

# Relationship Disclosure

**BMO InvestorLine adviceDirect (“adviceDirect”)** believes a great way to help you meet your financial goals is to provide you with an overview of adviceDirect, including: the oversight provided by our industry’s regulators; how we operate; statements and confirmations provided; fees and charges; and our complaint handling process. We encourage you to keep this document in your files for future reference.

Please review this disclosure together with your adviceDirect Client Agreements. If you have any questions about this disclosure, please contact us. To learn more about adviceDirect, visit our [website](#).

## Stay Involved

Your active participation is important to ensuring a mutually successful relationship. We recommend that you:

- **Keep us up to date:** Provide full and accurate information on your financial situation, personal investment objectives and tolerance for risk.
- **Stay informed:** Ensure that you understand the potential risks and returns of your investments. Where appropriate, consult independent professionals, such as a lawyer or an accountant, for any legal or tax advice.
- **Ask us questions:** Request information from us to resolve any concerns or uncertainties you have with respect to your account(s) or investments.
- **Keep on top of your investments:** Thoroughly review all account documentation provided and keep updated on your portfolio by reviewing your account statements, trade confirmations, and other reporting you receive about your account holdings and performance.

We have prepared this Relationship Disclosure in order to provide you with a description of:

1. adviceDirect and how we are regulated
2. Our service and how it operates
3. How adviceDirect works

4. **Know your client** matters and investment suitability assessments
5. Statements and confirmations provided
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This disclosure is to be read together with the adviceDirect Client Agreements. If you have any questions about this disclosure, please contact us at 1-844-274-3762.

## 1. adviceDirect and how we are regulated

**About adviceDirect:** adviceDirect is an investing platform that combines online investing with personalised advice and support. adviceDirect is a product of BMO InvestorLine Inc. (“BMO InvestorLine”), which is an online investing service for self-directed trading. BMO InvestorLine is a subsidiary of Bank of Montreal and a member of BMO Financial Group.

**Our regulators:** BMO InvestorLine is a regulated investment dealer and your registered representative, referred by adviceDirect as your “adviceDirect Advisor”, is registered to perform certain services under the rules and oversight of the Canadian Investment Regulatory Organization (CIRO). CIRO is the national self-regulatory organization which oversees all investment dealers and trading activity on debt and equity marketplaces in Canada. BMO InvestorLine is a member of CIRO. CIRO sets high-quality regulatory and investment industry standards, protects investors and strengthens market integrity while maintaining efficient and competitive capital markets. For further information on CIRO, please visit [www.ciro.ca](http://www.ciro.ca).

The ten provinces and three territories in Canada are responsible for securities regulations of investment dealers, such as BMO InvestorLine. Securities regulators from each province and territory have teamed up to form the Canadian Securities Administrators (“CSA”) and are primarily responsible for developing a harmonized approach to securities regulation across the country. For more information, please refer to the websites of the provincial and territorial securities commissions, available through the CSA website at [www.securities-administrators.ca](http://www.securities-administrators.ca).

Customers’ accounts at CIRO Dealer Members are protected by the Canadian Investor Protection Fund within specified limits. A brochure describing the nature and limits of coverage is available upon request or at [www.cipf.ca](http://www.cipf.ca)

## 2. Our service and how it operates

adviceDirect is an investing service that combines online investing with personalized advice and support. adviceDirect continuously monitors your portfolio and notifies you with specific recommendations to keep your portfolio on track.

An adviceDirect account is a non-discretionary fee-based account which provides clients with investment recommendations based on the personal and financial information provided by the client. adviceDirect does not provide portfolio management by a portfolio manager. The client makes their own investment decisions and manages their own investment portfolio. adviceDirect does not offer discretionary, managed accounts.

With adviceDirect you may enter your orders using either our online trading platforms or by placing an order over the phone with one of our adviceDirect Advisors at 1-844-274-3762. adviceDirect also offers an adviceDirect Premium Service for clients who hold \$500,000 or more with adviceDirect, that offers access to one-to-one advisor support and comprehensive financial planning.

When you open an account, you are required to select an Investor Profile that you believe suits you best. An adviceDirect Advisor will review your profile to assess whether the adviceDirect service is appropriate for you and that a suitable Investor Profile is selected. That is why keeping your information (including investment goals, investment knowledge, current financial situation, risk tolerance, and time horizon) up to date and accurate is very important. You can always see and review the current Investor Profile information we have about you on the Investor Profile Preferences after you log on to your account. Please contact us as soon as possible to update your information when you have had a material change in your circumstances.

### Account types

As part of its service, adviceDirect offers you a wide range of accounts, from which to choose to meet your investing needs, including:

- Cash accounts – for clients who intend to pay “cash” for all transactions executed in their account
- Margin accounts – provides clients with the ability to borrow money against the value of the securities held in the account. Clients will be charged interest on the funds borrowed, using the securities held in the account as collateral
- Non-personal accounts (for example, Trusts, Estates, Corporations)
- Retirement Savings and Retirement Income accounts (for example, RRSPs, RIFs, LIRAs, etc.) – for clients wanting to shelter eligible investments from immediate tax
- Registered Education Savings Plans – for clients to accumulate tax-free income while saving for a child’s education,
- Tax Free Savings accounts – for clients wanting to earn tax-free income with the flexibility to withdraw money for emergencies or other purposes without tax consequences

Certain types of securities cannot be purchased or transferred into an adviceDirect account. These securities are listed in the adviceDirect Fee Schedule & Trade Guide available on our website. Certain GICs must be held to maturity. adviceDirect will not permit you to short sell securities or trade options, futures, commodities, or foreign exchange.

### 3. How adviceDirect works

With adviceDirect, you will receive investment recommendations that align with one of the following Investor Profiles that we have recommended as suitable for you:

#### Income profile

This profile is suited to the security-conscious investor with some preference for capital preservation and limited growth. The typical Income investor is someone who depends on their investments for income. Emphasis is placed primarily on more secure asset types like cash, cash equivalents and fixed income investments, with only a limited exposure to higher yield equities. The Income investor may require cash from their investment account. They are uncomfortable with any significant fluctuation in their portfolio from year to year and are content with their portfolio keeping pace with inflation. The target asset allocation for this profile is 26% equity and 74% fixed income. This investor's risk tolerance varies from low to medium and they are willing to accept up to 10% of their account in riskier assets.

#### Balanced profile

This profile is suited to the moderate investor seeking both income and long-term growth. The Balanced investor is seeking to balance risk and return. Emphasis is placed on achieving these objectives through a mix of fixed income and growth oriented investments. This investor may occasionally require cash from their investment account. They would like their portfolio to grow slightly faster than inflation and understand that the value of their portfolio may fluctuate and are comfortable with that. The target asset allocation for this profile is 53% equity and 47% fixed income. The Balanced investor's risk tolerance is best described as medium and they are willing to accept up to 20% of their account in riskier assets.

#### Growth profile

This profile is suited to the patient investor. The Growth investor is seeking investments expected to grow at an above-average rate compared to its industry or the overall market. Emphasis is placed primarily on equity investments designed to achieve growth over a longer time horizon. Less emphasis is placed on cash, cash equivalents and fixed income investments. Growth investors rarely require cash from their investment account. They would like their portfolio to grow faster than inflation and understand that the value of their portfolio may fluctuate somewhat and are comfortable with that. The target asset allocation for this profile is 80% equity and 20% fixed income. The Growth investor's risk tolerance is best described as medium to high and they are willing to accept up to 30% of their account in riskier assets.

#### Aggressive Profile

This profile is suited to the assertive investor. The Aggressive investor is attempting to achieve maximum returns by seeking investments that will grow at an above-average rate compared to its industry or the overall market and is willing to take on additional risk. Emphasis is placed primarily on investing in higher risk equity investments to allow for the potential of higher long-term growth. They do not require cash from their investment account. These investors would like to have their portfolio grow much faster than inflation and understand that the value of their portfolio may fluctuate significantly and are comfortable with that. The target asset allocation for this profile is 100% equity and 0% fixed income. The Aggressive investor's risk tolerance is best described as high and they are willing to accept up to 100% of their account in riskier securities.

Since our investment advice aligns with one of these four investor profiles, adviceDirect may not be suitable for every type of investor. adviceDirect monitors your portfolio and makes recommendations to ensure your account positions are aligned with your Investor Profile across the following four key criteria: (1) asset allocation, (2) risk, (3) diversification and (4) ratings (equity, mutual fund and ETFs).

#### 4. “Know your client” matters and investment suitability assessments

##### “Know Your Client” (KYC)

In order to conduct suitability assessments for your account(s) where applicable, securities laws require adviceDirect to understand, among other things, your personal and financial situation, investment needs and objectives, investment time horizon, risk profile (risk capacity and risk tolerance) and investment knowledge and experience. These can only be assessed by collecting from you accurate information about your personal and financial circumstances, including your marital status, age, occupation, income and net worth, and number of dependents. This is known as KYC, and it defines your Investor Profile, and is one of the cornerstones of securities regulation. Your Investor Profile is account-specific and defines what you want to achieve from your account.

Your Risk Profile is a reflection of both Risk Tolerance and Risk Capacity. Risk Tolerance represents the amount of risk you are willing to take. Risk Capacity represents your ability to endure potential financial loss based on your personal and financial circumstances. Your Risk Profile will be determined by the lower of the two. For example, if your Risk Tolerance is Medium, and your Risk Capacity is Low, your Risk Profile will be Low. Your Risk Tolerance, Risk Capacity and Risk Profile can be characterized as Low, Medium, Medium High or High.

Your client account application incorporates all of your personal and financial information which you have provided to us. You will be provided with a copy of your client account application at the time of account opening which we encourage you to print or download and save for your files. When we become aware of significant changes to your KYC information, your adviceDirect Advisor will update your KYC information, which will then govern your suitability assessments. You can always see and review current Investor Profile information we have about you on the Investor Profile Preferences after you log on to your account. You can call your adviceDirect Advisor at any time to request your full KYC client information.

##### Investment Suitability Assessments

adviceDirect reviews suitability at the account level relative to your appropriate Investor Profile on daily basis and puts your interests first including when:

- i. securities are received into or delivered out of your account, by way of deposit, withdrawal or transfer,
- ii. we become aware of a change in your KYC information that could result in a security or your account not satisfying our suitability determination requirements,
- iii. we become aware of a change in a security in your account that could result in the security or account no longer being suitable for your Investor Profile, or
- iv. we become aware of a change in asset allocation, risk or diversification that could result in your account no longer being suitable for your Investor Profile.

The daily suitability assessment is not impacted by any change of an adviceDirect Advisor.

adviceDirect will review whether or not the holdings in your account continue to be suitable for your Investor Profile at times of market fluctuation.

If you place an unsolicited order determined to be unsuitable relative to your Investor Profile, adviceDirect will advise you against proceeding and recommend an alternative action. If you choose to proceed with the order, it will continue to be assessed within the overall account suitability.

You will receive automatic notifications by email when your account is not aligned with your Investor Profile, encouraging you to take action. If you fail to respond after a period of time, and your account remains unsuitable relative to your Investor Profile, adviceDirect may take further actions, including restrictions on the account. You may contact us if you have any questions about these notifications.

Your KYC information is reviewed with you at least every 36 months.

## 5. Statements and confirmations provided

We will provide you with an account statement as well as a trade confirmation for trades executed in your account.

We will provide you with account statements according to the following schedule:

- On a quarterly basis if you held any cash or investments in your account during the quarter; or:
- At the end of the month if:
  - You have requested to receive statements on a monthly basis or
  - There has been activity in the account during the month.
- You will also be provided with an October month-end account statement each year that you maintain an adviceDirect account at BMO InvestorLine, to coincide with the fiscal year end of BMO Financial Group.
- Based on the reporting period of your account statement, it will confirm: the value of your portfolio; your current holdings; the cost base of your holdings, all account activity, including purchases and sales of securities; contributions and withdrawals; dividend payments; interest earned and paid; transfers; and any other transactions that took place in your account over the reporting period.
- In addition, included on each statement you receive, is a Year-to-Date Fees Summary for the current calendar year. This summary details all fees paid directly by you (for example, operating and transaction charges), as well as any compensation we received on your behalf from third parties.
- On your December month-end statement, BMO Investor Line Inc. will include a section titled "Your Performance Report", which includes your total percentage return – on both a time-weighted and money-weighted basis.

If you don't receive a statement within ten business days of the date you normally receive one, please advise us and we will investigate.

## 6. Benchmarks

Benchmarks provide you with a means of measuring the relative performance of your portfolio against a standardized or "benchmark" portfolio over a prescribed period of time. Although a singular benchmark index may be used (for example, a broad stock market or bond index), a blend of benchmarks may be appropriate for portfolios that include different asset classes and investments. You are reminded that past performance is not necessarily an indicator of future performance.

You can request a copy of your annual performance report that includes benchmark indices. You can also view a customized benchmark comparison on our website.

## 7. Conflicts of interest

A conflict of interest may arise where (i) our interests, including those of our adviceDirect Advisors, and your interests as our client may be inconsistent or different, (ii) you may perceive us to be influenced to put our interests ahead of yours, or (iii) monetary or non-monetary benefits available to us, or potential negative consequences for us, may affect the trust you have in us.

We and our adviceDirect Advisors address existing or reasonably foreseeable material conflicts of interest with you in your best interest. If a conflict cannot be so addressed, it is avoided.

More information about adviceDirect's material conflicts of interest is set out in BMO InvestorLine's Conflicts of Interest Statement, previously provided to you. The current version of this Statement is available on our website by clicking the "Conflicts of interest" link found at the bottom of every page of the adviceDirect website.

## 8. Fees and charges

adviceDirect discloses to you the fees and charges associated with your account(s) in the Fee Schedule & Trade Guide provided to you on account opening and available at [adviceDirect™ Fee Schedule & Trade Guide](#).

Fees charged directly to your account reduce the market value of your account(s) portfolio directly, while fees embedded within certain investment instruments reduce the market value of those securities held in your account(s) portfolio.

The impact of fees reduces your investment returns and this impact, due to the effect of compounding, increases over time. Every dollar taken out to cover fees is one less dollar left to invest in the portfolio to compound and grow over time.

If you invest in investment funds, including ETFs and mutual funds, you should remember that funds pay management fees to their manager and are charged operating expenses and administrative fees. These fees and expenses are disclosed in the prospectus for each investment fund and are generally disclosed as a Management Expense Ratio (MER). The MER of a fund is important because the fees and expenses affect the return on your investments. Fund fees and costs vary by fund manager and product type. You should understand the charges and review the prospectus documents for each fund.

#### Advisory Fees

adviceDirect charges advisory fees as set out in the Fee Schedule & Trade Guide. The fees are charged quarterly in arrears and are based on billable assets in your account. Billable assets include equities, fixed income and mutual funds. Cash, money market funds and mutual funds that pay a trailer are not considered billable assets and are excluded from the fee calculation.

A predetermined number of trades are included in the annual advisory fees. If you exceed your annual trade limit, you may be subject to an Excess Trade Charge. Also, if the value of total assets in your billing group is less than a predetermined minimum, you will have to pay a fee per trade. Please refer to the Fee Schedule & Trade Guide for further details.

#### Other Fees and Charges

adviceDirect may also charge other fees related to the ongoing maintenance of your account, including registered plan administration fees, and fees for non-registered adviceDirect accounts that are equipped with AccountLink service. We may also charge you for other services that we provide to you, including for foreign exchange currency conversions. Please refer to the Fee Schedule & Trade Guide for further details.

#### Closing fees

adviceDirect accounts can only be closed by an adviceDirect Advisor. You will be required to pay any accrued unpaid advisory fees and any outstanding Excess Trade Charges will be collected separately. These fees and charges are

subject to GST, QST, and/or HST where applicable.

#### Notice of changes

adviceDirect will provide you with at least 60 days' prior written notice of any new fee or increases in charges.

### 9. Benefits received by BMO InvestorLine

We may receive compensation from an issuer of a security or a manager of an investment fund. Such compensation may include fees paid directly or indirectly in connection with new issues of shares and/or other investment products such as investment funds, principal protected notes and other structured notes. We disclose to you all compensation we receive as required by securities law.

See also the Conflicts of Interest Statement which was previously provided to you and is available on our website.

### 10. Account documents

adviceDirect provides you with the following documents when you open your account:

- Client Agreements, including BMO InvestorLine Account Agreements, documents related to registered plans, Bank of Montreal Account Agreements for BMO InvestorLine Accounts with AccountLink Services, and Strip Bonds and Strip Bond Packages Information Statement
- Fee Schedule & Trade Guide
- How BMO Protects Your Privacy
- Relationship Disclosure
- BMO InvestorLine's Conflicts of Interest Statement
- BMO Financial Group Complaint Resolution Process
- How CIRO Protects Investors
- Making a Complaint: A Guide for Investors
- How Can I Get My Money Back? A Guide for Investors
- Canadian Investor Protection Fund (CIPF) Brochure
- Canadian Deposit Insurance Corporation – Official CDIC Brochure\* (Account Links only)
- Trade Execution Disclosure
- Opening your retail account

**Note:** You can also access these documents online.

## 11. Use of trusted contact person and temporary holds (for individuals)

Canadian securities regulations require us to ask you for the name and contact information for a person that you trust (Trusted Contact Person or TCP), so that we may contact your TCP to assist us in protecting your financial interests and assets in certain circumstances. We may contact your TCP if we notice signs of financial exploitation or if you exhibit signs of diminished mental capacity which we believe may affect your ability to make financial decisions relating to your account(s). We may also contact your TCP to confirm your contact information if we are unsuccessful in contacting you after repeated attempts, particularly if our failure to contact you is unusual. We may also ask the TCP to confirm the name and contact information of a legal guardian, executor, trustee or any other personal or legal representative such as an attorney under a power of attorney. In providing us with the name and contact information of your TCP, you confirm to us that you have your TCP's permission to give us this information and your TCP has agreed to act in this capacity.

If we have a reasonable belief that you are being financially exploited or that you are experiencing diminished mental capacity which may affect your ability to make financial decisions relating to your account(s), we may place a temporary hold on your account or a particular transaction. We will provide you with a verbal or written notice explaining our actions, in addition to contacting your TCP, as described above.

## 12. Our complaint handling process

### We Can Help

Our clients are our priority and we work hard to deliver an exceptional client experience. However, if you have a complaint, we encourage you to let us know and give us the opportunity to resolve your concerns. We promise to address your complaint quickly, efficiently and professionally because retaining your confidence and trust is of utmost importance to us.

Please see the "Investment Complaints" section of the [BMO Financial Group Complaint Resolution Process](#) brochure provided to you at account opening, which is available at BMO Financial Group Complaint Resolution Process for details on the complaint handling procedures.

We will also provide you with a copy of the CIRO brochure: An Investor's Guide to Making a Complaint, at the time you open your account(s) with us.

### 13. Online availability

You can access your account online 24 hours a day, 7 days a week to review your account positions, transaction history and select how you would like to receive your statements.

### 14. How to contact us

Have a question? That's what we're here for. You can call us Monday through Friday from 8 a.m. to 6 p.m. (ET) at **1-844-274-3762 (within North America)** or **1-416-355-8366 (call collect outside North America)**.



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adviceDirect is a product of BMO InvestorLine Inc. adviceDirect does not provide portfolio management by a portfolio manager. The client makes their own investment decisions and manages their own investment portfolio. adviceDirect does not offer discretionary, managed accounts.

Member - Canadian Investor Protection Fund and Member of the Canadian Investment Regulatory Organization.

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