

## Item 1 Cover Page



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Form ADV Part 2A  
Brochure

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(Last Annual Update: January 30, 2018)

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This brochure provides information about the qualifications and business practices of CTC myCFO, LLC. If you have any questions about the contents of this brochure, please contact Romey Del Fiugo at (650) 210-5418 or Michael Hutchinson at (650) 210- 5042. 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 [www.adviserinfo.sec.gov](http://www.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

Below are the material changes made to this brochure since our last annual update on January 30, 2018.

- Item 4 (Advisory Business)
  - Added BMO Wealth Management brand disclosure.
  - Updated discretionary assets under management from \$12.41 billion to \$14.03 billion and non-discretionary assets under advisement from \$12.03 billion to \$10.78 billion.
- Item 4 (Discretionary Investment Management & Non-Discretionary Investment Advisory Services)
  - Added Porthos Hedged fund of Funds, LLC (“Porthos”). CTC myCFO, LLC appointed manager and advisor to Porthos effective 12/15/2017.
- Item 4 (Non-Discretionary Sub-Advisory Services)
  - Removed Porthos – (Sub-advisory agreement terminated 12/15/2017).
  - Removed Real Assets Access Fund (“RAAF”) – (Fund closed effective 12/31/2017).
  - Removed CTC Madison Series Interest, a Series of the SALI Multi Series Fund, LP (Sub-advisory agreement terminated 7/21/2017).
- Item 5 (Fees and Compensation - Discretionary Investment Management)
  - Discretionary investment management fee schedule updated (4/16/2018).
  - Added Porthos fee schedule.
  - Added Palo Alto Investment Partners I & II disclosure
- Item 5 (Fees and Compensation - Non-Discretionary Investment Advisory Fees)
  - BMO Charitable Fund Program fee disclosure updated.
- Item 5 (Non-Discretionary Sub-Advisory Fees)
  - Removed Porthos fee schedule.
  - Removed RAAF fee schedule.
  - Removed CTC Madison Fund fee schedule.
  - Updated CTC sub-advisory fee to BMO Alternative Strategies fund.
- Item 6 (Performance-Based Fees and Side-by-Side Management)
  - Removed Palo Alto Investment Partners I & II disclosure (moved to item 5).
- Item 8 (Methods of Analysis, Investment Strategies and Risk of Loss)
  - Updated risk disclosures.
- Item 10 (Other Financial Industry Activities and Affiliations)
  - Added BMO Wealth Management brand disclosure.
- Item 12 (Brokerage Practices)
  - Updated preferred custodian relationships and best execution disclosures.
- Item 14 (Client Referrals and Other Compensation)
  - Added unaffiliated third-party solicitor disclosure (6/7/2018).
- Additional Information
  - Removed reference to employee participation on Seattle based advisory board. (Board dissolved 1/10/2018).

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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, CTC myCFO, LLC, as well as under the brand names “BMO Wealth Management” and “CTC | myCFO.” 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 office services.

Family office services and other non-advisory services, such as investment reporting, 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.”

As of October 31, 2017, we provided discretionary investment management services on assets of \$14.03 billion and nondiscretionary investment advisory services on assets of \$10.78 billion.

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

Our “advisory services” include discretionary investment management and non-discretionary investment advisory services provided to high-net worth individuals, families, personal trusts, family offices, and family businesses. As part of our advisory services, we prepare investment policy statements, design asset allocation strategies, select or recommend sub-advisers and investment funds, and monitor and report on portfolio performance. We also offer investment implementation and administrative services.

We may recommend and use affiliated or unaffiliated sub-advisers to manage or advise on all or part of a client’s portfolio. We employ investment research professionals and use a due diligence and evaluation process to evaluate investment fund managers and funds. This process employs quantitative and qualitative techniques, as well as operational reviews, to identify and monitor qualified investment fund managers and funds.

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. Our advisory services involve the allocation of 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. Recommended investments may include separate accounts, mutual funds, commingled funds, limited partnerships, alternative investments, individual securities and derivative instruments.

Prior to December 15, 2017, BMO Asset Management Corp. (“BMO AM”), a related person, served as manager and investment advisor to a proprietary hedged fund of funds, Porthos Hedged Fund of Funds, LLC (“Porthos”). We served as sub-adviser to Porthos. On December 15, 2017, BMO AM resigned and we accepted appointment as manager and adviser to Porthos. Porthos is a private fund exempt from registration under the Investment Company Act of 1940. Porthos invests in a portfolio of actively managed hedge funds on behalf of U.S. taxable investors. We are responsible for day-to-day investment management of the Porthos portfolio.

We provide non-discretionary investment advisory services to National Philanthropic Trust (“NPT”) for the BMO Charitable Fund Program. The program is administered and sponsored by NPT, an independently-operated public charity. We provide non-discretionary advice to NPT in connection with assets in the advisory accounts, develop investment strategies, periodically review advisory accounts and investment policy guidelines, and select and review investments for advisory accounts.

### **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. (formerly CTC Insurance Fund),
- the Sequence Multi Asset IDF II Series Interests of the SALI Multi-Series Fund, L.P. (formerly CTC Insurance Fund II),
- the Sequence Multi Asset IDF III Series Interests of the SALI Multi-Series Fund IV, L.P. (formerly CTC Insurance Fund III), and
- the BMO Alternative Strategies Fund.

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 responsibility is to determine and recommend asset allocation and investments held in the funds. Historically, the General Partner has implemented each of our recommendations.

The BMO Alternative Strategies Fund is an investment company registered under the Investment Company Act of 1940. BMO AM serves as investment adviser for the fund. As sub-adviser to the fund, we conduct investment fund manager due diligence and monitoring, and provide sub-adviser 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 investment managers.

## Item 5 Fees and Compensation

### Discretionary Investment Management Fees

Our discretionary investment management fees are typically based on the market value of assets under management. We invoice discretionary investment management fees on either a fixed retainer or percentage-of-assets basis. For fixed retainer fees, retainer amount and payment terms are negotiated. Fixed retainer fees are paid either monthly or quarterly and either in advance or arrears. For percentage-of-assets fees, we invoice the quarterly fees, including the initial quarterly fee, in arrears.

In general, our minimum discretionary investment management account size is \$30 million with a corresponding annual minimum fee of \$180,000. We may waive minimum account sizes and fees. Our standard discretionary investment management fee schedule below is negotiable and we may modify the fee schedule based on a number of factors. These factors include the scope and scale of services, the complexity of the client relationship, the number, nature and size of accounts, and portfolio asset types. Certain existing clients may have discretionary investment management fee schedules no longer offered.

Annual Percent (%)		Incremental Assets	Total AUM	Total Fee	Effective BPS
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.

We send invoices directly to clients. In the event that a client requests that we send our invoices to the client's custodian for payment, we send the original invoice to the custodian as well as a copy to the client for reference.

#### Porthos Hedged Fund of Funds

Porthos offers a multi-series investment structure comprised of Series A Interests, Series B Interests and Series C Interests. Series A Interests are offered to advisory clients of BMO AM, affiliates of BMO AM, and advisory clients of certain investment managers designated by BMO AM. Series B Interests are offered to eligible external investors. Series C Interests are offered to our advisory clients. We receive the following annual investment management fee, assessed quarterly in arrears.

Porthos Fund	Advisory Fee
Series A	1.00%
Series B	1.25%
Series C	None

#### Palo Alto Funds

We serve as General Partner to Palo Alto Investment Partners I, L.P., ("Palo Alto I") and Palo Alto Investment Partners II, L.P. ("Palo Alto II"). We receive an annual management fee equal to 0.75% of the aggregate capital commitments of each investor in Palo Alto I and Palo Alto II. Palo Alto II entered into dissolution as of December 31, 2017, and we are in the process of winding up and liquidating Palo Alto II.

#### **Non-Discretionary Investment Advisory Fees**

Our non-discretionary investment advisory fees are based on 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 fixed retainer or percentage-of-assets basis. For fixed retainer fees, the retainer amount and payment terms are negotiated. Fixed retainer fees are paid either monthly or quarterly and either in advance or arrears. For percentage-of-assets fees, the applicable percentage is negotiated, but typically does not exceed 1.5% of assets under advisement. In addition to the advisory fee, we may invoice clients for travel and 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.

We send invoices directly to clients. In the event that a client requests that we send our invoices to the client's custodian for payment, we send the original invoice to the custodian as well as a copy to the client for reference.

In general, our minimum non-discretionary investment advisory account size is \$75 million with a corresponding annual minimum fee of \$250,000. We may waive minimum account sizes and fees.

#### **BMO Charitable Fund Program**

As non-discretionary investment advisor to NPT for the BMO Charitable Fund, we receive fees of 0.25% per annum for a majority of the accounts and 0.03% per annum for certain accounts constituting a significant portion of the total market value of the fund. 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 management fee of 0.25% per annum on the Sequence Multi Asset IDF Series Interests Class A shares and 1.25% per annum on the Class B shares. Our portion of this management fee is 0.75% to 0.875% per annum pursuant to the terms of a revenue sharing agreement with participating broker-dealers.

We do not recommend insurance to our clients. It is possible, however, that an insurance carrier could present the Sequence Multi Asset IDF Series Interests as an option to our client. 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.

##### **BMO Alternative Strategies Fund**

We receive 0.125% of the average daily net assets of the portion of the fund's assets allocated to sub-advisors we recommend.

#### **Limited Mandate and Consulting Services**

Fees for limited advisory mandate or consulting services are based on the scope, scale and complexity of the project or engagement. Such fees are negotiated and may include a one-time project fee, ongoing retainer or ongoing asset-based fee. For fixed fees, the negotiated retainer is based on the scope of services. Fixed fees are paid either monthly or quarterly and either in advance or arrears. For percentage-of-asset fees, negotiate the applicable percentage, which typically does not exceed 1.5% of assets under advisement.



Fees for investment reporting services, exclusive of any 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**

We may estimate fees for the initial quarter based on the estimated market value of assets under management or advisement. We invoice the initial quarterly fee in advance. Future invoices are invoiced quarterly, either in advance or arrears. Invoices continue to be based on estimated values until we receive sufficient information to determine actual market values.

In subsequent quarters, we assess fees equivalent to one quarter of the annual percentage rate set forth in the client's fee schedule. 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.

Clients may elect to have their portfolios debited directly for the fees incurred or have an invoice mailed directly to them. We receive no fees or compensation from a non-client, including an investment or fund manager, when we recommend a particular manager or a particular investment.

Investment Manager Fees: All fees paid to us for advisory services are separate and distinct from the fees and expenses charged by the particular investments in a client's portfolio. Each investment's offering documents describe the applicable fees and expenses. Generally, investment fund fees include a management fee, other fund expenses, and a possible distribution fee. Certain investment funds may impose initial or deferred sales charge. In addition, alternative investment managers typically charge incentive and performance-based fees.

We negotiate fee discounts with some investment fund managers. 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 may be able to invest in a fund directly, either in the same or different share class, without our services. In that case, the client would not receive our services, which are designed, among other things, to assist the client in determining which 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, 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 charge performance-based fees for advisory services, but we may recommend investment fund managers that charge performance-based fees.

## **Item 7 Types of Clients**

We generally engage clients that are:

- individuals and families with 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**

Appropriate asset allocation targets are a core focus of our advisory services. Investment objectives and risk tolerance are key components of an asset allocation strategy. We devise asset allocation strategies based on long-term expectations for each asset class, as well as our near-term views. This allows us to provide tactical recommendations to take advantage of short-term investment opportunities. Our Investment Committee meets quarterly to determine asset class valuation and determine tactical themes. We use proprietary asset allocation

software, as well as quantitative, qualitative and subjective analysis, to determine the optimal asset allocation for each client.

A risk of asset allocation is that the client might be “underweighted” to their strategic targets in a particular asset class and may not participate in sharp increases in a particular market sector. Another risk is that the ratio of asset classes will change over time due to market movements. Accounts must be rebalanced periodically so they remain appropriate for the clients’ goals. A comprehensive investment policy based on the integration of liquidity needs, risk tolerance, tax implications, wealth transfer and philanthropic goals helps mitigate some of these asset allocation risks.

### **Investment Fund Manager Selection**

Once asset allocation is determined, we determine the appropriate investment fund managers for each asset class. The process of selecting investment fund managers combines in-depth quantitative and qualitative analysis and recommendations by our research and investment advisers. Among other factors, we consider investment fund manager incentives, strategy and implementation, risk controls and internal procedures, experience of the fund manager, and the overall quality of the fund family and its management. Our due diligence process includes interviews of investment fund staff, reference checks, and review of the investment fund’s service providers including administration, accounting, prime brokerage and legal support. We also consider the investment fund’s performance history, regression analysis, financial statements, universe and benchmark comparison, risk and reward statistics, minimum investment thresholds and fees.

Initial due diligence on an investment fund manager generally takes between three and six months. Investment fund managers must be reviewed and approved by our Investment Committee before being recommended to clients.

One risk of our investment fund manager selection process is that we may misjudge the merits of an investment fund manager and the manager’s ability to perform. We may misunderstand the risks inherent in a certain strategy or incorrectly judge the strength of fund management firm. We may also recommend an investment fund manager or fund at a time when the investing environment is challenging for that 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 funds which purchase securities to hold for a year or longer. Typically, we recommend this strategy when we believe the securities are undervalued or that exposure to a particular asset class over time 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 the fund manager’s predictions are incorrect, a security may decline sharply in value before the fund manager sells the security.

## **Short-term purchases**

We may recommend funds which purchase securities to sell within a relatively short time, typically a year or less. Short-term purchases are made when a fund manager believes the price of the security will soon change.

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

## **Trading**

We may recommend funds which purchase securities to sell 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. The fund manager may be left with a long-term investment in a security designed for short-term purchase or potentially taking a loss. The frequent trading involved with a trading strategy may result in increased brokerage and other transaction-related costs and less favorable tax treatment.

## **Short Sales**

We may recommend funds which engage in short sales. Short sales involve borrowing securities to sell with the promise to replace the securities on a future date. After the borrowed securities are sold, the fund manager buys the same securities and returns the securities to the original owner. Fund managers engage in short selling when they believe the price of the security will fall after they have borrowed and sold the security. The replacement securities will be purchased at a price below that at which the borrowed securities were sold. If they are correct, the client account realizes the profit.

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 has to replace the borrowed securities. If the security price rises to \$55 when the client has to 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 a fund manager is correct in determining that the price of a security will decline, the manager 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 manager or client is vulnerable to all of 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

Certain funds we manage or sub-advise, including Porthos and the BMO Alternative Strategies Fund, may hold swaps and other derivative instruments. Client funds also may be invested in 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,
- 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 directly 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.

## **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 investment fund managers and funds. 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 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 risk includes risk of default or loss of value due to the counterparty's creditworthiness.

### International Investments

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.

We are one of a number of related parties operating under the BMO Wealth Management and CTC | myCFO brands. These related parties include BMO Delaware Trust Company, a Delaware limited purpose trust company ("BDTC"), BMO Harris Bank, N.A., a national bank with trust powers ("BHB"), and BMO Harris Financial Advisers, Inc. ("BHFA"), an SEC-registered investment adviser and broker-dealer member of FINRA and SIPC. These entities are all affiliates owned by BMO Financial Corp. BHB offers investment management services, trust, deposit and loan products and services. BDTC offers trust services only and is not insured by the FDIC. BHFA offers securities, investment advisory services and insurance products. BMO Wealth Management and CTC | myCFO brand products and services are not available in every state or location.

It is possible that BDTC, BHB, or BHFA recommends, purchases, or sells for their clients the same funds for which we act as sub-adviser or the same securities we recommend, purchase, or sell for our clients. In connection with the CTC | myCFO brand, there are individuals serving as dual employees of both BHB and CTC myCFO, LLC. In their role as our employees, they provide advisory services to our clients. 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.

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

As described in Item 4 “Advisory Business,” we provide non-discretionary investment advisory services to NPT for the BMO Charitable Fund Program. We are sub-advisor to BMO Alternative Strategies Fund, a registered fund, which is advised by BMO AM. We are also manager and investment adviser to Porthos. We may recommend investments in BMO Alternative Strategies Fund and Porthos 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 asset performance, comparisons to established benchmarks, and analysis of management fees.

### **Family Office Services**

Our family office services include analyzing financial goals, estate and trust planning, retirement planning, education funding, insurance planning and benefits planning, preparing financial analyses, and producing personal financial statements. We assist clients in managing life events with financial implications and in determining appropriate insurance coverage. We also work with clients in managing gifting strategies, analyzing asset selection for family and charitable giving, and negotiating and monitoring gift or grant agreements. We may also provide wealth administration services and administrative accounting, bookkeeping, operating business consulting services, and personal services.

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

We maintain a Code of Ethics requiring all of our supervised persons to adhere to the highest duty of trust and fair dealing. We require our supervised persons to 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 or 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 for



sanctions if a violation of the Code of Ethics occurs. 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 we have adopted, including policies and procedures 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 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.

Except as provided in Item 10 "Other Financial Industry Activities and Affiliations" with respect to BMO Alternative Strategies Fund and Porthos, we do not recommend to our clients any investments in which we or a related party have a proprietary interest. 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. Any client request to purchase a security in which a related party has a proprietary interest must be in writing.

As is stated in Item 10 "Other Financial Industry Activities and Affiliations," it is possible that BDTC, BHFA, or BHB recommends, purchases, or sells funds for which we act as sub-adviser or securities we recommend, purchase, or sell for our clients. It is possible that other related 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 related parties, are reasonably designed to ensure that any resultant conflicts of interest are addressed appropriately.

## **Item 12 Brokerage Practices**

We recommend certain brokers and qualified custodians to our clients. 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 effectively and efficiently manage client assets. In determining which firms to add to our preferred list, 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 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 securities to be sold or purchased, 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, as well as expenses incurred in the transactions in an equitable manner. Under these circumstances, 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 of Investment Opportunities policy that applies to Investment Committee approved investment opportunities that have limited capacity and/or time availability. The allocation policy applies to discretionary management and nondiscretionary advisory clients, 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 that are 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.

The Allocation of Investment Opportunities policy also gives preference to clients whose investment requests in a prior investment opportunity were limited under the policy. These preferences make it more difficult for new clients and for those clients who previously did not request to participate in a particular investment opportunity to participate in the next investment opportunity offered by that particular fund or manager. 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**

As part of the advisory services, our investment professionals regularly review client accounts. Additionally, peer reviews are conducted on all advisory clients on a biennial basis by our investment advisors. The peer review process examines whether investment advisors have constructed and implemented portfolios appropriate for the client based on the client's unique circumstances as documented in IPS. In addition, the peer review process helps to determine

whether our tactical asset allocation views are expressed consistently across client portfolios and if approved securities have been utilized. The IPS review process is combined with Peer Reviews.

We provide advisory clients with investment reports at least quarterly. These reports provide detailed information concerning the performance of the client's account and other matters. Information provided in the quarterly reports is based on information available unless valuations and transactions in certain investments are not provided to us by third parties on a timely basis.

Account holding statements are provided by the custodians of client accounts. If a client receives account holding statements from multiple custodians, we typically consolidate those 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 summary statements we prepare are solely informational rather than official records.

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

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

We may enter into referral agreements with and make payments to the employees of our affiliates for client referrals. Similarly, our employees may enter into referral agreements with our affiliates and receive payment for client referrals or otherwise marketing products and services of those affiliates.

We have entered into a referral arrangement with an unaffiliated third-party solicitor to refer potential clients to us and our affiliates for investment advisory, family office, lending and other financial services. The solicitor receives ten percent of the anticipated first-year revenues to be received by us from clients referred to us by the solicitor. Solicitor will also receive ten percent of the anticipated first-year revenues received by our affiliates for other financial services if the referred client enters into an agreement with our affiliate in addition to a services agreement with us. Our brochure and disclosure document provide details of the referral arrangement and are provided to each referred client prior to the client's entry into an agreement with us.

All of our referral agreements will comply with Rule 206(4)-3 of the Investment Advisers Act of 1940. The referral payments made under those agreements are made at our expense and do not result in any additional fee to our advisory clients.

We may compensate some of our employees for client referrals, which may include the introduction of new clients or the retention of existing clients.

## Item 15 Custody

At times, we are deemed to have custody of client assets under Rule 206(4)-2 of the Investment Advisers Act of 1940 (the "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.

Although we may be deemed to have custody, we do not hold or maintain client securities. Client securities are maintained at the client's qualified custodian.

On at least a quarterly basis, the custodian is required to send to the client a statement showing all transactions and fees within the account during the reporting period. As previously disclosed in Item 5 "Fees and Compensation," clients may elect to directly debit our advisory fees from their accounts. In these cases, we advise the custodians of our fees for deduction from the accounts. It is important for clients to carefully review their custodial statements to verify the accuracy of the fee calculation and transaction history. Clients should contact us immediately if they believe that there may be an error.

We send investment performance reports to clients or their representatives on at least a quarterly basis. We urge clients to carefully compare the information in our investment performance reports with the custodial statements received from the custodian to ensure that all account transactions, holdings 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 contacting the client and obtaining client approval:

- choosing the investment to buy or sell,
- choosing when to buy or sell the investment,
- determining the amount of the investment to buy or sell, and
- moving cash and securities between client accounts.

Clients grant us discretionary investment authority when they sign a discretionary investment management agreement. As part of the discretionary investment management agreement, we obtain a limited power of attorney with 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 and amend limitations on our discretionary authority. Typical limitations are restrictions on the types or amounts of securities to be purchased. These limitations are detailed in the client's investment policy statement or provided by the clients through separate written instructions.

## **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 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. Our Privacy Notice is available upon request.

### **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 each person who opens an account. When a client opens an account, we will ask for the clients 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, including, but not limited to, 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 policy.