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## BMO Harris Financial Advisors, Inc.

111 East Kilbourn Avenue, 7<sup>th</sup> Floor • Milwaukee, WI 53205

877.225.3863

[www.bmoharris.com/advisors](http://www.bmoharris.com/advisors)

This brochure provides information about the qualifications and business practices of BMO Harris Financial Advisors, Inc. If you have any questions about the contents of this brochure, please contact us at 877.225.3863 or [www.bmoharris.com/financialadvisors](http://www.bmoharris.com/financialadvisors). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about BMO Harris Financial Advisors, Inc. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. The Firm's CRD number is 137115.

## Item 2. Material Changes

Since our last annual update on March 31, 2012, material updates were made throughout this Brochure:

- M&I Financial Advisors ("MIFA") was acquired by BMO Financial Corp parent of BMO Harris Financial Advisors, Inc. ("BHFA"). MIFA was merged into and with BHFA on August 1, 2012,
- Updates were regarding additional investment advisory programs and fees particularly in Item 4 and Item 5.

Pursuant to 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.

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

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## Item 4. Advisory Business

BMO Harris Financial Advisors, Inc. ("BHFA" or "Firm"), an SEC-registered investment advisor and broker dealer located in Chicago, Illinois was formed in August, 2005. BHFA is a wholly-owned subsidiary of BMO Financial Corp., whose parent company is Bank of Montreal. Throughout this brochure "BHFA" or "We" or "us" will be used to refer to the Firm.

With \$2,826,987,470.59 in assets under management as of December 31, 2012, BHFA offers investment advisory and financial planning to a variety of mass affluent individuals, trusts, non-profits and corporations. BHFA is also a fully disclosed broker dealer introducing securities transactions to the market through a clearing firm, Pershing LLC ("Pershing").

### INVESTMENT ADVISORY — MODEL PORTFOLIO MANAGEMENT

The Firm provides continuous portfolio management services to clients using model asset allocation portfolios. Each model asset allocation portfolio, described below, is designed to meet a particular investment goal.

#### 1. Strategic Fund Portfolio Program

The Strategic Fund Portfolio Program (the "SFP Program") is an advisory program through which BHFA offers discretionary account management to its clients under an asset-based fee arrangement with no separate brokerage commissions. BHFA manages client accounts using certain model portfolios, comprised of exchange-traded funds ("ETFs"), mutual funds, cash and cash equivalents. The model portfolios were developed by BMO Asset Management Corp., ("BMO AM") an SEC registered investment adviser and an affiliate of BHFA. BMO AM has designed each model portfolio to accomplish one of the SFP Program's investment objectives. BMO AM evaluates the models on a periodic basis and makes changes based on market conditions. However, BHFA does reserve the right to use model portfolios provided by a different portfolio provider if BHFA deems this to be appropriate. The mutual funds may include BMO Funds (the "BMO Funds"), a mutual fund family advised by BMO AM.

A BHFA investment adviser representative ("Financial Advisor") will collect from each client material information about their financial circumstances, investment goals and objectives and other material information, including through the completion of an informational questionnaire (collectively, "Personal Information"). Such Personal Information will be used by BHFA to determine the client's eligibility for the SFP Program and for the model portfolio selected.

Personal Information is used by a Financial Advisor to determine which model portfolio matches a client's investment objectives. The model portfolios classify a client's objectives into an investment strategy such as Maximum Growth, Capital Growth, Balanced, Conservative

Growth, the Income Opportunities Portfolio or such other classifications as may be established from time to time. Once the client has selected a model portfolio, BHFA opens an account and buys and sells securities for the account based on the selected model portfolio. BHFA may change the securities in the account to match BMO AM's changes to a selected model portfolio.

BHFA makes periodic determinations whether to rebalance an account to align the securities in the account to match the composition (including percentage proportion) of securities in the selected model portfolio.

The continuing role of the Financial Advisor will be to monitor a client's account, review performance and conduct regular periodic reviews with the client not less than annually.

#### 2. BMO Managed Asset Allocation Portfolio

BHFA 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 through the BMO Managed Asset Allocation Portfolio ("MAAP"). MAAP is a professional, actively managed investment service offered by BHFA. 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 BHFA 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; Fixed Income, Diversified Income, Moderate Balanced, Growth Balanced, Aggressive Balanced, Diversified Stock, Aggressive Stock, Strategic Balanced, Strategic Stock, Fixed Income Tax-Advantaged, Diversified Income Tax-Advantaged, Moderate Balanced Tax-Advantaged, Growth Balanced Tax-Advantaged, Aggressive Balanced Tax-Advantaged and Strategic Balanced Tax-Advantaged. MAAP accounts are not mutual funds, but are individually managed accounts offered by BHFA and managed by BMO AM. For the MAAP wrap fee BHFA utilizes a technology platform operated by Envestnet Asset Management Inc. ("Envestnet"), a non-affiliated entity. Envestnet is compensated through fees paid to Envestnet by BHFA, which are included in the MAAP program fees. Envestnet deducts the fee from the MAAP account and pays BHFA, generally from a cash position maintained in the MAAP account to meet this requirement.

MAAP accounts are invested in mutual funds in accordance with a model investment strategy recommended by BMO AM. 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, BMO Funds. 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 BMO AM's Asset Allocation Committee, which consists of three senior investment portfolio managers (the "Committee"). 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.

### 3. BMO Choice Portfolio

The BMO Choice Portfolio ("Choice Program" or "Choice Account") is an advisory program which offers discretionary services to clients for a fee based on assets with no separate brokerage commission. BHFA will manage the client's Choice Account using a portfolio consisting of any of the following: mutual funds, ETFs, stocks, bonds, cash and cash equivalents. [The mutual funds may include BMO Funds.] A Financial Advisor will collect Personal Information from the client to determine client eligibility for the Choice Program and for the investment strategy and allocations the client selects. The asset allocation strategies classify clients' objectives into an investment strategy such as Maximum Growth, Capital Growth, Balanced, Conservative Growth, Income, Low Volatility or such other classifications as may be established from time to time. The client approves the strategy before the client's Choice Account is established and the client makes the final determination on the initial allocation and investment of the client's assets in the Choice Account.

### 4. BMO Flex Portfolio

The BMO Flex Portfolio ("Flex Program" or "Flex Account") is an advisory program which offers discretionary services to clients for a fee based on assets with no separate brokerage commission. BMO Asset Management Corp., ("BMO AM") an affiliate of BHFA has designed each model portfolio to accomplish one of the Flex Program's investment objectives. BMO AM evaluates the models on a periodic basis and makes changes based on market conditions. However, BHFA does reserve the right to use model portfolios provided by a different portfolio provider if BHFA deems this to be appropriate. BHFA will manage the client's Flex Account using a portfolio consisting of any of the following: mutual funds, ETFs, cash and cash equivalents. The mutual funds may include BMO Funds. A Financial Advisor will collect Personal Information from the client to determine client eligibility for the Flex Program and for the investment strategy and allocations the client selects. The asset allocation strategies classify clients' objectives into an investment strategy such as Maximum Growth, Capital Growth, Balanced, Conservative Growth, Income, Low Volatility or such other classifications as may be established from time to time. The client approves the

strategy before the client's Flex Account is established and the client makes the final determination on the initial allocation and investment of the client's assets in the Flex Account.

### 5. BMO Flex Plus Managers Portfolio

The BMO Flex Plus Managers Portfolio (the "Flex Plus Program" or "Flex Plus Account") is an advisory program through which BHFA offers discretionary account management to its clients under an asset-based fee arrangement with no separate brokerage commissions. The Flex Plus Program offers client's access to Separate Account Managers ("Portfolio Managers") as well as mutual funds and ETFs. The Portfolio Managers are available for several asset classes such as Large Cap Core, Large Cap Growth, Large Cap Value, International Developed, Mid Cap, Small Cap and other asset classes that may be established from time to time. Portfolio Managers may include affiliates of BHFA. Portfolio Managers hold individual equities and in the case of the International Developed Portfolio Managers, will hold American Depositary Receipts ("ADRs"). Several of the Portfolio Managers may be affiliates of BHFA and will receive Portfolio Manager fees as described below. Therefore, the client may be invested in any combination of U.S. equities, ADRs, mutual funds, ETFs, and cash and cash equivalents. The mutual funds may include BMO Funds. The list of eligible Portfolio Managers has been selected by BMO AM based on a variety of criteria and using third-party resources, information provided by the Portfolio Managers and BMO AM's own information and qualitative and quantitative analysis. Portfolio Managers are regularly monitored by BMO AM and Envestnet. A Portfolio Manager may be terminated from the Flex Plus Program if the Portfolio Manager fails to meet the selection criteria or for any other reason. Additional Portfolio Managers may be added at any time to the Flex Plus Program.

Under the Flex Plus Program, a Financial Advisor collects Personal Information from each client, including the completion of a risk questionnaire. Such Personal Information will be used by BHFA to determine client eligibility for the Flex Plus Program and to assist clients in their selection of an asset allocation strategy and securities to complete the allocation. The Financial Advisor and client] will select a combination of Portfolio Managers, mutual funds, and ETFs from a pre-approved menu. If you select a portfolio that is exclusively with a Separate Account Manager in the Flex Plus Program it is understood that this is not an asset allocation program but is an undiversified portfolio that is a portion of your overall investment objective; and that you have other assets either with BHFA and/or an affiliate or with another financial services firm which, when combined meets your overall investment objective.

A client's Personal Information is used by a Financial Advisor to determine an asset allocation Model or

strategy to match a client's objectives. The asset allocation strategies are generally classified into one of the following investment categories: Maximum Growth, Capital Growth, Balanced, Conservative Growth, Income, Low Volatility or such other classifications as may be established from time to time. Clients must approve the asset allocations in their asset allocation strategy before a Flex Plus Account is established.

BHFA will provide information to clients regarding the mutual fund(s) and Portfolio Managers in the Flex Plus Program, including each Portfolio Manager's investment philosophy and performance record. Each security is categorized pursuant to the asset class or investment style that corresponds to its investment strategy. Mutual funds and Portfolio Managers may invest in a variety of equity and fixed income securities. With BHFA's assistance, clients will make the final determination on the initial allocation and investment of their account assets, including the selection of ETFs, mutual funds and Portfolio Manager(s). BHFA will have discretionary authority to manage Flex Plus Accounts, to implement the selected asset allocation strategies and to adjust the designated allocations in an account to reflect a client's asset allocation strategy.

#### **6. BMO Managed Asset Allocation Plus Managers Portfolio**

BHFA 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 through the BMO Managed Asset Allocation Plus Managers Portfolio ("MAAP Plus" or "MAAP Plus Account"). MAAP Plus is a professional, actively managed investment service offered by BHFA. We have designed the MAAP Plus program to create and manage Model investment portfolio approaches of various mutual funds as well as Portfolio Managers having different investment objectives. The program allows BHFA clients to select an investment approach best suited to their individual investment objectives and risk tolerances. MAAP Plus consists of Model allocations organized in 3 investment strategies that correspond to one of a Balanced, Balanced Tax Advantaged or Maximum Growth investment objective. MAAP Plus accounts are not mutual funds, but are individually managed accounts offered by BHFA and managed by BMO AM and by Portfolio Managers. For the MAAP Plus wrap fee BHFA utilizes a technology platform operated by Envestnet. Envestnet is compensated through fees paid to Envestnet by BHFA, which are included in the MAAP Plus program fees. Envestnet deducts the fee from the MAAP Plus Account and pays BHFA, generally from a cash position maintained in the MAAP Plus Account to meet this requirement.

MAAP Plus accounts are invested in mutual funds in accordance with a model investment strategy

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

#### **7. Access Canada Equity Strategy**

The Access Canada Equity Strategy ("Canada Strategy") is an advisory program through which BHFA offers discretionary account management to its clients under an asset-based fee arrangement with no separate brokerage commissions. BHFA has contracted with its affiliates BMO Harris Bank N.A. and BMO-Harris Investment Management, Inc. ("BHIMI") to provide an equity model for clients looking for exposure to Canadian traded equities. These affiliates will receive payment from BHFA for providing services related to this program. The model will consist of equities traded on a Canadian registered stock exchange, selected by the equity team of BHIMI.

BHFA will have discretionary authority to maintain the designated allocation and to sell and replace specific securities as appropriate in the client's Canada Strategy account. The Financial Advisor will monitor the Canada Strategy account, review performance and conduct regular periodic reviews with the client not less than annually.

#### **8. Sigma Mutual Fund Wrap Investment Program**

The Sigma Mutual Fund Wrap Investment Program ("MFW Program") is an advisory program through which BHFA offers discretionary account management of client assets under an asset-based fee arrangement with no separate brokerage commission. BHFA has entered into an arrangement with Envestnet, whereby Envestnet provides advisory services to BHFA to assist with the investment and allocation of client assets in certain mutual funds selected by Envestnet.

A Financial Advisor will collect Personal Information from the client to determine client eligibility for the MFW Program and for the investment strategy and allocations the client selects. The asset allocation strategies classify clients' objectives into an investment strategy such as



Aggressive Growth, Growth, Moderate Growth, Moderate, Conservative Growth, Conservative, Capital Preservation, and Ultrashort-Term Fixed Income or such other classifications as may be established from time to time. The client approves the strategy before the client's MFW Program account (the "MFW Account") is established and the client makes the final determination on the initial allocation and investment of the client's assets in the MFW Account. The continuing role of the Financial Advisor will be to monitor a client's account, review performance and conduct regular periodic reviews with the client not less than annually.

Envestnet will have discretionary authority to maintain the designated allocation in the client's MFW Account. The Financial Advisor will monitor the MFW Account, review performance and conduct annual reviews with the client.

### **9. Russell Model Strategies**

The Russell Model Strategies ("Russell Program") is an advisory program offered by the Russell Investment Group ("Russell") through which BHFA provides discretionary account management of client assets under an asset-based fee arrangement with no separate brokerage commission. BHFA has entered into an arrangement with Envestnet, whereby one of the wrap strategies offered to clients of BHFA is the Russell Program in which Russell provides advisory services to BHFA to assist with the investment and allocation of client assets in certain mutual funds selected by Russell.

A Financial Advisor will collect Personal Information from the client to determine client eligibility for the Russell Program and for the investment strategy and allocation(s) the client selects. The asset allocation strategies classify clients' objectives into an investment strategy such as Equity Growth, Growth, Balanced, Moderate and Conservative or such other classifications as may be established from time to time. The client approves the strategy before the client's Russell Program account (the "Russell Account") is established and the client makes the final determination on the initial allocation and investment of the client's assets in the Russell Account.

Russell will have discretionary authority to maintain the designated allocation in the client's Russell Account. The Financial Advisor will monitor the Russell Account, review performance and conduct periodic reviews with the client not less than annually.

### **10. SEI Model Strategies**

The SEI Model Strategies ("SEI Program") is an advisory program offered by the SEI Investments Management Corporation ("SIMC"), an investment adviser registered with the SEC, through which BHFA provides discretionary account management of client assets under an asset-based fee arrangement with no separate brokerage commission. BHFA has entered into an arrangement with

Envestnet, whereby one of the wrap strategies offered to clients of BHFA is the SEI Program in which SIMC provides advisory services to BHFA to assist with the investment and allocation of client assets in certain mutual funds selected by SIMC.

A Financial Advisor will collect Personal Information from the client to determine client eligibility for the SEI Program and for the investment strategy and allocation(s) the client selects. The asset allocation strategies classify clients' objectives into an investment strategy such as Institutional Equity, Institutional Capital Growth, Institutional Growth & Income, Institutional Moderate Growth & Income, and Institutional Fixed Income as well as certain Tax Managed strategies or such other classifications as may be established from time to time. The client approves the strategy before the client's SEI Program account (the "SEI Account") is established and the client makes the final determination on the initial allocation and investment of the client's assets in the SEI Account.

SIMC will have discretionary authority to maintain the designated allocation in the client's SEI Account. The Financial Advisor will monitor the SEI Account, review performance and conduct periodic reviews with the client not less than annually.

For all of the Model asset allocation portfolios (1-10) above Pershing serves as the custodian for the accounts of clients and will send clients a monthly or quarterly statement of all transactions in client's account.

### **11. Quadrant Investment Program**

The Quadrant™ Investment Program ("Quadrant Program") is an advisory program through which BHFA offers discretionary account management of client assets under an asset-based fee arrangement with no separate brokerage commission. BHFA has entered into an arrangement with SIMC, whereby SIMC provides advisory services to BHFA to assist with the investment and allocation of client assets in certain mutual funds advised by SIMC. In offering the Quadrant Program, BHFA has also contracted with SEI Investments Distribution Co. ("SIDC"), a securities broker-dealer registered with the SEC and member of the Financial Industry Regulatory Authority ("FINRA"), to provide certain services to BHFA and its clients in connection with the Quadrant Program, and with SEI Private Trust Company ("SEI Trust"), a savings association supervised by the Office of Thrift Supervision, to provide execution and clearing of transactions and custodial services for client assets.

SEI Trust serves as the custodian for the accounts of clients' participating in the Quadrant Program and will send clients' a monthly statement of all transactions in client's account. The SEI-affiliated entities are not controlled by or affiliated with BHFA or any BHFA-affiliated entities.

The acronym "SEI" is used to describe services collectively

or individually provided by the SEI entities used in the Quadrant Program.

Quadrant Program investments are limited to the purchase and redemption of shares of registered SEI-branded open-end investment companies, i.e., certain mutual funds advised by SIMC (the "SEI Funds"). As investment adviser to the SEI Funds, SIMC is responsible for the selection and retention of mutual fund sub-advisers. The SEI Funds are only available through limited distribution channels and price and performance data is not disseminated directly to the public.

A BHFA Financial Advisor will collect from each client Personal Information. Such Personal Information is used by BHFA to determine client eligibility for the Quadrant Program and for the investment strategy and allocations the client selects. The asset allocation strategies classify clients' objectives into an investment strategy such as Maximum Growth, Capital Growth, and Balanced, Current Income, Capital Preservation or such other classifications as may be established from time to time. The client approves the strategy before the client's Quadrant Program account (the "Quadrant Account") is established and the client makes the final determination on the initial allocation and investment of the client's assets in the Quadrant Account.

The Financial Advisor will monitor the Quadrant Account, review performance and conduct annual reviews with the client.

Account assets are managed in accordance with the clients' investment profile and are adapted as needed to meet the clients' objectives, taking into account changing economic conditions.

We perform an internal review of client information at least annually to help ensure that the client's current needs and investment objectives are being appropriately addressed. Client portfolios are rebalanced on an as-needed basis dependent on the objectives of the client profile and market conditions.

Our investment recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company and will generally include advice regarding publically traded securities, mutual funds, exchange-traded funds and corporate or municipal bonds. We attempt to recommend investments that are suitable for the client and consistent with the clients' stated investment objectives, tolerance of risk and liquidity needs.

#### FINANCIAL PLANNING

BHFA provides financial planning services. Financial planning is a comprehensive evaluation of a client's current and future financial state by using currently known variables to predict future cash flows, asset values and withdrawal plans. Through the financial planning process, all questions, information and analyses are considered

as they impact and are impacted by the entire financial and life situation of the client. Clients who request this service receive customized, tailored advice designed to assist the client in achieving his or her financial goals and objectives. We gather information from our clients through in-depth personal interviews and the review of various financial documents, including a confidential questionnaire completed by the client. Information gathered includes the client's current financial status, tax situation, future goals and attitude toward risk. We carefully review the information gathered and deliver our advice and recommendations during a face-to-face meeting or series of meetings.

Should a client choose to implement any recommendation contained in the plan, we advise the client to work closely with his/her attorney, accountant, or insurance agent. Implementation of a financial plan recommendation is entirely at the client's discretion.

#### Item 5. Fees and Compensation

##### 1. The following reflects the advisory fees charged to clients for the SFP Program.

SFP Account Assets	Annual Program Fee	
	SFP Income Opportunities Portfolio	All Other SFP Models
First \$250,000	1.25%	1.50%
Next \$250,000 (\$250,001 to \$500,000)	1.00%	1.25%
Next \$250,000 (\$500,001 to \$750,000)	0.85%	1.00%
Next \$250,000 (\$750,001 to \$1,000,000)	0.75%	0.85%
Balance over \$1,000,000+	0.70%	0.75%
Minimum Annual Fee	\$750	\$1,000

The minimum account size for the SFP Program including the Income Opportunities Portfolio is \$100,000; there is no maximum account size. Clients may terminate their SFP Program Account at any time upon written notice to BHFA.

The SFP Program fees are billed monthly. Fees are calculated on the market value of the account as of the end of the month preceding the billing date. Additional services, not part of the SFP Program account, for which BHFA normally charges a fee are the client's responsibility and are set forth in separate applicable BHFA fee and charges schedules, i.e., fees for the issuance of share certificates.

**2. The following reflects the advisory fees charged to clients for the MAAP Program.**

MAAP Account Assets	Annual Program Fee		
	MAAP Equity/Balanced Strategies	MAAP Diversified Income Strategy	MAAP Fixed Income Strategies
First \$250,000	1.50%	1.25%	1.00%
Next \$250,000 (\$250,001 - \$500,000)	1.25%	1.00%	0.85%
Next \$250,000 (\$500,001 - \$750,000)	1.00%	0.85%	0.75%
Next \$250,000 (\$750,001 - 1,000,000)	0.85%	0.75%	0.65%
Balance over \$1,000,000 +	0.75%	0.70%	0.60%
Minimum Annual Fee	\$1,000	\$750	\$500
Minimum Account Size	\$100,000	\$100,000	\$100,000

This fee schedule is effective for all MAAP accounts opened on or after April 23, 2012. MAAP accounts that were opened prior to April 23, 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 [ $\$250,000 \times 1.50\%$ ] + \$625 [ $\$50,000 \times 1.25\%$ ] = \$4,375).

\*\*\* 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 accounts. 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.

**3. The following reflects the advisory fees charged to clients for the BMO Choice and BMO Flex Programs.**

Account Assets	Annual Program Fee		
	Low Volatility Model	Income Model	All Other Models
First \$250,000	1.00%	1.25%	1.50%
Next \$250,000 (\$250,001 - \$500,000)	0.85%	1.00%	1.25%
Next \$250,000 (\$500,001 - \$750,000)	0.75%	0.85%	1.00%
Next \$250,000 (\$750,001 - 1,000,000)	0.65%	0.75%	0.85%
Balance over \$1,000,000 +	0.60%	0.70%	0.75%
Minimum Annual Fee	\$500	\$750	\$1,000

The Portfolio Advisory fees are billed monthly. Fees are calculated on the market value of the account as of the end of the month preceding the billing date. Additional services, not part of the account, for which BHFA normally charges a fee are the client's responsibility and are set forth in separate applicable BHFA fee and charges schedules, i.e., fees for the issuance of share certificates.

Minimum account size is \$100,000; there is no maximum account size. Accounts for less than \$100,000 may be opened as part of a larger relationship, and those relationship accounts may pay a minimum annual fee less than stated above. Clients' may terminate their account at any time upon written notice to BHFA.

**4. The following reflects the advisory fees charged to clients for the Flex Plus Managers and MAAP Plus Managers Programs.**

In addition to these charges there is a Portfolio Manager fee for any assets placed with one of the selected Separate Account Managers which ranges between .35% and .70% and is determined by the portfolio manager, plus a 0.25% access fee assessed on assets under management, which are paid by the client.

Account Assets	Annual Program Fee
First \$250,000	1.50%
Next \$250,000 (\$250,001 - \$500,000)	1.25%
Next \$250,000 (\$500,001 - \$750,000)	1.00%
Next \$250,000 (\$750,001 - 1,000,000)	0.85%
Balance over \$1,000,000 +	0.75%
Minimum Annual Fee	\$3750

The Flex Plus and MAAP Plus program fees and Portfolio Manager fees are billed monthly. Fees are calculated on



the market value of the Account as of the end of the month preceding the billing date. Envestnet deducts the fee from the Account and pays BHFA (and other Program participants), generally from a cash position maintained in the Account to meet this requirement. Envestnet is compensated through fees paid to Envestnet by BHFA, which are included in the Program fees. Mutual fund shares offered and sold in the Program may be "A" shares on which the mutual fund companies have agreed to waive the sales charges, or institutional shares which have no sales charge. Additional services, not part of the Account, for which BHFA normally charges a fee are the client's responsibility and are set forth in separate applicable BHFA fee and charges schedules, i.e., fees for the issuance of share certificates.

Minimum account size is \$250,000; there is no maximum account size. Clients may terminate their Account at any time upon written notice to BHFA.

For Flex Plus Manager accounts that are 100% with a Separate Account Manager the fee schedule is:

Account Assets	Annual Program Fee
First \$500,000	1.25%
Next \$250,000 (\$500,001 to \$750,000)	0.85%
Next \$250,000 (\$750,001 to \$1,000,000)	0.75%
Next \$1,000,000 (\$1,000,001 to \$2,000,000)	0.70%
Next \$3,000,000 (\$2,000,001 to \$5,000,000)	0.60%

**5. The following reflects the advisory fees charged to clients for the Access Canada Equity Strategy.**

Canada Strategy Account Assets	Canada Strategy Fee
First \$500,000	1.50%
Next \$5,000,000 (\$5,000,001 to \$10,000,000)	1.35%
Balance over \$10,000,000	1.25%
Balance over \$5,000,000	0.50%
Minimum Annual Fee	\$15,000

The Canada Strategy fees are billed monthly. Fees are calculated on the market value of the account as of the end of the month preceding the billing date. Additional services, not part of the Canada Strategy account, for which BHFA normally charges a fee are the client's responsibility and are set forth in separate applicable BHFA fee and charges schedules, i.e., fees for the issuance of share certificates.

Minimum account size is \$1,000,000; there is no maximum account size. Clients may terminate their Canada Strategy Account at any time upon written notice to BHFA.

**6. The following reflects the advisory fees charged to clients for the MFW Program.**

MFW Account Assets	Annual Program Fee		
	Ultra Short-Term Fixed Income Portfolio	Annual Capital Preservation	All Other MFW Models
First \$250,000	0.50%	1.00%	1.50%
Next \$250,000 (\$250,001 - \$500,000)	0.45%	0.85%	1.25%
Next \$250,000 (\$500,001 - \$750,000)	0.40%	0.75%	1.00%
Next \$250,000 (\$750,001 - 1,000,000)	0.40%	0.60%	0.85%
Balance over \$1,000,000 +	0.40%	0.60%	0.75%
Minimum Annual Fee	\$500	\$500	\$750

Advisory fees are billed monthly. Fees are calculated on the market value of the MFW Account as of the end of the month preceding the billing date. Envestnet deducts the fee from the MFW Account and pays BHFA (and other MFW Program participants), generally from a cash position maintained in the MFW Account to meet this requirement. Envestnet is compensated through fees paid to Envestnet by BHFA, which are included in the MFW Program fees. Mutual fund shares offered and sold in the MFW Program may be "A" shares on which the mutual fund companies have agreed to waive the sales charges, or institutional shares which have no sales charge. Additional services, not part of the MFW Account, for which BHFA normally charges a fee are the client's responsibility and are set forth in separate applicable BHFA fee and charges schedules, i.e., fees for the issuance of share certificates.

The Minimum account size for the Ultra Short-Term Fixed Income Portfolio is \$100,000. For all other Mutual Fund Wrap portfolios the minimum is \$50,000; there is no maximum account size. Clients may terminate their MFW Account at any time upon written notice to BHFA.

**7. The following reflects the advisory fees charged to clients for the Russell Program.**

Russell Account Assets	Annual Program Fee	
	Conservative	All Other Russell Models
First \$250,000	1.00%	1.50%
Next \$250,000 (\$250,001 to \$500,000)	0.85%	1.25%
Next \$250,000 (\$500,001 to \$750,000)	0.75%	1.00%
Next \$250,000 (\$750,001 to \$1,000,000)	0.65%	0.85%
Balance over \$1,000,000+	0.60%	0.75%
Minimum Annual Fee	\$500	\$1000

Advisory fees are billed monthly. Fees are calculated on the market value of the Russell Account as of the end of the month preceding the billing date. Envestnet deducts the fee from the Russell Account and pays BHFA, generally from a cash position maintained in the Russell Account to meet this requirement. Russell is compensated through fees paid to Envestnet by BHFA, which are included in the Russell Program fees. Mutual fund shares offered and sold in the Russell Program may be "A" shares on which the mutual fund companies have agreed to waive the sales charges, or institutional shares which have no sales charge. Additional services, not part of the Russell Account, for which BHFA normally charges a fee are the client's responsibility and are set forth in separate applicable BHFA fee and charge schedules, i.e., fees for the issuance of share certificates. Minimum account size is \$100,000; there is no maximum account size.

**8. The following reflects the advisory fees charged to clients for the SEI Program.**

SEI Account Assets	Annual Program Fee	
	Fixed Income	All Other SEI Models
First \$250,000	1.00%	1.50%
Next \$250,000 (\$250,001 to \$500,000)	0.85%	1.25%
Next \$250,000 (\$500,001 to \$750,000)	0.75%	1.00%
Next \$250,000 (\$750,001 to \$1,000,000)	0.60%	0.85%
Balance over \$1,000,000+	0.60%	0.75%
Minimum Annual Fee	\$500	\$750

Advisory fees are billed monthly. Fees are calculated on the market value of the SEI Account as of the end of the month preceding the billing date. Envestnet deducts the fee from the SEI Account and pays BHFA, generally from a cash position maintained in the SEI Account to meet this requirement. SEI is compensated through fees paid to Envestnet by BHFA, which are included in the SEI Program fees. Mutual fund shares offered and sold in the SEI Program may be "A" shares on which the mutual fund companies have agreed to waive the sales charges, or institutional shares which have no sales charge. Additional services, not part of the SEI Account, for which BHFA normally charges a fee are the client's responsibility and are set forth in separate applicable BHFA fee and charge schedules, i.e., fees for the issuance of share certificates. Minimum account size is \$50,000; there is no maximum account size. Clients may terminate their SEI Account at any time upon written notice to BHFA.

**9. The following reflects the advisory fees charged to clients for the Quadrant Program.**

Quadrant Account Assets	Annual Quadrant Program Fee
First \$250,000	1.50%
Next \$250,000 (250,001 to 500,000)	1.25%
Next \$250,000 (500,001 to 750,000)	1.00%
Next \$250,000 (750,001 to 1,000,000)	0.85%
Balance over \$1,000,000	0.75%
Minimum Annual Fee	\$1,200

Advisory fees are billed monthly. Fees are calculated on the market value of the Quadrant Account as of the billing date. SEI deducts the fee from the Quadrant Account and pays BHFA (and other Quadrant Program participants), generally from a cash position maintained in the Quadrant Account to meet this requirement. SEI is compensated through fees, including management fees, disclosed in the prospectuses of the mutual funds used in the Quadrant Program. Mutual fund shares offered and sold in the Quadrant Program are "A" shares on which SEI has agreed to waive the sales charges. Additional services, not part of the Quadrant Account, for which BHFA normally charges a fee are the client's responsibility and are set forth in separate applicable BHFA fee and charges schedules, i.e., fees for the issuance of share certificates.

Some of SEI's asset allocation models offered through the Quadrant Program are also offered through the SEI Program described above. BHFA has no financial incentive to direct client assets to the SEI Program, which is offered on Envestnet's platform, over the Quadrant Program.

**GENERAL INFORMATION**

**Termination of the Advisory Relationship:** A client agreement may be canceled at any time, by either party, for any reason upon written notice. As disclosed above, certain fees are paid in advance of services provided. Upon termination of any account, any prepaid, unearned fees will be promptly refunded. In calculating a client's reimbursement of fees, we will prorate the reimbursement according to the number of days remaining in the billing period.

**Mutual Fund Fees:** All fees paid to BHFA for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or ETFs to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. A client could invest in a mutual fund directly, without our services. In that case, the client would not receive the services provided by the Firm which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Accordingly,

the client should review both the fees charged by the funds and our fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

**Wrap Fee Programs and Separately Managed Account Fees:** Clients participating in separately managed account programs may be charged various program fees in addition to the advisory fee charged by the Firm. Such fees may include the investment advisory fees of the independent advisers, which may be charged as part of a wrap fee arrangement. In a wrap fee arrangement, clients pay a single fee for advisory, brokerage and custodial services. Client's portfolio transactions may be executed without commission charge in a wrap fee arrangement. In evaluating such an arrangement, the client should also consider that, depending upon the level of the wrap fee charged by the broker-dealer, the amount of portfolio activity in the client's account, and other factors, the wrap fee may or may not exceed the aggregate cost of such services if they were to be provided separately. We will review with clients any separate program fees that may be charged to clients.

**Additional Fees and Expenses:** In addition to our advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker dealers, including, but not limited to, any transaction charges imposed by a broker dealer with which an independent investment manager effects transactions for the client's account(s). Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV Part 2A for additional information.

**Advisory Fees in General:** Clients should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisers for similar or lower fees.

**Limited Prepayment of Fees:** Under no circumstances do we require or solicit payment of fees in excess of \$1,200 more than six months in advance of services rendered.

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

BHFA does not charge performance-based fees.

## Item 7. Types of Clients

BHFA provides advisory services to individuals, trusts, non-profit organizations, corporations and retirement accounts. In general, the BHFA minimum account size starts at \$100,000 depending on the asset allocation model portfolio program that a client chooses. However, at our own discretion, we may reduce the account minimum based on certain criteria (i.e., anticipated future earnings capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts account composition and negotiations with clients, etc).

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

### Methods Of Analysis

Investing in securities involves risk of loss that clients should be prepared to bear. We use the following methods of analysis in formulating our investment advice and/or managing clients' assets:

**Asset Allocation.** Rather than focusing primarily on securities selection, we attempt to identify an appropriate ratio of securities, fixed income, and cash suitable to the client's investment goals and risk tolerance. A risk of asset allocation is that the client may not participate in sharp increases in a particular security, industry or market sector. Another risk is that the ratio of securities, fixed income, and cash will change over time due to stock and market movements and, if not corrected, will no longer be appropriate for the client's goals.

**Mutual Fund and/or ETF Analysis.** We look at the experience and track record of the manager of the mutual fund or ETF in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We also look at the underlying assets in a mutual fund or ETF in an attempt to determine that the fund's securities are consistent with the peer group's asset class. We also monitor the funds or ETFs in an attempt to determine if they continue to follow their stated investment strategy.

A risk of mutual fund and/or ETF analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a fund or ETF, managers of different funds held by the client may purchase the same security, increasing the risk to the client if that security were to fall in value. There is also a risk that a manager of the fund or ETF, may deviate from the stated mandate or strategy of that fund or ETF, which could make the holding(s) less suitable for the client's portfolio.

### General Risks

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

**Mutual Funds Risks:** Mutual funds are not deposits or obligations of, or endorsed or guaranteed by, BMO Harris Bank N.A., BMO AM, or any other BHFA 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 an advisory account, 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

Client accounts 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 account 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

Client accounts 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 any managed 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.

### Risks for All Forms of Analysis

Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly available sources of information about these securities, are providing accurate and unbiased data. While we try to be alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

### Investment Strategies

We attempt to select investment strategies that are appropriate for the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations.

While long-term purchases, ideally holding the securities in the account for a year or more, represent the typical investment strategy deployed by advisers at BHFA, we may utilize a variety of other investment strategies if we deem the strategy(ies) is in the client's best interest. Other investment strategies may include:

- Option writing (including covered options, uncovered options, or spread strategies).

A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantage of short-term gains that could be profitable to a client. Moreover, a security may decline sharply in value before we make a decision to sell.

Utilizing a strategy involving selling securities within a brief period of time after purchase creates the potential for sudden losses if the anticipated upward price swing does not materialize. Moreover, under those circumstances, we are left with few options:

- Having a long-term investment in a security that was designed to be a short-term purchase, or
- The potential of having to take a loss.

In addition, because this strategy involves more frequent trading than does a longer term strategy, there may be a resultant increase in brokerage and other transaction related cost, as well as less favorable tax treatment of short-term capital gains.

### Item 9. Disciplinary Information

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

The following are disciplinary events relating to the Firm and/or our management personnel:

Without admitting or denying the findings, BHFA consented to the described sanctions and to the entry of findings and was censured and fined \$150,000 by FINRA and required to submit to a buyback offer to purchase at par auction rate securities (ARS) from all investors who purchased eligible ARS between May 31, 2006 and February 28, 2008 (relevant class).

BHFA agreed to these settlement terms and purchased all eligible ARS from clients in December 2008.

### Item 10. Other Financial Industry Activities and Affiliations

In addition to BHFA being a registered investment adviser, the Firm is registered as a broker-dealer. Management personnel of BHFA are separately licensed as registered representatives. These individuals, in their separate capacity, can affect securities transactions for which they will receive separate, yet customary compensation.

While BHFA and these individuals endeavor at all times



to put the interest of the clients first as part of our fiduciary duty, clients should be aware that the receipt of additional compensation itself creates a conflict of interest, and may affect the judgment of these individuals when making recommendations.

As required, any affiliated investment advisers are specifically disclosed in Section 7.A. on Schedule D of Form ADV, Part 1. (Part 1 of our Form ADV can be accessed by following the directions provided on the Cover Page of this Firm Brochure.)

BHFA and BMO Harris Bank N.A. are wholly-owned by BMO Financial Corp. We are a registered investment adviser and an affiliate of BMO Harris Bank N.A., a national bank that offers a broad spectrum of banking products and financial services to consumers, small businesses and commercial clients. As an affiliate of BMO Harris Bank N.A., the Firm is under common ownership and control with several financial institutions with which we have a material business relationship (referred to collectively as the "Related Companies"). As required, any affiliated financial institutions are specifically disclosed in Section 7.A. on Schedule D of Form ADV, Part 1. (Part 1 of our Form ADV can be accessed by following the directions provided on the Cover Page of this Firm Brochure.)

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

In addition, the management persons and other employees of BHFA are: (1) management persons and registered representatives of and, (2) management persons and insurance agents of a licensed insurance agency. These individuals may also be insurance agents for one or more insurance companies. In their separate capacities as registered representatives and/or insurance agents, these individuals are able to affect securities transactions and/or purchase insurance and insurance-related investment products for BHFA's advisory clients, for which these individuals will receive separate and additional compensation. Clients, however, are not under any obligation to engage these individuals when considering the purchase/sale of securities or insurance. The implementation of any or all recommendations is solely at the discretion of the client.

BHFA and/or management personnel of BHFA are related,

through common ownership and control, to BMO Harris Investment Management, a company formed to create and package limited partnerships (or similar pooled investment vehicles hereinafter referred to as "entities") for investment purposes. BHFA, or one or more of our related persons also act as general partner or manager of these entities. A list of these affiliated entities is specifically disclosed on Schedule D of Form ADV, Part 1 at Item 7.B. (Part 1 of our Form ADV can be accessed by following the directions provided on the Cover Page of this Firm Brochure.)

Clients should be aware that the receipt of additional compensation by BHFA and its management persons or employees creates a conflict of interest that may impair the objectivity of the Firm and these individuals when making advisory recommendations. BHFA endeavors at all times to put the interest of its clients first as part of our fiduciary duty as a registered investment adviser; we take the following steps to address this conflict:

- we disclose to clients the existence of all material conflicts of interest, including the potential for the Firm and our employees to earn compensation from advisory clients in addition to the Firm's advisory fees;
- we disclose to clients that they are not obligated to purchase recommended investment products from our employees or Related Companies;
- we collect, maintain and document accurate, complete and relevant client background information, including the client's financial goals, objectives and risk tolerance;
- the Firm's management conducts regular reviews of each client account to verify that all recommendations made to a client are suitable to the client's needs and circumstances;
- we require that our employees seek prior approval of any outside employment activity so that we may ensure that any conflicts of interests in such activities are properly addressed;
- we periodically monitor these outside employment activities to verify that any conflicts of interest continue to be properly addressed by the Firm; and
- we educate our employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients.

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

The Firm has adopted a code of ethics (the "Code of Ethics") which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws.

BHFA and our personnel owe a duty of loyalty, fairness

and good faith toward our clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code of Ethics.

Our Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the Firm's access persons. Among other things, our Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our Code of Ethics also provides for oversight, enforcement and recordkeeping provisions.

BHFA's Code of Ethics further includes the Firm's policy prohibiting the use of material non-public information. While we do not believe that we have any particular access to non-public information, all employees are reminded that such information may not be used in a personal or professional capacity.

A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by email sent to [bhfacompliance@theharris.com](mailto:bhfacompliance@theharris.com), or by calling us at 877-225-3863.

As disclosed in the preceding section of this Brochure (Item 10), related persons of the Firm are separately registered as securities representatives, investment advisor representatives, and licensed as an insurance agent/broker of various insurance companies. Please refer to Item 10 for a detailed explanation of these relationships and important conflict of interest disclosures.

## Item 12. Brokerage Practices

BHFA also offers brokerage services, life insurance and annuities to its customers and clients (which may also be a part of the services that BHFA offers in a particular advisory program). BHFA brokerage transactions are cleared through Pershing LLC an unaffiliated entity.

BHFA does not have any soft dollar arrangements where we receive compensation for research or other services provided to a third party. We do not have directed brokerage arrangements where a client directs BHFA where to execute transactions through specified broker-dealers.

## Item 13. Review of Accounts

On an annual basis clients are provided with an annual account profile questionnaire reminding them of the importance of reviewing their financial plan and if needed to schedule an account review. Changes in your personal or financial situation may require adjustments to your financial plan. At any time you may schedule an appointment with your Financial Advisor to discuss account performance and changes to your financial plan. Material market events or changes in the client's personal situation may cause more frequent reviews.

As part of our investment supervisory services, investment reports are provided to clients on a periodic basis typically after the end of every calendar quarter (March, June, September, and December). In addition to quarterly reports, BHFA also offers clients access to weekly performance and appraisal reports through a secure website. The nature of the report will be to review the portfolio detail and investment performance of the accounts under supervision.

Financial plans will be provided to our clients as contracted for at the inception of the relationship. These reports are generally rendered on an as requested basis.

## Item 14. Client Referrals and Other Compensation

BHFA 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 BHFA or may be fixed payments. Certain employees of BHFA or its affiliates may be compensated for client referrals, either directly or through a discretionary bonus. Under the referral arrangements, referred clients will receive BHFA's Form ADV Part 2A (or equivalent brochure) and, as applicable, an additional solicitor's disclosure statement. BHFA affiliates may have similar arrangements.

## Item 15. Custody

We previously disclosed in the "Fees and Compensation" section (Item 5) of this Brochure that the Firm directly debits advisory fees from client accounts.

As part of this billing process, Pershing is advised of the amount of the fee to be deducted from that client's account. On at least a quarterly basis, Pershing is required to send to the client a statement showing all transactions within the account during the reporting period.

Because Pershing does not calculate the amount of the fee to be deducted, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things. Clients should contact us directly if they believe that there may be an error in their statement.

## Item 16. Investment Discretion

Clients may hire us to provide discretionary asset management services, in which case we place trades in a client's account without contacting the client prior to each trade to obtain the client's permission. Our discretionary authority includes the ability to do the following without contacting the client.

- Determine the security to buy and/or sell
- Determine the amount of the security to buy and/or sell

- Determine when to buy and/or when to sell a particular security

Clients give us discretionary authority when they sign a Terms and Conditions Agreement with the Firm.

### **Item 17. Voting Client Securities**

BHFA does not vote proxies for 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 the assets to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets.

### **Item 18. Financial Information**

As an advisory firm that maintains discretionary authority for client accounts, we are also required to disclose any financial condition that is reasonably likely to impair our ability to meet our contractual obligations. BHFA does not have any financial conditions that would impair its ability to meet a contractual obligation.

Under no circumstances do we require or solicit payment of fees in excess of \$1,200 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.

BHFA has not been the subject of a bankruptcy petition at any time during the past ten years.

### **Item 19. IRAs and ERISA Accounts**

This Item 19 applies exclusively to Accounts governed by the Employee Retirement Income Security Act of 1974, as amended ("ERISA") and individual retirement accounts (IRAs). The investment advisory fees an affiliate earns on managing the BMO Funds selected as investments within the programs will be credited back to ERISA and 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 BHFA will be credited back to ERISA and IRA accounts by the amount of revenue paid to BHFA.

Wrap fees under these programs include fees for advisory services, including but not limited to recordkeeping, administration, shareholder servicing and custody, and, except as otherwise provided by law, 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 BHFA's affiliates for services rendered to the BMO Funds, including the investment advisory services of BMO AM, the BMO Funds' investment adviser. In the case

of mutual funds not affiliated with BHFA, these fees may include shareholder services fees (including 12b-1 fees) paid to BHFA and any other revenue sharing arrangement between the mutual fund and BHFA. Fees payable by mutual funds held in program accounts are detailed in prospectuses for those funds. Clients will be provided with or offered electronically prospectuses for all mutual funds purchased for client. Electronic links to the prospectuses are available at <http://www.bmo.com/fundsus>. Please read the prospectuses carefully when investing.

### **Item 20. Additional Information**

**Legal Proceedings.** BHFA 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.** BHFA's privacy policy and practices, including information on options about how a client's information may be shared with BHFA's affiliates and with others as required or permitted by law, is available upon request.