Making sense of Total Cost Reporting changes to your BMOII statement

What is Total Cost Reporting?

Total Cost Reporting (TCR) is an initiative introduced by the Canadian Securities Administrators (CSA) and the Canadian Council of Insurance Regulators (CCIR) designed to provide investors with a clearer, more complete breakdown of their investment costs each year, including investment fund embedded fees. This change is about transparency – helping investors see the full picture of what they pay and supporting better investment decisions.

Why is Total Cost Reporting happening?

Total Cost Reporting helps you understand the full cost of your investments. This makes conversations about your mutual funds more open and easier to understand.

When does it take effect?

The changes come into effect January 1, 2026. Your Q4 statements should provide the updated enhanced statement.

How will your statement change as a result of Total Cost Reporting enhancements?

Effective January 1, 2026, Mutual Fund Dealers (including BMO Investment Inc.) will be providing you with an expanded view of the **fees paid to Investment Fund Manager** section on your mutual fund statement. If you have fully redeemed your mutual fund accounts and have a zero balance at quarter end, you will receive the enhanced mutual fund statements, in accordance with TCR changes. After the account is closed, no further statements will be issued and sent to you. All active accounts will receive their enhanced statements for the December 31st reporting period each year (Q4 statement).

Will this cost me more?

It is important to note that there are no new or additional charges – all of the charges in the updated Annual Report on Charges and Compensation (ARCC) have always been a part of an investor's investment costs. The part that is changing is that now fees are more transparent and will be clearly disclosed in one document.

Do I need to do anything?

No action is required. This is an automatic update to your statements to align with new regulatory requirements.

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Here are the changes coming with Total Cost Reporting

A) In your previous statement, the section on "Your annual fees summary" will become "Your fees and our compensation (CAD)". There are no new or additional charges. We're simply making it easier by providing you with disclosure on all fees paid to hold mutual funds into one document.

Previous Statement Layout

► Your personal rates of return

1 year	3 years	5 years	10 years	Since account opening*
10.88%	25.13%	45.08%	125.00%	167.14%

*Your account was opened on Month 00, 20XX.

Your personal rates of return show how your investments have grown or declined in value over the above periods. Please see the **Important information about your account** section at the end of this statement for details about how we calculated your personal rates of return.

Where an account has been open for less than one year, the Personal Rate of Return has not been reported. For accounts that were either inactive (zero balance) or had very low balances for part of the year, but have been re-activated or funded during the year, the performance returns based on the money-weighted methodology may produce results that appear unusual due to the timing of cash flows in the calculation.

A ► Your annual fees summary

This section summarizes the fees we* receive with respect to your account. The fees come from separate sources: what we charge you directly and what we receive from the fund manager of your mutual funds.

	Fees you paid directly[1]			Other fees we received	
6	Annual registered plan administration fee (including taxes)	$10.00	4	Service Fees for BMO Mutual Funds[2]	$100.00
7	Transfer Out Fee	$150.00	5	Trailing commissions for third party funds	$50.00
8	BMO Preferred Program Fee Collected (including taxes)	$200.00			
	BMO Preferred Program Fee Accrued (excluding taxes)	$400.00			
	Total fees you paid directly**	$360.00		**Total of other fees we received**	$150.00

* "we" refers to either BMO Investments Inc. or Bank of Montreal, members of BMO Financial Group.

** Annual administration fee of $10 (plus applicable taxes) is charged for each RRSP and RESP account. This fee may be different if you invest through a dealer other than us. A fee of $50 (plus applicable taxes) may be applied to a registered plan account if you transfer it, in whole or in part, to another institution. This fee may be different if you invest through a dealer other than us.

[1] You paid this fee directly to BMO Investments Inc.

[2] Mutual funds pay fund managers a management fee for their day-to-day management of the business and operations of the funds. Out of the management fees BMO Investments Inc. receives as fund manager, it pays service fees to Bank of Montreal to cover the costs of the employees for selling the BMO Mutual Funds in Bank of Montreal branches and other related costs. The service fees are our estimate of the revenue attributable to the investment services you receive. You are not directly charged the service fees noted above. But, they affect you because they reduce your fund's return. Information about the management fees and other charges and fees relating to your mutual funds is included in the simplified prospectus and fund facts document for each fund.

► Individuals related to your account

Type	Name
Beneficiary (ies)	FIRSTNAME LASTNAME

Enhanced Statement Layout

A ► Your fees and our compensation (CAD)

Recent regulatory changes have enhanced the disclosure you receive about the costs of owning mutual funds. These changes mean that the way we show your costs and fees may look different than before. In this section, you will now see both the costs you pay directly to us (BMO Investments Inc.) and to the investment fund managers for the funds you hold. The fees that you pay for your investments are charged either indirectly and reflected in the current value of your investments or charged directly to you through unit redemptions. Fees reduce your profits or increase your losses. These funds costs are not new, but they are now being set out in dollars to give you a clearer picture of the total cost of your investments. For more information, please visit us at: **<insert URL here>**

	Fees paid to Investment Fund Managers	Amount
2	Short Term Trading fee[2]	$100.00
3	Deferred Sales Charges[3]	$50.00
1	Fund Expenses[1]	$300.00
4	Less Service Fees paid to us by BMO Mutual Funds[4]	-$100.00
5	Less trailing commissions paid to us by third-party investment fund managers[5]	-$50.00
	Net fees you paid to all investment Fund Managers	**$300.00**

	Fees paid to BMO Investments Inc.	Amount
6	Registered Plan Administration fee[7]	$10.00
7	Transfer out fee[8]	$150.00
8	BMO Preferred Program Fee Collected	$200.00
4	Service fees we received from BMO Mutual Funds (included in fund expenses above)	$100.00
5	Trailing Commission we received from third party investment fund managers	$50.00
	Total we received for advice and services we provided to you	**$510.00**
	Your total cost of investing in 20XX	**$810.00**

	[6]**BMO Preferred Program fee details:**	Amount
8	BMO Preferred Program fee collected (excluding taxes)	$174.00
	BMO Preferred Program fee tax amount	$26.00
	BMO Preferred Program fee collected (including taxes)	**$200.00**

[1] **Fund expenses:** Fund expenses include the management fee (which includes service fees or trailing commissions, paid to us) which are charged indirectly and reflected in the current values of your fund investments, each of which have different fund expenses that reduce the respective fund's returns. The number shown above is the estimated total dollar amount you paid in fund expenses for all the investment funds you owned last year. This amount depends on each of your funds' fund expenses and the amount you invested in each fund. The total fund expenses reported may not include cost information for newly-established investment funds. Fund expenses are also expressed as an annual percentage of the total value of the fund ("fund expense ratio") equal to the sum of the fund's management expense ratio (MER) and trading expense ratio (TER). Please refer below for additional details about the fund expense ratio percentages for each fund you own.

[2] **Short term trading fee:** (may be applicable to customers who redeem or switch securities within 30 days of purchasing or switching funds) fee you paid directly to BMO Mutual Funds deducted from the proceeds you received for the switch or redemption of the investment fund within 30 days of its purchase or prior switch. Information about these and other fees can be found in the simplified prospectus or fund facts document for each investment fund made available at the time of purchase.

[3] **Redemption fees on DSC investments:** (may be applicable to customers holding 3rd party funds where a deferred sales charge is applicable) fee you paid directly to a third-party investment fund manager deducted from the proceeds you received for the redemption of your units or shares of a fund purchased under a deferred sales charge (DSC) option before the end of the redemption fee schedule. Information about these and other fees can be found in the simplified prospectus or fund facts document for each investment fund made available at the time of purchase.

[4] **Service fees:** Investment funds pay investment fund managers a fee for managing their funds through an indirect charge you pay. BMO Investments Inc. is paid management fees as fund manager of BMO Mutual Funds, out of which we pay service fees to Bank of Montreal to cover the costs of the employees who provide services and advice related to BMO mutual funds in Bank of Montreal branches and other related costs.

[5] **Trailing commissions:** Third party investment fund managers pay us ongoing trailing commissions through an indirect charge you pay, for the services and advice we provide to you as a mutual fund dealer, in respect of these third-party mutual funds you own.

[6] **BMO Preferred Program:** (may be applicable if you are enrolled in the preferred program) the BMO Preferred Program fee you paid is based on the total assets held across your BMO Investments Inc. account(s). For more information regarding the BMO Preferred Program for investors please refer to the BMO Investments Inc. Terms and Conditions booklet. bmo.com/pdf/mf/prospectus/en/5142888 BMOII disclosure booklet.pdf

[7] An annual administration fee (plus applicable taxes) is charged for each RRSP and RESP account. This fee may be different if you invest through a dealer other than us.

[8] If you transfer your registered plan account in whole or in part to another financial institution, you may be charged a transfer out fee (plus applicable taxes) by BMO Investments Inc. If the transfer out fee is charged, it is listed in this section. This fee may be different if you invest through a dealer other than us.

There are three new line items:

1) **Fund Expenses** include the management fee (which includes service fees or trailing commissions, paid to BMOII) which are charged indirectly and reflected in the current values of your fund investments, each of which have different fund expenses that reduce the respective fund's returns. The number shown above is the estimated total dollar amount you paid in fund expenses for all the investment funds you owned last year. This amount depends on each of your funds' fund expenses and the amount you invested in each fund. The total fund expenses reported may not include cost information for newly-established investment funds because there is insufficient data on the fund's average value and expenses over the reporting period. Fund expenses are also expressed as an annual percentage of the total value of the fund ("fund expense ratio") equal to the sum of the fund's management expense ratio (MER) and trading expense ratio (TER). There are no new or additional charges – all the charges have always been a part of an investor's investment costs. The part that is changing is that now they will be clearly disclosed in one document.

2) **Short Term Trading Fees:** This will only appear in your statement if it is appliable to you. A fund may charge a short-term trading fee (e.g., up to 2% of the amount you decide to redeem or switch) if you redeem or switch out securities of a fund within a specified number of days (e.g., 30 days) since purchasing or switching into them.

3) **Deferred Sales Charges:** This will only appear in your statement if it is applicable. This fee may be applicable to you when holding third party funds where a deferred sales charge is applicable. A fee you pay directly to a third-party investment fund manager is deducted from the proceeds you receive for the redemption of your units or shares of a fund purchased under a deferred sales charge (DSC) option before the end of the redemption fee schedule. Information about these and other fees can be found in the simplified prospectus or fund facts document for each investment fund made available at the time of purchase.

Existing line items covered in your statements:

4) **Service Fee:** Investment funds pay investment fund managers a fee for managing their funds through an indirect charge you pay. BMO Investments Inc. is paid management fees as fund manager of BMO Mutual Funds, out of which we pay service fees to Bank of Montreal to cover the costs of the employees who provide services and advice related to BMO Mutual Funds in Bank of Montreal branches and other related costs.

5) **Trailing Commission:** Investment funds pay investment fund managers a fee for managing their funds through an indirect charge you pay. BMO Investments Inc. is paid management fees as fund manager of BMO Mutual Funds, out of which we pay service fees to Bank of Montreal to cover the costs of the employees who provide services and advice related to BMO Mutual Funds in Bank of Montreal branches and other related costs.

6) **Registered Plan Administration fee** is an annual administration fee (plus applicable taxes) charged for each RRSP and RESP account. This fee may be different if you invest through a dealer other than us.

7) **Transfer out fee** may apply when you transfer your registered plan account in whole or in part to another financial institution. You may be charged a transfer out fee (plus appliable taxes) by BMO Investment Inc. If the transfer out fee is charged, it is listed in this section. This fee may be different if you invest through a dealer other than us.

8) **BMO Preferred Program Fee Collected:** (May be applicable if you are enrolled in the Preferred Program) The Preferred program fee plus applicable taxes is associated with Series F investments held in Preferred Program account(s) and is paid by you directly to us, instead of being paid indirectly by you through the management fee paid to the fund manager. For more information regarding the BMO Preferred Program for Investors, please refer to the BMO Investments Inc. Terms and Conditions booklet bmo.com/pdf/mf/prospectus/en/5142888 BMOII disclosure booklet.pdf or refer to your Financial Planner for more information.

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