

**Item 1 - Cover Page**

Firm Brochure (Part 2A of Form ADV)  
September 10, 2015

# **MONEGY, INC.**

100 King Street West, 42<sup>nd</sup> Floor  
Toronto, Ontario, Canada M5X 1A1  
[416-359-4237]

[www.monegy.com](http://www.monegy.com)  
[www.bmogam.com](http://www.bmogam.com)

**This brochure provides information about the qualifications and business practices of Money, Inc. If you have any questions about the contents of this brochure, please contact us at 416-359-4237. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority.**

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

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

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## **Item 2 - Material Changes**

Since our last annual update on March 31, 2015, material updates were made throughout this Brochure:

- Sadhana Valia's biographical information was removed from Form ADV, Part 2B, Brochure Supplement to reflect her retirement as of September 1, 2015.

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

Our brochure may be requested, at any time, without charge, by contacting Monegy, Inc. at 416-359-4237.

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

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

Money, Inc. (Money<sup>®</sup>), which is headquartered in Toronto, Ontario, Canada, has been a registered investment adviser with the SEC since October 2003. Money is owned by BMO Asset Management Corp. (“BMO AM”), which is a wholly-owned subsidiary of BMO Financial Corp., which is in turn a wholly-owned subsidiary of Bank of Montreal (“BMO”), a publicly-held Canadian financial services company. Money is a member of BMO Financial Group<sup>™</sup> and BMO Global Asset Management. (Please see Item 10 for additional information regarding Money’s affiliates.)

Money manages accounts on a fully discretionary basis primarily for, or provides investment advice primarily to, institutions including pension funds, mutual funds, banks, and registered investment companies. Money’s advisory services may include assistance in establishing investment objectives and guidelines, determining the appropriate industry sectors and risk segments in light of established objectives and guidelines, determining the purchases and sales of securities for client portfolios, monitoring and reviewing portfolio holdings and investment performance, and providing information on the relative attractiveness of various investments. Clients may impose reasonable restrictions on the management of their accounts, including on investing in certain securities or types of securities.

Money manages portfolios comprising high yield bonds, bank loans and/or credit derivatives (i.e., credit linked notes and/or default swaps). Money may also use ETFs or mutual funds with similar investment objectives.

All assets are managed on a fully discretionary basis and, as of December 31, 2014, totaled \$2.21 billion.

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

The specific manner in which fees are charged by Money is established in a client’s written agreement. The fees for investment supervisory and management services are typically billed quarterly in arrears. Clients may authorize qualified custodians in writing to pay Money’s fee directly from an account maintained with such custodian. In those cases, Money sends fee invoices to both the client and the client’s custodian simultaneously. At least quarterly, and in most cases more frequently, the custodians send detailed statements to the clients. Such statements show the amounts of all fees that have been deducted as of the end of each prior month or quarter. Management fees may be prorated for each capital contribution and withdrawal made during the applicable calendar quarter (with the exception of de minimis contributions and withdrawals). Accounts initiated or terminated during a calendar quarter will be charged a prorated fee. Clients may, at their election, pay advisory fees in advance. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable. All fees are subject to negotiation.

Money receives a fee based on a percentage of the market value of assets in the client’s investment account under management. For the Quality High Yield Separate Account Strategy, which has an account minimum of \$50 million, the standard fee schedule is:

- 50 basis points for the first \$50 million in assets under management,
- 45 bps for the next \$50 million, and

- 40 bps thereafter.

In some cases, the fee may deviate for a particular client. Pooled vehicles have separate individual fee schedules.

Money's fees for its subadvisory services to mutual funds are based on the net asset values of each portfolio. Specific advisory fees and expense related information may be found in each fund's prospectus.

Money's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses that are incurred by the client. Clients may incur certain charges imposed by custodians, brokers, and other third parties, such as custodial fees, wire transfer and electronic fund fees, and other fees on securities transactions. If mutual funds and/or exchange traded funds not advised by Money or its affiliates are included in a client's portfolio, those vehicles also charge internal management fees, which are disclosed in each fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to Money's fee, and Money shall not receive any portion of any such commissions, fees, and costs.

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

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

From time to time, clients may pay for services by means of a combination of performance and asset-based fees as permitted by applicable federal and state regulations. Generally these fees are based on a share of capital gains or on capital appreciation of a client's assets. This type of fee arrangement may create an incentive for Money to make investments that are riskier or more speculative than would be the case in the absence of a performance fee. In addition, performance fee arrangements may create an incentive for Money to favor those accounts in the timing of trades, security selection or similar methods. To minimize the effects of these inherent conflicts of interest, Money has adopted and implemented policies and procedures, including trade aggregation and allocation procedures, that it believes are reasonably designed to mitigate the potential conflicts associated with managing portfolios for multiple clients and seeks to ensure that no one client is intentionally favored over time at the expense of another.

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

Money provides discretionary investment advice to banks, investment companies, pension and profit sharing plans, collective investment trusts, other trusts or pooled vehicles, foreign funds, charitable organizations, corporations, and other business entities.

Generally, Money requires a minimum of \$50 million to open an account.



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

Money does not guarantee rates of return on investments for any time period to any client. All clients assume the risk that investment returns may be negative or below the rates of return of other investment advisers, market indices or investment products. You may experience a loss of value in your investments. Past performance does not guarantee future results, and there is no guarantee that a client's investment objectives will be achieved. Investing in securities involves risk of loss that clients should be prepared to bear.

Money manages portfolios comprising high yield bonds and bank loans. Money's objective is to remain a trusted investment partner, building portfolios that generate positive alpha by maximizing expected return for each client's risk appetite while providing relative downside protection.

Money believes that delivering consistently strong performance from credit portfolios requires:

- **Discipline:** a disciplined investment process that balances risk and reward through rigorous asset selection criteria and continuous monitoring of portfolio positions.
- **Diversification:** high levels of diversification to minimize the portfolio impact of principal losses stemming from unexpected default and other event risk.
- **Objectivity:** use of quantitative tools to measure credit risk objectively, and to capture continuous changes in risk and return efficiently, without emotional attachment to individual investments.
- **Investment Style:** Our bottom-up investment style is anchored by our proprietary model and associated management information systems (MIS), creating a highly disciplined and objective process.

Subsequently, Money employs these additional methods of analysis:

- **Quantitative Screens/Management Information Systems.** We calculate a point estimate of default probability for each issuer, which we update at least weekly. System reports incorporate a number of quantitatively-based triggers, geared to enhance efficiency by focusing analyst attention on changing risks and returns.
- **Fundamental Overlay.** Portfolio managers and analysts overlay sound judgment and fundamental analysis to supplement our default probability model. Our model and MIS reports identify material changes in risks and returns, which then focus the analysts' time and attention where it is most needed.
- **Defensive, Highly Diversified Portfolios.** Linking our decision-making process to our quantitatively-based triggers allows us to maintain high Sharpe Ratio portfolios with objectivity and no emotional attachment to the assets we manage. Shaped by sound risk management principles, we will not take out-sized positions (we rarely hold over 0.9% positions of a given issuer) or barbell our portfolios. We assess the liquidity of the assets we purchase to obtain comfort that we would be able to easily sell positions as required.

- **Monitoring.** An essential element of maintaining high Sharpe Ratios is our embedded monitoring of changing risks and returns on a weekly basis, imposing discipline on analysts and portfolio managers, ultimately maintaining portfolios that optimize return for the client's desired level of risk.

### Material Risks

Investing in securities involves risk of loss that clients should be prepared to bear. The list of risk factors below is not a complete enumeration or explanation of the risks involved in portfolios managed by Monegy or the securities in those portfolios.

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

**Management and Strategy Risk.** The ability of a portfolio to meet its investment objective is directly related to Monegy's investment strategies for portfolios. The investment process used by Monegy could fail to achieve client investment objective and cause investments to lose value.

**Issuer Risk.** An issuer may perform poorly, and therefore, the value of its securities may decline, which would negatively affect the portfolio's performance. Poor performance may be caused by poor management decisions, competitive pressures, breakthroughs in technology, reliance on suppliers, labor problems or shortages, corporate restructurings, fraudulent disclosures or other events, conditions or factors.

**Market Volatility Risk.** The value of the securities in which a strategy invests may go up or down in response to the prospects of individual companies and/or general economic conditions. Price changes may be temporary or may last for extended periods. Instability in the financial markets has led to volatile financial markets that expose a portfolio to greater market and liquidity risk and potential difficulty in valuing portfolio instruments that it holds.

**Non-Diversification/Concentration.** In certain cases, client accounts may be concentrated in a small number of issuers. Accordingly, a client's portfolio may be subject to more rapid change in value than would be the case if Monegy elected not to concentrate on certain issuers or maintained a wider diversification among industries, geographic areas, types of investments and issuers.

#### ***Fixed Income Securities***

Fixed income securities are subject to various risks, the most prominent of which are credit risk and interest rate risk. These risks can affect a security's price volatility to varying degrees, depending upon the nature of the instrument. Risks associated with investing in fixed income securities include and are not limited to the following:

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

*Interest Rate Risks.* Prices of fixed income securities rise and fall in response to changes in the interest rate paid by similar securities. Generally, when interest rates rise, prices of fixed income securities fall. Changes in a debt instrument's value usually will not affect the amount of interest income paid, but will affect the value of the security. Interest rate changes have a greater effect on the price of fixed income securities with longer maturities. Certain securities pay interest at variable or floating rates. Variable rate securities reset at specified intervals, while floating rate securities reset whenever there is a change in a specified index rate. In most cases, these reset provisions reduce the effect of changes in market interest rates on the value of the security. However, some securities do not track the underlying index directly, and others may also provide for interest payments that vary inversely with market rates. The market prices of these securities may fluctuate significantly when interest rates change. An investment offering a lower yield, and therefore it might not benefit from any increase in value as a result of declining interest rates.

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

*Long-Term Maturities/Durations Risk.* Fixed income securities with longer maturities or durations may be subject to greater price fluctuations due to interest rate, tax law, and general market changes than securities with shorter maturities or durations.

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

*Income Risks.* The Fund's income could decline due to falling market interest rates. In a falling interest rate environment, the Fund may be required to invest its assets in lower-yielding securities.

*High Yield Securities Risks.* Securities rated "BB" or below by S&P or "Ba" or below by Moody's are known as "high yield" securities. Such securities typically entail greater price volatility and credit risk than investment grade securities. Analysis of the creditworthiness of high yield-high risk issuers is more complex than for higher-rated securities, making it more difficult for the adviser to accurately predict risk. There is a greater risk with high yield-high risk fixed income securities that an issuer will not be able to make principal and interest payments when due. In addition, lower-rated securities may not trade as often and may be less liquid than higher-rated securities, especially during periods of economic uncertainty or change. As a result of all of these factors, these bonds are generally considered to be speculative.

### ***Bank Loan Securities***

*Interests in Bank Loans.* Bank Loans are subject to liquidity, market value, credit, interest rate, reinvestment and certain other risks. In addition, there can be no assurance that the Money will correctly evaluate the nature and magnitude of the various factors that could affect the value and return of the loan obligations or purchase loan obligations that can generate sufficient returns. It is anticipated that the collateral generally will be subject to greater risks than investment grade corporate obligations. These risks could be exacerbated to the extent that the portfolio may be concentrated in one or more particular types of loan obligations.

Prices of the collateral may be volatile and will generally fluctuate due to a variety of factors that are inherently difficult to predict, including but not limited to changes in interest rates, prevailing credit spreads, general economic conditions, financial market conditions, domestic and international economic or political events, developments or trends in any particular industry, and the financial condition of the obligors of the collateral. In particular, the market for non-investment grade market loans has experienced periods of severe price volatility and reduced liquidity. Additionally, loans have significant liquidity and market value risks since they are not generally traded in organized exchange markets but are traded by banks and other institutional investors in privately negotiated transactions. Because loans are privately syndicated and loan agreements are privately negotiated and customized, loans are not purchased or sold as easily as publicly traded securities. In addition, historically the trading volume in the loan market has been small relative to the high-yield debt securities market.

*Loan Obligations Illiquidity.* Some of the loan obligations purchased will have no, or only a limited, trading market. An investment in illiquid loan obligations may restrict Money's ability to dispose of investments in a timely fashion and for a fair price, as well as its ability to take advantage of market opportunities. Illiquid loan obligations may trade at a discount from comparable, more liquid investments. The prices realized from the sale of loan obligations could be less than those originally paid or less than what may be considered the fair value of such debt obligations.

### ***Other***

*Foreign Investing Risks.* Investing in securities of non-U.S. companies involves special risks and considerations not typically associated with investing in U.S. companies, and the values of non-U.S. securities may be more volatile than those of U.S. securities. The values of non-U.S. securities are subject to economic and political developments in countries and regions where the issuers operate or are domiciled, or where the securities are traded, such as changes in economic or monetary policies. Values may be affected by restrictions on receiving the investment proceeds from a non-U.S. country. In general, less information is publicly available about non-U.S. companies than about U.S. companies. Non-U.S. companies also are generally not subject to the same accounting, auditing and financial reporting standards as are U.S. companies. Certain foreign issuers classified as passive foreign investment companies may be subject to additional taxation risk. Because the foreign securities in which a strategy invests generally trade in currencies other than the U.S. dollar, changes in currency exchange rates will affect the value of dividends and interest earned, and gains and losses realized on the sale of securities. Generally, a strong U.S. dollar relative to such other currencies will adversely affect the value of holdings in foreign securities.

For shareholders or potential shareholders in the investment companies (mutual funds) portfolios managed by mutual funds, please refer to the prospectuses and statements of additional information of those funds for a complete description of risks associated with the mutual funds. Similarly, for investors or potential investors in other pooled accounts, please refer to the documentation for those pools/funds for a complete description of the risks associated with such pool.

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

There have been no legal or disciplinary events involving Money or any of our employees involving investments or otherwise material to a client's evaluation of our advisory business or the integrity of our management.

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

BMO Global Asset Management is the brand name for various affiliated entities of BMO Financial Group, that provide trust, custody, securities lending, investment management, and retirement plan services. Certain of the products and services offered under the brand name BMO Global Asset Management are designed specifically for various categories of investors in a number of different countries and regions. Those products and services are only offered to such investors in those countries and regions in accordance with applicable laws and regulations. BMO Financial Group is a service mark of BMO.

BMO Global Asset Management includes BMO AM, BMO Asset Management (Canada)®, BMO Global Asset Management (Europe) Limited, BMO Trust and Custody Services and BMO Retirement Services (each a division of BMO Harris Bank, N.A.), and BMO's specialized investment boutiques: Money, Inc.®, Pyrford International Ltd, Lloyd George Management, and Taplin, Canida & Habacht, LLC.

BMO Asset Management (Canada)® includes BMO Asset Management Inc.

Lloyd George Management consists of the subsidiaries of LGM (Bermuda) Ltd. and BMO Global Asset Management (Europe) Limited.

BMO Global Asset Management (Europe) Limited is a wholly owned subsidiary of the Bank of Montreal and consists of a number of affiliated investment firms in the F&C Group, including F&C Management Limited, which are held in common ownership by F&C Asset Management plc.

BMO Global Asset Management is part of the BMO Financial Group, a service mark of Bank of Montreal (BMO).

When appropriate, employees of Money may provide information, marketing materials and disclosure documents to clients or potential clients of companies that are constituents of BMO Global Asset Management in a number of different countries and regions. Alternatively, other constituents of BMO Global Asset Management may provide information, marketing materials and disclosure documents with respect to such constituents' products and services to clients or potential clients of

Money. These products or services are only offered to such investors in those countries and regions in accordance with applicable laws and regulations.

Investment products are not FDIC insured, have no bank guarantee and may lose value.

See Item 14 for additional information on client referrals and other compensation between Money and its affiliates.

Money clients, regardless of their advisory relationship, are under no obligation to use BMO Harris Bank, N.A., or any other BMO Financial Group affiliate as custodian of their assets.

Money is a wholly-owned subsidiary of BMO AM, a subsidiary of BMO Financial Corp., which in turn is a wholly-owned subsidiary of BMO. Money serves as investment adviser to BMO Funds, Inc., a series of registered investment companies. Money does not manage private investment pools (LP's or LLC's) and it is not Money's typical practice to solicit clients to investment in any private investment pools offered or managed by its affiliates.

BMO AM provides back office, accounting, operations and marketing services to Money. Certain individuals of BMO AM are regular members of Money's Investment Policy Committee and Board of Directors. Money may provide investment advisory and research services to BMO AM. Furthermore, Money relies on BMO and BMO Financial Corp. for various administrative support, including information technology, human resources, business continuity, compliance, legal, finance, enterprise risk management, and internal audit. Where such respective services are also available to unrelated parties, Money and/or BMO AM (as the case may be) will receive fees at prevailing market rates. Where such services are not generally available to unrelated parties, Money and/or BMO AM (as the case may be) will receive fees based on a cost or "cost-plus" method. These arrangements are articulated in technical service agreements and other inter-company agreements that are reviewed annually.

Furthermore, Money may have common management and officers with some of its affiliates, including with affiliated investment advisers.

These affiliations can create potential conflicts of interest. Money seeks to mitigate these potential conflicts of interests through a governance committee structure and by maintaining policies and procedures, including a code of ethics and trading.

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

**Code of Ethics.** Money's supervised persons may purchase or sell securities that are also recommended for purchase or sale by Money in client accounts. Money maintains a Code of Ethics pursuant to which all of its supervised persons are required to adhere to the highest duty of trust and fair dealing and to place the interests of the clients and the shareholders of the registered investment company clients ahead of their own personal interests or the interests of others. Under the Code of Ethics, all supervised persons owe a fiduciary duty to, among others, the shareholders of each registered investment company advised by Money and all other clients of Money to conduct their personal securities transactions in a manner that neither interferes with any client's portfolio

transactions nor otherwise takes unfair or inappropriate advantage of an employee's relationship to such client. The Code of Ethics, which includes Money's policies that address matters relating to compliance with laws, conflicts of interest, client gifts and business entertainment, and personal trading and reporting and insider trading, is intended to assist employees in carrying out their duties as fiduciaries to clients. A copy of Money's Code of Ethics is available upon request.

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

The Code of Ethics provides for the imposition of sanctions against those persons who violate the Code. Compliance personnel oversee the Code of Ethics' operation, review holdings reports, and review personal securities transaction reports.

**Investment in Companies with Common Directors.** From time to time, Money may invest client assets in securities issued by a publicly held company with an executive officer or director who serves as a director of BMO, BMO Financial Corp. or other affiliates. Such investments will occur when Money determines that the nature of the investment (including, in the case of debt instruments, available yield, credit quality and terms when compared to other available debt instruments), is consistent with the best interests of the client. Such investments may occur in open market transactions or in transactions negotiated directly with the issuer.

**Investments in BMO Securities.** Money generally does not purchase BMO securities on behalf of client accounts. However, from time to time, clients may direct Money to purchase BMO securities. The client's direction must be in writing. BMO is Money's parent company.

**Participation in Client Transactions.** Money does not generally engage in principal or agency cross transactions or trading with affiliates. Money would seek permission from the client prior to engaging in such transaction. Principal transactions are generally defined as transactions for which an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise when an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer.

If permitted by a client's investment objectives, and subject to compliance with applicable law, regulations and exemptions, Money may purchase securities for client accounts during an underwriting or other offering of such securities in which a broker-dealer affiliate of Money acts as a manager, co-manager, underwriter or placement agent. Although Money will not purchase any securities directly from its affiliate, Money's affiliate may receive a benefit in the form of management, underwriting or other fees in connection with its participation in the offering. Typically, the "manager's account" of Money's affiliate will not be credited with the any purchase on behalf of Money's clients.

## **Item 12 - Brokerage Practices**

Money has authority to determine the securities to be bought and sold, and total amounts of securities to be bought and sold, for client accounts. However, certain clients may place certain constraints on investable securities such as limiting the percentage of the total portfolio to be invested in one security or one sector of securities, minimum credit quality, and imposing restrictions on investing in social conscience issuers. All such limitations and restrictions are by agreement between Money and the client and are factors considered in determining investment risk and return objectives.

Generally, securities will be bought and sold through brokers or dealers selected by Money that have been approved by BMO AM, an affiliate. In some instances, however, the clients may direct Money to place trades through or with a designated broker or dealer. In such cases, Money cannot ensure that the best price or services will be obtained. Where Money is vested with brokerage discretion, best efforts will be made to obtain the most favorable price and best execution available. In selecting brokers and dealers for its approval list, Money takes into consideration such factors as the financial and operational integrity of the brokers and quality and reliability of execution to be provided. Money's selection of security brokers for each trade is based on a best execution basis that includes the combination of price obtained plus price impact under conditions at the time of the trade, including size of order, difficulty of execution and capital commitments by the broker/dealer.

From time to time, Money may group orders for the same security to be executed at the same time from client accounts. Participating accounts will receive the identical average price of any complete or partial execution of such a single order.

Money may, from time to time and/or at the same or different times, depending upon account guidelines, objectives, cash-flow characteristics, and other criteria, give advice to and effect securities transactions for the accounts of some clients which may be similar to or differ from the advice given or actions taken on behalf of other clients. Money may allocate transactions in securities among clients on such basis as Money determines to be reasonable, including a determination that some clients may not purchase or sell the securities at the same time as others.

Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with Money's obligation of best execution. In such circumstances, the affiliated and client accounts will share commission costs equally and receive securities at a total average price. Money will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the order.

In allocating new issues, securities are allocated, insofar as possible, in a pro rata manner across all accounts that have similar guidelines, objectives, and cash flow characteristics. When the new issue allocation is particularly small or the amount of bonds available in the secondary market is insufficient for a complete pro rata allocation, then the allocation objective will be balanced with adequate liquidity and tradable lot sizes. Care will be taken to ensure that no account is systematically favored or disadvantaged over time in this process.



Similarly in allocating bank loans, securities are allocated when possible in a pro-rata manner across all accounts that have similar guidelines; however when the amount of bank loan securities available may be limited or more likely have limitations as to tradable lot sizes a non-prorata allocation may be required. When it's determined minimum amounts for adequate settlement for certain bank loans will ultimately impact and result in a non-pro-rata allocation such circumstances are documented, and as part of the consideration, no account is favored or disadvantaged. Money may cross transactions between client accounts, only if such transactions are fair to both accounts, not prohibited by law or the instruments governing the relationships, there is no benefit to the Money, and evidence of an independent valuation source e.g. pricing services or dealer pricing is maintained.

Money does not generally execute cross transactions. However, if it is in the best interest of clients, Money may execute cross trades. Cross trades involving securities held by a mutual fund client must comply with the requirements applicable to joint transactions under the Investment Company Act of 1940. Crossing transactions between client accounts may cause Money to have a conflict of interest between two client accounts since it is recommending that one client purchase a security it has recommended be sold by another. As noted in Item 11, Money does not generally engage in principal or agency cross transactions or trading with affiliates.

Money does not participate in any third party services "soft dollar" arrangements.

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

In addition to its normal investment management and advisory portfolio process, Portfolio Managers formally review the performance of client portfolios on a weekly basis, in the regular Investment Team Meeting which all investment professionals and the Head of Operations attend. The meeting agenda may include and is not limited to a review of the performance of each account and firm composites, attribution analysis, account tests/guidelines compliance, high risk positions, significant changes in the credit risk of individual issuers, large price/spread movements of individual securities, etc. It is in this forum that portfolio positioning (including plans for investing cash balances), buy/sell ideas and portfolio strategies are discussed in the context of the market environment and economic developments.

In addition, the Money Investment Policy Committee (IPC) meetings occur no less than quarterly. Its voting members are senior members of Money's investment team, including all portfolio managers, and also include a representative from BMO AM's Fixed Income Senior Portfolio Management team. Among other things, the IPC is responsible for reviewing performance, portfolio tests/guidelines, the investment process and any client or personal trading violations.

A formal account review is performed at least annually to ensure the firm is investing in accordance with client guidelines, investment directives and relevant laws and regulations. With respect to new accounts, the IPC will conduct an initial review of the objectives of the account, ensure that "Know Your Client" criteria are met, and provide its approval for the account. After acceptance of the account, it is included in the process described above, including the cycle of regular portfolio manager reviews, weekly investment team meetings, and the IPC formal portfolio reviews. In general, clients will receive a quarterly report, which summarizes the performance of the account during the immediately preceding quarter. Clients generally will also meet with portfolio managers on at least an annual basis as agreed by the client. During such meetings, the portfolio managers

review with the client relevant objectives, guidelines, securities in the client's account, investment performance, market outlook, and current investment strategy.

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

Money has a relationship with its parent, BMO AM, whereby it acts as a sub-adviser for certain BMO AM accounts, with respect to high yield advisory services. Money receives fees from its parent for sub-advisory services after BMO AM has paid sales compensation and client referral fees.

Money may compensate some of its employees for client referrals. It also may enter into an arrangement whereby payments are made to BMO, BMO Harris Bank N.A., or other affiliates of Money in the BMO group of companies for clients referred to Money by those affiliates. Such payments are made at Money's expense and do not result in any additional fee to advisory clients. Related persons of Money may receive incentive compensation for the introduction of new client accounts or the retention of existing clients. Alternatively, officers and employees of BMO AM may market products and services of its financial institution affiliates under solicitations agreements with those affiliates, and such persons receive incentive compensation related to such activities.

Investment products are not FDIC insured, have no bank guarantee and may lose value.

Money from time to time may enter into, either directly or indirectly through one of its affiliates, certain solicitation agreements with unrelated third parties. Pursuant to these solicitation arrangements, the solicitor receives a fee equal to a percentage of the overall client fees payable to Money. In no instances do any sharing/compensation arrangements increase the costs or fees to clients above what they would have been in the absence of such arrangements. Details of the referral agreement are fully disclosed in a written disclosure statement provided to the client prior to such client's entry into an investment advisory agreement with Money. All solicitation agreements comply with Rule 206(4)-3 under the Investment Advisers Act of 1940.

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

Money client assets are typically maintained at independent custodians, which are selected and opened by each client. Money clients, regardless of their advisory relationship, are under no obligation to use BMO Harris Bank, N.A., or any other BMO affiliate as custodian of their assets. Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. Money urges clients to carefully review such statements and compare such official custodial records to the account statements provided by Money. Money statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

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

Money receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account. Investment guidelines and restrictions must be provided to Money in writing.

Money manages accounts on a fully discretionary basis primarily for, or provides investment advice primarily to, institutions including pension funds, mutual funds, banks, and registered investment companies. Money's advisory services may include assistance in establishing investment objectives and guidelines, determining the appropriate industry sectors and risk segments in light of established objectives and guidelines, selecting security issues, determining the purchases and sales of securities for client portfolios, monitoring and reviewing holdings and investment performance of portfolios, and providing information on the relative attractiveness of various investments and issues.

When selecting securities and determining amounts, Money observes the investment policies, limitations and restrictions of the clients for which it advises. For registered investment companies, Money's authority to trade securities may also be limited by certain federal securities and other laws that require diversification of investments and favor the holding and sales of investments once made.

Money may, from time to time depending upon account guidelines, objectives, cash-flow characteristics, brokerage direction, and other criteria, give advice to some clients or effect securities transactions for the accounts of some clients that may be similar to, or differ from, the advice given to or actions taken on behalf of other clients.

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

As a manager of fixed income securities, it is unlikely that Money would ever be required to vote proxies. As a matter of firm policy and practice, Money does not have the opportunity and generally has not voted proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios unless specifically directed under the Investment Management Agreement. In the unlikely event that Money needed to vote a proxy, Money would adhere to the Proxy Voting policy and procedures developed with certain of its affiliates, a copy of which is available upon request. As a fiduciary, Money must vote proxies in the sole interest of the beneficiaries, both current and future. The business and/or other interests of the fiduciary must not be allowed to affect the duty of undivided loyalty to the interests of the beneficiaries.

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

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

### **Additional Information**

**Privacy Policy.** We respect your right to privacy and seek to manage your assets efficiently. To do so, we collect and maintain certain information about you from account applications and other forms, and from transactions you conduct with us, our affiliates, or others. Except for disclosure to our affiliates and service providers and as permitted by law, we do not disclose to anyone any personal information about you or about any of our former customers. We may disclose information

about you to companies or individuals that perform administrative or marketing services on our behalf. Those entities may use such information only for the services for which we engaged them and are not permitted to use or share the information for any other purpose. To protect your personal information, we maintain physical, electronic, and procedural safeguards, and we permit access only to those employees who need the information to serve you.

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

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

A corporation, partnership, trust or other legal entity may need to provide other information, such as its principal place of business, local office, employer identification number, certificate of incorporation, government-issued business license, partnership agreement, trust agreement, or other identifying documents.

The information you provide in this form may be used to verify your identity by using internal sources and third party vendors. If the requested information is not provided within thirty (30) calendar days, the account will be subject to closure.

**PART 2B OF FORM ADV: *BROCHURE SUPPLEMENTS***

**MONEY, INC.**

100 King Street West, 42nd Floor  
Toronto, ON M5X 1A1  
416-359-4237

[www.money.com](http://www.money.com)  
[www.bmogam.com](http://www.bmogam.com)

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LORI MARCHILDON, CFA

MONEY, INC.

100 King Street West, 42nd Floor  
Toronto, ON M5X 1A1  
416-359-4237

**This Brochure Supplement provides information about Lori Marchildon, CFA that supplements the Money, Inc. Brochure. Please contact our Chief Compliance Officer at (312) 461-7616 if you did not receive Money, Inc.'s Brochure or if you have any questions about the contents of this supplement.**

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#### **Educational Background and Business Experience**

Born: May 30, 1968; B.A.: University of Western Ontario; M.A.: Queen's University; Employed by the Bank of Montreal since 1995; Employed by Money since 2001, currently as a Portfolio Manager. Lori is a Portfolio Manager. She has portfolio management responsibilities in addition to responsibility for the management and development of the credit analysts. Lori has credit coverage accountability for Consumer Products and Capital Goods sectors. She has fifteen years experience in the financial industry. She is an Officer of the Firm as well as a member of the Investment Policy Committee. Prior to joining the firm in 2001, Lori spent five years with BMO Financial Group's Risk Management Group where she led the design and implementation of a risk framework to address credit risk for trading, underwriting and investment portfolios. Lori's prior experience also includes working as an economist with the federal Department of Finance. Lori is a CFA Charterholder.

*CFA (Chartered Financial Analyst)®: The CFA Program is a graduate-level self-study program that combines a broad-based curriculum of investment principles with professional conduct requirements. It is designed to prepare charterholders for a wide range of investment specialties that apply in every market all over the world. To earn a CFA charter, applicants study for three exams (Levels I, II, III) using an assigned curriculum. Upon passing all three exams and meeting the professional and ethical requirements, they are awarded a charter.*

#### **Disciplinary Information**

Money is required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of each supervised person providing investment advice. No information is applicable to this Item.

#### **Other Business Activities**

Ms. Marchildon is not actively engaged in any other investment-related business or occupation or any other business activities that provide a substantial source of his income or involve a substantial amount of his time.

#### **Additional Compensation**

Compensation for Money's portfolio managers generally consists of a base salary, a discretionary performance bonus and, for certain portfolio managers, a deferred incentive bonus. These awards are based on investment performance, the firm's overall financial performance, and the manager's individual contribution.

#### **Supervision**

Ms. Marchildon is supervised by Craig Rawlins, President. The Adviser maintains various committees to monitor the investment activities of the portfolio managers. The committees periodically review historical performance, benchmark comparisons and portfolio attribution for each strategy. Mr. Rawlins can be reached at 416-359-4237.

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