



# BMO Family Office

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Form ADV Part 2A  
Brochure

January 25, 2024

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This brochure provides information about the qualifications and business practices of BMO Family Office, LLC. If you have any questions about the contents of this brochure, please contact Michael Hutchinson at (650) 210-5042 or Romey Del Fiugo at (650) 210-5418. 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 us is also available on the SEC's website at [adviserinfo.sec.gov](http://adviserinfo.sec.gov). The SEC's website also provides information about any persons affiliated with us who are registered, or are required to be registered, as investment adviser representatives. You can access our information on the SEC's website by using our CRD number, 110264. Registration with the SEC does not imply a certain level of skill or training.

## **Item 2 Material Changes**

There have been no material changes made to this brochure since our last update on September 5, 2023.

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## Item 4 Advisory Business

We are a Delaware limited liability company organized on April 20, 2005. We are a wholly-owned subsidiary of BMO Financial Corp., which is a wholly owned subsidiary of Bank of Montreal ("BMO").

We operate under our legal name, BMO Family Office, LLC, as well as under the brand names "BMO Wealth Management" and "BMO Family Office." These brands are discussed more fully in Item 10 "Other Financial Industry Activities and Affiliations."

Our primary services are:

- Discretionary Investment Management and Non-Discretionary Investment Advisory Services, and
- Family Wealth Strategies.

As of October 31, 2023, we provided discretionary investment management services on assets of \$6.1 billion and non-discretionary investment advisory services on assets of \$4.4 billion.

Family wealth strategies, investment reporting and other non-investment advisory services, are not subject to the Investment Advisers Act of 1940. These services are discussed in greater detail in Item 10 "Other Financial Industry Activities and Affiliations."

### **Discretionary Investment Management and Non-Discretionary Investment Advisory Services**

Our advisory services include discretionary investment management and non-discretionary investment advice. In connection with these services, we design and prepare investment policy statements and asset allocation strategies, select, or recommend sub-advisers and investments, and monitor and report on portfolio performance. We also provide investment implementation and other administrative services.

We employ investment research professionals and use due diligence and evaluation processes to identify, evaluate, and monitor investments. Our evaluation process employs quantitative and qualitative techniques, as well as operational reviews.

We manage or advise client accounts in accordance with the client's investment objectives, risk tolerance, time horizon, tax circumstances, liquidity and cash flow needs, restrictions and constraints, and other relevant criteria. As further described in Item 8 "Methods of Analysis, Investment Strategies and Risk of Loss," we allocate client assets among different asset classes with varying levels of risk and return. We diversify client portfolios within and across asset classes, including cash, fixed income, equities, hedge funds, private markets, and real assets. We recommend affiliated and non-affiliated investments, including separate accounts, mutual funds, exchange traded funds, commingled funds, limited partnerships, alternative investments, structured products, individual securities, and derivative

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instruments. We may recommend and use affiliated or unaffiliated sub-advisers to manage or advise on a client's portfolio.

We provide non-discretionary advisory services to National Philanthropic Trust ("NPT") for the BMO Donor-Advised Fund Program. The program is administered and sponsored by NPT, an independently operated public charity. We provide non-discretionary advice to NPT client accounts, including asset allocation, investment policies and strategies, and investments.

## **Non-Discretionary Sub-Advisory Services**

We provide non-discretionary sub-advisory services for:

- the Sequence Multi Asset IDF Series Interests of the SALI Multi-Series Fund, L.P., and
- the Sequence Multi Asset IDF III Series Interests of the SALI Multi-Series Fund IV, L.P.

For the Sequence Multi Asset IDF Series Interests, SALI Fund Partners, LLC serves as the general partner of the funds. Separate Account Life Insurance (SALI) Multi-Series Fund, L.P., is a Delaware limited partnership ("Partnership"). The Partnership's general partner, SALI Fund Partners, LLC ("General Partner"), manages the Partnership and is responsible for its day-to-day operations. SALI Fund Management, LLC ("SALI Investment Manager"), is responsible for investing the Partnership's assets. Our primary role is to determine and recommend asset allocation and investments held by the funds. Historically, the General Partner has implemented our investment recommendations.

## **Limited Mandate and Consulting Services**

We may provide limited mandate advisory or consulting services. Examples include one-time portfolio reviews, research or advice on alternative asset investment managers or portfolios, and research and due diligence on non-recommended investments.

## **ERISA**

When we provide investment advice to clients regarding retirement plan accounts, individual retirement accounts, or other plans as defined in Section 4975(e)(1) of the Internal Revenue Code of 1986, as amended ("Code"), we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act ("ERISA") and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way we make money creates some conflicts with clients' interests, so we operate under a special rule that requires us to act in clients' best interest and not put our interests ahead of clients' interests.

## **Item 5 Fees and Compensation**

### **Discretionary Investment Management Fees**

Our discretionary management fees are typically based on the market value of assets under management. We invoice discretionary management fees on either a retainer or

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percentage-of-assets basis. For retainers, our fees and payment terms are negotiated. Retainers are typically invoiced either monthly or quarterly either in advance or arrears. Percentage-of-assets fees are typically paid quarterly in arrears.

In general, our minimum discretionary investment management account size is \$30 million with a corresponding annual minimum fee of \$150,000. We may waive our minimum account size or fee. Our standard fees are negotiable. We may modify our fees based on several factors, including the scope and scale of services; the complexity of the client relationship; the number, nature, and size of accounts; and the portfolio asset types. Certain existing clients may have fee schedules which are no longer offered.

Annual Percent (%)		Incremental Assets	Total AUM	Total Fee	Effective %
0.60%	for first	\$30,000,000	\$30,000,000	\$180,000	0.60%
0.40%	for next	\$20,000,000	\$50,000,000	\$260,000	0.52%
0.30%	for next	\$50,000,000	\$100,000,000	\$410,000	0.41%
0.25%	for next	\$100,000,000	\$200,000,000	\$660,000	0.33%
0.20%	for next	\$100,000,000	\$300,000,000	\$860,000	0.29%
0.15%	for next	\$100,000,000	\$400,000,000	\$1,010,000	0.25%
0.10%	for next	\$100,000,000	\$500,000,000	\$1,110,000	0.22%
0.05%	for next	\$250,000,000	\$750,000,000	\$1,235,000	0.16%
0.03%	for next	\$250,000,000	\$1,000,000,000	\$1,310,000	0.13%

If a client terminates its investment management agreement with us during a month or quarter in which the client has paid fees in advance, the client receives a pro rata refund of the fees paid for that period.

Clients may elect to have their portfolios debited directly for fees incurred or receive invoices. If a client requests that we send our invoices to their custodian, we send our invoices to the custodian with a copy to the client.

### Non-Discretionary Investment Advisory Fees

Our non-discretionary advisory fees are based on numerous factors, including the scope and scale of services; the complexity of the client relationship and investment structure; the number, nature, and size of accounts; and the frequency of client meetings.

We invoice non-discretionary investment advisory fees on either a retainer or percentage-of-assets basis. For retainers, our fees and payment terms are negotiated. Retainers are typically invoiced either monthly or quarterly either in advance or arrears. For percentage-of-assets fees, the applicable percentage is negotiated, but typically does not exceed 1.5%

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of assets under advisement. In addition to the advisory fee, we may invoice clients for travel or other out-of-pocket expenses.

If a client terminates its investment advisory agreement with us during a month or quarter in which the client has paid fees in advance, the client receives a pro rata refund of the fees paid for that period.

Clients may elect to have their portfolios debited directly for fees incurred or have an invoice mailed directly to them. If a client requests we send our invoices to their custodian, we send our invoices to the custodian with a copy to the client.

In general, our minimum non-discretionary investment advisory account size is \$100 million with a corresponding annual minimum fee of \$250,000. We may waive minimum account sizes and fees.

## BMO Donor-Advised Fund Program

As non-discretionary investment advisor to NPT for the BMO Donor-Advised Fund, we receive fees of 0.25% per annum. We reserve the right to revise advisory fees pursuant to our advisory agreement with NPT.

## **Non-Discretionary Sub-Advisory Fees**

### Sequence Multi Asset IDF Series Interests

We receive a tiered management fee of 0.25% - 0.50% per annum on the Sequence Multi Asset IDF Series Interests Class A interests. Class B interests have a management fee of 1.25% per annum. Our portion of this management fee is 0.75% - 0.950% per annum pursuant to the terms of a revenue sharing agreement with participating broker-dealers. Class C interests have a management fee of 0.50% per annum.

It is possible that an insurance carrier could present the Sequence Multi Asset IDF Series Interests as an option to our clients. A client who invested in the Sequence Multi Asset IDF Series Interests through its insurance carrier could pay a fee to us for investment management or advisory services as well as a management fee through SALI Fund Management, LLC for the Sequence Multi Asset IDF Series Interests.

## **Limited Mandate and Consulting Services**

Fees for limited mandates or consulting services are based on several factors, including the scope, scale, timeframe, and complexity of the engagement. Fees are negotiated and may include a one-time fee, ongoing retainer, or ongoing asset-based fee. Retainers are paid either monthly or quarterly, either in advance or arrears. Percentage-of-asset fees are paid either monthly or quarterly in arrears.

Fees for investment reporting services, exclusive of our investment management or advisory services, are primarily based on the scope and complexity of the reporting requirements. Fees are typically based on a retainer amount negotiated with the client.

## Other Fee Information

For new clients, fees are typically based on estimated asset values until we receive sufficient information to determine actual market values. When actual market values become available, the applicable annual percentage rate is determined quarterly based on the average of the market value of the client accounts on the last calendar day of each calendar month during the applicable quarter. Invoices are typically paid quarterly, either in advance or arrears.

For quarterly fees, we assess each quarter one fourth the annual percentage rate set forth in the client's fee schedule.

We receive no fees or compensation from non-clients, including investment or fund managers, when we recommend a particular manager or investment.

Investment Manager Fees: Fees paid to us for management or advisory services are exclusive of fees or expenses charged by investment managers, funds, or partnerships in a client's portfolio. Each investment's organizational and offering documents describe the fees or expenses incurred by investors. Generally, investment fund fees include a management fee, other fund expenses, and potentially a distribution fee. Certain investment funds may impose an initial or deferred sales charge. In addition, alternative investment managers typically charge incentive or performance-based fees.

We negotiate fee discounts for our clients with some investment fund managers. Fee discounts are passed through to and benefit clients. Neither we nor any of our supervised persons receive compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of funds.

A qualified client or investor may also be able to invest in a fund directly, either in the same or different share class, with or without our services. In such a case, an investor would not receive our advisory services, which are designed, among other things, to assist clients in determining which investment and funds are most appropriate to each client's objectives.

Additional Fees and Expenses: Our fees do not include fees charged by sub-advisers, private funds, mutual funds, exchange traded funds, brokers, custodians, or other third parties. Please refer to Item 12 "Brokerage Practices" for additional information.

ERISA Accounts: We act as fiduciaries with respect to investment recommendations regarding employee benefit plans under the Employee Retirement Income and Securities Act ("ERISA"), and individual retirement accounts ("IRA") or other plans as defined in Section 4975(e)(1) of the Internal Revenue Code of 1986, as amended ("Code"). We are subject to specific duties and obligations under ERISA and the Code that include among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, we may only charge fees for investment advice about products for which we and our related persons do not receive any commissions or 12b-1 fees. We receive no commissions or 12b-1 fees from any of the funds we recommend.



Wrap Fees: We do not participate in or sponsor any wrap fee programs.

Referral Fees: See Item 14 “Client Referrals and Other Compensation” for additional information on client referrals, including referral fees received from or paid to our affiliates.

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

We do not assess performance-based fees for advisory services. We may recommend investment fund managers that charge performance-based fees.

## **Item 7 Types of Clients**

Our typical clients are:

- individuals and families with a net worth of \$100 million or more, or investable assets of \$30 million or more,
- single or multi-family offices,
- private foundations,
- endowments, or
- pooled investment vehicles.

We may engage clients not listed above and we may waive minimum account requirements.

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

*Investing in securities involves risk of loss that clients should be prepared to bear.*

Investments are not deposits, not insured by the FDIC or any government agency, have no bank guarantee and may lose value. We make no guarantee or representation of investment performance.

### **Asset Allocation**

Asset allocation strategies are a core focus of our advisory services. Investment objectives and risk tolerance are key components of our asset allocation strategies. We devise allocation strategies based on our near-term views and long-term expectations for each asset class. This allows us to provide tactical and strategic recommendations to take advantage of immediate and long-term investment opportunities. Our Investment Committee meets quarterly to evaluate asset class valuations and tactical themes. We determine the optimal asset allocation for each client by using asset allocation software, as well as quantitative, qualitative, and subjective analyses.

A risk of asset allocation is that a client may be “underweighted” to their strategic target in a particular asset class and therefore may not fully participate in a sharp increase in a market sector. Another risk is that the percentage of the portfolio in each asset class may change over time due to market movement. To mitigate this risk, we rebalance client portfolios periodically so that they remain consistent with client goals. A comprehensive

investment policy statement based on the integration of liquidity needs, risk tolerance, tax implications, wealth transfer and philanthropic goals further helps to mitigate some asset allocation risks.

## **Investment Fund Manager Selection**

Once a client's asset allocation has been determined, we select or recommend appropriate investments for each asset class. The process of selecting investments combines in-depth quantitative and qualitative analysis and recommendations by our research and investment advisers. After initial due diligence is completed, all investments must be reviewed and approved by our Investment Committee before being recommended to clients.

We consider multiple factors when researching and approving fund managers and investment funds. These include fund manager incentives; strategy and implementation; risk controls and internal procedures; the experience of the fund manager and team; and the overall quality of the fund family and its management. Our due diligence process includes interviews with investment fund staff, reference checks, and reviews of the fund's service providers including administration, accounting, prime brokerage, and legal support. We also consider the fund's performance history, regression analysis, financial statements, universe and benchmark comparisons, risk and reward statistics, minimum investment thresholds and fees.

One risk of our investment fund selection process is that we may misjudge the merits of the fund or the fund manager's ability to perform. We may misunderstand the risks inherent in a certain strategy or incorrectly judge the strength of the fund's management. We may also recommend a fund at a time when the investing environment is challenging for the fund's particular strategy.

Recommended investment managers typically have discretion and may employ additional strategies which are not described in this brochure.

## **Long-term purchases**

We may recommend investments intended to be held for a year or longer. Typically, we recommend this strategy when we believe the securities are undervalued or that longer exposure to a particular asset class is appropriate.

A risk in a long-term purchase strategy is that by holding the security for a longer period of time, the client may not take advantage of short-term gains. Moreover, if our predictions are incorrect, a security may decline sharply in value before the security can be sold.

## **Short-term purchases**

We may recommend investments intended to be held for a relatively short time, typically a year or less. We may recommend short-term purchases when we believe the price of the security will soon change.

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A risk in a short-term purchase strategy is that the anticipated price change may not occur. A client may be left with a loss or a long-term investment in a security designed for short-term purchase. In addition, this strategy involves more frequent trading than a long-term purchase strategy. Frequent trading may result in increased transaction-related costs and less favorable tax treatment.

## **Trading**

We may recommend investment strategies to purchase and sell securities very quickly, typically within thirty days or less, in an effort to take advantage of brief price changes.

A trading strategy may result in sudden losses if the anticipated price change does not occur. A client may be left with a loss or a long-term investment in a security designed for short-term purchase. The frequent trading involved with a trading strategy may result in increased transaction-related costs and less favorable tax treatment.

## **Short Sales**

We may recommend investment strategies utilizing short sales. Short sales involve borrowing securities to sell with the obligation to replace the securities on a future date. After the borrowed securities are sold, the borrower buys the same securities and returns the securities to the original owner. We may recommend short sale strategies if we believe the price of a security will fall after the borrower borrows and sells the security. The replacement securities will be purchased at a price below that at which the borrowed securities were sold.

Short selling results in some unique risks. Losses can be asymmetric. A short sale loss occurs when the security price rises. For example, if a client borrows 100 shares and sells them at \$50 per share, the client has made \$5,000. However, the client still must replace the borrowed securities. If the security price rises to \$55 when the client must replace the borrowed shares, the client will have to spend \$5,500, thereby losing \$500 on the transaction. Theoretically, there is no limit to how high a security price can rise, but it can never go below \$0. This means there is a potential limit on the client's gain from a short sale.

As security prices increase, losses from short sales increase because sellers are required to buy the securities to replace those borrowed. This increase in demand may further increase the price of the securities.

Timing is an issue with short sales. Even if the borrower is correct in determining that the price of a security will decline, the borrower runs the risk of incorrectly determining when the decline will take place. It may take time for the price to decrease. During this period, the borrower is vulnerable to all the risks associated with the underlying security.

## Options

We may recommend options as an investment strategy. An option is a derivative contract that gives the buyer the right, but not the obligation, to buy or sell an underlying asset at a specific price on or before a certain date.

Two types of options are calls and puts:

- A call gives the client the right to buy an asset at a certain price within a specific period of time. A client may buy a call if the client believed that the price of the underlying asset would increase before the option expired.
- A put gives the holder the right to sell an asset at a certain price within a specific period of time. A client may buy a put if it the client believed that the price of the underlying asset would decrease before the option expired.

We may recommend options to speculate on the possibility of price swings in the underlying asset. We may also recommend options to hedge a purchase of the underlying assets. The option limits the potential upside and downside of a security purchased for a client portfolio.

We may recommend covered calls in which the client sells an option on a security owned by the client. The client receives a fee for making the option available, and the option buyer has the right to buy the security from the client at an agreed-upon price. A risk of covered calls is that the option buyer does not have to exercise the option. The client cannot sell the underlying security prior to the end of the option agreement unless the client repurchases the option from the option buyer. This may result in a loss.

We may recommend one of a number of option spread strategies in which the client purchases two or more option contracts with varying terms on the same underlying asset. A risk of option spread strategies is that the ability to fully profit from a price swing is limited.

## Other Derivatives

Our client accounts and certain funds we manage or sub-advise, , may hold swaps and other derivative instruments. The pricing of derivatives is variable and uncertain. It is based on theoretical models, the outputs of which may vary substantially from the prices actually recognized in the market. The market for many types of derivative instruments is comparatively illiquid and inefficient, creating the potential for pricing errors and deviation between theoretical and market value.

Other risks associated with derivatives are model risk, market risk and counterparty risk. Counterparty risk includes not only the risk of counterparty default, but also the risk that the market value of over-the-counter derivatives will fall if the creditworthiness of the counterparties weakens. Price movements of derivative instruments are influenced by many factors, including:

- interest rates,

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- changing supply and demand relationships,
- trade, fiscal, monetary and exchange control programs, and
- global political and economic events and policies.

In addition, governments from time to time intervene, directly and by regulation, in certain markets. Such intervention often is intended to influence prices. This intervention may cause markets to move rapidly in the same direction because of, among other things, interest rate fluctuations. Uncertainties in the derivatives markets continue due to proposed regulatory initiatives, moves toward over-the-counter derivatives clearing, and allegations of inappropriate behavior by market participants to cause or avoid payments under credit default swaps.

## Equities

We may recommend equities, including initial public offerings, as an investment strategy. The prices of equity securities, and thus the value of funds that invest in equity securities, will rise and fall. These price movements may result from factors affecting individual companies and industries, or the securities markets generally. Individual companies may report poor results or be negatively affected by industry or economic trends and developments. The prices of securities issued by such companies may suffer a decline in response. In addition, the equity markets tend to move in cycles which may cause stock prices to fall over short or extended periods of time.

## Structured Notes

We may recommend structured notes as an investment strategy. A structured note is a debt obligation that also contains an embedded derivative component that adjusts the security's risk-return profile. The return performance of a structured note will track both the underlying debt obligation and the derivative embedded within it. Structured notes entail a number of risks, including:

- *Complexity.* Structured notes are complex financial instruments. Clients should understand the derivative component and determine how the note's payoff structure incorporates such derivative component in calculating the note's performance. This payoff calculation may include leverage multiplied on the performance of the derivative component, protection from losses should the derivative component produce negative returns, and fees. Structured notes may have complicated payoff structures that can make it difficult for clients to accurately assess their value, risk, and potential for growth through the term of the structured note. Determining the performance of each note can be complex and this calculation can vary significantly from note to note depending on the structure. Notes can be structured in a wide variety of ways. Payoff structures can be leveraged, inverse, or inverse-leveraged, which may result in larger returns or losses. Clients should carefully read the

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prospectus for a structured note to fully understand how the payoff on a note will be calculated.

- *Market risk.* Some structured notes provide for the repayment of principal at maturity, which is often referred to as “principal protection.” This principal protection is subject to the credit risk of the issuing financial institution. Many structured notes do not offer this feature. For structured notes that do not offer principal protection, the performance of the linked derivative component may cause clients to lose some, or all, of their principal. Depending on the nature of the derivative component, the market risk of the structured note may include changes in equity or commodity prices, changes in interest rates or foreign exchange rates, and/or market volatility.
- *Issuance price and note value.* The price of a structured note at issuance will likely be higher than the fair value of the structured note on the date of issuance. Issuers generally disclose an estimated value of the structured note on the cover page of the offering prospectus, allowing investors to gauge the difference between the issuer’s estimated value of the note and the issuance price. The estimated value of the notes is likely lower than the issuance price of the note to investors because issuers include the costs for selling, structuring, or hedging the exposure on the note in the initial price of their notes. After issuance, structured notes may not be re-sold on a daily basis and thus may be difficult to value given their complexity.
- *Liquidity.* The ability to trade or sell structured notes in a secondary market is often very limited, as structured notes (other than exchange-traded notes known as ETNs) are not listed for trading on securities exchanges. As a result, the only potential buyer for a structured note may be the issuing financial institution’s broker-dealer affiliate or the broker-dealer distributor of the structured note. In addition, issuers often specifically disclaim their intention to repurchase or make markets in the notes they issue. Clients should, therefore, be prepared to hold a structured note to its maturity date, or risk selling the note at a discount to its value at the time of sale.
- *Credit risk.* Structured notes are unsecured debt obligations of the issuer, meaning that the issuer is obligated to make payments on the notes as promised. These promises, including any principal protection, are only as good as the financial health of the structured note issuer. If the structured note issuer defaults on these obligations, investors may lose some, or all, of the principal amount they invested in the structured notes as well as any other payments that may be due on the structured notes.

## **General Risks**

### Loss of Investment

The possibility of partial or total loss of investment exists and clients should be prepared to bear the consequences of such loss.

### Fraud

We conduct due diligence reviews of approved investments and fund managers. However, due diligence is not a perfect process and may not uncover all issues or problems, including fraud.

### Business and Financial Risk

Investment fund managers may experience rapidly changing business conditions or unforeseen loss of capital, impairing the investment manager's financial condition.

### Liquidity Risk

Clients may experience limited liquidity, meaning limits on the ability to sell or transfer an investment.

### Alternative Assets

Alternative assets present several unique risks including liquidity risk and counterparty risk.

### Taxation

Timing of capital gains, purchases and sales, and changes or modification to existing tax laws may negatively affect the performance of a client's portfolio.

### Valuation

Certain types of securities or market conditions may make it difficult or impossible to accurately value securities.

### Institutional Risk

Qualified custodians, such as brokerage firms or banks, will have custody of the client's assets. Bankruptcy, fraud, or misrepresentation involving a custodian could negatively impact a client.

### Counterparty Risk

Counterparty risk exists in transactions involving a counterparty. This includes risk of default or loss of value due to the counterparty's creditworthiness.

### International Investment Risk

International investing presents unique risks including currency risk and exposure to foreign investment rules and regulations. Currency exchange rates are highly volatile, and a profitable investment may lose its value because of currency fluctuations.

## Item 9 Disciplinary Information

There have been no 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.

## Item 10 Other Financial Industry Activities and Affiliations

We are a wholly owned subsidiary of BMO Financial Corp, which is a wholly owned subsidiary of the Bank of Montreal ("BMO"). We are an investment adviser registered with the U.S. Securities and Exchange Commission.

We rely on BMO, BMO Financial Corp., and other related parties for administrative support, including information technology, human resources, business continuity, legal, compliance, finance, enterprise risk management, internal audit, and general administrative support. These affiliations can create potential conflicts of interest. We mitigate those potential conflicts of interest through a governance committee structure and by maintaining policies and procedures.

"BMO Wealth Management" is a brand delivering investment management services, trust, deposit and loan products and services through BMO Bank N.A., a national bank with trust powers ("BMO Bank"); family office services and investment advisory services through BMO Family Office, LLC, an SEC-registered investment adviser; investment advisory services through Stoker Ostler Wealth Advisors, Inc., an SEC-registered investment adviser ("SOWA"); digital investment advisory and financial planning services through BMO Direct Invest Inc., an SEC-registered investment adviser ("BDI"); and trust and investment management services through BMO Delaware Trust Company, a Delaware limited purpose trust company ("BDTC"). "BMO Family Office" is a brand name that refers to BMO Bank, BMO Family Office, LLC, and BDTC. The BMO Family Office brand provides family office, investment advisory, investment management, trust, banking, deposit and loan products and services. These entities are all affiliates and owned by BMO Financial Corp. BDTC does not offer depository, financing, or other banking products, and is not FDIC insured. You must be an existing customer of BMO Bank and enrolled in BMO Digital Banking to qualify for services from BDI. Not all products and services are available in every state and/or location. It is possible that BDTC, BMO Bank, SOWA, and BDI recommend, purchase, or sell for their clients the same funds we manage or sub-advise or the same securities we recommend, purchase, or sell for our clients. It is possible that other affiliated parties recommend, purchase, or sell the same funds or securities, thus sharing in the profits and losses of those funds or securities.

We employ individuals that are also employees of BMO Bank. As our employees, they provide operational and management services, advisory services to our clients or managed funds, or research, strategy, and asset allocation recommendations. As discussed in Item 11 "Code of Ethics, Participation or Interest in Client Transactions and Personal Trading," our Code of Ethics and additional policies and procedures require these individuals to avoid conflicts of interest by disclosing all material facts and placing the interests of our clients before all others.



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Our clients, regardless of their advisory relationship, are under no obligation to use BMO Bank, BDTC, or any other affiliate to provide brokerage services or act as custodian of assets.

## **Other Material Relationships with Affiliates**

We have business arrangements with affiliates that can be considered material to our advisory business or clients. If agreed to by the client, our investment recommendations will include investing in affiliated mutual funds, private funds, structured notes, equity securities or other investments issued, sponsored, managed, or underwritten by our affiliates. For example, if the client agrees to proprietary and affiliated products, we may recommend structured notes or other securities issued by the Bank of Montreal; initial public offerings of equity securities, or other securities underwritten or distributed by BMO Capital Markets Corp. We receive no commissions or fees from any of the affiliated investment products or services we recommend other than our typical management or advisory fees as provided in Item 5 “Fees and Compensation.” The existing and potential business relationships or arrangements between us and our affiliates can present or appear to present a conflict of interest. Policies and procedures have been adopted that are reasonably designed to appropriately mitigate, prevent, or limit such conflicts of interests. These mitigants include disclosure of the conflict of interest as well as client consent to transactions involving investments issued, managed, sponsored, or underwritten by an affiliate. Any unique or otherwise unaddressed conflict that arises will be discussed and resolved on a case-by-case basis.

As is discussed in Item 12 “Brokerage Practices,” our affiliate, BMO Bank, is one of our preferred custodians for clients receiving discretionary investment management services. Our affiliation with BMO Bank is fully disclosed to clients and no client is required to use BMO Bank as custodian.

As described in Item 4 “Advisory Business,” we provide non-discretionary investment advisory services to NPT for the BMO Donor-Advised Fund Program. We may recommend investments in the BMO Donor-Advised Fund to our clients.

Please refer to Item 14 “Client Referrals and Other Compensation” for additional information on client referrals and other compensation between us and our affiliates.

## **Investment Reporting Services for Non-Managed Client Assets**

We may provide investment reporting services for client assets that we do not manage or advise. Our reporting services typically include periodic reports on portfolio holdings, investment performance, benchmark comparisons, and other analyses.

## **Family Wealth Strategies**

Our family wealth strategies include financial, tax and estate advisory services. Typical engagements include developing financial goals for individuals and families, legacy planning, philanthropic planning, tax planning, estate planning and investment architecture. Family wealth strategies may also include coordinating internal or third-party professionals

needed to implement client services. We may provide ongoing monitoring and advisory, including the development of financial or tax analyses and statements, wealth administrative services, operating business advisory and other personalized services.

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

Our Code of Ethics requires our supervised persons to adhere to the highest duty of trust and fair dealing. Our supervised persons must place the interests of our clients ahead of their own personal interests or the interests of others. Our Code of Ethics assists, and guides supervised persons in observing a high standard of business and personal ethics and helps them exercise proper judgment in conducting our business. Under the Code of Ethics, all supervised persons owe to our clients a fiduciary duty to conduct their personal securities transactions in a manner that avoids any actual or potential conflict of interest or any abuse of our supervised persons' positions of trust and responsibility. The Code of Ethics includes our policies on matters relating to fiduciary duty, compliance with laws, conflicts of interest, gifts and entertainment, personal trading, and insider trading. It requires our employees to report violations of the Code of Ethics to our Compliance Officer and provides sanctions for violations of the Code of Ethics. A copy of our Code of Ethics is available to our clients and prospective clients upon request.

The Code of Ethics is supplemented by specific policies and procedures, including those addressing conflicts of interest, personal trading, and insider trading. Supervised persons, subject to preclearance, may invest in securities recommended to clients. Preclearance may be granted only when we are not looking to purchase or sell the same securities on a client's behalf. Our compliance personnel ensure that procedures regarding personal trading are followed by preclearing personal trades in accordance with our policies, reviewing holdings reports, and reviewing personal securities transaction reports.

As described in Item 4 "Advisory Business, and Item 10 "Other Financial Industry Activities and Affiliations," we will recommend to our client's investments in which we or an affiliated party have a proprietary interest if the client has previously agreed to such investments. Our related parties are disclosed in Section 7.A on Schedule D of Form ADV, Part 1, which can be accessed by following the directions provided on the Cover Page of this brochure.

As is stated in Item 10 "Other Financial Industry Activities and Affiliations," it is possible that BDTC, BMO Bank, SOWA, BDI or other affiliated parties recommend, purchase, or sell funds for which we act as sub-adviser or securities we recommend, purchase, or sell for our clients. It is possible that other affiliated parties recommend, purchase, or sell the same securities, thus sharing in the profits and losses of those funds. We believe our policies, procedures, and controls, as well as those of the affiliated parties, are reasonably designed to ensure that any resultant conflicts of interest are addressed appropriately.

## Item 12 Brokerage Practices

For discretionary investment management services, clients may select one or more of our preferred qualified custodians. Our preferred qualified custodians are Charles Schwab, FNZ Trust Company, and BMO Bank N.A. Our preferred custodian relationships are established to facilitate our investment management services, including effectively and efficiently managing client assets. Other investment advisors may not limit the custodians that clients can use, and our preferred qualified custodians may charge fees higher or lower than other qualified custodians.

We select our preferred custodians based on our evaluation of their technology, services, and pricing. The services provided by our preferred qualified custodians comply with the best execution obligations we owe to our clients. For non-discretionary investment adviser services and limited mandate and consulting services, clients may select the qualified custodian used in connection with the client's account.

If a client does not select and engage a qualified custodian, we will select one or more banks, trust companies, or brokerage firms (including, subject to applicable law, our affiliates) as custodian for the client's account. Our recommendations are based upon a number of factors, but generally involve firms with which we have preferred relationships. These relationships are established to facilitate our investment management services, to obtain discounted pricing for clients, to simplify portfolio reporting, and to manage client assets effectively and efficiently.

We periodically review the performance of our preferred custodians and consider additions and deletions to our list of preferred custodians. In determining which firms to add or retain as a preferred custodial, we consider a number of factors including, commission rate, convenience, execution quality, clearance and settlement capabilities, past experience (including prior performance in serving our clients), reputation, error resolution, block trading and block positioning capabilities, back-office efficiency, financial stability, and the broker's willingness to execute difficult transactions in the future.

We seek to obtain the best overall quality execution for our clients, which we consider to be the most favorable under prevailing circumstances. In addition to cost, best overall quality execution includes qualitative factors such as the character of the market for the security (considering price, volatility, and relative liquidity), the size and type of transaction, and the preferred custodian's overall level of service, technology, and accessibility.

When submitting trade requests, we strive to find the optimal balance of opportunity cost and market impact. We take into consideration the market conditions at the time of receipt of the trade instructions and make the determination of when and how an order should be traded. If we believe that the purchase or sale of a security is in the best interest of more than one client, we may aggregate the transactions to the extent permitted by applicable laws and regulations and consistent with our duties to our clients. Pricing and timing of aggregated transactions may not be the same for all accounts. We allocate transactions and

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expenses in an equitable manner. A disparity in prices may exist between the prices paid by a client who directs us to use a particular broker or dealer and a client who does not direct us to use a particular broker or dealer.

We do not affect any principal transaction with, or agency cross securities transactions or cross trades between, client accounts.

We do not have any soft-dollar arrangements and do not receive any soft-dollar benefits.

We have adopted an allocation policy for investment opportunities that have limited capacity or time availability. The allocation policy applies to discretionary management and nondiscretionary advisory clients. It allocates investment opportunities fairly and equitably among clients and provides consistent treatment of clients with similar investment objectives and guidelines to the extent practicable.

When demand for a particular investment opportunity exceeds the capacity available, eligible clients already invested in that fund or with that investment manager have first priority to invest in any new investment opportunities offered by the same fund or manager. This preference recognizes that managers generally prefer current investors when making subsequent offerings. It also enables clients to more easily limit the number of investments in their portfolios, making their portfolios more manageable.

Our allocation policy also gives preference to clients whose investment requests in a prior investment opportunity were limited. These preferences make participation more difficult for new clients and for those clients who previously did not request to participate in a prior investment opportunity. Although we attempt to leverage our relationship with investment managers to obtain capacity for all clients, such additional capacity may not always be available.

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

We conduct annual client reviews for both discretionary and non-discretionary clients. Additionally, our investment advisers conduct a peer review on each client on a biennial basis. The peer review process examines whether our investment advisers have constructed and implemented portfolios appropriate for the client. The peer review process also helps to determine whether our tactical asset allocation views are expressed consistently across client portfolios and if approved securities have been utilized. Peer reviews include a review of the client's investment policy statement.

We provide investment management and investment advisory clients with investment performance reports at least quarterly. These reports provide detailed information concerning the holdings, allocation, and performance of the client's portfolio as well as other matters. Information provided in our performance reports is based on data provided to us by the client's custodian, investment managers or other parties. Where data is unavailable or not available on a timely basis, we may utilize estimates until such information becomes available.

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Clients receive periodic statements from their custodians. If a client utilizes multiple custodians, we typically consolidate client statements and provide position reconciliation and aggregate account summary reporting for clients' convenience. Although we make reasonable efforts to identify missing or inaccurate information, the investment reports we provide clients are solely informational and not a substitute for client custodian, investment manager, administrator, or tax statements.

Where we serve as sub-adviser, investors receive quarterly performance reports, year-end tax information, and annual financial statements from the custodian, investment manager, or the investment manager's administrator.

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

Our referral agreements comply with Rule 206(4)-1 of the Investment Advisers Act of 1940 as applicable. Referral payments are made at our expense and do not result in additional fees to our advisory clients. Referral fees may be based on a percentage or portion of the advisory fees we earn or may be fixed payments.

We will enter into referral agreements with and receive from or make payments to our affiliates for client or marketing product referrals. Certain employees of BMO Family Office or our affiliates will be compensated for referrals through direct or discretionary payments.

## **Item 15 Custody**

Client securities are held at the client's qualified custodian. We do not hold client assets. However, we may be deemed to have custody of client assets under Rule 206(4)-2 of the Investment Advisers Act of 1940 ("Custody Rule"). Under the Custody Rule, we may be deemed to have custody if:

- we have possession of client funds or securities,
- we are authorized to withdraw client funds or securities,
- we act in a legal capacity providing us ownership or access to client funds or securities, or
- an affiliated qualified custodian maintains custody of client accounts.

Not less than quarterly, client's custodians provide clients statements showing all transactions and fees for the applicable reporting period. As previously disclosed in Item 5 "Fees and Compensation," clients may elect to have us directly deduct our advisory fees from their accounts. In these cases, we advise the custodian of our fees to deduct from the client's account. Clients should carefully review their custodial statements to verify the accuracy of their holdings, transactions, and any fee calculations. Clients should contact us immediately with any questions or concerns.

We send investment performance reports to clients or their representatives at least quarterly. We urge clients to carefully compare the information in our investment

performance reports with their custodial statements to ensure their holdings, account transactions, and values are correct and current.

## **Item 16 Investment Discretion**

For certain clients, we provide discretionary investment management services. Our discretionary investment authority typically includes the ability to do the following without first obtaining client approval:

- selecting investments to buy or sell,
- choosing when to buy or sell an investment,
- determining the amount to buy or sell, and
- transferring cash and securities between a client's accounts.

Clients grant us discretionary investment authority as part of our discretionary investment management agreement. As part of the agreement, we obtain a limited power of attorney with the authority to, among other things, invest client assets in a variety of asset classes, retain certain service providers or sub-advisers, and recommend private investment funds.

Clients may place limitations on our discretionary authority. Typical limitations include the amount of funds or types of securities we may purchase or sell on clients' behalf. These limitations are detailed in the client's investment policy statement or through written instructions provided by the client.

## **Item 17 Voting Client Securities**

We do not vote or provide recommendations with respect to proxies relating to securities or other assets held by clients. Typically, the custodian or transfer agent will deliver proxies to our clients or client delegates. If we receive a proxy intended for a client, we will forward the proxy to the client or client delegate. Our proxy voting policy is available upon request.

## **Item 18 Financial Information**

We are experiencing no financial conditions that are reasonably likely to impair our ability to meet our contractual obligations to clients.

## **Additional Information**

### **Privacy Notice**

Our Privacy Notice is available upon request. It includes information on the types of personal information we collect and share with our affiliates and others. It also describes how clients may limit the sharing of personal information.

### **Anti-Money Laundering**

To help the government fight terrorist financing and money laundering activities, federal law requires all financial institutions to obtain, verify, and record information that identifies

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each person who opens an account. When a client opens an account, we will ask for the client's name, address, date of birth, and other information that will allow us to identify the client. We may also ask to see the clients' driver's license or other identifying documents.

A corporation, partnership, trust, or other legal entity may need to provide additional information. This information may include physical address, employer identification number, state filing certificate, and organizational or trust agreement. An entity will also need to provide information regarding its beneficial owners. 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 Notice.