

Firm Brochure (Part 2A of Form ADV)  
February 24, 2012

## **M&I FINANCIAL ADVISORS, INC.**

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**This brochure provides information about the qualifications and business practices of M&I Financial Advisors, Inc. (“MIFA”). If you have any questions about the contents of this brochure, please contact us at (414) 765-7969. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority.**

**MIFA is an SEC-registered investment adviser. Registration of an investment adviser with the SEC does not imply a certain level of skill or training.**

**Additional information about MIFA also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

## **Item 2 - Material Changes**

This Item 2 is not required for the initial brochure prepared by MIFA. In the future, this Item 2 will discuss only specific material changes that are made to the brochure and provide clients with a summary of such changes. We will also reference the date of our last annual update of our brochure.

Pursuant to new SEC rules, we will ensure that you receive a summary of any material changes to this and subsequent brochures within 120 days of the close of our business' fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

Our brochure may be requested, at any time, without charge, by contacting MIFA at (414) 765-7969.

Additional information about MIFA is also available via the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's website also provides information about any persons affiliated with MIFA who are registered, or are required to be registered, as investment adviser representatives of MIFA.

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#### **Item 4 - Advisory Business**

**Overview.** M&I Financial Advisors, Inc. (“MIFA”), founded in 1985 and headquartered in Milwaukee, Wisconsin, is duly registered with the U.S. Securities and Exchange Commission (the “SEC”) as a broker-dealer and investment adviser. MIFA is also a member of the Financial Industry Regulatory Authority, Inc. (“FINRA”), is registered with the Municipal Rulemaking Board (the “MSRB”) and is licensed or registered with various state securities authorities as required. MIFA is a wholly-owned subsidiary of BMO Financial Corp., which is in turn a wholly-owned subsidiary of Bank of Montreal (“BMO”), a publicly-held Canadian bank holding company. BMO acquired MIFA as part of its acquisition of Marshall & Ilsley Corporation in July 2011.

MIFA provides discretionary investment advisory services for corporations, trusts, estates, pension and profit sharing plans, state and municipal government entities, individuals and charitable and other institutions exclusively through the BMO Managed Asset Allocation Program (“MAAP”). MAAP is a professional, actively managed investment service offered by MIFA. We have designed the MAAP program to create and manage model investment portfolio approaches of various mutual funds having different investment objectives. The program allows MIFA clients to select an investment approach best suited to their individual investment objectives and risk tolerances. MAAP consists of model allocations organized in 15 investment strategies that correspond to a particular investment objective. MAAP portfolios are not mutual funds, but are individually managed accounts offered by MIFA and managed by M&I Investment Management Corp. (“IMC”), a SEC-registered investment adviser and an affiliate under common control with MIFA. For the MAAP wrap fee MIFA utilizes a technology platform operated by Envestnet Asset Management Inc. (“Envestnet”), a non-affiliated entity. Envestnet is compensated through fees paid to Envestnet by MIFA, which are included in the MAAP program fees. Envestnet deducts the fee from the MAAP account and pays MIFA, generally from a cash position maintained in the MAAP account to meet this requirement.

MAAP portfolios are invested in mutual funds in accordance with a model investment strategy recommended by IMC. MAAP is designed to allow clients to diversify their investments through one account. Client assets are invested in a portfolio of mutual funds that fit within the objectives of the specific investment strategy selected by the client. The mutual funds include, but are not limited to, Marshall Funds, Inc. (d/b/a BMO Funds) (the “BMO Funds”), a mutual fund family advised by IMC. The mutual funds included in each MAAP strategy invest in fixed income and/or equity securities as more fully described in Item 8, below. The model allocations in MAAP are selected by IMC’s Asset Allocation Committee (the “Committee”), which consists of three senior investment portfolio managers. The Committee monitors each portfolio and rebalances it periodically to ensure consistency with the asset allocation strategy. Mutual funds within MAAP are replaced as performance, market conditions or other circumstances dictate.

As of January 31, 2012, MIFA and its affiliates maintained approximately \$1.5 billion in assets in MAAP portfolios.

**Assets under Management.** As a newly registered investment adviser, MIFA does not currently have any assets under management. MIFA anticipates that it will manage in excess of \$100 million on a discretionary basis within four months of its registration with the SEC. MIFA does not anticipate managing any assets on a non-discretionary basis.

## **Item 5 - Fees and Compensation**

MIFA charges fees for the MAAP program based on the market value of the assets under management. The annual fees are calculated in accordance with the following schedule\*:

Assets Under Management**	Fee***		
	<u>Equity/Balanced</u>	<u>Diversified Income</u>	<u>Fixed Income</u>
First \$250,000	1.50%	1.25%	1.00%
Next \$250,000 (\$250,001 to \$500,000)	1.25%	1.00%	0.85%
Next \$250,000 (\$500,001 to \$750,000)	1.00%	0.85%	0.75%
Next \$250,000 (\$750,001 to \$1,000,000)	0.85%	0.75%	0.65%
Balance Over \$1,000,000	0.75%	0.70%	0.60%
Minimum Annual Fee	\$1,250	\$1,250	\$750
Minimum Account Size	\$75,000	\$100,000	\$75,000

\* This fee schedule is effective for all MAAP accounts opened on or after April 30, 2012. MAAP accounts that were opened prior to April 30, 2012 will remain subject to the fee schedules in effect for such accounts prior to April 30, 2012, until such time as written notice, including details of the fee schedule to which the account will be subject, is provided to the holder of the MAAP account.

\*\* The fee percentage and breakpoints set forth apply to all assets in a MAAP account. For example, the annual MAAP program fee for a \$300,000 Equity/Balanced MAAP account would be \$4,375 (i.e., \$3,750 [\$250,000 x 1.50%] + \$625 [\$50,000 x 1.25%] = \$4,375).

\*\*\* The investment advisory fees IMC earns on managing the BMO Funds within the MAAP program will be credited back to IRA accounts. In addition, in the case of non-affiliated mutual funds (mutual funds other than the BMO Funds), any shareholder servicing fees (including 12b-1 fees) or any other revenue sharing payments between the mutual fund and MIFA will be credited back to IRA accounts by the amount of revenue paid to MIFA.

MAAP fees are for the MAAP advisory services, including but not limited to recordkeeping, administration, shareholder servicing and custody, and, except as provided above in the case of an IRA account, are in addition to fees and expenses charged by the underlying mutual funds, which are borne by shareholders on a proportionate basis. In the case of the BMO Funds, these fees include fees paid to MIFA's affiliates for services rendered to the BMO Funds, including the investment advisory services of IMC, the BMO Funds' investment adviser. In the case of mutual funds not affiliated with MIFA, these fees may include shareholder services fees (including 12b-1 fees) paid to MIFA and any other revenue sharing arrangement between the mutual fund and

MIFA. Fees payable by mutual funds held in MAAP accounts are detailed in prospectuses for those funds. MAAP clients will be provided with or offered electronically prospectuses for all mutual funds purchased for client accounts pursuant to MAAP. Electronic links to the prospectuses are available at [www.mibank.com](http://www.mibank.com). Please read the prospectuses carefully when investing.

Any investor may purchase the BMO Funds directly without incurring the fees associated with MAAP if the investor resides in a state where a retail sale can be made. In addition, any investor may purchase any other mutual fund used in MAAP from an authorized distributor or securities dealer for that fund without incurring MAAP fees. However, none of the investment advisory or other services available to MAAP clients will be available to direct investors without additional fees.

MAAP fees are calculated and payable on a monthly basis in advance beginning with the day the account is established. MAAP fees are calculated based on the market value of the assets in the account every month. Monthly fees are charged directly to and deducted from your account. Accounts initiated or terminating during a calendar month are charged a prorated fee. In general, advisory contracts for MAAP are terminable upon written notice by either party.

MIFA reserves the right to adjust the amount of monthly MAAP fees billed to an account depending on the addition or withdrawal of material amounts of assets during the month. MIFA reserves the right to waive fees in its discretion or charge additional fees, with the prior consent of each investor whose account is affected, as the circumstances of any account may dictate.

**Other Fees.** Additional services that are normally charged (i.e., services that are not part of the MAAP program such as fees for the issuance of share certificates, etc.) are the client's responsibility and are set forth in separate MIFA schedules of fees and charges, as applicable.

#### **Item 6 - Performance-Based Fees and Side-By-Side Management**

MIFA does not charge any performance-based fees, which are fees based on a share of capital gains or capital appreciation of client assets.

#### **Item 7 - Types of Clients.**

MIFA provides investment advisory services for corporations, trusts, estates, pension and profit sharing plans, state and municipal government entities, individuals and charitable and other institutions exclusively through MAAP.

MIFA's minimum initial account size for an Equity/Balanced or Fixed Income MAAP account is \$75,000. MIFA's minimum initial account size for a Diversified Income MAAP account is \$100,000. We recommend that you do not withdraw assets from your existing account if doing so would reduce the balance below \$10,000. If your account balance falls below \$10,000, we have the right to liquidate your account and distribute the remaining cash balance to you.

## **Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss**

**Overview.** MIFA provides discretionary investment advisory services exclusively through MAAP. MIFA does not guarantee rates of return on investments for any time period to any client. All clients assume the risk that investment returns may be negative or below the rates of return of other investment advisers, market indices or investment products. You may experience a loss of value in your investments. Past performance does not guarantee future results, and there is no guarantee that a client's investment objectives will be achieved.

**MAAP Strategies.** There are currently 15 MAAP model investment strategies having investment objectives that range from fixed income to aggressive growth, including two strategies that exclude large cap stock investments. Once the appropriate portfolio strategy has been determined, your account will continue to be invested consistent with that model strategy until you advise us that circumstances warrant a change in your account's objectives. Should a decision to change investment strategies be made, you must agree to the change in writing before it is carried out. The 15 model portfolio strategies are described below. The asset allocation percentages described in each strategy may be adjusted from time to time at the Committee's discretion.

1. **Fixed Income Strategy** — seeks to achieve total investment return through the production of income. This portfolio invests 100% of its assets in mutual funds with fixed income securities.
2. **Diversified Income Strategy** — seeks to achieve total investment return primarily through production of income with capital appreciation as a secondary objective. This portfolio generally invests 70-90% of its assets in mutual funds with fixed income securities and 10-30% of its assets in mutual funds with equity securities.
3. **Moderate Balanced Strategy** — seeks to achieve total investment return from income and capital appreciation by investing in both mutual funds with fixed income securities and equity securities. This portfolio generally invests 50-70% of its assets in mutual funds with fixed income securities and 30-50% of its assets in mutual funds with equity securities.
4. **Growth Balanced Strategy** — seeks to achieve total investment return from capital appreciation and income by investing in a portfolio of mutual funds with equity securities and fixed income securities. This portfolio invests 50-70% of its assets in mutual funds with equity securities and 30-50% of its assets in mutual funds with fixed income securities.
5. **Aggressive Balanced Strategy** — seeks to achieve total investment return from capital appreciation and income by investing in mutual funds with equity securities and secondarily in mutual funds with fixed income securities. This portfolio generally invests 70-90% of its assets in mutual funds with equity securities, and 10-30% of its assets in mutual funds with fixed income securities.

6. **Diversified Stock Strategy** — seeks to achieve investment return primarily from capital appreciation and secondarily from income. This portfolio may invest up to 100% of its assets in mutual funds with equity securities. However, this portfolio may also invest in mutual funds with fixed income securities.
7. **Aggressive Stock Strategy** — seeks to achieve appreciation of capital. This portfolio will invest a significant portion of its assets in mutual funds focused on small-, mid- and large-cap companies, as well as international equities. This portfolio may invest up to 100% of its assets in mutual funds with equity securities and mutual funds with fixed income securities will generally not exceed 10%.
8. **Strategic Balanced Strategy** — designed to complement an existing portfolio of large-cap stocks and seeks to achieve greater overall diversification as well as total investment return from income and capital appreciation by investing in a portfolio of mutual funds with both fixed income securities and equity securities. The equity securities will consist primarily of small-cap, mid-cap and international companies. This portfolio generally invests 50-70% of its assets in mutual funds with equity securities and 30-50% of its assets in mutual funds with fixed income securities.
9. **Strategic Stock Strategy** — designed to complement an existing portfolio of large-cap stocks and seeks to achieve greater overall diversification as well as investment return primarily from capital appreciation and secondarily from income. This portfolio invests in a portfolio of mutual funds focused on small- and mid-cap companies, as well as international equities. This portfolio may invest up to 100% of its assets in mutual funds with equity securities and mutual funds with fixed income securities will generally not exceed 10%.
10. **Fixed Income Tax-Advantaged Strategy** — seeks to achieve total investment return through the production of tax-free income. This portfolio invests 100% of its assets in mutual funds with tax-free fixed income securities.
11. **Diversified Income Tax-Advantaged Strategy** — seeks to achieve total investment return primarily through production of tax-free income with capital appreciation as a secondary objective. This portfolio generally invests 70-90% of its assets in mutual funds with tax-free fixed income securities and 10-30% of its assets in mutual funds with equity securities.
12. **Moderate Balanced Tax-Advantaged Strategy** — seeks to achieve total investment return from income and capital appreciation by investing in both mutual funds with tax-free fixed income securities and equity securities. This portfolio generally invests 50-70% of its assets in mutual funds with tax-free fixed income securities and 30-50% of its assets in mutual funds with equity securities.
13. **Growth Balanced Tax-Advantaged Strategy** — seeks to achieve total investment return from capital appreciation and tax-free income by investing in a portfolio of mutual funds with equity securities and tax-free fixed income securities. This portfolio invests 50-70%



of its assets in mutual funds with equity securities and 30-50% of its assets in mutual funds with tax-free fixed income securities.

14. **Aggressive Balanced Tax-Advantaged Strategy** — seeks to achieve total investment return from capital appreciation and tax-free income by investing in mutual funds with equity securities and secondarily in mutual funds with tax-free fixed income securities. This portfolio generally invests 70-90% of its assets in mutual funds with equity securities, and 10-30% of its assets in mutual funds with tax-free fixed income securities.
15. **Strategic Balanced Tax-Advantaged Strategy** — designed to complement an existing portfolio of large-cap stocks and seeks to achieve greater overall diversification as well as total investment return from tax-free income and capital appreciation by investing in a portfolio of mutual funds with both tax-free fixed income securities and equity securities. The equity securities will consist primarily of small-cap, mid-cap and international companies. This portfolio generally invests 50-70% of its assets in mutual funds with equity securities and 30-50% of its assets in mutual funds with tax-free fixed income securities.

### **Material Risks**

Risk of loss is inherent in any investment in securities. Past performance does not guarantee future results, and there is no guarantee that your investment objectives will be achieved. Your account may be subject to the risks discussed below.

#### ***General Risks***

*Management and Strategy Risks.* As with any investment fund, there is no assurance that a MAAP account will achieve its investment objective. The ability of a MAAP portfolio to meet its investment objective is directly related to IMC's investment strategies for the portfolio. The investment process used by IMC could fail to achieve the investment objective and cause investments to lose value.

*Mutual Funds Risks.* The mutual funds held in a MAAP account are not deposits or obligations of, or endorsed or guaranteed by, Marshall & Ilsley Trust Company, N.A., IMC, BMO Harris Bank N.A. or any other MIFA affiliate. Mutual funds are not insured or guaranteed by the FDIC, the Federal Reserve Board or any other government agency. Investments in mutual funds involve risk, including possible loss of principal invested. Mutual funds are subject to investment advisory, transactional, operating and other expenses. Each mutual fund is subject to specific risks, depending on its investments. The value of mutual funds' investments and the net asset value of the funds' shares will fluctuate in response to changes in market and economic conditions, as well as the financial condition and prospects of companies and other investments in which the funds invest. The performance of each fund will depend on whether the fund's investment adviser is successful in pursuing the fund's investment strategy. For shareholders in the underlying mutual funds held in a MAAP portfolio, please refer to the prospectuses and statements of

additional information of those funds for a complete description of risks associated with the funds.

***Equity Securities.*** MAAP portfolios with all or a portion of the underlying assets invested in equity-based mutual funds are subject to the following risks:

*Stock Market Risks.* Investments in equity securities are subject to fluctuations in the stock market, which has periods of increasing and decreasing values. Stocks are more volatile than debt securities.

*Growth Style Risks.* Due to their relatively high valuations, growth stocks are typically more volatile than value stocks. Further, growth stocks may not pay dividends or may pay lower dividends than value stocks. This means they depend more on price changes for returns and may be more adversely affected in a down market compared to value stocks that pay higher dividends.

*Value Style Risks.* Investments in value stocks are subject to the risk that their intrinsic values may never be realized by the market, that a stock judged to be undervalued may actually be appropriately priced, or that their prices may decline, even though in theory they are already undervalued. Value stocks can react differently to issuer, political, market and economic developments than the market as a whole and other types of stocks (e.g., growth stocks).

*Company Size Risks.* Generally, the smaller the market capitalization of a company, the fewer the number of shares traded daily, the less liquid its stock and the more volatile its price. Companies with smaller market capitalizations also tend to have unproven track records, a limited product or service base and limited access to capital. These factors also increase risks and make these companies more likely to fail than companies with larger market capitalizations.

*Foreign Investing Risks.* Investments in foreign companies and markets carry a number of economic, financial and political considerations that are not associated with the U.S. markets and that could unfavorably affect your account's performance. Among those risks are greater price volatility; weak supervision and regulation of securities exchanges, brokers and issuers; higher brokerage costs; fluctuations in foreign currency exchange rates and related conversion costs; adverse tax consequences; and settlement delays.

***Fixed Income Securities.*** MAAP portfolios with all or a portion of the underlying assets invested in fixed income based mutual funds are subject to the following risks:

*Interest Rate Risks.* Prices of fixed income securities rise and fall in response to changes in the interest rate paid by similar securities. Generally, when interest rates rise, prices of fixed income securities fall. Interest rate changes have a greater effect on the price of fixed income securities with longer maturities.

*Credit Risks.* Credit risk is the possibility that an issuer or counterparty will default on a security or repurchase agreement by failing to pay interest or principal when due. If an issuer defaults, a fund holding securities of that issuer may lose money. Lower credit ratings correspond to higher credit risk. Bonds rated BBB or Baa have speculative characteristics.

*Call Risks.* If the fixed income securities in which a fund invests are redeemed by the issuer before maturity (or “called”), the fund may have to reinvest the proceeds in securities that pay a lower interest rate, which may decrease the portfolio’s overall yield. This will most likely happen when interest rates are declining.

*Liquidity Risks.* Liquidity risk refers to the possibility that a fund may not be able to sell or buy a security or close out an investment contract at a favorable price or time. Consequently, the fund may have to accept a lower price to sell a security, sell other securities to raise cash or give up an investment opportunity, any of which could have a negative effect on the fund’s performance. Infrequent trading of securities also may lead to an increase in their price volatility.

*Asset-Backed/Mortgage-Backed Securities Risks.* Asset-backed and mortgage-backed securities are subject to risks of prepayment. A fund’s yield will be reduced if cash from prepaid securities is reinvested in securities with lower interest rates. The risk of prepayment also may decrease the value of mortgage-backed securities. Asset-backed securities may have a higher level of default and recovery risk than mortgage-backed securities. Both of these types of securities may decline in value because of mortgage foreclosures or defaults on the underlying obligations. Credit risk is greater for mortgage-backed securities that are subordinate to another security.

*Government Obligations Risks.* No assurance can be given that the United States government will provide financial support to United States government-sponsored agencies or instrumentalities where it is not obligated to do so by law. As a result, there is risk that these entities will default on a financial obligation.

*High Yield Securities Risks.* High yield securities tend to be more sensitive to economic conditions than are higher-rated securities and generally involve more credit risk than securities in the higher-rated categories. The risk of loss due to default by an issuer of high yield securities is significantly greater than issuers of higher-rated securities because such securities are generally unsecured and are often subordinated to other creditors. A fund may have difficulty disposing of certain high yield securities because there may be a thin trading market for such securities.

*Municipal Securities Risks.* Certain types of municipal bonds are subject to risks based on many factors, including economic and regulatory developments, changes or proposed changes in the federal and state tax structure, deregulation, court rulings and other factors. The value of municipal securities may be affected more by supply and demand factors or the creditworthiness of the issuer than by market interest rates. Repayment of municipal securities depends on the ability of the issuer or project backing such securities to generate

taxes or revenues. There is a risk that the interest on an otherwise tax-exempt municipal security may be subject to federal income tax.

***Municipal Sector Risks.*** A fund may invest in municipal securities that finance similar projects, such as those relating to education, health care, transportation and utilities. To the extent a fund is invested in a particular sector, the fund's performance may be more susceptible to any economic, business or other developments that generally affect that sector.

For shareholders or potential shareholders in the underlying mutual funds held in a MAAP portfolio, please refer to the prospectuses and statements of additional information of those funds for a complete description of risks associated with the mutual funds.

### **Item 9 - Disciplinary Information**

We are required to disclose any legal or disciplinary events involving MIFA or any of our employees involving investments or otherwise material to a client's evaluation of our advisory business or the integrity of our management. The following are brief summaries of disciplinary events relating to our firm and/or our management personnel (further information regarding these events may be obtained from MIFA or by accessing FINRA's "BrokerCheck" website at "<http://www.finra.org/Investors/ToolsCalculators/BrokerCheck>:"

- On August 30, 2011, MIFA entered into an Acceptance, Waiver and Consent ("AWC") with FINRA resolving FINRA's allegations that MIFA failed to report or accurately report certain transactions in corporate and municipal debt securities and failed to establish and maintain an adequate supervisory system to achieve compliance with reporting requirements. MIFA agreed to a censure and paid a fine of \$27,500.
- On May 6, 2009, MIFA entered into an AWC with FINRA resolving FINRA's allegations that MIFA failed to adequately disclose risks, and provide adequate training to its representatives, with respect to auction rate securities sold to its customers, all of which auction rate securities MIFA repurchased from its customers. MIFA agreed to certain sanctions, a censure and paid a fine of \$150,000.
- On January 15, 2008, MIFA entered into Stipulation and Consent Agreement with the Florida Office of Financial Regulation resolving that Office's allegations that MIFA conducted securities transactions from ten locations that were not registered with the Office of Financial Regulation at the time the transactions were effected. MIFA agreed to the entry of an order and paid a fine of \$20,000.
- On July 30, 2007, the Connecticut Banking Commissioner issued a Consent Order conditioning MIFA's registration as a broker-dealer in Connecticut because MIFA had transacted business as a broker-dealer in Connecticut without registering as such and employed unregistered agents over a period of approximately ten years. MIFA agreed to file certain reports and to refrain from engaging in violative conduct and paid a fine of \$5,000.

- On June 13, 2006, was censured and fined \$1,425 by the Maryland Division of Securities for effecting securities transactions prior to becoming registered as a broker-dealer in the State of Maryland.
- On July 25, 2001, entered into an AWC with FINRA resolving FINRA's allegations that it permitted certain representatives to engage in transactions involving securities beyond the scope of their registration and failed to administer a continuing education program pursuant to FINRA requirements with respect to eight of its representatives. MIFA agreed to a censure and paid a fine of \$20,000.

#### **Item 10 - Other Financial Industry Activities and Affiliations**

MIFA is registered with the SEC as a broker-dealer and is also a member of FINRA. Certain MIFA employees are registered broker-dealer and/or investment adviser representatives.

MIFA is a wholly-owned subsidiary of BMO Financial Corp., which is in turn a wholly-owned subsidiary of BMO. BMO Financial Corp. (a bank holding company) offers products and services as M&I Wealth Management through various affiliates, including Marshall & Ilsley Trust Company N.A. (a nationally organized trust company), MIFA, M&I Distributors, LLC (registered broker-dealer that serves as distributor for the BMO Funds), M&I Insurance Services, Inc. (an insurance agency), North Star Trust Company (an Illinois Trust Company), IMC, Taplin, Canida & Habacht, LLC (a registered investment adviser and majority-owned subsidiary of IMC), and BMO Harris Bank, N.A. ("Harris"), member FDIC (banking services). Investment products are not FDIC insured, have no bank guarantee and may lose value.

BMO Global Asset Management, part of the BMO Financial Group, a service mark of BMO, comprises BMO Asset Management U.S., BMO Asset Management Canada, and BMO's specialized investment boutiques: HIM Money, Inc.®, Pyrford International Ltd, Lloyd George Management (BVI) Ltd, Delta Asset Management (a division of IMC) and Taplin, Canida & Habacht, LLC. BMO Asset Management U.S. consists of BMO Harris Financial Advisors, Inc. and IMC, and BMO Asset Management Canada consists of BMO Asset Management Inc. (formerly Jones Heward Investment Counsel Inc.).

MIFA clients, regardless of their advisory relationship, are under no obligation to use Marshall & Ilsley Trust Company, N.A., BMO Harris Bank, N.A., North Star Trust Company, or any other BMO Financial Group affiliate as custodian of their assets.

MIFA may have common management and officers with some of its affiliates. MIFA shares facilities with certain affiliates that provide various administrative support services, including information technology, human resources, business continuity, legal, finance, enterprise risk management and internal audit. These affiliations can create potential conflicts of interest. MIFA seeks to mitigate these potential conflicts of interests through a governance committee structure and by maintaining policies and procedures, including code of ethics, custody and trading.

Where appropriate, MIFA and our employees may recommend the various investment and investment-related services of our affiliated companies to our advisory clients. These affiliated companies and their employees may also recommend the advisory services of our firm to their clients. The services provided by our affiliated companies are separate and distinct from our advisory services, and are provided for separate and additional compensation. There may also be arrangements between MIFA and our affiliated companies where MIFA and/or these affiliated companies and their employees receive payment in exchange for client referrals. No MIFA client is obligated to use the services of any of our affiliated companies.

### **Item 11 - Code of Ethics, Participation or Interests in Client Transactions and Personal Trading**

**Code of Ethics.** MIFA's supervised persons may purchase or sell securities that are also recommended for purchase or sale by MIFA in client accounts. MIFA maintains a Code of Ethics pursuant to which all of its supervised persons are required to adhere to the highest duty of trust and fair dealing and to place the interests of clients ahead of their own personal interests or the interests of others. Under the Code of Ethics, all supervised persons owe a fiduciary duty to all clients of MIFA to conduct their personal securities transactions in a manner that neither interferes with any client's portfolio transactions nor otherwise takes unfair or inappropriate advantage of an employee's relationship to such client. The Code of Ethics, which includes MIFA's policies that address matters relating to compliance with laws, conflicts of interest, client gifts and entertainment, and personal trading and reporting and insider trading, is intended to assist employees in carrying out their duties as fiduciaries to clients. A copy of MIFA's Code of Ethics is available upon request.

A related person of MIFA may from time to time own securities which MIFA recommends to clients or invest in investment vehicles which MIFA recommends to clients. Any related person is subject to MIFA's Insider Trading Policy which prohibits trading on material, non-public information and MIFA's Code of Ethics which restricts personal securities transactions by MIFA's related persons and any supervised person (as defined in the Code of Ethics).

**MAAP Investments.** MAAP assets may be invested in shares of the BMO Funds, for which MIFA's affiliates, including IMC, provide investment management, custodial, administrative, shareholder support and other services in exchange for fees and direct or indirect benefits. Such investments may present a conflict of interest because MIFA or a related person has a financial interest in the transaction. MIFA maintains policies, procedures and controls which it believes are reasonably designed to ensure such conflicts are addressed.

### **Item 12 - Brokerage Practices**

**Brokerage.** MIFA, as a registered broker-dealer, offers brokerage services to its customers and clients. In connection with its advisory services, MIFA may exercise discretion to select and establish securities quantities and process transactions through one or more securities brokerage firms. Allocation of portfolio brokerage transactions, including their frequency, to various brokers and dealers is determined by MIFA in its best judgment and in a manner deemed fair and reasonable to clients. The primary consideration in selecting broker-dealers is best execution –

i.e., the prompt and efficient execution of orders in an effective manner at the most favorable price. Client referrals are not a factor in selecting broker-dealers. MIFA does not participate or engage in any soft dollar brokerage arrangements. MIFA does not have directed brokerage arrangements where a client directs MIFA where to execute transactions through specified broker-dealers.

**Valuation of Investments.** In computing the market value of any investment in a client's account, each security listed on any national securities exchange or on NASDAQ/NMS shall be valued at the last sale price on the exchange on which it is traded on the valuation date or, if a security is traded on NASDAQ/NMS, such security may be valued at the Nasdaq Official Closing Price on the valuation date; but listed stocks not traded on such date and any unlisted stock regularly traded in the over-the-counter market shall be valued at the latest available bid price reflected by quotations furnished to MIFA by such sources as it may deem appropriate. Any other security or other investment shall be valued in such manner as shall be determined in good faith by MIFA to reflect its fair market value.

### **Item 13 - Review of Accounts**

**Portfolio Review.** The Committee determines the selection of investments in your MAAP account pursuant to your chosen portfolio strategy. The Committee reviews the securities utilized in each investment strategy and assesses whether the allocation of the investments is consistent with each strategy's objectives given current conditions of the investment markets. Each MAAP account will be invested pursuant to a predetermined set of investment guidelines based on your individual objectives and risk tolerances. These guidelines set the ranges of permissible allocation among categories of mutual funds classified by their investment objectives. The Committee will adjust allocation of these investment strategies within these ranges, as the Committee deems appropriate based on its analysis of the securities markets.

**Rebalancing Client Portfolios.** The allocation of the underlying investments held in MAAP accounts based upon the model strategies is determined within parameters established by the Committee. On a regular frequency, the allocation of the assets within each strategy is reviewed and, if necessary, adjusted to the predetermined allocation. For example, if the target allocation for equity funds in your portfolio is 40%, but because of appreciation, the equity portion of your portfolio increased to 44%, the allocation may be readjusted to 40%.

**Client Communications.** You will receive a quarterly account statement providing you with details about your MAAP portfolio and its performance. You will also receive a tax information letter for use with year-end tax filing. As part of its ongoing services, MIFA sends each MAAP client an annual notice requesting that the client inform us of any changes in his or her financial condition and/or investment objective and offering to have a MIFA representative meet with the client to review the performance of your account and evaluate how any change in your family or financial condition may affect your investment objectives.

#### **Item 14 - Client Referrals and Other Compensation**

MIFA may compensate third party solicitors, including its related persons, for referring advisory clients to it. As applicable, such referral arrangements will comply with Rule 206(4)-3 of the Investment Advisers Act of 1940. Referral fees may be based on a percentage or portion of the advisory fees earned by MIFA or may be fixed payments. Certain employees of MIFA or its affiliates may be compensated for client referrals, either directly or through a discretionary bonuses. Under the referral arrangements, referred clients will receive MIFA's Form ADV Part 2A (or equivalent brochure) and, as applicable, an additional solicitor's disclosure statement. Harris affiliates may have similar arrangements.

MAAP accounts are sold primarily by MIFA's financial advisers. Potential investors in MAAP accounts may be referred to MIFA financial advisers by employees of other MIFA affiliates, including Harris, as indicated above. MIFA's financial advisers receive commissions for sales of MAAP accounts. The receipt of, or prospect of receiving, such commissions may provide an incentive to MIFA financial advisers to favor the sale of MAAP accounts over other investment alternatives. You should consider such arrangements when evaluating recommendations from your MIFA financial adviser.

#### **Item 15 - Custody**

MIFA does not act as custodian for any client accounts; however, MIFA may be deemed to have custody to the extent that it may deduct advisory fees from a client's account. For all MAAP accounts, BMO Harris Financial Advisors, Inc. acts as the broker-dealer of record and Pershing LLC serves as the custodian for the accounts and will send clients a quarterly statement of all transactions in the account. *Please compare the information in the MAAP portfolio valuation reports prepared by MIFA with the information in the account statements provided by Pershing LLC.*

#### **Item 16 - Investment Discretion**

MIFA performs its advisory services by exercising full discretionary authority with respect to client accounts. In general, there is no limitation on MIFA's authority to select securities, or the amount of securities to purchase or sell. Clients give MIFA discretionary authority to select the identity and amount of securities to be bought or sold for an account when they sign a Terms and Conditions Agreement with our firm at the outset of an advisory relationship. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment guidelines for the client's account.

When selecting securities and determining amounts, MIFA observes the investment guidelines, limitations and restrictions of the clients for which it advises. Clients may impose reasonable restrictions on the management of their accounts. Investment guidelines and restrictions must be provided to MIFA in writing.



### **Item 17 - Voting Client Securities**

MIFA does not vote proxies for its client's accounts. Clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted; and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets. Clients are responsible for instructing each custodian of their assets to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets.

### **Item 18 - Financial Information**

MIFA does not have any financial condition that would impair its ability to meet contractual commitments to clients and has not been the subject of a bankruptcy proceeding. A balance sheet is not required to be provided because MIFA does not require prepayment of more than \$1,200 in fees per client, six months or more in advance.

### **Item 19 - Additional Information**

**Legal Proceedings.** MIFA will not act for clients in any legal proceedings, including bankruptcies or class actions, involving securities held or previously held in accounts or the issuers of such securities. Clients are responsible for knowing the rights and terms of their securities and for taking action to realize the value of advantageous transactions.

**Privacy Policy.** A description of MIFA's privacy policy and practices, including information on options about how a client's information may be shared with MIFA's affiliates and with others as required or permitted by law, is available upon request.

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