

# Stoker Ostler



## **Advisory Brochure of**

## **Stoker Ostler Wealth Advisors Inc.**

**March 31, 2014**

4900 N Scottsdale Road, Suite 2600

Scottsdale, AZ 85251

(480) 890-8088

[www.stokerostler.com](http://www.stokerostler.com)

This brochure provides information about the qualifications and business practices of Stoker Ostler Wealth Advisors, Inc. If you have any questions about the contents of this brochure, please call us at (480) 302-3800.

Please note that 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.

Stoker Ostler Wealth Advisors, Inc. is a registered investment adviser. Registration of an adviser with the SEC does not imply a certain level of skill or training.

Additional information about Stoker Ostler Wealth Advisors, Inc. is also available on the website of the Securities and Exchange Commission: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Our firm's CRD number is 111320.

## **2. Material Changes**

- There have been no material changes since our last amendment.

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#### **4. Advisory Business**

Our firm was initially established under the name of Private Wealth Management Inc. in June 1997. We changed our name to Stoker Ostler Wealth Advisors, Inc. (referred to as “Stoker Ostler,” “our,” “us,” “we”) in July 2007. Our principal place of business is located in Scottsdale, Arizona. Stoker Ostler is wholly-owned by BMO Financial Corp., a wholly-owned subsidiary of Bank of Montreal.

##### **Investment Management**

We provide discretionary investment management services based on the individual needs of the client. We create and manage a portfolio based on personal discussions about the client’s particular circumstances. During these discussions, we determine the client’s individual goals and objectives, time horizon, risk tolerance, and liquidity needs. After determining appropriate investments for each client, we prepare an investment policy statement, sometimes referred to as an IPS, containing the client’s investment objectives, strategies for reaching that objective, asset allocation targets, and when applicable, reasonable restrictions for investing in certain securities or types of securities.

We generally recommend clients allocate their investments among various assets classes and, within those classes, among various issuers and types of issuers. Asset classes may include equities, fixed income securities, real estate investment trusts (known as REITs), and various types of alternative investments.

We may, among other things, make investment decisions on a discretionary basis for client accounts. Client funds are deposited with either a brokerage firm, a bank custodian account and/or directly with mutual fund companies. We may also retain service providers and take other actions related to our investment management authority – such as the selection of money managers to provide services to portions of a client’s portfolio, the selection of private investment funds, and the purchase and sale of securities.

##### **Financial Planning and Consulting**

We also provide financial planning services to clients. Through in-depth personal interviews, we gather information about the client’s current financial status, tax status, future goals, return objectives and attitudes towards risk. We carefully review documents supplied by the client, and prepare a written report. If requested we may recommend the services of other professionals for implementation purposes, for example attorneys, CPAs, etc. The client retains absolute discretion over any implementation decisions and is free to accept or reject any of our recommendations. Clients receive a written report which provides them with a detailed financial plan designed to assist them in achieving his or her financial goals and objectives.

As of December 31, 2013, we had \$884.4 million of discretionary assets under management and \$16.6 million of non-discretionary assets under management.

## **5. Fees and Compensation**

### **Investment**

Our investment management fees are based upon a percentage of assets under management.

#### Annual Fee Schedule:

Up to \$5 million: 1.00%

Amount over \$5 million: 0.75%

Our fees are prorated and paid monthly, in arrears, and are based upon the market value of the assets on the last business day of the previous month. Our fees may be negotiable. Most commonly, fees are debited directly from the client's account(s) each month. However, with special approval, the client may be invoiced directly. A client agreement may be terminated by either party for any reason, by written notice from one party to the other. Upon termination of any client agreement any prepaid advisory fees will be promptly reimbursed, prorated through the date of termination.

### **Financial Planning and Consulting**

For clients paying asset management fees, most ongoing financial planning and consulting services will be included as part of the investment management fees. However, clients may be charged for extraordinary planning or consulting services in certain circumstances. We will provide written notice to the client in these situations. In these extraordinary planning circumstances and for clients not paying asset management fees, our fees for financial planning and consulting services depend upon the level and scope of the services required and the professionals rendering these services. Fees will generally range from \$200 to \$275 per hour plus any expenses incurred or may be quoted on a project basis. Fees may be billed all at once on a project basis or monthly in arrears based on hours accrued.

### **Other Fees**

Clients may incur certain charges imposed by custodians, brokers, and other third parties such as fees charged for custodial fees, mutual-fund level charges, odd-lot differentials, transfer taxes, wire transfer and electronic funds fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in each fund's prospectus. Such charges, fees, and commissions are exclusive of and in addition to our fees. We do not receive any portion of these commissions, fees and other costs.

Item 12 further describes the factors that we consider in selecting or recommending broker-dealers for client transactions and determining reasonableness of their compensation (e.g. commissions).

## **6. Performance Based Fees and Side-by-Side Management**

We do not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

## **7. Types of Clients**

We provide portfolio management services to high net worth individuals, trusts, estates, charitable organizations and other corporations. The minimum amount required for establishing an account is \$500,000. However, at our 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.)



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

Investing in securities involves risk of loss that clients should be prepared to bear. Investment products are not FDIC insured, have no bank guarantee and may lose value. We make no guarantee or representation of performance.

### **Methods of Analysis**

We use the following methods of analysis in formulating our investment advice and/or managing client assets:

#### *Asset Allocation:*

Rather than focusing primarily on securities selection, we attempt to identify an appropriate ratio of investments by asset class (i.e. equities, fixed income, cash, etc.) 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. In addition, there is a risk that the ratio of investments by asset class will change over time due to stock and market movements and, if not rebalanced, may no longer be appropriate for the client's goals.

#### *Mutual Fund and/or ETF Analysis:*

We look at the experience and performance 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 whether they have no-load or low-load features, return, and cost efficiency.

A risk of mutual fund and ETF analysis is that 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 may deviate from the stated investment mandate or strategy of the fund or ETF, which could make the holding less suitable for the client's portfolio.

### **Investment Strategies**

The investment advice we provide to our clients is generally based on a number of factors, including, but not necessarily limited to, the client's investment objectives, risk tolerance, tax positions and/or objectives, asset class preferences, time horizons, liquidity needs, expected returns, and an assessment of current economic and market views expressed by economic analysts, banks and securities firms. As stated in Item 4 above, we will develop the client's IPS based on these factors. The IPS outlines recommended investment allocations among various asset classes and

prepares a proposed asset allocation plan appropriate for that profile. Securities selected for use in client portfolios are generally maintained on a recommended list of securities for which ongoing research is performed. Reviews of securities included on the recommended list include both qualitative and quantitative factors.

We will utilize a variety of investment strategies, taking into consideration the client's best interest. Ideally, we prefer to hold investments long-term (one year or more) due to preferential tax treatment in taxable accounts. However, investments may be held for short periods of time (less than one year) depending on the security, market environment, and economic conditions.

In taxable accounts, wherever possible, we will seek to offset realized gains with realized losses. When market dips occur, we may "harvest" losses to be used to offset future gains. Using these strategies should increase your after-tax rate of return.

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 the decision to sell. A risk in a short-term purchase strategy is more frequent trading which may result in an increase in brokerage and other transaction-related costs. In addition, there is less favorable tax treatment of short-term capital gains.

Other investment strategies we may use include short sales, margin transactions and option trading. However, these are used rarely or at the request of our clients. The risk of using these types of strategy is disclosed, in writing, and we require clients to sign special forms prior to implementation.

### **Risks of Loss**

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 are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

We attempt to offset this risk by reviewing and rebalancing each client's portfolio as outlined in the IPS. Because of the dynamic and fast-moving nature of investment markets, unanticipated new risks can arise at any time. Maintaining a highly diversified investment portfolio helps to offset these types of risks but cannot eliminate them altogether.

Investing in securities involves risk of loss that clients should be prepared to bear. Past performance is not indicative of future results.

**9. Disciplinary Information**

We have no reportable disciplinary events to disclose.

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

We have no management persons registered as or pending registration as a:

- i. Broker-dealer or registered representative of a broker-dealer; or
- ii. Futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of the forgoing entities.

Pursuant to an agreement with our affiliate BMO Harris Bank N.A., a national bank, we receive research and other services. These services are used in support of the investment advice we provide to our clients.

We may have common management and officers with some of our affiliates. We rely on Bank of Montreal and BMO Financial Corp. for various administrative support, including information technology, human resources, business continuity, legal, finance, enterprise risk management, and internal audit. We do not believe that this support poses any conflicts of interest to our clients.

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

We have adopted a Code of Ethics ("Code") describing our high standards of business conduct, fiduciary duty to our clients, and the restrictions and reporting requirements for employees' personal investments. All employees at Stoker Ostler are subject to the Code and must acknowledge the terms of the Code annually or as amended. Employees are instructed to place the interests of their clients first, conduct all their personal securities transactions in a manner consistent with the Code, and not take advantage of their positions. Among other terms, the Code contains:

- Provisions relating to the confidentiality of client information,
- A prohibition on any fraudulent conduct,
- A prohibition on insider trading,
- Restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items and
- Personal securities trading procedures.

The Code requires pre-clearance of certain securities transactions, including any acquisition of securities in a limited offering (e.g., private placement) and provides mechanisms through which employees' personal trading can be monitored. Under the Code, employees are restricted from acquiring any security distributed in an initial public offering ("IPO") until trading of the security commences in the secondary market.

Under the Code certain classes of securities have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of our clients. In addition, the Code restricts trading in close proximity to client trading activity. Nonetheless, because the Code in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code to reasonably prevent conflicts of interest between us and our clients.

Our clients or prospective clients may request a copy of our Code of Ethics by calling Lee Ann Reitz at (480) 302-3814 or emailing her at [LeeAnn.Reitz@stokerostler.com](mailto:LeeAnn.Reitz@stokerostler.com).

We do not effect principal or agency cross securities transactions for client accounts or cross trades between client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated hedge fund and another client account. An

agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer. We are neither registered as a broker-dealer nor use an affiliated broker-dealer for client trades.

## **12. Brokerage Practices**

Clients determine the broker-dealer used for their transactions and provide that information to Stoker Ostler in writing by signing the client agreement. Clients must include any limitations on this discretionary authority in this written agreement. Clients may change or amend these limitations as required. Such amendments must be provided to us in writing.

Stoker Ostler will recommend broker-dealers to custody client assets based on their past record and general reputation and which Stoker reasonably believes will provide best execution services for client trades. Unless otherwise instructed, for clients in need of brokerage or custodial services, Stoker will generally recommend that clients establish accounts with the following broker/dealers to maintain custody of their assets and to effect trades for their accounts:

- Schwab Advisor Services (“Schwab”), division of Charles Schwab & Company, Inc., an independent and unaffiliated registered broker-dealer and FINRA member;
- National Financial Services, Inc. (“Fidelity”), an independent and unaffiliated registered broker-dealer and FINRA member;
- TD Ameritrade (“TD”), an independent and unaffiliated registered broker-dealer and FINRA member.

Although Stoker Ostler may recommend that clients establish accounts at one of the above broker-dealers, it is ultimately the clients’ decision where to custody their assets.

In seeking best execution, the determining factor is not the lowest possible commission rate, but rather the broker’s ability to provide qualitative executions, competitive commission rates, research, and other professional services. In return, we receive certain investment research products and services which assist us in the investment decision making process for clients’ accounts. To that end, a client may pay transaction fees that are higher than those of another broker-dealer for similar transactions; however we endeavor to select broker-dealers whose transaction fees we determine are reasonable in relation to the value of the brokerage and overall services they provide. Such research and other services will generally be used to service all clients, including clients whose transactions did not generate the transaction fees used to pay for these services.

Many clients, when undertaking an advisory relationship, already have a pre-established relationship with a broker or dealer and they will instruct us to execute all transactions through that broker-dealer. In cases such as this, where a client directs us to use a particular broker or dealer, it should be understood that under those circumstances we may not have authority to negotiate fees or obtain volume

discounts and best execution may not be achieved. In addition, a disparity in fees charged may exist between the fees charged to other clients who do not direct us to use a particular broker or dealer. Schwab, Fidelity and TD provide us with access to institutional trading and custody services which are typically not available to retail investors. They may, from time to time, provide products and services that assist us in managing and administering clients' accounts including software and other technology that (i) provide access to client account data (such as trade confirmations and account statements); (ii) facilitate trade execution and allocate aggregated trade orders for multiple client accounts; (iii) provide research, pricing and other market data; (iv) facilitate payment of our fees from its clients' accounts; and (v) assist with back-office functions, recordkeeping and client reporting.

Schwab's, Fidelity's and TD's services generally are available to independent investment advisors on an unsolicited basis at no charge to them. These services are not contingent upon our firm committing to these custodians any specific amount of business (e.g., assets in custody or trading fees). These custodians' brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

Schwab, Fidelity and TD may also offer other services intended to help us manage and further develop our business enterprise. These services may include: (i) compliance, legal, and business consulting; (ii) publications and conferences on practice management and business succession; and (iii) access to employee benefits providers, human capital consultants, and insurance providers. Schwab, Fidelity and TD may make available, arrange and/or pay third-party vendors for the types of services rendered to us. They may discount or waive fees they would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to our firm. They may also provide other benefits such as educational events or occasional business entertainment of our personnel. In evaluating whether to recommend or require that client's custody their assets at Schwab, Fidelity or TD, we may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors we consider and not solely on the nature, cost, or quality of custody and brokerage services, which may create a potential conflict of interest.

When beneficial to the client, individual fixed income transactions may be effected through a broker-dealer with whom we have entered into arrangements for prime brokerage clearing services. Certain account minimums may apply for a client to be eligible for prime brokerage services.

### **Soft Dollars**

In addition to the services mentioned above, we receive certain investment research products and services in return for effecting securities transactions through Schwab (generally referred to as soft dollar arrangements), that assist us in our investment



decision making process for all clients. Research products and services assist us in the evaluation of specific securities, including mutual funds, in determining what investment options/alternatives are appropriate for inclusion in client accounts.

The investment research products and/or services received through soft dollars are used for the benefit of all our clients. This may result in clients' who do not pay brokerage commissions to Schwab receiving research benefits. However, since the large majority of our clients utilize Schwab as their broker dealer/custodian, we have concluded that this does not disadvantage or favor any set of clients compared to another.

### **Directed Brokerage**

A client may expressly direct us to utilize a particular broker-dealer to execute some or all transactions for their account. We will work with the client to negotiate the terms and arrangements for the client's account with that broker-dealer and we will not seek better execution services or prices from other broker-dealers. When a client directs brokerage, their account may receive less favorable net prices on transactions because it may incur higher commissions, pay additional transaction costs, and be subject to greater spreads.

### **Client Referrals**

Neither we, nor any of our Principals or Associated Persons will receive any portion of the brokerage commissions or transactions fees charged to clients. As noted in item 14 below, Schwab also provides client referrals to us; however, we are under no obligation to, and do not, direct trades to Schwab in return for client referrals.

### **Aggregated Trades**

As a matter of policy and practice, we do not generally block client trades; we implement client transactions separately for each account. Consequently, certain client trades may be executed before others, at a different price and/or commission rate. Additionally, our clients may not receive volume discounts available to advisers who block client trades. However, if client trades are received at approximately the same time, we may combine or "block" trade orders to obtain best execution, negotiate more favorable commission rates or to allocate equitably among clients any differences in prices, commissions, or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated to clients in proportion to each client's order amount.

### **13. Review of Accounts**

#### **Investment Advisory Accounts**

Client portfolios will be reviewed on a periodic basis and rebalanced to the investment objective found in the client's IPS. Reviews may include an assessment of diversification by asset class and industry (and geography for municipal bonds) and are compared with the investment strategy in the IPS. The annual review is done by way of peer reviews by other portfolio managers.

An inventory of assets showing market value and cost of each security is provided to each client on at least an annual basis unless directed otherwise by the client. Detailed transactions and holdings are provided by the custodian at least quarterly. Performance is calculated and provided to clients on at least an annual basis, unless directed otherwise by the client.

#### **Financial Planning**

Our Financial Planning clients may receive all or some combination of three core financial planning documents: (i) Statement of Financial Objectives, (ii) Net Worth Statement, and (iii) Retirement Model. Additional analyses and reports will be provided and updated as needed and requested by the client. Financial plans are reviewed and updated as necessary. Reviews are conducted by either the Portfolio Manager or a dedicated Financial Planner, and sometimes both.

More comprehensive financial planning reviews are done at the clients' request (for example, the client has a question about life insurance) or if we notice their estate planning documents are outdated or a client has relocated to a new state. This would prompt us to recommend they review and/or update those documents with their attorney.

#### **14. Client Referrals and Other Compensation**

We have signed an agreement to participate in the Schwab Advisor Network® referral program mentioned in Item 12. Pursuant to the agreement with Schwab, in exchange for client referrals from Schwab, we pay Schwab a referral fee quarterly at an annualized rate of 0.10 to 0.25% of the average daily total assets we manage for each client under the program. Different fee schedules may exist for previously referred clients.

We also have referral arrangements in place with two unaffiliated persons/entities:

- Meg Fucik – in exchange for client referrals, we pay a fee equal to a declining scale of 25-10% of the gross amount collected during the prior month for the first ten years of the relationship.
- Phil Lyman – in exchange for future client referrals, we pay a fee equal to a declining scale of 25-10% of the gross amount collected during the prior month for the first ten years of the relationship. Different fee schedules may exist for previously referred clients.

In addition, we have a referral relationship in place with SigFig Wealth Management, LLC, an unaffiliated entity. In exchange for client referrals, we pay a fee equal to 20% of the advisory or management fee to SigFig for the duration of the relationship.

All referral fees are paid solely from our investment management fee and will not result in any additional charge to the client.

At the time of solicitation, the unaffiliated solicitor discloses to the prospective client the nature of the solicitor relationship with us, and, when the client enters into the advisory agreement with us, the client acknowledges in writing the nature of the referral arrangement, including the terms of the compensation, between us and the solicitor.

We have entered into arrangements whereby payments made to Bank of Montreal, BMO Harris Bank, N.A., or other affiliates in the BMO Group of companies (collectively referred to as “Our Affiliates”) and/or their respective employees and officers, for clients referred to us by Our Affiliates. Our Affiliates may include other investment advisers registered with the SEC or with securities regulators in foreign countries, U.S. or foreign banks, U.S. or foreign broker-dealers, or other regulated entities. Referral payments are paid by us and do not result in any additional fee to any our clients.

Alternatively, officers and employees of Stoker Ostler may introduce new clients or otherwise market products and services of one or more of Our Affiliates under solicitation agreements with the applicable Affiliate and such person may receive incentive compensation related to such activities.

## **15. Custody**

We do not have custody of client assets. All client assets are held at a qualified custodian. Clients sign an account application with a qualified custodian upon opening their account. The qualified custodian will notify us of the account number and other pertinent information.

At least quarterly, clients should receive statements directly from the broker/dealer, bank, or other qualified custodian that holds and maintains their investment assets. We urge clients to carefully review such statements and compare such official custodial records to the reports that we may provide to you.

Our reports may vary from the custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

## **16. Investment Discretion**

We have discretionary authority to manage securities accounts on behalf of our clients. Discretionary authority includes the authority to select securities to buy or sell, as well as the amount of securities and timing of when to buy or sell them. Investment discretion is exercised in accordance with the investment objectives for each client account. If the client imposes any investment restrictions and we agree to them, these supersede our investment discretion.

Under the terms of our standard Investment Advisory Agreement and the Schwab account agreement, clients grant us a limited power of attorney with discretionary authority over their investments and may limit this authority either under the Investment Policy Statement they sign or by providing us with separate written instructions. Authority on non-discretionary accounts will be limited and is based on the preferences selected on the account application.

## **17. Voting Client Securities**

Clients may direct us to vote proxies on their behalf. This authority is granted through paperwork provided by the custodian where the assets are held. Each custodian will forward copies of all proxies and shareholder communications to us. Clients may revoke this authority by completing and signing the appropriate custodian paperwork.

We have developed joint proxy-voting policies with some of our affiliates (together and individually, the “BMO Organization”). When acting as a fiduciary, the BMO Organization votes proxies in the sole interest of its fiduciary clients. The BMO Organization has adopted policies and procedures designed to help ensure that those proxies are voted in the best interests of fiduciary clients.

### *Proxy Advisory Committee (PAC) of the BMO Organization:*

The PAC establishes general policies and guidelines for proxy voting. The PAC has the authority to vote proxies of companies whose securities are held in more than one fiduciary account (or related groups of accounts) managed by BMO AM and certain other members of the BMO Organization.

### *How We Vote Proxies:*

The PAC’s guiding principle is to vote proxies in the interest of the beneficiaries, both current and future, with a view to enhancing the value of securities held for the benefit of our clients. The PAC uses the services of a proxy voting agent (“Agent”), which researches and votes proxies in accordance with the PAC’s voting policies. If a proxy issue is not addressed by the PAC’s voting policies, the Agent forwards the proxy to the PAC along with a recommendation on how to vote the proxy. Upon review of the issue and the Agent’s recommendation, the PAC directs the Agent how to vote. If the Agent recuses itself on a proxy matter and makes no recommendation, the PAC will review the issue and direct the Agent how to vote. If an issue arises which is expected to recur frequently, the PAC develops a policy on that issue and transmits the policy to the Agent. The PAC currently uses Glass Lewis as the Agent.

### *Mutual Fund Proxies:*

When mutual funds are held in client accounts, proxy issues involving the fund’s fundamental investment policies are voted on by the Agent on a case-by-case basis according to the PAC’s policies. Certain other issues (e.g., increases in investment management fees, selection of investments advisers, changes in investment objectives, changes in strategy that increase portfolio risk) are also evaluated and voted on by the Agent on a case by-case basis. To the extent that legally permissible proposals seek to eliminate shareholder voting on changes to these types of matters, they are opposed. All other proposals are to be voted on in accordance with existing proxy voting policy. Proxy proposals relating to those funds for which BMO AM acts as sub-adviser are governed by the policy concerning conflicts of interest.

*Conflicts of Interest:*

The Agent votes on most proxy matters in accordance with the PAC's procedures, independently of any interest the BMO Organization may have in the proposal. A conflict of interest may exist, however, if, e.g., the Agent has referred a proxy question to the PAC as otherwise required by proxy procedures, and BMO AM or an affiliated entity has a business relationship with (or is actively soliciting business from) either the company soliciting the proxy or a third party that itself has either a material interest in the outcome of a proxy vote or is actively lobbying for a particular outcome of a proxy vote. Individual conflicts of interest also arise if, e.g., a member of the PAC holds a position in a security that is the subject of a proxy vote. When a PAC member is conflicted, he is expected to recuse himself. When the BMO Organization is conflicted, various procedures may be followed to avoid impropriety, including, as appropriate, retaining the Agent or some other independent third party to vote the proxy in accordance with the shareholders' interests.

Clients may obtain information regarding how we voted proxies for securities in their account, as well as our complete proxy voting policies and procedures, by calling Lee Ann Reitz at (480) 302-3814, emailing her at [LeeAnn.Reitz@stokerostler.com](mailto:LeeAnn.Reitz@stokerostler.com), or writing to:

Stoker Ostler Member Harris Wealth Advisors  
4900 N Scottsdale Road, Suite 2600  
Scottsdale, AZ 85251  
c/o Lee Ann Reitz



## **18. Financial Information**

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

## **Additional Information**

### **Privacy Notice**

Our Privacy Notice, which includes information on options about how a client's information may be shared within BMO, its affiliates and with others, is available by contacting us at 408-302-3814 or by emailing Lee Ann Reitz at [LeeAnn.Reitz@stokerostler.com](mailto:LeeAnn.Reitz@stokerostler.com).

### **Anti- Money Laundering**

To help the government fight the funding of terrorism and money laundering activities, federal law requires all financial institutions to obtain, verify, and record information that identifies each person who opens an account.

What this means for you: When you open an account, we will ask for your name, address, date of birth, and other information that will allow us to identify you. We may also ask to see your driver's license or other identifying documents.

A corporation, partnership, trust or other legal entity may need to provide other information such as its principal place of business, local office, employer identification number, certified articles of incorporation, government-issued business license, a partnership agreement or a trust agreement. We may be required to disclose this information pursuant to applicable laws, rules or regulations, but it will otherwise be retained in confidence according to our privacy policy.