

Relationship Disclosure

BMO SmartFolio is a product of BMO Nesbitt Burns. BMO Nesbitt Burns believes the best way to help you meet your investment goals is to provide a clear understanding of the service we offer, the features of your account(s), including how it operates, and outline our mutual responsibilities.

Securities regulators have recommended that we promote active client participation for a mutually successful relationship. In order to achieve this goal, we encourage you to:

- **Keep us up to date** by providing full and accurate information on your financial situation and objectives. Promptly inform us of any changes to account information or life circumstances.
- **Remain informed** and ensure that you understand the potential risks and returns on investments. Where appropriate, consult professionals, such as a lawyer or an accountant, for legal or tax advice.
- **Ask us questions** and request information from us to resolve concerns or uncertainties.
- **Stay on top of your investments** by thoroughly reviewing all account documentation provided and regularly review account statements, and other reporting about your portfolio holdings and performance.

BMO Nesbitt Burns has prepared this Relationship Disclosure in order to provide you with a description of:

1. our firm and how we are regulated,
2. our product and how it operates,
3. "know your client" and investment suitability assessment,
4. statements and confirmations,
5. benchmarks,
6. conflicts of interest,
7. fees and charges,
8. account documents,
9. complaint handling procedures, and
10. how you can always reach us.

This disclosure is to be read in conjunction with the BMO SmartFolio Investment Management

Agreement. If you have any questions about this disclosure, please contact us at 1-844-895-3721.

1. Our Firm and how we are regulated

About our Firm: BMO Nesbitt Burns is a subsidiary of Bank of Montreal offering investment advisory and brokerage services to Canadian families since 1912.

Our regulators: BMO Nesbitt Burns is a regulated investment dealer under the rules and oversight of the Investment Industry Regulatory Organization of Canada (IIROC). IIROC is the national self-regulatory organization which oversees all investment dealers and trading activity on debt and equity marketplaces in Canada. IIROC sets high-quality regulatory and investment industry standards, protects investors and strengthens market integrity while maintaining efficient and competitive capital markets.

Canada also has other comprehensive securities regulatory rules and regulations, many of which are directed at protecting investor interests. For more information, please refer to the websites or publication of the provincial securities commissions through the Canadian Securities Administrators (CSA) website at securities-administrators.ca.

The Canadian Investor Protection Fund (CIPF) provides protection to investors who are clients of firms regulated by IIROC, in the event the firm becomes insolvent or ceases operations due to bankruptcy. CIPF is funded by IIROC regulated firms and their membership is mandatory.

We are also subject to other legal requirements, including but not limited to, provisions of securities, tax, anti-money-laundering, anti-terrorist financing, privacy, anti-spam, electronic commerce, unclaimed property and other legislation, and must comply with their requirements, which include withholding tax, reporting and other disclosures.

2. Our service and how it operates

BMO Nesbitt Burns offers "BMO SmartFolio" as an online investing product that provides access to portfolios primarily comprised of BMO Exchange Traded Funds including ETFs managed by our affiliate, BMO Asset Management Inc. ("BMO ETFs") and may hold up to 100% of the Model Portfolio in BMO ETFs. These portfolios are actively managed by a team of professional portfolio managers at BMO Asset Management Inc.

As part of its service, BMO SmartFolio offers you a wide range of accounts, including: a non-registered investment account or Registered investment accounts (RRSP, Spousal RRSP and TFSA's).

When you open an account, you are required to provide information relating to your investor profile. A registered representative will assess your suitability and recommend the BMO SmartFolio ETF portfolio that meets your investment objectives and risk tolerance levels. That is why keeping your information up to date and accurate is very important.

You can always review the current "know your client" information we have about you by contacting us at 1-844-895-3721. Please contact as soon as possible to update your information when you have had a material change in your circumstances.

3. "Know Your Client" and Investment Suitability Assessment

"Know Your Client" (KYC)

In order to conduct suitability assessments for your account(s) where applicable, securities laws require BMO Nesbitt Burns to fully understand, among other things, your current financial situation, investment knowledge, investment objectives, target asset allocation, investment time horizon, and investment risk tolerance. These can only be assessed by collecting from you accurate information about your personal and financial circumstances, including but not limited to, your marital status, age, occupation, income and net worth, and number of dependants. This requirement is part of the KYC rule and is one of the cornerstones of securities regulation.

The Client Account Application (CAA) setting out your personal and financial information, which you have provided to us will be available to you at the time of account opening, and when a material change in your KYC information has come to the attention of BMO Nesbitt Burns.

Investor Profile and Investment Policy Statement

Your investor profile will be determined during onboarding, and can be updated at any time. The profile is based on the "know your client" information described above. For each of your account(s) you are required to define an investor profile. Based on the investor profile, we will

recommend the BMO SmartFolio ETF Model Portfolio that we determined is suitable for you.

We will prepare an Investment Policy Statement that will describe your investor profile and the objectives of your recommended BMO SmartFolio ETF Model Portfolio. The Investment policy statement will also define the asset allocation and the related monitoring and reporting we will provide.

BMO Nesbitt Burns will use due diligence to ensure that the suitability of the positions held in your account(s) is reviewed on an initial and ongoing basis in accordance with the Investment Policy Statement.

4. Statements and Confirmations

BMO Nesbitt Burns will provide you with an account statement but you will not receive a trade confirmation for trades executed in your account because we are responsible for each decision to buy or sell your investments. If you wish to receive trade confirmations, please contact us at 1-844-895-3721.

Your account statement confirms all account activity, including purchases and sales of securities, contributions and withdrawals, dividends, interest earned and paid, transfers, and any other transactions that have occurred in your account(s) over the previous period. Account statements also list your current holdings and the value of your portfolio.

5. Benchmarks

We do not currently provide benchmark comparisons in our BMO SmartFolio account reporting.

6. Conflicts of Interest

Actual, potential, and perceived conflicts of interest arise where an action or decision by someone has the effect of benefiting others at that person's expense. Such conflicts exist in almost all human interactions and, as we are an intermediary, acting for both buyers and sellers, conflicts will arise from time to time:

- Between you and BMO Nesbitt Burns;
- Between you and other BMO Nesbitt Burns clients. We act for many clients and must allocate investment opportunities among everyone fairly, so as not to favour intentionally one client over another;

- Between BMO Nesbitt Burns and our related or associated companies.

We have policies and procedures in place to address the handling of conflicts of interest.

- We avoid conflicts prohibited by law, as well as conflicts that we cannot effectively control.

In situations that we cannot avoid, or where our interests may compete with yours, your interest is always given priority by our acting in one of two ways:

1. We control or manage acceptable conflicts by physically separating different business functions, restricting the internal exchange of information in person or through systems, reducing the possibility of one part of our organization unsuitably influencing another, removing the financial incentive of an employee to favour a particular product or service over another that may be more suitable, and setting up and testing our operational review and approval processes.
2. We disclose information about any remaining conflicts to you, so that when you evaluate our recommendations and actions, you can assess independently if conflicts are significant for you.

For current and detailed information relating to the material conflicts of interest that may exist between you and BMO Nesbitt Burns, click the "Conflicts of interest" link found at the bottom of every page of the BMO SmartFolio website. Any future material conflicts of interest situations, where not avoided, will be disclosed to you as they arise.

7. Fees and Charges

Pricing of a SmartFolio account is based on the size of the asset holdings in your account.

Minimum Quarterly Advisory Fee \$15	
Asset Value	Annual Rate
First \$100,000	0.70%
Next \$150,000	0.60%
Next \$250,000	0.50%
Above \$500,000	0.40%

The minimum asset level is \$5,000 and a minimum quarterly fee of \$15 will apply. The minimum

quarterly advisory fee of \$15 will be waived if you deposit \$250 or greater in your account during that calendar quarter. If the minimum fee is waived, the tiered advisory fee schedule above will apply.

All ETFs have management fees and expenses (calculated as management expense ratio – MER) which are in addition to the annual advisory fee. The MER of the ETFs held within your portfolio are anticipated to be a weighted average of 0.20% to 0.35% of the value of your SmartFolio account.

We also charge other fees that may be related to the ongoing maintenance of your account. Please refer to the BMO SmartFolio Fee Schedule in your Welcome Package. You can request a copy of the Fee Schedule by contacting us at 1-844-895-3721.

Notice of price changes: We will provide you with at least 60 days' prior written notice of any new fee or changes in charges.

8. Account Documents

The following account opening documents are used to open most types of accounts:

- Client Account Application, containing your completed KYC information and the Terms and Conditions, and the applicable Investment Policy Statement(s) is a legally binding contract between you and BMO Nesbitt Burns, and
- A Welcome Package is also provided to you that includes but is not limited to the following documents:
 - An investor's Guide to making a complaint,
 - Conflicts of Interest Statement,
 - Canadian Listed Equity Trade Execution Disclosure and Relationship Disclosure.
- Depending on your account type (e.g. Individual, RRSP, RRIF) you may be instructed to complete additional stand-alone forms.

9. Complaint Handling Procedures

We Can Help

Our clients come first in everything we do. 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, as retaining your confidence and trust is of the utmost

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

Complaint Handling Procedures

The following summarizes our complaint handling procedures.

1. Gather your information

- Include supporting documents regarding your concern, paying special attention to the dates of the occurrence;
- Names of the employee(s) involved; and
- Specifics of the concern and what you would like us to do.

2. Talk to Us

- Call 1-844-895-3721 to speak to a BMO SmartFolio representative or;
- Send us an email or letter.

If you're not satisfied, a Manager will be notified to resolve your concern.

3. Escalate to a Senior Officer

If your complaint is unresolved after following Steps 1 and 2 or involves the conduct, standards or practices of the Firm or its registered employees that are the subject of securities laws, rules or regulations, you may escalate to the Designated Complaints Officer, listed below:

BMO Nesbitt Burns, Retail Compliance
Attention: Designated Complaints Officer
1 First Canadian Place
P.O. Box 150
Toronto, ON M5X 1A1
Call: 1-866-391-5897

Within five (5) business days of receiving the complaint, the Compliance Department will acknowledge receipt of your complaint in the form of a letter. The letter will provide you with the contact information for the person responsible for reviewing your concerns. It is the Compliance Department's goal to resolve the complaint within 90 days of receipt of the complaint letter.

If it appears the complaint will not be resolved within 90 days, as may be the case when dealing with more complex complaints, the Compliance Department will send a second letter advising you of the anticipated response date.

All complaints will receive a substantive response letter. The letter will provide an outline of issues raised in your complaint and the Firm's findings. The letter will also address any requests for compensation. You will also be provided with additional information regarding your options to escalate your concerns further in the event that you are not satisfied with the outcome of the review. This includes the contact information for the BMO Financial Group's Ombudsman Office, the Ombudsman for Banking Services and Investments (OBSI) and IROC.

4. Escalate to the BMO Ombudsman

If your complaint is unresolved after following Steps 1, 2 and 3, you may escalate to the BMO Ombudsman.

The BMO Ombudsman's mandate is to conduct impartial reviews of unresolved financial services complaints for customers of Canadian operating groups. The process is based on fairness, integrity and respect, and considers: the interests of all parties, any relevant documentation, applicable laws, rules, regulations, policies and industry practices, as well as the overall fairness of the situation. At the conclusion of a review, the BMO Ombudsman may facilitate a resolution between the parties or make a recommendation to settle the complaint.

The BMO Ombudsman does not investigate certain types of complaints, including:

- Credit granting policies or risk management decisions
- Decisions to close accounts
- Business decisions to change product or service offerings
- Levels of interest rates, service charges or fees that apply to all customers

- Transaction or other product or service issues for which BMO records no longer exist
- Matters that are, or have been, before a Court, tribunal, or other independent dispute resolution body

BMO Financial Group Ombudsman

1 First Canadian Place

P.O. Box 150,

Toronto, ON M5X 1H3

Call: 1-800-371-2541

Fax: 1-800-766-8029

Email: bmo.ombudsman@bmo.com

Visit: bmo.com

5. Contact the Ombudsman for Banking Services and Investments (OBSI)

You may also contact the Ombudsman for Banking Services & Investments within six months for a further review of your complaint. OBSI is an independent service for resolving banking services and investment disputes.

If you are not satisfied with BMO's decision on your complaint, it is your right to bring your case to OBSI for an impartial and informal review. OBSI is not a regulator and does not advocate for clients or the industry. The services are free to clients.

OBSI

P.O. Box 896, Stn. Adelaide

Toronto, ON M5C 2K3

Tel: 1 888 451-4519

Fax: 1 888 422-2865

ombudsman@obsi.ca

www.obsi.ca

6. Contact the Investment Industry Regulatory Organization of Canada (IIROC)

In Canada, regulation of the securities industry is carried out by provincial securities commissions and self-regulatory organizations (SROs), which includes IIROC. IIROC monitors client complaints and disciplinary matters to proactively identify emerging regulatory issues at Member firms. IIROC requires its Members to report client complaints and disciplinary matters, including internal investigations, denial of registration, disciplinary actions, settlements, and

civil, criminal or regulatory action against the firm or its registered employees.

We will also provide you with a copy of the IIROC brochure, *An Investor's Guide to Making a Complaint*, at the time you open your account(s) with us. This brochure outlines avenues of dispute resolution that are available as well as the various statutes of limitations you should be aware of.

10. Availability

You can access your account online 24 hours a day, 7 days a week to review your account positions and transaction history.

We've taken measures to ensure you will be able to reach us during business hours in the event of unexpected circumstances (for example, a local emergency or weather phenomenon). Please record the main phone number (1-844-895-3721) for future reference.

BMO Wealth Management is the brand name for a business group consisting of Bank of Montreal and certain of its affiliates, including BMO Nesbitt Burns Inc., in providing wealth management products and services. "BMO (M-design)", "BMO" and "BMO (M-design) Wealth Management" are registered trademarks of Bank of Montreal, used under license. "Nesbitt Burns" and "SmartFolio" are trademarks of BMO Nesbitt Burns Inc. BMO Nesbitt Burns Inc. is a wholly owned subsidiary of Bank of Montreal.

BMO Nesbitt Burns Inc. is a Member-Canadian Investor Protection Fund. Member of the Investment Industry Regulatory Organization of Canada.