

IN THIS ISSUE

Page 1

A Message From Our CEO:
Slow and Steady Recovery
Perseveres

Page 2

Economic Indicators

Page 3

Are We There Yet? (Is This
the Economic Recovery?)

Page 4

Myth Busted, Low Volatility
Opportunity Defined

Page 7

Economic Outlook, Fiscal
Policy to Benefit High Grade
Corporate Spreads

Page 8

New Year, Same Intense
Focus

Page 9

Benchmark Performance
Summary

A Message from Barry McInerney

Slow and Steady Recovery Perseveres

The economy and capital markets tested many extremes in 2010, challenging forecasters' abilities to predict, policymakers' attempts to steer, and investors' efforts to determine a proper course for 2011.

Twelve months ago who would have foreseen:

- That U.S. equities would ride a year-end rally to double digit returns while Chinese stock indexes struggled to break even?
- That a holiday spending spree by consumers would exceed even the most bullish estimates in a time of depressed housing markets and stagnant job growth?
- That the yield curve would remain relatively stable and equity market volatility would be at three-year lows even as sovereign debt crises rocked European economies and U.S. bank failures hit an 18-year high?



Barry S. McInerney, CFA
President and
Chief Executive Officer

Throughout the course of 2010 we have expressed an outlook in these pages for a modest economic and market recovery. This forecast reflected our understanding of the difficulties of restructuring the U.S. economy to compete in a new global era. It was also tempered by our concerns over the persistent structural weaknesses, most visibly in housing and employment, that have prevented the economy from advancing at full force. In 2010 the United States tasted successes and failures economically and, while the extremes may have come in both higher and lower than our expectations, the net effect has been in line with our outlook. We expect more of the same ahead.

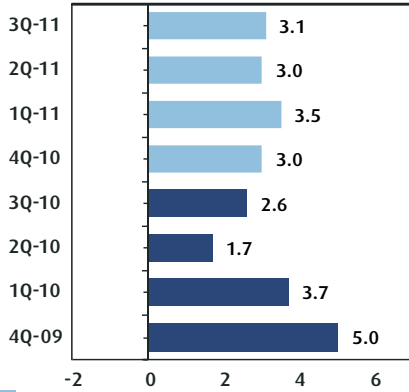
“... the real economy appears on the mend. Corporate balance sheets are strong. Economic growth is building. And economic stimulus has been moved, at the margin, back to consumers.”

For 2011, we remain upbeat in our long-term outlook for U.S. and global markets. There will be significant adversity, uncertainty, and unforeseen setbacks to overcome, as always. But the real economy appears on the mend. Corporate balance sheets are strong. Economic growth is building. And economic stimulus has been moved, at the margin, back to consumers, who still constitute the most powerful engine of our economy. (cont. page 2.)

ECONOMIC INDICATORS

REAL GDP

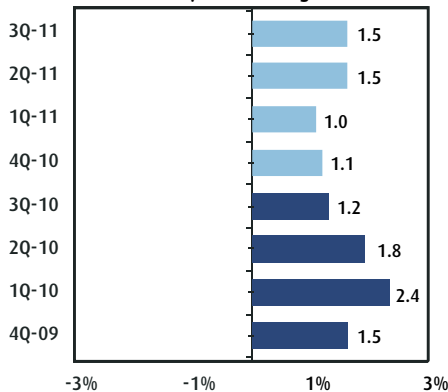
Quarter/Quarter % Change



Forecast Periods

CONSUMER PRICE INDEX

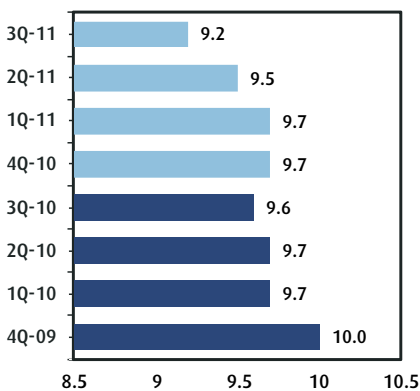
Year/Year % Change



Forecast Periods

UNEMPLOYMENT

Percent



Forecast Periods

Slow and Steady Recovery Perseveres (cont.)

Most important, we remain focused on providing solutions that enable you to invest confidently and prudently in a rapidly changing global environment.

In this issue of *The Investor* we explore those themes of confidence and prudence across a variety of investment strategies, some familiar and some new and thought-provoking.

For a brief and insightful discussion of the first taste of bipartisan stimulus served up by President Barack Obama and Republican congressional leaders, I recommend Carol Lyons' article on the current state of high grade corporate bonds. Daniel Sido offers a comprehensive take on the economy and capital markets, highlighting some of the pockets of growth and potential that could have significant impact this year. And to gain a better understanding of the intricacies of managing short duration bond strategies in an ultra-low interest rate environment, please see Peter Arts' review and outlook.

Our showcase article this quarter comes from Jason Hans and Ernesto Ramos, who take on and debunk an old truism en route to illustrating Harris Investments' low volatility equity strategy. This is an interesting, alternative approach to stock investing with high potential to improve both risk and return measures for your portfolio.

We appreciate the opinions and ideas you provide for each issue of *The Investor* and we look forward to working with you in 2011.

Sincerely,

Barry S. McInerney, CFA
President and CEO

Are We There Yet? (Is This the Economic Recovery?)



Daniel L. Sido
Managing Director,
Chief Investment
Strategist

With results in for 2010, the prize for forecasting goes to last year's "mildly bullish" because the U.S. economy grew modestly and domestic stocks posted double digit gains. The economy gained momentum throughout the year, moving from weak recovery mode into a phase best described as slow and unsteady, compared with past recessionary recoveries. We are hopeful for a more durable expansion in 2011 as supporting signals continue to arise

among the economic and financial indicators. Consumer spending, GDP growth, and corporate profits all are coming in stronger than many had initially predicted, and talk of a double dip recession has faded as economic data suggest that growth will remain solid.

The past year's gains were achieved despite significant hurdles. As 2010 unfolded many investors were focused on the impact of weakened U.S. growth, rapidly rising commodity prices, sovereign debt issues overhanging European countries (particularly Portugal, Italy, Ireland, Greece, and Spain), and the political theater of health care and financial sector overhauls at home. The

year saw the end of the first round of quantitative easing by the Federal Reserve and the onset of a second round, dubbed QE2, only months later as lackluster economic growth threatened a return to recession. In the first round, from fall 2008 through last spring, the Fed bought an estimated \$1.3 trillion of U.S. Treasury and agency securities to provide economic liquidity and stave off a new depression. Under QE2, the central bank is expected to purchase an additional \$600 billion of Treasury securities through mid-2011. Program objectives for the second round are to support the broad economy and markets, to manage long-term interest rates and reduce unemployment, and to stem the risk of deflation. Despite 2010's uncertainty and turmoil, equity market indices managed a late year rally, powered by small and mid cap companies and leading to equities outperforming bonds for the second straight year.

Looking forward, financial markets will be affected by a host of unresolved economic issues, including high unemployment,

restrained consumer spending, and troubled state and local government finances. Structurally high unemployment is not expected to change materially this year. That reality was embraced by the lame duck Congress in its final hours as lawmakers voted to extend unemployment benefits for some 2.5 million idled workers who had exhausted their claims. While there are signs of slowing in the filing of new unemployment claims, lackluster job creation persists. In this environment consumer confidence remains challenged. Housing is still fragile with inventories of unsold homes at historically elevated levels. The recent rise in mortgage rates, when combined with the removal of a federal tax credit for homebuyers, further detracts from the outlook for housing in the near term. In addition, consumers continue to deleverage to repair strained

balance sheets. These efforts will likely retard consumer spending. On top of all that, many state and local governments are facing finances in severe disarray leading to a strong likelihood of spending cuts and tax increases to balance budgets.

On a more positive note, businesses are beginning to see early tangible signs of growth. For example, despite tight credit standards, consumer spending picked up recently, growing at the fastest rate in four years. Capital expenditures, which have risen from a very low base, are up strongly year-over-year and are exerting a

beneficial effect on markets. This could provide something of a tail wind for markets, as many corporations are running at high cash levels and have long defrayed investments in plants, equipment, and information systems. Strong corporate profits combined with modestly improving business confidence and the accelerated depreciation provision in the recently approved extension of the Bush-era tax cuts could combine to allow capital spending to continue to expand from multi-decade lows as a share of GDP. Finally, while fiscal policy was poised to tighten this year, the extension of the tax cuts could be viewed as a stimulus and beneficial to the weak economy.

In our view, the economy is moving in the right direction. The market outlook for 2011 has improved with some thawing of consumer credit conditions, a better tone in general out of the financial markets, and potential positive impact of the extension of the Bush-era tax cuts. ▲

“Consumer spending, GDP growth, and corporate profits all are coming in stronger than many had initially predicted, and talk of a double dip recession has faded ...”

Myth Busted, Low Volatility Opportunity Defined

Traditional finance theory holds that an investor must accept higher risks to achieve greater returns. In practice, however, the theory is not perfect — a truth made evident in equity markets over the past decade and a half.

From 1995 through 2009, U.S. large cap stocks exhibiting the lowest levels of performance volatility (as measured by beta) returned nearly three times as much, on average, as the large cap stocks that posted the highest betas. The actual comparisons: 9.2% annualized for low-beta stocks vs. 3.1% for the highest-beta equities (Exhibit 1).

This surprising performance pattern isn't a result of the specific 15-year period selected for the example. In fact, this very relationship has been documented and discussed by financial researchers for nearly 40 years, including work by Fischer Black, Myron Scholes, and Robert Haugen.^{1, 2} The persistence of this performance anomaly suggests that a portfolio strategy could exploit the pattern to deliver returns in line with equity benchmarks but at significantly lower levels of volatility.

Behind the Anomaly: Behavior and Structure

The reasons for the historical outperformance by low volatility stocks tend to fall into two general categories: investors' behavioral biases and structural market issues.

On the behavioral side, investors' demonstrated preference for stocks with "lottery-like" payoffs is well documented in financial literature.^{3, 4} The simple but baffling truth is that investors tend to overpay for stocks with potential for large gains but low probability of that outcome. This behavior resembles that of the purchaser of a lottery ticket, especially one lured into the game by the promise of a big purse.

Another behavioral effect can be found in investors' attraction to "glamour" stocks, companies with trendy, exciting stories and the attendant publicity.⁵ Both of these behavioral biases tend to lead investors away from lower risk, boring stocks and toward the more hyped names in the generally less profitable world of high risk stocks.

There also are structural issues within the market and the investment management industry that help explain the existence of the low volatility anomaly and suggest it will likely persist. The first involves the interaction of two factors — investor expectations and the long-only constraint. Since most investors cannot or will not short stocks, the diversity of opinion on any given stock tends to be overstated on the side of optimistic.

Investors who are optimistic about a stock will invest, while investors who are negative on a stock are most likely to pass on the stock. Since high volatility stocks have a larger degree of uncertainty surrounding their prospects, there is also more diversity of opinion on the proper price for a highly volatile stock. However, due to the long-only constraint, the opinions of optimistic investors tend to be overrepresented in the stock price, leading to an overpricing of high risk.

A combination of behavioral and structural elements is evident when the returns-chasing behavior of some investors triggers a response from professional asset managers. Returns chasing occurs both within and across asset classes, leading to inflows into equities after strong market performance. Due to this behavior, the average active equity manager has a portfolio beta of about 1.10 in an attempt to attract investors chasing equity returns during strong bull markets.⁶ This suggests that the average fund manager is not trying to capitalize on the low volatility anomaly. (cont. page 5.)



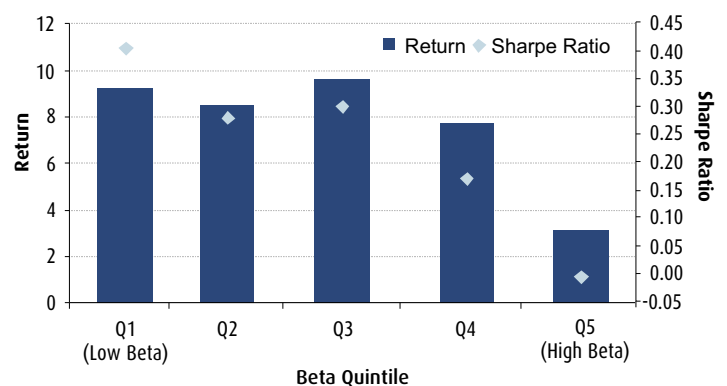
Jason Hans, CFA
Director, Portfolio Manager



Ernesto Ramos, Ph.D.
Managing Director, Head of Equities

Ex. 1: Exception to the Rule

Risk-Return Relationship of Large Cap U.S. Stocks by Beta (1995 - 2009)



As of: December 31, 2009

Source: Axioma, Factset, Harris Investments

Low volatility, higher return – Low volatility stocks have earned higher returns and a superior Sharpe ratio than the highest volatility stocks in the modern era.

Myth Busted, Low Volatility Opportunity Defined (cont.)

Finally, the active investment management industry has been designed around the concept of providing risk characteristics similar to the benchmark while adding excess returns. A low volatility strategy turns this relationship around and seeks to provide returns similar to the benchmark for considerably lower risk. Provided that alpha generation rather than risk reduction remains a sizable portion of active management, combined with investor behavioral biases and other structural market issues, the low volatility anomaly remains likely to persist.

Capitalizing on Opportunity

The benefits of a simple strategy of buying the lowest beta companies within the Russell 1000 universe are illustrated in Exhibit 1. Harris Investments seeks to improve on those results with a low volatility equity strategy through a series of disciplined processes.

- **Alpha focus.** Harris Investments' Large Cap Alpha Model is applied to the strategy. The model, which has demonstrated efficacy in security selection among low volatility stocks, has served to enhance the historical returns of the strategy.
- **Optimize.** To improve the strategy's Sharpe ratio, an optimizer and a multifactor risk model are employed. These serve to minimize the total forecast risk of the portfolio by purchasing stocks that have low correlations to other stocks in the portfolio and by avoiding risks from proven, identifiable factors.
- **Diversify.** Several additional risk constraints are employed, including limits to sector and position weights to lower portfolio volatility.

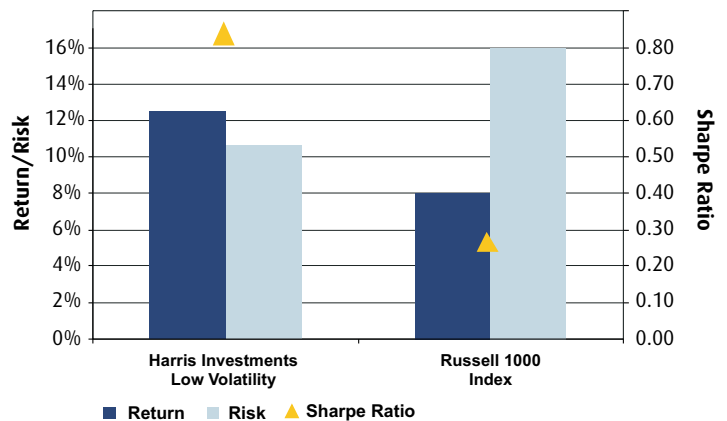
The resulting strategy was back-tested and provided an estimated annualized total return of over 400 basis points ahead of the Russell 1000 benchmark (12.46% vs. 8.02%) from January 1995 through October 2010 with significantly lower volatility (10.6% vs. 15.9%). This advantageous risk-reward profile contributed to a Sharpe ratio nearly three times greater than that of the Russell 1000 Index (Exhibit 2).

One of the primary benefits of a low volatility strategy is the downside capture during periods of market stress. Exhibit 3 shows the drawdown of the low volatility portfolio compared with that of the Russell 1000 Index. Both the depth and the length of the drawdowns are significantly more attractive for the low volatility portfolio. Specifically, the Russell 1000 required 73 months to regain its prior peak following the 40% decline in the early 2000s

while the low volatility portfolio's longest drawdown was 14 months with a maximum peak-to-trough decline of less than 15%. This performance quality was also evident during the recent financial crisis. As of October 31, 2010, 36 months had passed since the Russell 1000 Index reached its peak and the index remained at 20% below peak level. In comparison, the low volatility strategy recovered its high-water mark as of August 31, 2010. (cont. page 6.)

Ex. 2: Improving the Outlook

Performance Record January 1995 – October 2010



As of: October 31, 2010

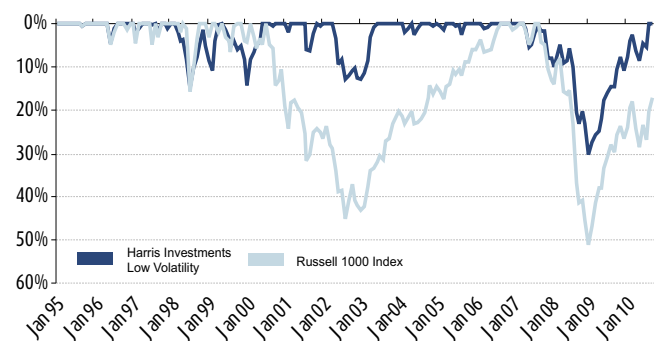
Sources: Axioma, Factset, Compustat, Russell, Harris Investments

Process disciplines – Employing active risk management and alpha focus improves the risk-return potential of the low volatility strategy.

Simulated results shown are not indicative of future results. Please see disclosure for additional information.

Ex. 3: Capital Protection

Portfolio Drawdowns



As of: October 31, 2010

Sources: Axioma, Factset, Compustat, Russell, Harris Investments

Mitigating through downturns – The Harris Investments low volatility strategy has shown in back testing a better record of capital preservation through many periods of market weakness.

Simulated results shown are not indicative of future results. Please see disclosure for additional information.

Myth Busted, Low Volatility Opportunity Defined (cont.)

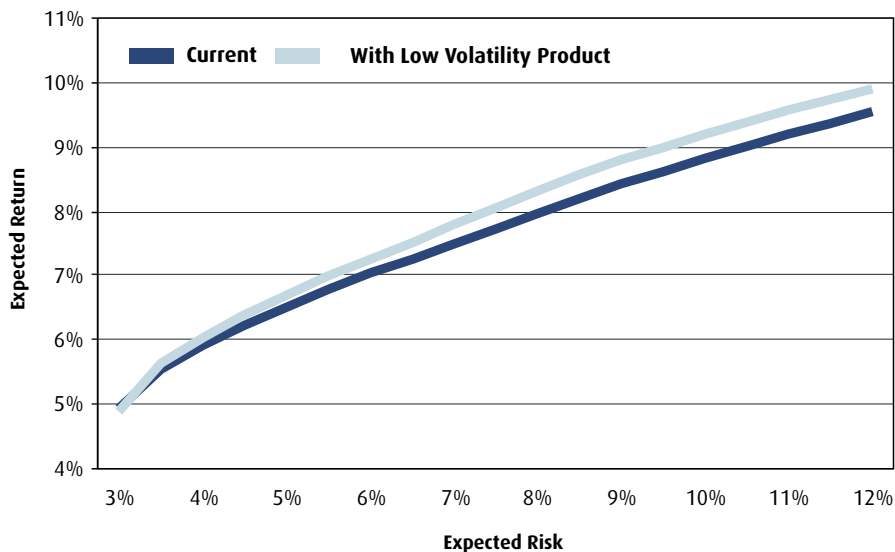
Implications

The low volatility strategy offers significant potential benefits to investors as a component of a diversified portfolio. On the efficient frontier (Exhibit 4), a representative portfolio of equity, fixed income, and real asset investments displays an improved risk-reward profile when the low volatility strategy is substituted for the large cap equity proxy component (Russell 1000 Index). This illustration assumes the low volatility strategy returns 100 basis points per year less than the cap-weighted benchmark with annualized volatility equal to 70% of the benchmark.

These results demonstrate how investors could benefit from an allocation to a low volatility strategy. Specifically, any investor focused more on total returns and Sharpe ratios than relative returns and information ratios would likely find the low volatility strategy appealing. Likewise, investors such as insurance companies and pension funds that need the return potential of equities but view the asset class as too volatile for a large allocation would also benefit from allocating to the low volatility strategy. ▲

Ex. 4: North by Northwest

The Efficient Frontier



Sources: Factset, Harris Investments

Simulated results shown are not indicative of future results. Please see disclosure for additional information.

An enhanced risk reward profile –

Adding Harris Investments' low volatility equity strategy to a modern portfolio of stocks, bonds, and real assets demonstrates potential to improve the level of returns per unit of risk.

Sources:

1. Haugen, Robert, A. J. Heins, Risk and the Rate of Return on Financial Assets: Some Old Wine in New Bottles, *Journal of Financial and Quantitative Analysis*, Vol. 10, 775-784, 1975.
2. Ang, Hodrick, Xing & Zhang, The Cross-Section of Volatility and Expected Returns, Working Paper, Columbia University, 2004.
3. Kumar, Alok, Who Gambles In the Stock Market?, 2009, *Journal of Finance*, Vol. 64, 1889-1933
4. Barberis, Nicholas, M. Huang, Stocks as Lotteries: The Implications of Probability Weighting for Security Prices, *American Economic Review*, Vol. 98, 2066-2100, 2008.
5. Lakonishok, Shleifer & Vishny, Contrarian Investment, Extrapolation, and Risk, *Journal of Finance*, Vol 49, 1994.
6. Karceski, Jason, Return-Chasing Behavior, Mutual Funds, and Beta's Death, *Journal of Financial and Quantitative Analysis*, Vol. 37.4, 559-594, 2002.

Economic Outlook, Fiscal Policy to Benefit High Grade Corporate Spreads

Signs of economic improvement are bolstering investor sentiment and the outlook for high grade corporate bonds in 2011 despite notable but surmountable structural obstacles ahead.

With improving U.S. macroeconomic data already contributing to positive sentiment, the tax compromise reached between President Barack Obama and congressional Republicans in December was seen as more supportive of economic growth than expected and provided an added boost for credit markets. The key



Carol H. Lyons
Managing Director,
Senior Portfolio Manager

surprise in the compromise was a reduction in Social Security withholding taxes. This change along with a two-year extension of individual tax rates at current levels and a 13-month extension of the emergency jobless benefits has been perceived as highly stimulative and has economists raising GDP forecasts for 2011.

Coincident with the stronger growth expected as a result of the fiscal stimulus are upwardly revised estimates of the

federal deficit and the resulting need for higher levels of Treasury bond supply in 2011. Higher GDP estimates, more Treasury supply, and somewhat higher inflation concerns have already started to pressure rates across the yield curve. As these higher rates cause some negative returns, mutual fund flows into fixed income are likely to decline from the historically high inflows of the past couple of years. However this technical trend should be offset by higher inflows from other pools of money that are much more sensitive to nominal yields. Insurance companies, pension funds, and overseas investors can be expected to show increased demand for corporate bonds as yields rise.

The trend among pension plans to allocate away from equities and into debt will also likely mitigate the expected negative retail fund flows. The Pension Protection Act of 2006 requires corporations to transition to a discount rate based on a corporate bond yield curve rather than a U.S. Treasury curve when valuing pension liabilities. This has caused a structural shift among corporate plan sponsors toward high quality corporate bonds as a hedge against pension liabilities (Exhibit 5).

Pension funds benefit from switching into credit when yields are higher, so increased allocations from pension funds are more likely if yields rise. The increased demand for credit products by pension funds as part of a larger re-allocation strategy is positive for corporate spreads.

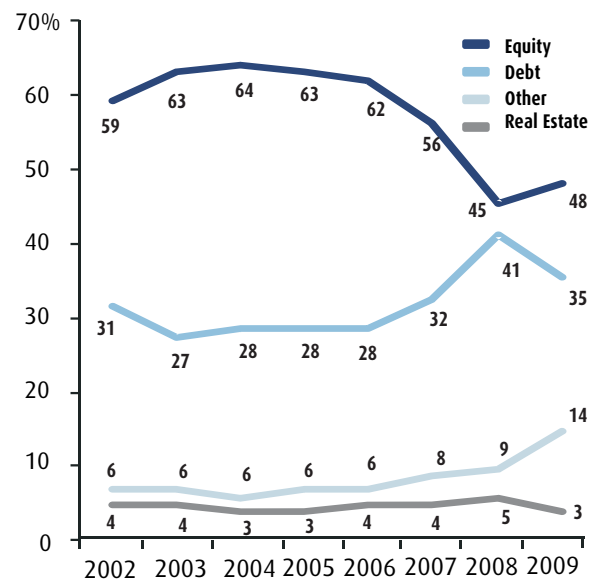
The political decision to allow the Build America Bond (BAB) program to expire may also have some positive effects on corporate bond spreads. There have been \$110 billion of BABs issued year to date and \$165 billion since the program began in 2009. If this program is permanently discontinued, it would mean a significant reduction in availability of investment grade spread products.

Fundamentally, the corporate sector is in very good shape. Revenues have been increasing, profit margins are near a decade-high, and cash balances are at peak levels. While an improving economic outlook will increase the probability of shareholder friendly activity by corporations, such as share buy-backs and mergers and acquisitions, it's not considered to be a significant risk to high grade spreads in aggregate.

The coming year will prove to be a challenge for fixed income investors given the low interest rates at the start of the year and following the strong returns we have seen across sectors in 2010. Taking advantage of another year of improving fundamentals and a positive technical backdrop in corporate and securitized sectors should help managers boost returns for the coming year. ▲

Ex. 5: De-risking

Actual asset allocations by U.S. pension plans



As of: November 30, 2010

Sources: Capital IQ, company reports, GSI and J.P. Morgan

De-risking – U.S. plan sponsors are expected to continue to allocate toward credit and away from equities as bond yields rise.

New Year, Same Intense Focus

The front end of the yield curve experienced considerable volatility in 2010, influenced by European debt crises, employment and housing weakness as well as tepid growth. A



Peter J. Arts
Managing Director,
Head of Fixed Income

minor extension trade during the year saw investors moving away from the under-one-year market and into one- to three-year securities as the world generally became more comfortable with risk.

Markets shuddered through two specific flights to quality triggered by rising debt-to-GDP ratios of euro currency countries (Ireland and Greece) which required bailouts by the EU and the IMF.

Consequently, over the course of the year yields fell about 65 basis points in the three-year portion of the yield curve and declined to a mere 0.13% yield at the three-month measure.

Most duration calls in the portfolios proved constructive in 2010. Being long relative to the benchmark proved to work overall, although rapidly increasing Treasury rates led to underperformance in a few months. Term structure in most cases followed a barbell bias and performed well due to bull flattening at various areas of the yield curve. Sector allocations proved worthwhile as the result of overweight positions in most spread sectors. Due in part to monetary stimulus by the Federal Reserve and its two stints of quantitative easing, earnings data were solid and economic and market conditions steadily improved through the year. Swapping out of Treasuries and into corporate, municipal, and asset-backed issues also paid off, with sector rotation contributing positively to performance. Finally, security selection led to excess return in specific subsectors under the finance, industrial, loan, and lease receivable categories.

Looking ahead to 2011, lackluster economic growth, weak housing data, and a job market under substantial stress have left investors questioning how to position. As always, we focus on careful monitoring of duration, term structure, sector allocation and rotation, and security selection to drive portfolio decision making.

As the market expects the Federal Funds rate to remain targeted in its current stance, we still view a long duration versus shorter benchmarks and neutral to longer benchmarks to be appropriate. We will need to review more economic and inflationary conditions throughout the first quarter to consider relaxing from defensive positions. Term structure will continue to hold a barbell bias until we see more positive continual employment trends, better resource utilization levels, upticks in housing activity and, of course, more favorable inflationary results. Within this anticipated stable environment we still prefer being overweight the spread sectors, especially corporate securities. An overall underweight to the U.S. Treasury is still necessary, although we do not rule out small bouts of underperformance due to the likelihood of continued strong international support for government bonds. As we see

“Within this anticipated stable environment we still prefer being overweight the spread sectors, especially corporate securities.”

relative value in undervalued banks, insurance, and utilities, there will be opportunities to provide enhanced yield through careful security selection.

The consistent theme in all sectors appears to be the same: Low yields are here for a while. In these conditions, due diligence, credit analysis, and appropriate sector rotation need to be rigorously performed to pick up every extra basis point possible. We urge all investors to let us help them review their 2011 investment strategies and rework all yield and risk targets. ▲

Benchmark Performance Summary

As of December 2010

Benchmark	3 Month	1 Year	3 Year	5 Year	10 Year
S&P 500	10.76%	15.06%	-2.86%	2.29%	1.41%
Russell 1000 [®]	11.20	16.10	-2.38	2.59	1.83
Russell 1000 Growth [®]	11.84	16.72	-0.47	3.76	0.02
Russell 1000 Value [®]	10.54	15.51	-4.42	1.27	3.25
Russell 2000 [®]	16.25	26.85	2.22	4.47	6.33
Russell 2000 Growth [®]	17.11	29.08	2.18	5.30	3.78
Russell 2000 Value [®]	15.36	24.51	2.19	3.52	8.42
Russell Microcap [®]	19.41	28.89	-0.35	1.18	7.38
MSCI EAFE (Gross Div)	6.66	8.21	-6.55	2.94	3.93
MSCI All Country World Index (Gross Div)	8.82	13.20	-3.76	3.97	3.69
MSCI All Country World Commodity Producer Sector Capped Index (Gross)	15.68	16.11	-1.25	12.86	N/A
Barclays Capital Aggregate	-1.30	6.54	5.90	5.80	5.84
Barclays Capital Inter Govt/Credit	-1.44	5.89	5.41	5.53	5.51
Barclays Capital Long Govt Credit Bond	-5.60	10.16	6.78	5.92	7.12
Barclays Capital Municipal Bond	-4.17	2.38	4.08	4.09	4.83
Barclays Capital 3-15 Blend Muni	-2.95	3.14	4.90	4.67	4.93
Merrill Lynch BB/B Constrained	2.40	14.26	8.57	7.61	7.95
Merrill Lynch 1-3 Govt/Corporate	-0.06	2.82	3.77	4.48	4.27
Merrill Lynch 90 Day T-Bill	0.04	0.13	0.79	2.43	2.39
Merrill Lynch 6 Month T-Bill	0.09	0.36	1.50	2.96	2.78
30 Day T-Bill	0.04	0.12	0.49	2.16	2.12

Sources: Russell, MSCI, Barclays Capital, Merrill Lynch and Bloomberg

Disclosure: Harris Investments is a service mark used by Harris Investment Management, Inc. Harris Investment Management, Inc. is a registered investment adviser with the SEC, and a wholly owned subsidiary of Harris Bankcorp, which is a wholly owned subsidiary of Harris Financial Corp., a wholly owned subsidiary of Bank of Montreal. Prior to November 1989, the firm was known as the Harris Investment Management Group, which operated as part of Harris Trust and Savings Bank. HIM Money, Inc., is a wholly owned subsidiary of Harris Investment Management, Inc. and is an SEC-registered investment adviser. For additional information on ownership, affiliates and AUM, please refer to each entity's Form ADV Part I which is made available at www.sec.gov. The firm maintains a complete list and description of composites, which is available upon request.

BMO Asset Management™ ("BMO AM") is a Trademark of Bank of Montreal and a trade name used by the Bank of Montreal and Harris N.A. BMO AM is the umbrella structure for BMO Financial Group's institutional investment management companies. Bank of Montreal, together with its subsidiaries, is known as BMO Financial Group™. BMO Financial Group is a Trademark of Bank of Montreal and a trade name used by the Bank of Montreal and Harris N.A.

Additional information provided by BMO Capital Markets, an affiliate of Harris Investments and a member of BMO Financial Group (NYSE, TSX: BMO), is only to be used as reference and does not constitute an offer or sell or recommendation of any securities or solicitation for investment banking services. Historical data and projections of BMO Capital Markets are obtained by sources believed to be accurate and such projections are to be used in this context for reference to Harris Investments strategies and do not constitute investment advice.

The purpose and nature of this piece is informational and educational. The analysis and views expressed in this report reflect personal views about the subject and are not related to any specific recommendations by Harris Investments or the Bank of Montreal. The information and statistics in this report have been obtained from sources we believe are reliable but we do not warrant their accuracy or completeness. We do not undertake to advise the reader as to changes of our views in the future. This is not a solicitation of an order to buy or sell any specific securities. Past performance is no guarantee of future results. Certain of the statements contained herein are statements of future expectations and other forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. The financial instruments made available through Harris Investments are not suitable for all investors and are intended for qualified institutional investors only.

Simulated returns of the Low Volatility strategy do not reflect the deduction of investment advisory fees, as such actual returns may be reduced by advisory fees and any other expenses it may incur in the management of the advisory account. The performance and sample portfolio characteristic information of the proposal was simulated using the assumptions and model portfolio characterizations that would be used to manage the proposed model portfolio. The sample portfolio is not based on actual results and no actual investments have been managed under this specific proposed strategy. Presentation of these hypothetical model results does not, in any way guarantee that future performance will achieve similar results. Such results do not represent the impact that material economic and market factors might have on an investment adviser's decision-making process if the adviser were actually managing client money. Please see Harris Investments' Form ADV II for additional disclosure of investment advisory services and investment processes.

Indexes have no identifiable objectives, are not managed funds and cannot be purchased. They do not provide an indicator of how individual investments performed in the past or how they will perform in the future. Performance of indexes does not reflect the deduction of any fees and charges, and past performance of indexes does not guarantee future performance of any investment.