

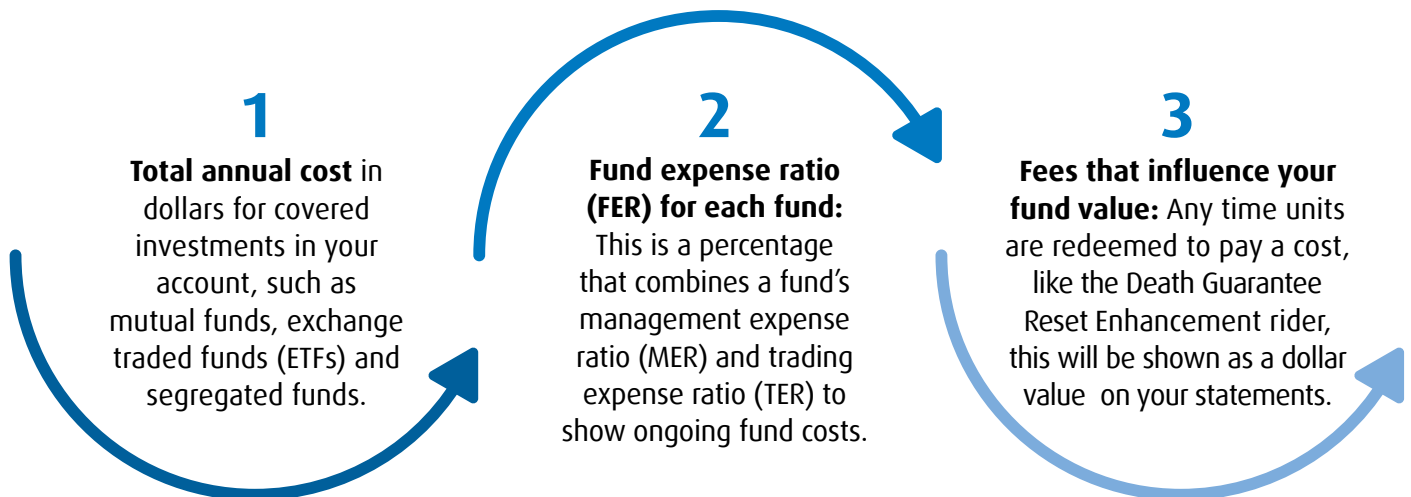
Total Cost Reporting

What it is, when it's coming and what it means for you.

Starting in 2027, your annual investment statement will show a clearer, dollar-based view of the fees you pay to own certain investments. This change is called total cost reporting (TCR). It's a new transparency standard adopted by Canadian regulators to help investors see the full picture of investment costs and have better conversations with their advisors. **It's important to note that there are no new fees introduced as part of this initiative and nothing you need to do.** The end-goal of this enhanced reporting standard is to provide you with a better understanding of the fees you pay.

What will change on your BMO Insurance statement

Your report will add three simple elements:



Additional terms explained

- ✓ The **management expense ratio (MER)** is the ongoing cost of running and managing a segregated fund. It covers things like professional investment management, day-to-day administration of the fund, operating costs, and the insurance costs tied to guarantees in segregated funds.
- ✓ The **trading expense ratio (TER)** reflects the cost of buying and selling investments inside the segregated fund. It includes brokerage commissions, and trading and transaction costs when the fund manager buys or sells securities.



When you'll see the new information:

In order to provide this additional reporting, firms across Canada began collecting data on **January 1, 2026**. The first enhanced **annual reports** covering 2026 will be delivered **early in 2027**. For segregated fund contracts, insurers will also show a breakdown of fees on **December 2026** annual statements.



Why it matters

Understanding costs helps you judge value. With TCR, you'll see:

The **total you paid** for fund expenses during the year (these amounts are deducted within the funds and were already reflected in returns).

Any **direct charges** you paid, like optional account enhancements or transaction fees.

A clearer basis to **compare investments** using the FER alongside performance and risk.



What TCR does not do

It **does not add new fees**. Instead, it gives you a clearer picture of the fees you currently pay.

It **does not change your investment objectives or guarantees** on insurance contracts.

It **does not replace advice**. It's designed to give you clearer information, which you can discuss with your advisor.



How to prepare

Review your next statement carefully when it arrives.

Ask your advisor to walk through **what's included** in your total cost number and how it supports your goals.

Look at **costs in context**: Expertise, diversification, risk management and planning support are part of the value you receive alongside performance after fees.

If questions come up when you see the new statement, your advisor can help you make sense of it and stay on track.

Let's connect

For more information about BMO Insurance or our products, please consult with your insurance advisor or contact us at:



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Any amount that is allocated to a segregated fund is invested at the risk of the policyowner and may increase or decrease in value. The information in this publication is intended as a summary of our products and/or services and may include projected values based on a set of assumptions. Actual results may not be guaranteed and may vary. Please consult the appropriate policy contract for details on the terms, conditions, benefits, guarantees, exclusions and limitations. The actual policy issued governs. Each policyholder's financial circumstances are unique, and they must obtain and rely upon independent tax, accounting, legal and other advice concerning the structure of their insurance, as they deem appropriate for their circumstances. BMO Life Assurance Company does not provide any such advice to the policyholder or to the insurance advisor.

Insurer: BMO Life Assurance Company

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