a quarterly basis or at the time you fully redeem your Series F mutual fund investments. BMOII will process the payments by redeeming units of each Series F mutual fund investments you own in an amount equal to the fees incurred for holding them. This differs from the manner in which fees are paid for investments in non-Series F mutual funds, which fees are usually embedded in the mutual funds' MER.

You should read a fund's Simplified Prospectus or Fund Facts to learn about other fees or costs. While some older funds also have sales charges – like deferred charges and commissions you may have to pay when buying or selling – you don't pay any sales charges when you buy or sell a new BMO Mutual Fund.

We will provide you with at least 60 days prior written notice of any new Account Fees or Transfer and Trading Fees.

How do we get paid?

BMOII and our representatives earn the following for the products and services we offer you:

Who	What we earn
Our representatives	<p>All our representatives earn a salary and periodic incentive pay. A portion of this incentive pay is based on:</p> <ul style="list-style-type: none"> • how many mutual funds and other investments they sell (or, in the case of some of our Financial Planners, how much all their customers hold in their investment portfolios); and • whether they've achieved performance goals we set from time to time. <p>Our Financial Planners also earn commissions based on the total value of the investments they manage for some of our customers.</p> <p>Our representatives also get credit when they refer you to another part of BMO – like BMO Private Wealth or BMO InvestorLine – if they think one of our partners is better able to help with your investment needs.</p> <p>We have strict controls to make sure our representatives never put their financial interests ahead of yours – and always put your interests first. For example:</p> <ul style="list-style-type: none"> • While our representatives may earn more for selling mutual funds than some other types of investments, we treat all BMO Mutual Funds the same for compensation purposes. This means our representatives don't have a financial incentive to sell you a particular fund (like a fund with a higher MER). They're focused only on recommending funds they think may be right for you. • BMO limits the role that investment sales play in its incentive compensation formula – meaning our representatives' investment sales influence only a portion of their pay – and no one ever gets credit for sales or conduct that doesn't align with BMO's Code of Conduct (which you can find on bmo.com). • We have robust surveillance processes where other staff – including Head Office staff – routinely review certain transactions and other account activity to verify that they're right for you. <p>Read our Terms & Conditions for more information about our staff's compensation.</p>
Branch Managers	<p>Our supervisory staff earn a salary and periodic incentive pay. A portion of this incentive pay is based on:</p> <ul style="list-style-type: none"> • how many mutual funds and other investments their sales team sells; and • whether they've achieved performance goals we set from time to time. <p>We have strict controls to make sure our supervisory staff never put their financial interests ahead of yours or allow representatives under their supervision to do so – and always put your interests first. For example:</p> <ul style="list-style-type: none"> • While our supervisory staff may earn incentive pay for the sales made by their sales teams, the majority of the transactions and trades made by representatives that may contribute to the supervisory staff incentive pay are reviewed by Bank employees independent of the supervisory staff and whose own incentive pay, if any, is not based on the BMOII transactions and trades being reviewed. <p>We limit the role that investment sales play in its incentive compensation formula – meaning our representatives' investment sales influence only a portion of their pay – and no representative or supervisory staff ever gets credit for sales or conduct that doesn't align with the Code of Conduct.</p>
BMOII	<p>We earn:</p> <ul style="list-style-type: none"> • an ongoing trailing commission – based on the value of your investment – for the services and advice we provide you. This is paid by the fund company and is part of the fund's MER; • a periodic payment from other parts of BMO – like BMO Private Wealth or BMO InvestorLine – when we refer you to them; and • any account and trading fees you pay. <p>Our investment fund managers also earn any sales charges or fund fees relating to your BMO Mutual Funds.</p>

Potential conflicts of interest

Actual, potential, and perceived conflicts of interest arise where an action or decision by someone has the effect of benefiting others at that person's expense. Such conflicts exist in almost all human interactions and, conflicts may arise from time to time between you, BMO Investments Inc. and/or your BMO Investment Inc. investment professional. For example, a conflict of interest may arise when one of our investment professionals has a personal interest in a transaction, or has a job or volunteer role outside BMO that could potentially take their focus away from serving the customer.

We have policies and procedures in place to identify and address the handling of conflicts of interest.

- We avoid conflicts prohibited by law, as well as conflicts that we cannot effectively control.

In situations that we cannot avoid, or where our interests may compete with yours, your interest is always given priority by our acting in one of two ways:

- We control or manage acceptable conflicts by physically separating different business functions, restricting the internal exchange of information in person or through systems, reducing the possibility of one part of our organization unsuitably influencing another, removing material financial incentives of an employee to favour a particular product or service over another that may be more suitable, and setting up and testing our operational review and approval processes; and

We disclose information about any remaining conflicts to you, so that when you evaluate our recommendations and actions, you can assess independently if conflicts are significant for you.

Some conflicts of interest – by their nature – pose a higher risk that they might affect or negatively impact our advice or your investment decisions. These are called “material” conflicts of interest. The following are some of the typical conflicts of interest that arise in the normal course of our business, and how we manage and resolve them in your best interests:

- **Relationship between BMOII and BMO.** We are a wholly-owned indirect subsidiary of BMO. BMO is a reporting issuer with securities listed and trading on the Toronto Stock Exchange and the New York Stock Exchange. In addition to being the principal shareholder (meaning a person or company that is the direct or indirect registered or beneficial owner of more than 10 percent of any class or series of voting securities of another person or company) of BMOII, BMO is the principal shareholder of the following other firms registered under applicable securities laws (collectively, our “Affiliate Registrants”): BMO InvestorLine Inc., BMO Nesbitt Burns Inc., BMO Private Investment Counsel Inc.,

BMO Harris Financial Advisors, Inc., BMO Asset Management Inc., Money, Inc. and Pyrford International Limited.

- **Related Products.** As described above, we only recommend BMO Mutual Funds and other BMO products issued, advised by, or managed by one or more of our affiliates (for example, we offer the BMO Fixed Cash Flow Plus Deposit, which is issued by BMO). We also earn trailing commissions when you invest in BMO Mutual Funds, for which we are the main distributor in the market. See How do we get Paid? above for more information. To ensure the investments we recommend are always in your best interest, we periodically review our product shelf to ensure the BMO Mutual Funds we offer are competitive in the market and right for different customers. Our investment professionals are also required to explain why we think a particular BMO Mutual Fund we recommend is in your best interest.
- **Compensation.** As described above, our investment professionals receive incentive pay based – in part – on how many mutual funds and other investments they sell and whether they achieve other performance goals. See How We Get Paid: Compensation We Receive above for more information about how our representatives get paid, and the steps we take to ensure our compensation practices do not influence any of our representatives to put their financial interests ahead of yours or to recommend investments that are not right for you.
- **Outside Activities.** Our investment professionals are employees of BMO and, on behalf of BMO, may – in addition to the mutual funds and investment advice they give you – offer products such as, or services relating to, deposits, mortgages, loans and certain insurance. Such products and services are the responsibility and business of BMO and are not related to BMOII. Our investment professionals may also – in certain circumstances, and where permitted by legislation and policies and procedures – engage in other activities, including employment and volunteer activities outside of BMO, with approval from BMOII. We take steps where appropriate to ensure any such approved outside activities don't interfere with – or risk unduly influencing – the advice and services we provide you or other actual or prospective customers.
- **Financial dealings with customers.** We prohibit our investment professionals from having personal financial dealings with our customers, to ensure you always receive service and advice with only your interests in mind. For example, our investment professionals are not allowed to borrow money from or personally lend to a customer (other than their own family members), hold joint accounts with a customer, or act as trustee or power of attorney over a customer's account (except for certain family members, which we routinely monitor).

- **Borrowing to Invest** If a member of BMO Financial Group lends you money to invest in securities, 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 Advisor becomes aware of such strategy. Any lending is reviewed, adjudicated and monitored independently from your Investment Professional. We provide you with disclosure of the potential risks and costs associated with borrowing money to invest.
 - **Gifts and Entertainment.** We and our Investment Professionals 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 Professionals are obligated by applicable regulations and policy and procedures to make only suitable investments and recommendations.
 - **Supervision.** To ensure the activity in your account always complies with the rules, we have a robust three-level oversight process that involves non-BMOII staff engaging in regular supervision, monitoring, testing, and auditing of our customers’ accounts and activities by our investment professionals. This includes ensuring independent reviews of all transactions processed by investment professionals – like Branch Managers – who give investment advice and are also responsible for supervising our branches to ensure everyone complies with our policies. Non-BMOII staff involved in this oversight process do not receive commissions or compensation for any sales our investment professionals make, and we tie a portion of their annual compensation to BMO’s overall performance (not BMOII’s) to minimize the risk that anyone might fail to properly carry out their supervisory duties because of an interest in increasing BMOII’s sales.
 - **Related and Connected Issuers.** Where we advise you with respect to securities issued by us or a related party or a connected party in the course of distribution, we must disclose to you our relationship with the issuer of the securities.
 - o 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.
 - o 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.
 - o 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, 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.
- The following are considered to be issuers that are related and/or connected to us. This list is current as of the time of publication. For the latest up-to-date list of related/connected issuers, please refer to www.bmo.com.
- o the mutual funds in the BMO Mutual Funds group of funds because they are managed and distributed by BMOII;
 - o the mutual funds in the BMO Private Portfolios, because they are managed by BMO Private Investment Counsel Inc.;
 - o the BMO ETFs and the BMO Pooled Funds because they are managed and administered by BMO Asset Management Inc.;
 - o DoubleLine Income Solutions Trust which is managed and administered by BMO Nesbitt Burns Inc., and our affiliate BMO Asset Management Inc. provides certain valuation and accounting services, and BMO Nesbitt Burns Inc. acts as promoter;
 - o Global Alpha Worldwide Growth Fund which is managed and administered by BMO Nesbitt Burns Inc., and our affiliate BMO Asset Management Inc. provides certain valuation and accounting services, and BMO Nesbitt Burns Inc. acts as promoter;
 - o Global Water Solutions Fund which is managed and administered by BMO Nesbitt Burns Inc., and our affiliate BMO Asset Management Inc. provides certain valuation and accounting services, and BMO Nesbitt Burns Inc. acts as promoter;
 - o PineBridge Investment Grade Preferred Securities Fund which is managed and administered by BMO Nesbitt Burns Inc., and our affiliate BMO Asset Management Inc. provides certain valuation and accounting services, and BMO Nesbitt Burns Inc. acts as promoter;
 - o Star Yield Managers Trust which is managed and administered by BMO Nesbitt Burns Inc., and our affiliate BMO Asset Management Inc. provides certain valuation and accounting services, and BMO Nesbitt Burns Inc. acts as promoter;

- o U.S. Housing Recovery Fund which is managed and administered by BMO Nesbitt Burns Inc., and our affiliate BMO Asset Management Inc. provides certain valuation and accounting services, and BMO Nesbitt Burns Inc. acts as promoter;

Additionally, our affiliates BMO Asset Management Inc., BMO Private Investment Counsel Inc., BMO Asset Management Corp., LGM Investments Limited, Pyrford International Limited, BMO Global Asset Management (Asia) Limited, F&C Management Limited and Money, Inc. are portfolio advisors to certain of these mutual funds and flow-through limited partnerships.

- **Referral arrangements.** BMOII has entered into referral arrangements with BMO and the other affiliated entities (BMO Nesbitt Burns Inc., BMO Estate Insurance Advisory Services Inc., BMO InvestorLine Inc., and BMO Private Investment Counsel Inc. and BMO Trust Company) pursuant to which investment professionals may receive a benefit as part of their overall compensation for business that results from a referral. You do not pay additional charges or fees in connection with these referrals. All activity requiring registration under securities laws and regulations will be performed by an entity that is appropriately registered under Canadian securities laws.

For additional information about referrals, please consult your investment professional.

How do I know how my investments are doing?

We'll send you:

- a written confirmation every time there's a mutual fund transaction in your account;
- a quarterly account statement listing all the transactions in your account, the current value of your investments, and your personal rate of return (your investment's net gain or loss); and
- an annual statement listing the change in value of your account – over the year and since you opened your account – and the fees you paid and we received over the year.

We always rely on you to review the confirmations and statements we send you and to quickly let us know if you have any questions, concerns or think you might've found an error.

Where do I get more information?

Read our Terms & Conditions for more important information about:

- our relationship,
- how your BMOII account works, and
- how you can resolve any complaints or concerns you might ever have with our service.

And you can always speak to one of our representatives – we're here to help!



Commissions, management fees and expenses (if applicable) all may be associated with investments in mutual funds. Trailing commissions may be associated with investments in certain series of securities of mutual funds. Please read the fund facts, ETF facts or prospectus of the relevant mutual fund before investing. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated. Distributions are not guaranteed and are subject to change and/or elimination.

For a summary of the risks of an investment in the BMO Mutual Funds, please see the specific risks set out in the prospectus. ETF Series of the BMO Mutual Funds trade like stocks, fluctuate in market value and may trade at a discount to their net asset value, which may increase the risk of loss. Distributions are not guaranteed and are subject to change and/or elimination.

BMO Mutual Funds are managed by BMO Investments Inc., which is an investment fund manager and a separate legal entity from Bank of Montreal.