



June 6, 2013

BMO Economy and Markets Retrospective and Perspective

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Retrospective and Perspective

May – mixed results for investors

Review

Europe: Stock markets from northern to southern Europe generated strong returns for May. The STOXX Europe 600 Index rose 2.2% and returns for select countries included Germany +5.5%, France +4.3%, Italy +4.1%, and Greece +4.2%.

The European Central Bank (ECB) lowered its key lending rate from 0.75% to 0.50%, a much expected move. The economic output of the European Union (EU) countries is 3% lower now than five years ago and the EU has now endured six consecutive quarters of GDP contraction. A key drag continues to be the lack of lending activity to the non-financial private sector, and reduced rates at the ECB are unlikely to solve that.

The hope and forecast is for economic growth to start to turn up in the second half of 2013, which is encouraged by the UK surprising the experts with positive GDP growth in the first quarter and Germany remaining in positive territory, although it contracted on a year-over-year basis.

Asia: Japan and China, as often the case, dominated market and economic news in May. These two countries carry a great deal of political baggage with each other. They also share a substantial economic and trade relationship: 18% of Japan's exports go to China, for example. So when China announced slower growth for the first quarter and reduced manufacturing activity, it contributed to the Japanese market sell off.

In the last two weeks of May, Japanese equities plunged 15%. Part of this sell-off may be the China story, but it more likely relates to stocks correcting after nearly a 70% rise in the last six to seven months. The economic news in Japan does seem a bit better. In the first quarter of 2013, economic output rose 3.5%, exceeding expectations, with the consumer being the major contributor.

Stock returns in emerging markets lagged those of the developed world both for May and year-to-date. However, a solid case for these markets remains, including attractive price-to-profit ratios and overall stronger economic growth profile.

U.S.: While our economic growth in aggregate remains unimpressive, there are, however, several bright spots ranging from low inflation, strong housing and auto sales to consumer confidence. Existing homes for sale stay on the market an average of only 46 days, and distressed sales as a percentage of overall sales are at multi-year lows. Auto sales are robust and consumer confidence improved significantly per the Conference Board and the University

TOTAL RETURNS (as of 05/31/2013)	May	YTD 2013	2012
S&P 500® Index	2.34	15.37	16.00
STOXX Europe 600 Index	2.24	10.11	19.08
MSCI Emerging Markets Index	-2.57	-3.42	18.22
U.S. 10-Yr Treasury	-3.71	-2.32	4.18

Sources: Bloomberg L.P., BMO Global Asset Management

of Michigan surveys. Creating new jobs at a faster pace remains key; non-farm payrolls have been on the rise, yet short of desired growth.

Corporate America showed solid first quarter earnings, and companies reporting results so far for the fiscal quarter ending April have met or exceeded expectations. In general, stocks in the U.S. sell at or near their long-term average for prices per dollar of profit, carry strong balance sheets, operate at high margins, and are raising their dividends.

This month produced over a 2.3% return on the S&P 500® Index, but the disparity of sector returns was pronounced. Financials and Industrials rose 4 to 6%, while the more defensive sectors such as Telecom, Utilities and Consumer Staples turned negative. The development of an improving economy is part of this story.

U.S. Treasuries were impacted by the economic prospects, Fed commentary etc. The 10-year Treasury's intra-month yield rose from 1.6% to 2.2%, resulting in a one-month total return of -3.7%. The major issue impacting the fixed income markets seems to be not if, but how soon might the Fed act to "taper" their monetary initiatives.

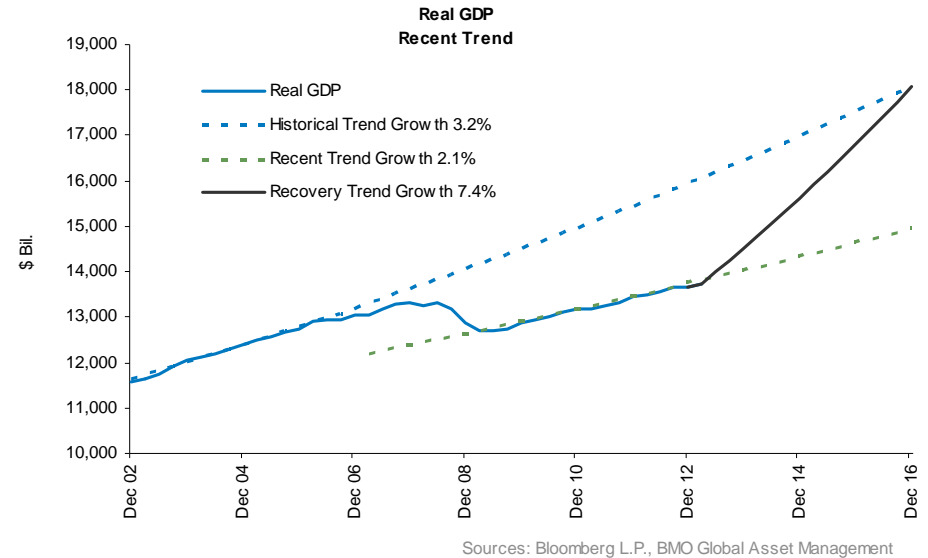
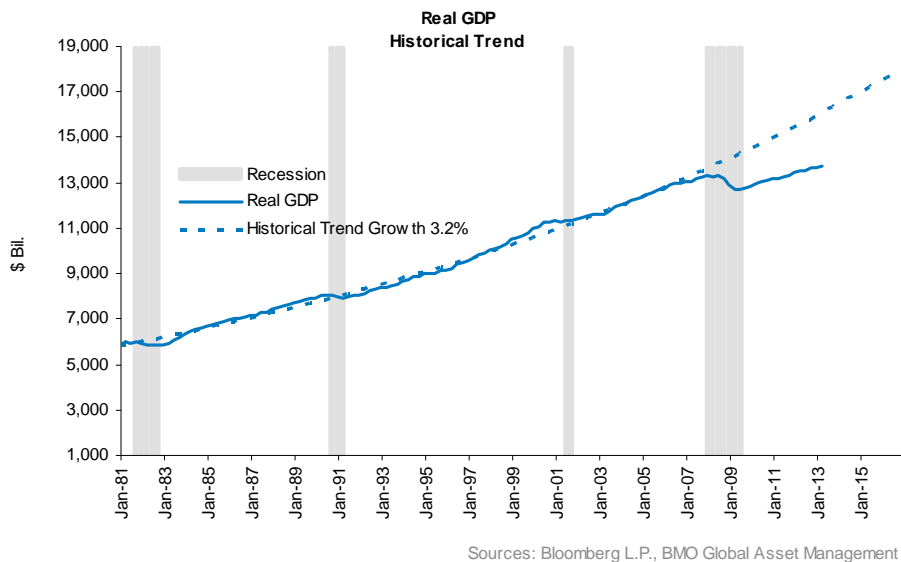
Important forward-looking issues:

- Can the ECB, working with others, create lending prospects?
- What is the direction of the Federal Reserve and interest rates?
- Will the "great rotation" from bonds to stocks start up?
- Can Japan initiatives work – this time?

Trend-line GDP Growth - Pre and Post the Great Recession

Review

- Historical trend-line annual growth in real GDP before the Great Recession was 3.2%
- Prior recessions saw recoveries which had modest effects GDP trend-line growth
- Through the first quarter of 2013, trend-line growth in the recovery has been 2.1%, over 1% below historical growth
- For the economy to return to its prior growth path by the end of 2016, annual growth would have to average 7.4%, an unlikely event
- With the growing discussion on a Fed “tapering” of QE3 (i.e. ending it), financial markets are facing the task of establishing future economic growth expectations and pricing assets accordingly



Market Performance Summary

Review

As of May 31, 2013

EQUITIES (% Returns)

U.S. Large Cap Equities

	1-Mo	3-Mo	6-Mo	1-Yr	3-Yrs	5-Yrs	10-Yrs	YTD 2013	1Q 2013	2012
S&P 500® Index	2.34	8.22	16.43	27.28	16.87	5.43	7.58	15.37	10.61	16.00
Dow Jones Industrial Average Index	2.24	8.24	17.57	25.26	17.35	6.64	8.23	16.65	11.93	10.24
Russell 1000® Index	2.22	8.09	16.68	27.62	16.92	5.57	7.96	15.48	10.96	16.42
Russell 1000® Growth Index	1.86	7.92	13.92	22.55	17.20	6.28	7.75	13.95	9.54	15.26
Russell 1000® Value Index	2.57	8.24	19.35	32.71	16.59	4.73	8.02	16.93	12.31	17.51

U.S. Mid Cap Equities

Russell Midcap® Index	2.15	7.85	19.49	30.51	17.46	6.74	10.89	16.86	12.96	17.28
Russell Midcap® Growth Index	2.63	8.29	18.21	26.76	17.42	6.25	10.23	16.12	11.51	15.81
Russell Midcap® Value Index	1.74	7.48	20.60	33.91	17.50	7.11	11.13	17.50	14.21	18.51

U.S. Small-Mid Cap Equities (SMID)

Russell 2500™ Index	3.09	7.98	19.74	31.63	17.08	7.61	10.67	16.69	12.85	17.88
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U.S. Small Cap Equities

Russell 2000® Index	4.00	8.40	20.60	31.07	15.72	7.15	9.78	16.45	12.39	16.35
Russell 2000® Growth Index	5.07	9.71	21.58	30.86	17.46	7.69	9.90	18.17	13.21	14.59
Russell 2000® Value Index	2.99	7.17	19.69	31.31	13.97	6.51	9.53	14.85	11.63	18.05

International Equities

MSCI ACWI ex USA Index (Devlp. & EM)	-2.24	3.02	10.25	29.59	10.29	-1.68	8.53	7.01	4.70	16.41
MSCI EAFE Index (Developed Markets)	-2.41	3.51	11.39	31.62	11.00	-1.60	8.32	7.94	5.13	17.32
MSCI European Monetary Union Index (in €)	2.94	6.36	11.14	33.88	6.89	-2.43	5.82	8.70	2.55	18.99
MSCI AC Asia Pacific Index	-4.82	0.66	9.39	22.95	8.69	0.36	10.25	5.32	5.46	16.78
MSCI Emerging Markets Index	-2.57	-3.52	1.30	14.10	5.41	-1.21	15.05	-3.42	-1.62	18.22

Technology and Growth Stocks

NASDAQ Composite Index	4.01	9.72	15.76	24.22	16.71	7.73	9.19	15.05	8.51	17.75
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ALTERNATIVES (% Returns)

	1-Mo	3-Mo	6-Mo	1-Yr	3-Yrs	5-Yrs	10-Yrs	YTD 2013	1Q 2013	2012
DJ UBS Commodity Index	-2.24	-4.33	-8.49	1.84	1.47	-9.18	2.63	-6.04	-1.13	-1.06
MSCI ACWI Commodity Producers Index	-1.26	-4.17	-2.54	6.09	0.91	-8.83	8.52	-5.07	-2.55	-0.64
Wilshire U.S. REIT Index	-6.15	2.21	9.78	12.29	12.87	0.66	6.28	6.41	6.53	13.40
S&P Global REIT Index	-7.10	1.96	9.74	20.64	13.91	-0.53	5.39	6.51	7.91	20.27
S&P Global Infrastructure Index	-5.10	1.64	7.03	18.59	12.49	-2.08	8.53	4.59	5.36	12.18

Highlighted items represent either the best- or worst-performing equity sector for the period. Total returns for periods of one year or more are annualized. MSCI indices performance is net of foreign taxes on dividends. Sources: Bloomberg L.P., FactSet, BMO Global Asset Management

Market Performance Summary

Review

As of May 31, 2013

U.S. FIXED INCOME (% Returns)

	1-Mo	3-Mo	6-Mo	1-Yr	3-Yrs	5-Yrs	10-Yrs	YTD 2013	1Q 2013	2012
Barclays U.S. Aggregate Index	-1.78	-0.71	-1.05	0.92	4.59	5.50	4.66	-0.91	-0.12	4.22
Barclays U.S. Interm. Gov/Crd Index	-1.13	-0.37	-0.35	1.57	4.02	4.83	4.15	-0.26	0.26	3.89
Barclays U.S. Corporate Index	-2.34	-0.54	-0.73	4.60	7.47	7.77	5.45	-0.67	-0.11	9.82
Barclays U.S. Treasury Index	-1.71	-0.74	-1.45	-0.89	4.14	4.88	4.19	-1.02	-0.19	1.99
Barclays Securitized Index	-1.48	-0.82	-0.83	0.33	3.59	5.08	4.73	-0.98	-0.03	3.01
Barclays High Yield Index	-0.58	2.25	5.79	14.82	12.19	10.90	9.51	4.15	2.89	15.81
Merrill Lynch High Yield BB/B Constr. Index	-0.70	1.98	4.94	13.60	11.50	9.51	8.49	3.52	2.40	14.58
Barclays 1-10 yr Municipals Index	-0.91	-0.31	-0.50	1.90	4.02	4.77	3.98	0.27	0.49	3.56
Barclays Global Aggregate Bond Index	-2.97	-1.86	-3.99	-0.52	4.50	3.95	4.80	-3.68	-2.09	4.32
Barclays Global Credit Index	-2.26	-0.02	0.03	7.86	8.03	5.92	5.94	-0.76	-0.82	12.09

BOND YIELDS (%)

	May 2013	Feb 2013	Nov 2012	May 2012	May 2010	May 2008	May 2003
Fed Funds Rate (Effective Rate)	0.09	0.14	0.16	0.16	0.19	1.98	1.28
3-month Treasury Bill	0.03	0.10	0.08	0.07	0.16	1.88	1.10
2-year Treasury Note	0.30	0.24	0.25	0.26	0.77	2.65	1.33
5-year Treasury Note	1.02	0.76	0.62	0.66	2.09	3.42	2.29
10-year Treasury Note	2.13	1.88	1.62	1.56	3.29	4.06	3.37
30-year Treasury Bond	3.28	3.09	2.81	2.64	4.21	4.72	4.38
Barclays U.S. Aggregate Index	2.08	1.85	1.69	1.98	3.19	5.00	3.43
Barclays U.S. Corporate Index	2.92	2.75	2.69	3.31	4.46	6.13	4.12
Barclays High Yield Index	6.36	6.59	7.03	8.22	9.38	10.12	9.59
Barclays Emerging Markets Index	4.59	4.61	4.47	5.76	6.54	6.78	7.88
Barclays Emerging Markets Corporate Index	5.06	4.75	4.88	6.17	6.77	7.56	9.06

INFLATION (%)

	Apr 2013	Feb 2013	Nov 2012	May 2012	May 2010	May 2008	May 2003
Headline CPI YoY	1.10	2.00	1.80	1.70	2.00	4.20	2.10
Core CPI YoY	1.70	2.00	1.90	2.30	0.90	2.30	1.60
Core PCE YoY	1.05	1.30	1.54	1.75	1.73	2.47	1.53

OTHER MARKETS

	May 2013	Feb 2013	Nov 2012	May 2012	May 2010	May 2008	May 2003
US\$ / Euro	1.300	1.306	1.299	1.237	1.231	1.555	1.178
WTI Crude Oil Price (\$/barrel)	92.0	93.1	91.6	88.3	84.1	124.8	29.6
Gold (\$/troy oz)	1,388	1,580	1,715	1,560	1,216	887	364

Total returns for periods of one year or more are annualized. Sources: Barclays Capital, Bloomberg L.P., BMO Global Asset Management

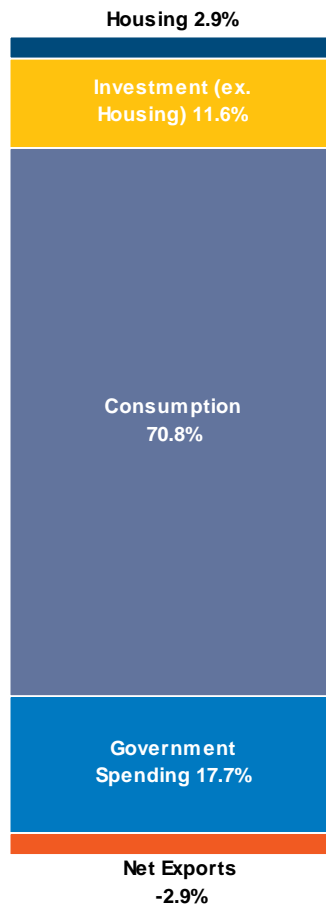
U.S. Economic Growth

The U.S. economy expanded 2.4% in the first quarter of 2013, slower than the prior estimate of 2.5% growth. Consumer spending experienced the largest increase in two years. Investments posted strong growth in the first quarter and housing had a small but positive contribution, which were partly offset by a drop in defense outlays and slow exports.

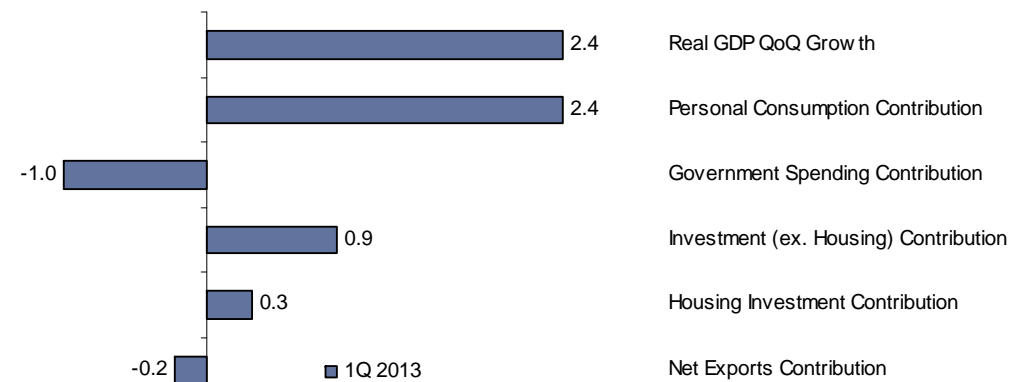
Economy

Components of Real GDP

As of 03/31/2013

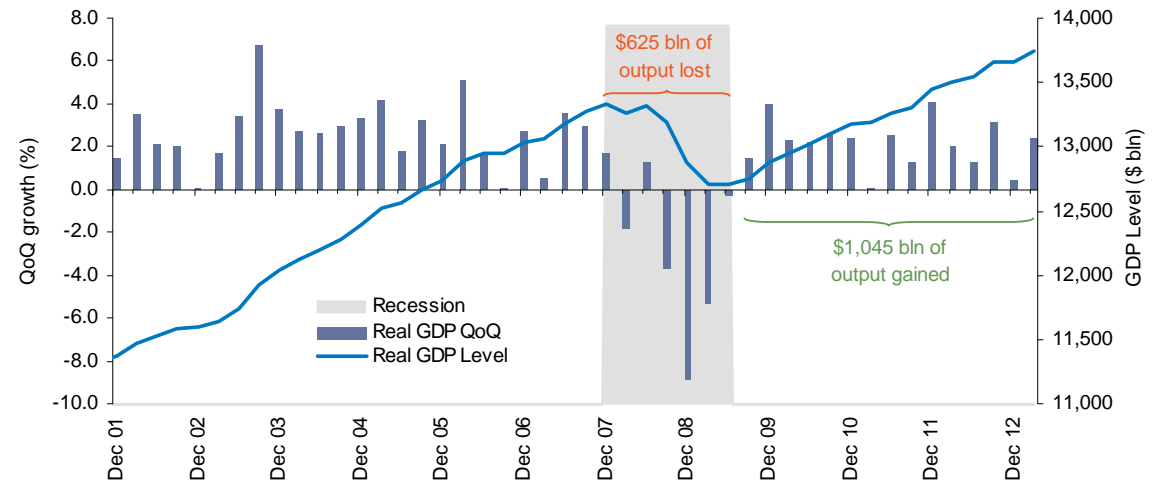


Real GDP QoQ Growth and Components Contribution



Sources: www.BEA.com, BMO Global Asset Management

U.S. Real GDP Growth



Sources: Bloomberg L.P., BMO Global Asset Management

Sources: www.BEA.com, BMO Global Asset Management

U.S. Inflation

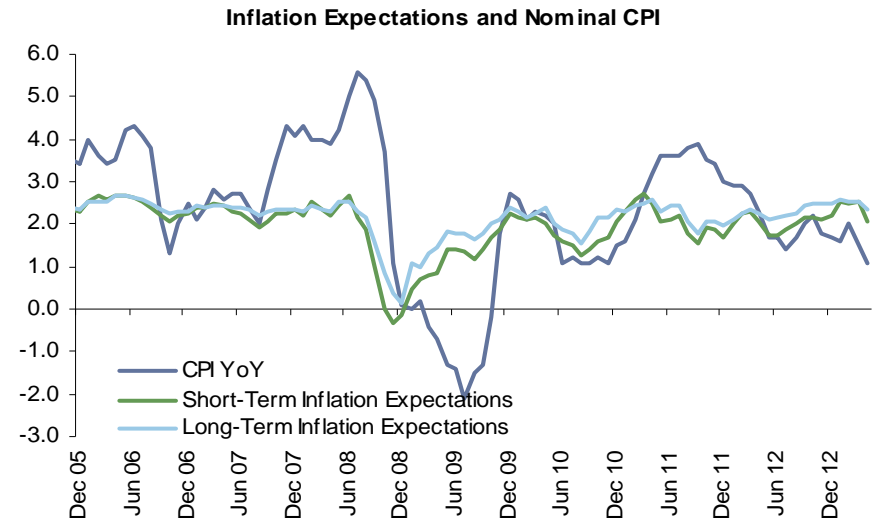
Energy costs continued their decline in April, falling 4.1% and pushing headline inflation down. On a year-over-year basis, the headline inflation (CPI including food and energy) increased 1.1%. Despite tame inflation, low nominal yields have kept real yields in negative territory since early 2011.

Economy

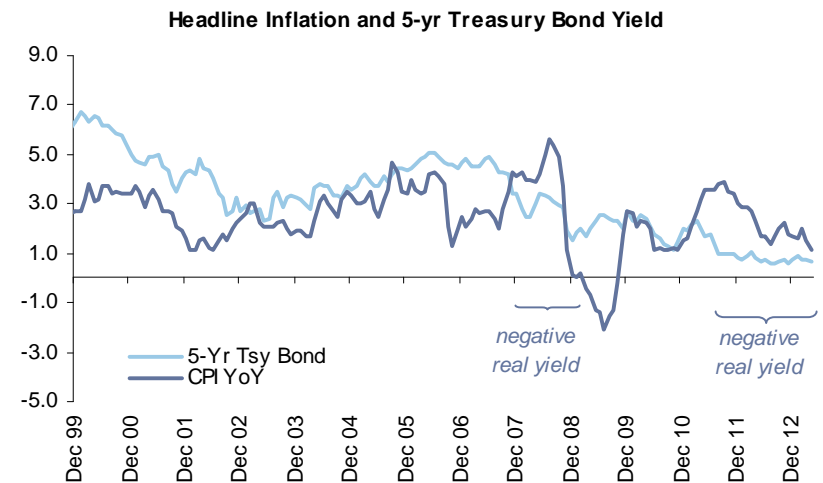
Urban CPI Components	YoY % Change 04/30/2013	YoY % Change 03/31/2013	Weight in Headline CPI (%)
Headline CPI	1.1	1.5	100.0
Food	1.5	1.5	14.2
Energy	-4.1	-1.6	10.0
Core CPI (excl. Food and Energy)	1.7	1.9	75.8
Housing	1.9	1.9	37.9
Transportation	2.5	3.1	10.7
Medical Care	2.7	3.1	6.5
Recreation	0.6	0.6	6.4
Education & Communication	1.5	1.8	6.1
Apparel	0.3	0.8	3.6
Other Goods & Services	1.8	1.8	3.5
Beverages	1.8	1.7	0.9

Seasonally adjusted values, as of 04/30/2013

Sources: Bloomberg L.P., BMO Global Asset Management



Sources: Bloomberg L.P., BMO Global Asset Management

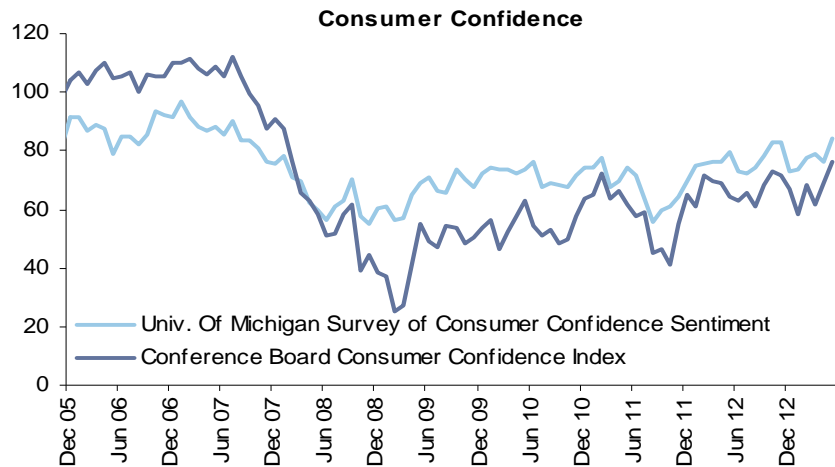


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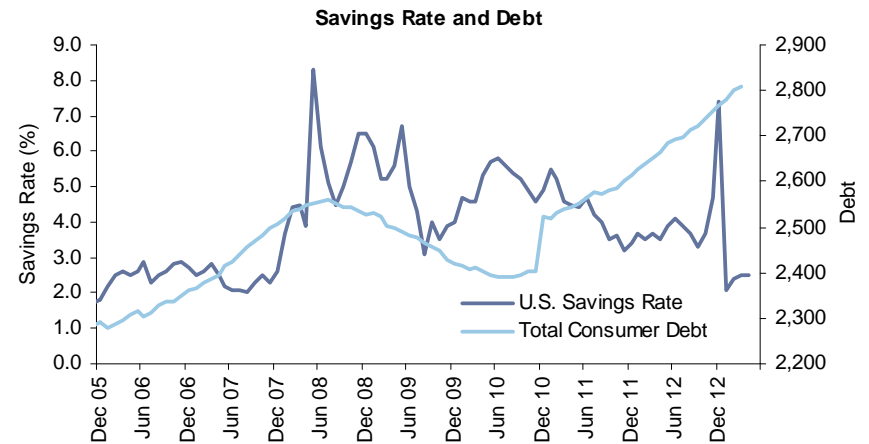
U.S. Consumer

Economy

The U.S. savings rate nudged higher, to 2.7% in February and March, from 2.3% in January, which was the lowest point in the last nine years. The drop in the savings rate can be attributed to higher income taxes, which reduced disposable income. Despite higher consumer debt compared to December 2008, consumer balance sheets appear healthier, as net worth increased to 83% of balance sheet.

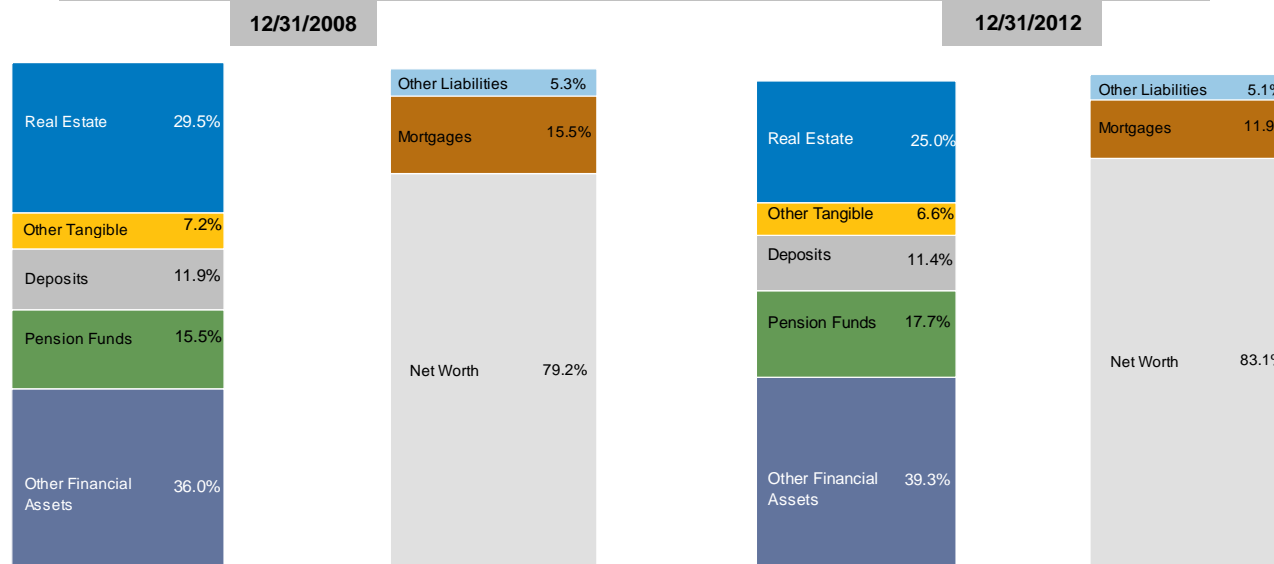


Sources: Bloomberg L.P., BMO Global Asset Management



Sources: Bloomberg L.P., BMO Global Asset Management

Consumer Balance Sheet



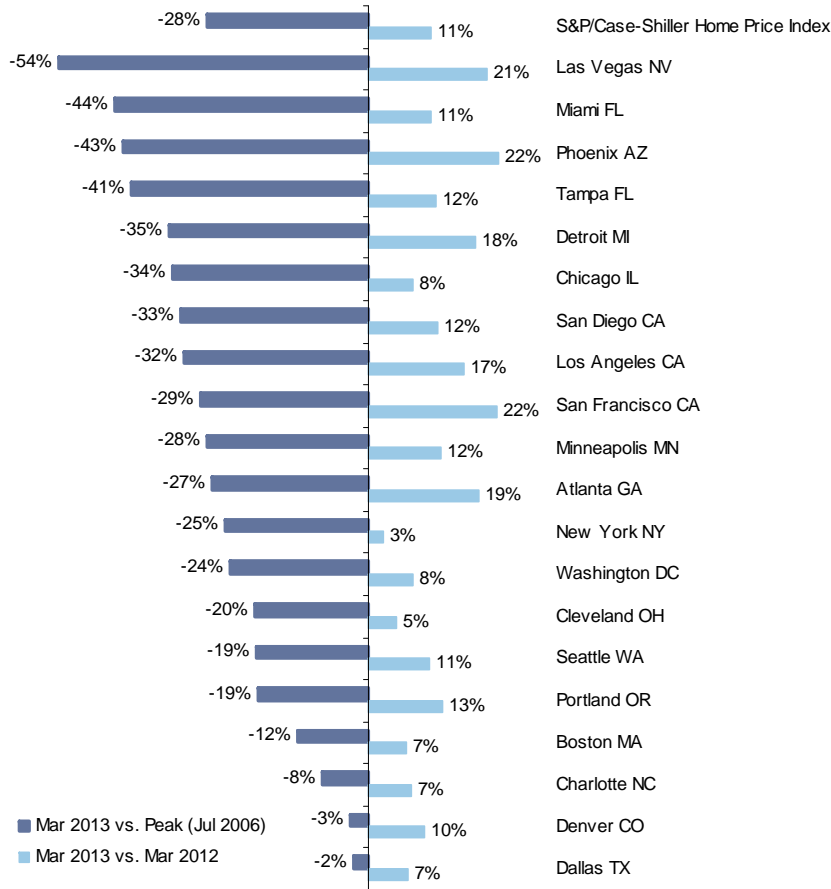
Sources: Federal Reserve Bank, BMO Global Asset Management

U.S. Housing Market

Residential real estate prices increased in March by 10.9% on a year-over-year basis, the most since the price peaked in July 2006. Home prices increased across the nation, in some cases at a double-digit pace over the past 12 months, but remain below their 2006 high. Thinning inventories and higher home prices pushed homebuilders' confidence higher in May.

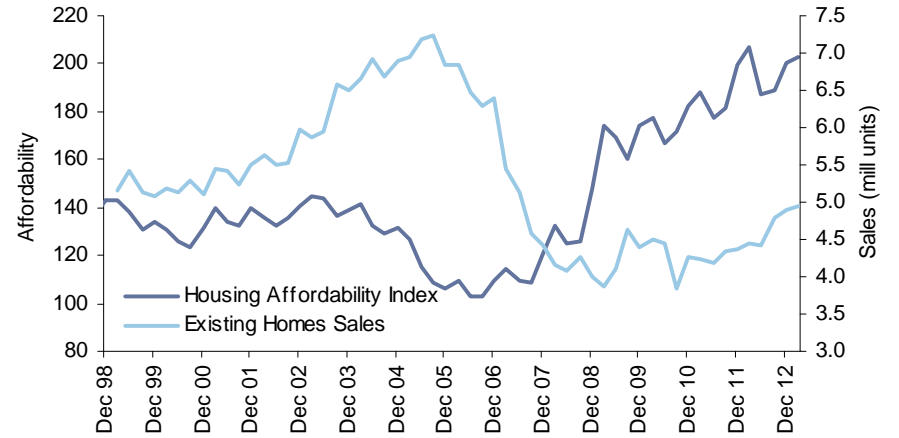
Economy

U.S. Home Prices



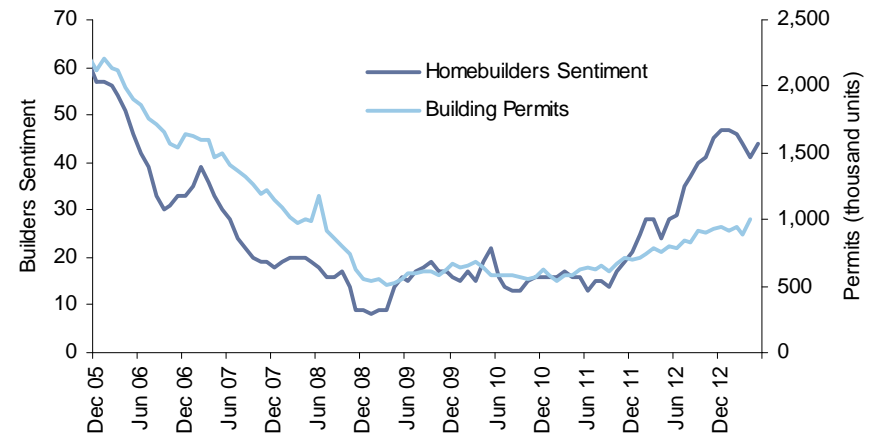
Sources: Bloomberg L.P., BMO Global Asset Management

Housing Affordability Index and Existing Home Sales



Sources: Bloomberg L.P., BMO Global Asset Management

Homebuilders Sentiment and Building Permits

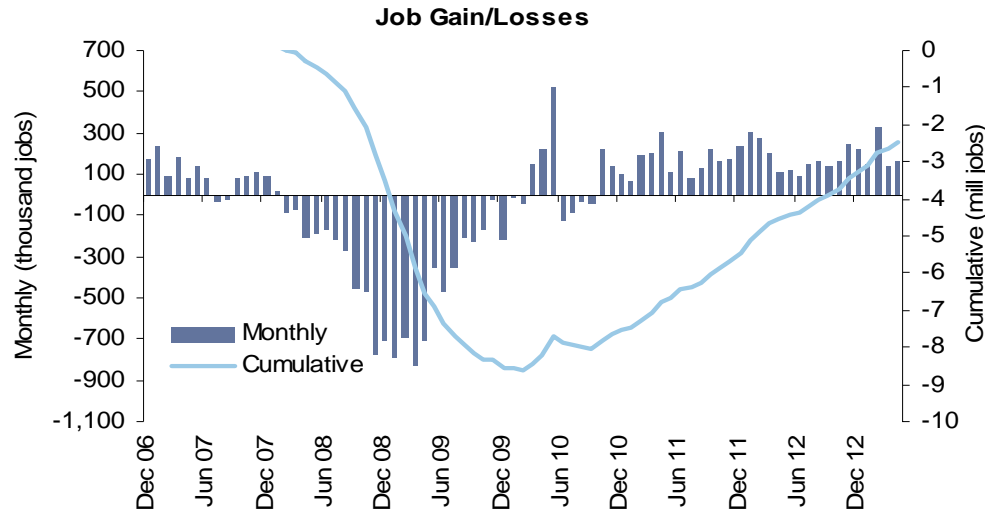


Sources: Bloomberg L.P., BMO Global Asset Management

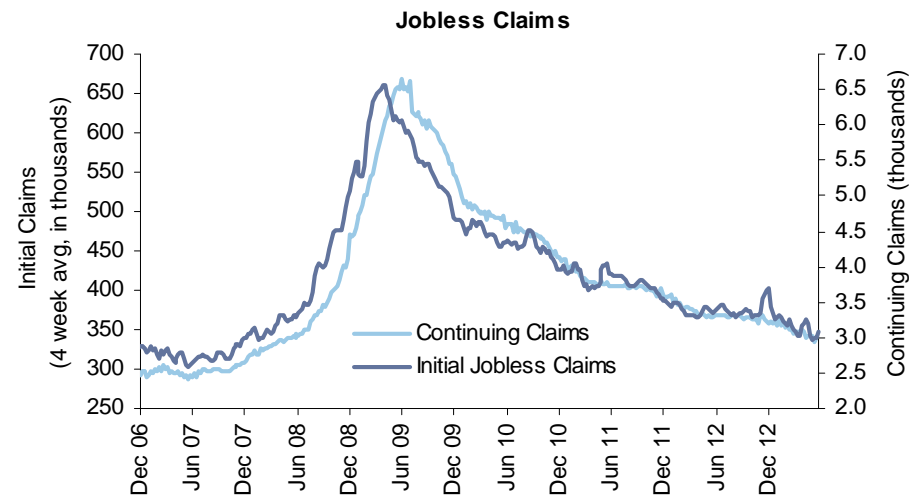
U.S. Job Gains/Losses

The economy added an average of 196,000 jobs in the first four months of 2013, more than the 2012 average of 183,000 jobs per month. However, the pace was significantly below the average of 225,000 jobs recorded in the first four months of 2012. Initial jobless claims in May were near a five-year low.

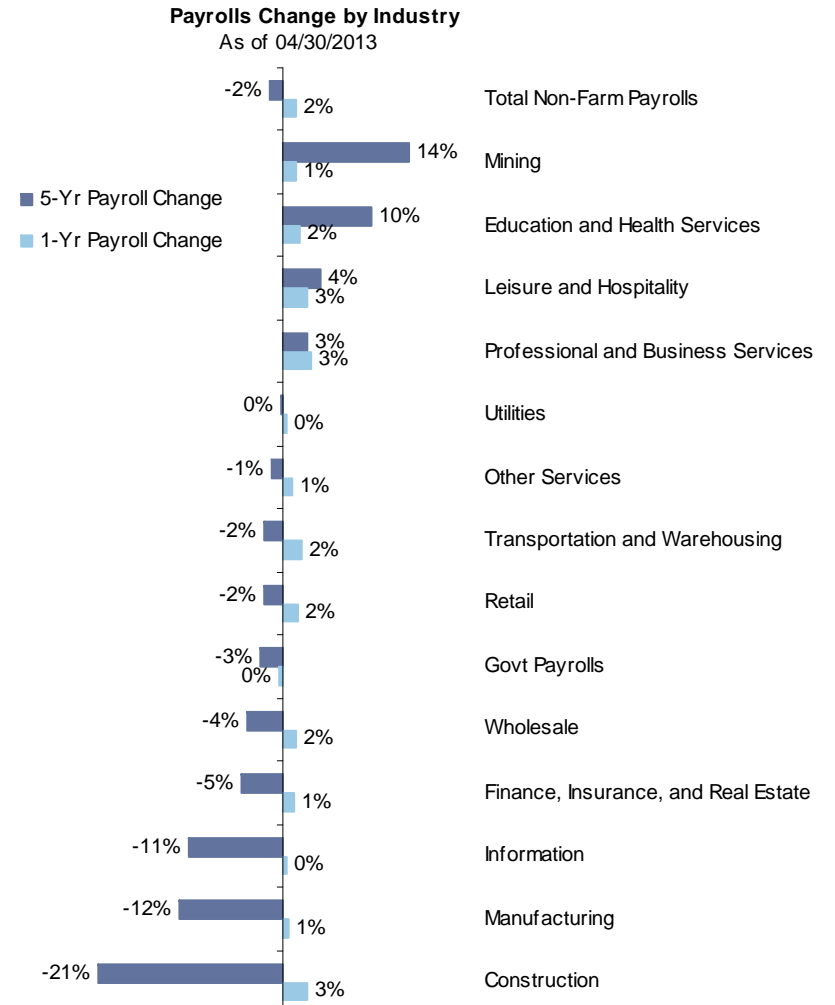
Economy



Sources: Bloomberg L.P., BMO Global Asset Management



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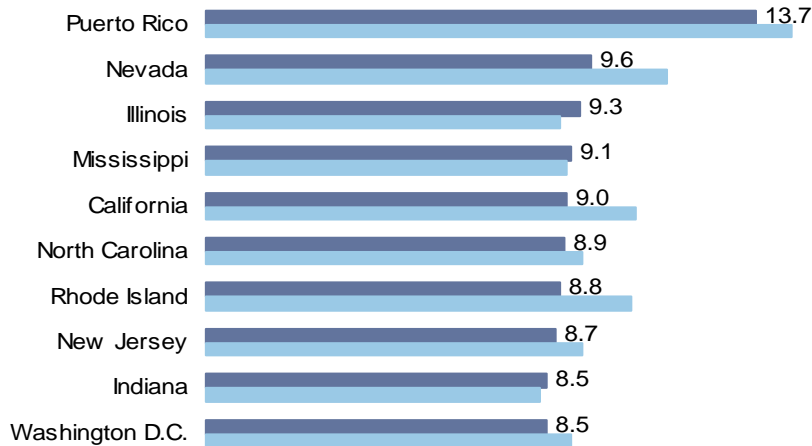
Sources: Bloomberg L.P., BMO Global Asset Management

U.S. Unemployment

The unemployment rate declined to 7.5% in April, from 7.6% in March. While unemployment duration is significantly below its peak of 40.7 weeks reached at the end of 2011, it remains stubbornly high, at 36.5 weeks. Private employment continues its steadily increasing trend which began in early 2010, while government employment has seen the effect of budget cuts.

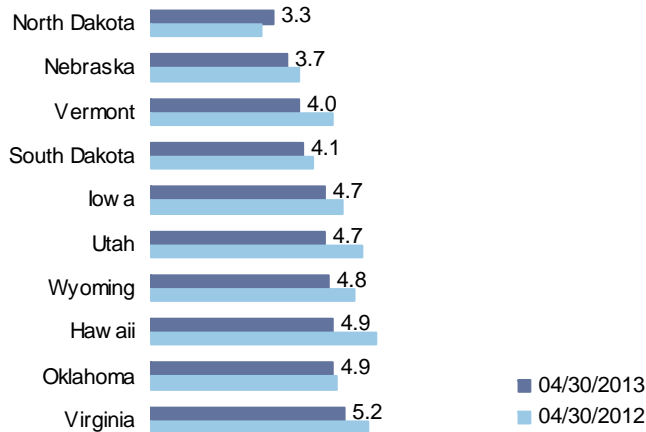
Economy

**Unemployment Rate
Worst 10 States**



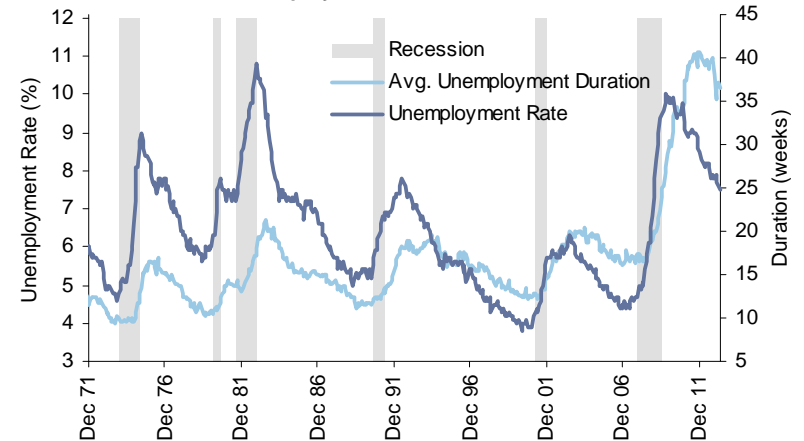
Sources: Bloomberg L.P., BMO Global Asset Management

Best 10 States



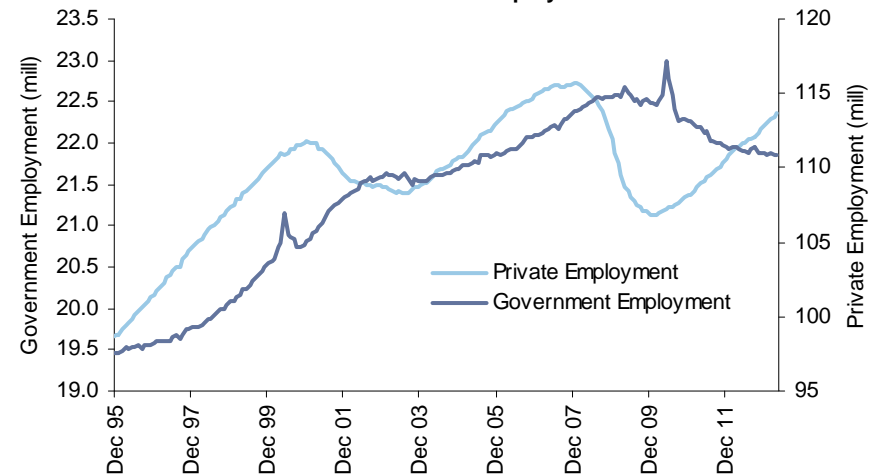
Sources: Bloomberg L.P., BMO Global Asset Management

Unemployment Rate and Duration



Sources: Bloomberg L.P., BMO Global Asset Management

Government and Private Employment

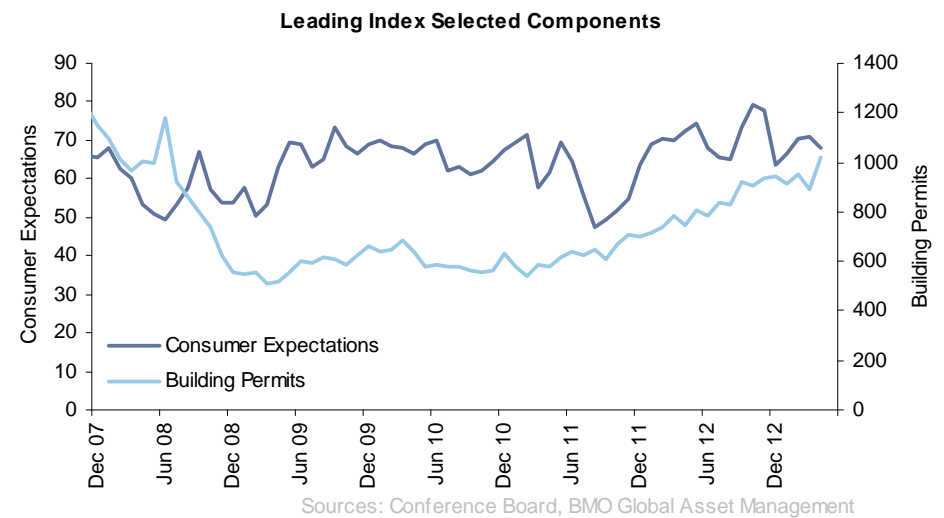
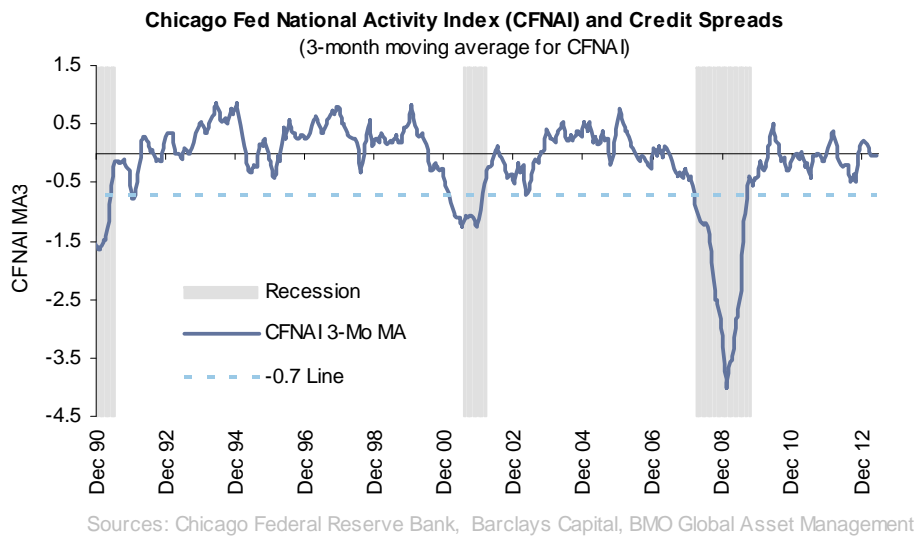
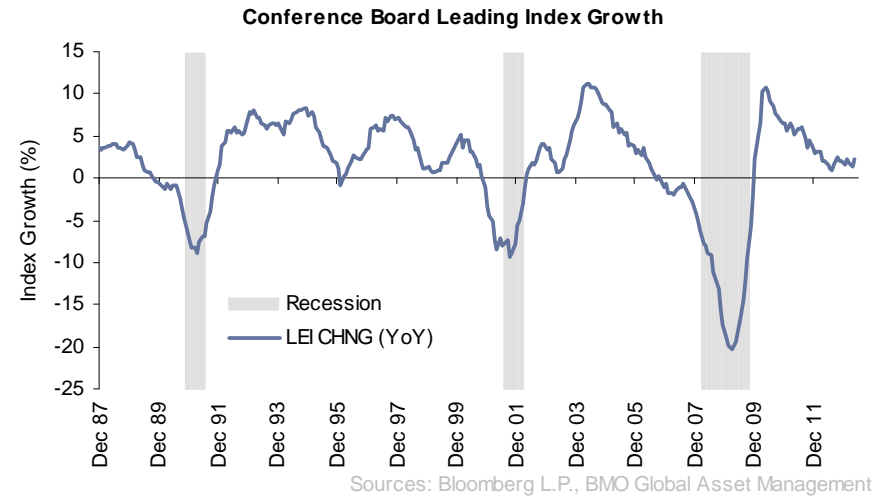
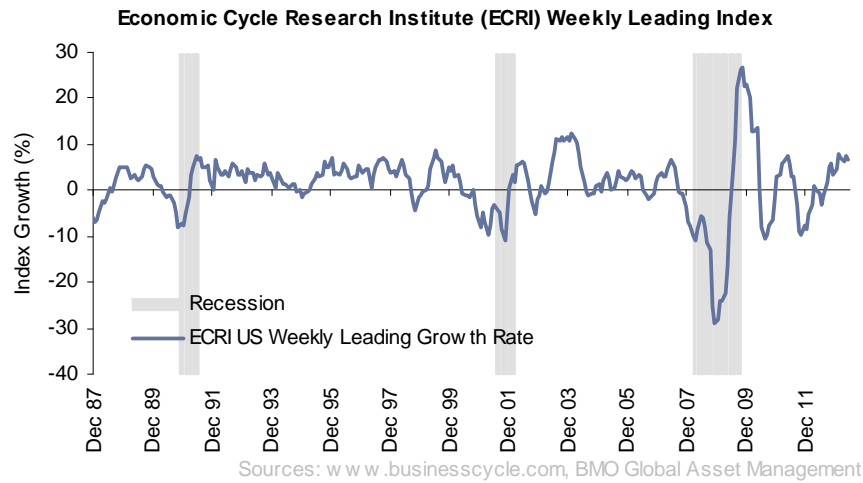


Sources: Bloomberg L.P., BMO Global Asset Management

Other U.S. Economic Indicators

Leading economic indicators have showed mixed results: the ECRI and CFNAI remained flat in April, while consumer expectations deteriorated modestly. Building permits improved in April, prompted by sustained price improvement in the housing market.

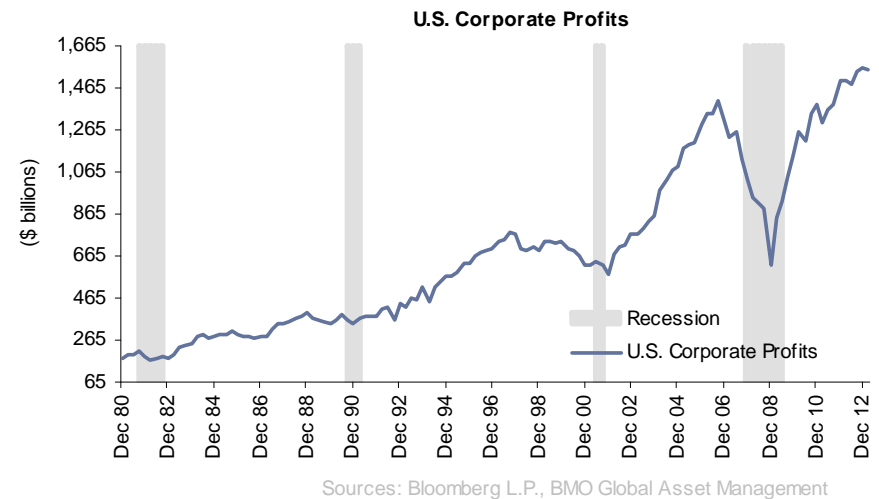
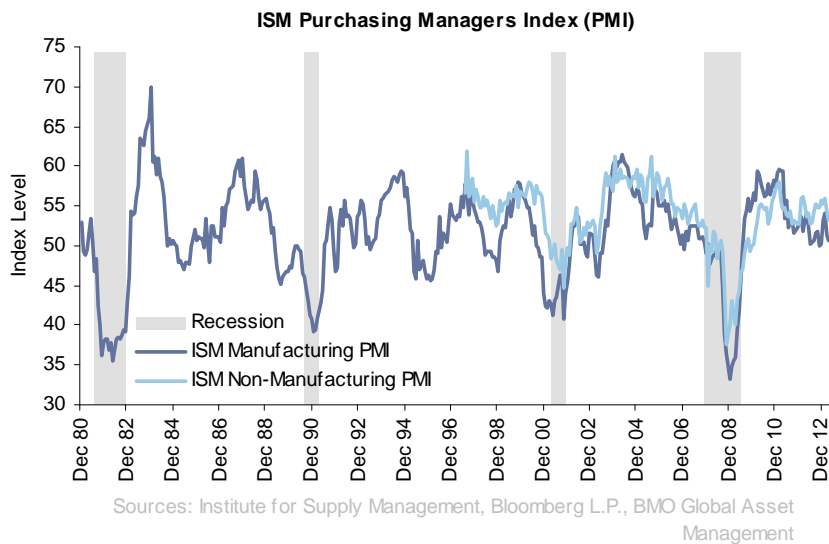
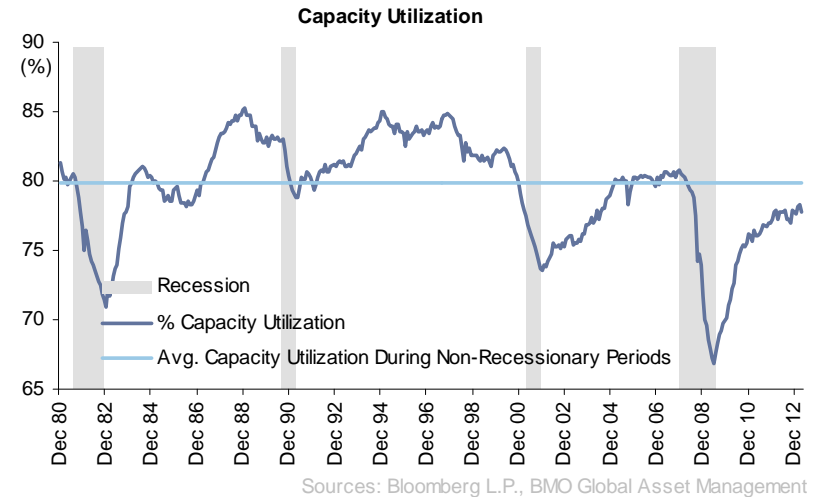
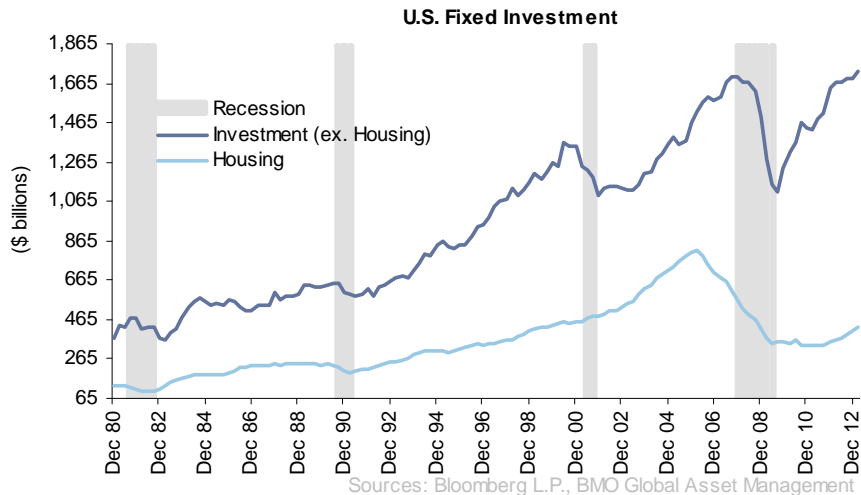
Economy



U.S. Business Activity

Housing investment level, while still low, shows the beginning of a recovery. Other fixed investment activity has steadily increased to pre-recession levels. Capacity utilization has improved slightly and is close to the average during non-recessionary periods. Corporations continue to book solid profits.

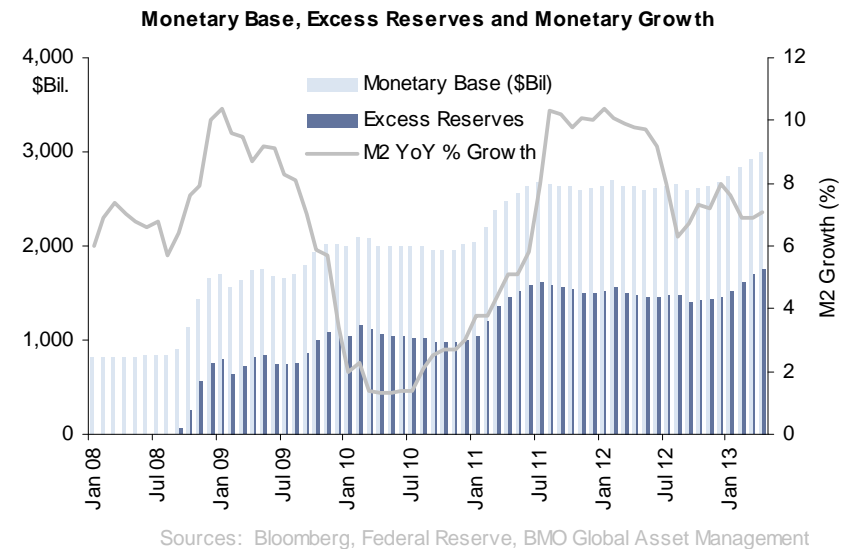
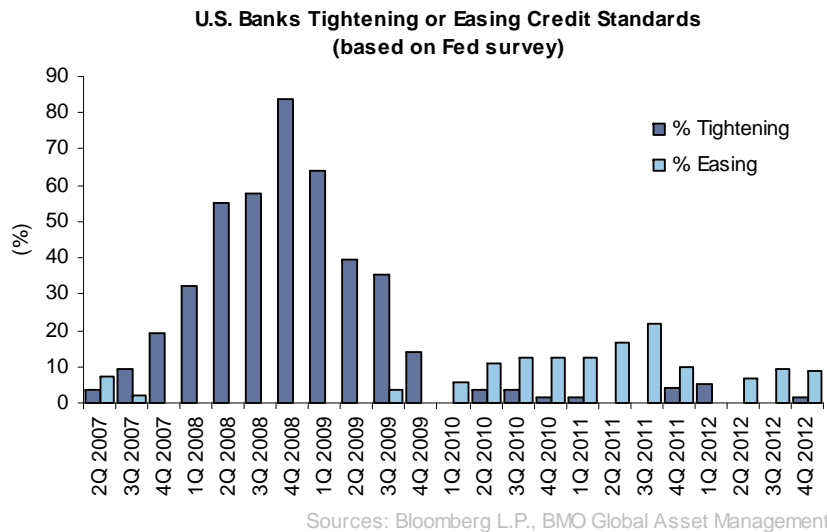
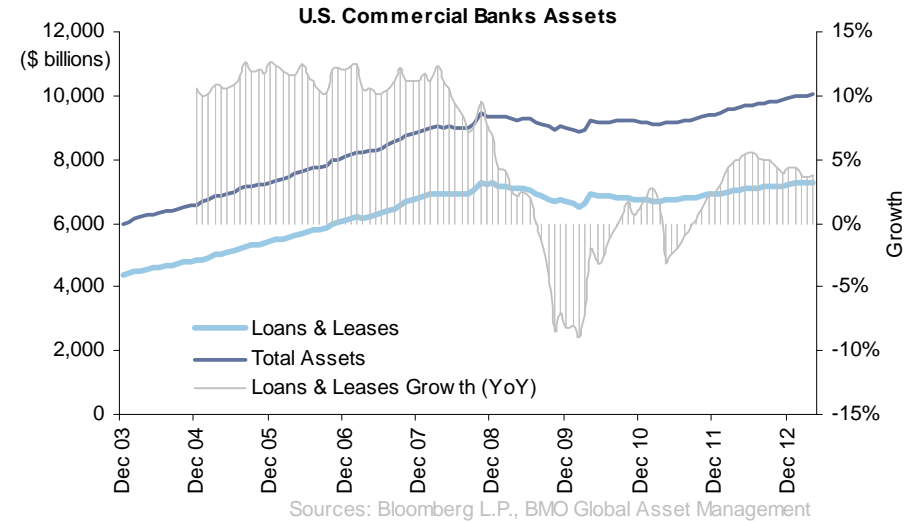
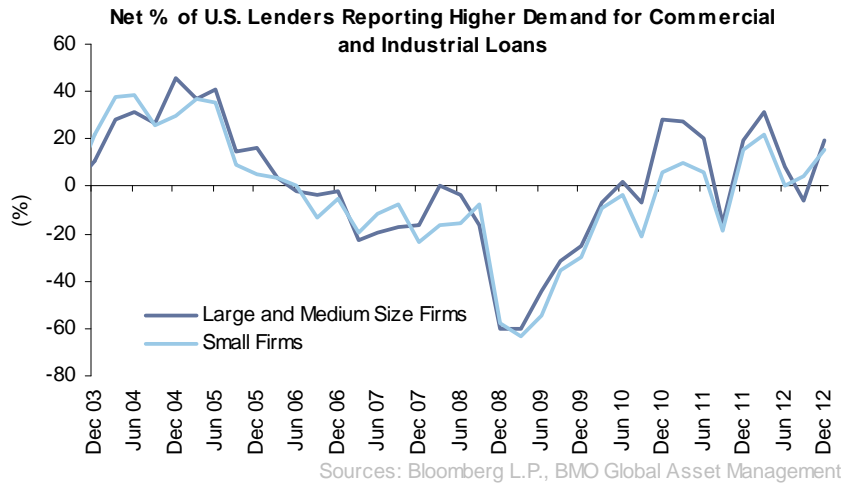
Economy



U.S. Lending and Banking Activity

Demand for commercial and industrial loans increased in the last quarter of 2012, as banks have been easing credit standards. While monetary stimulus continues, banks' excess reserves have been trending slightly higher, which limit a portion of funds from flowing into the economy. Credit standards continue to be favorable for borrowers.

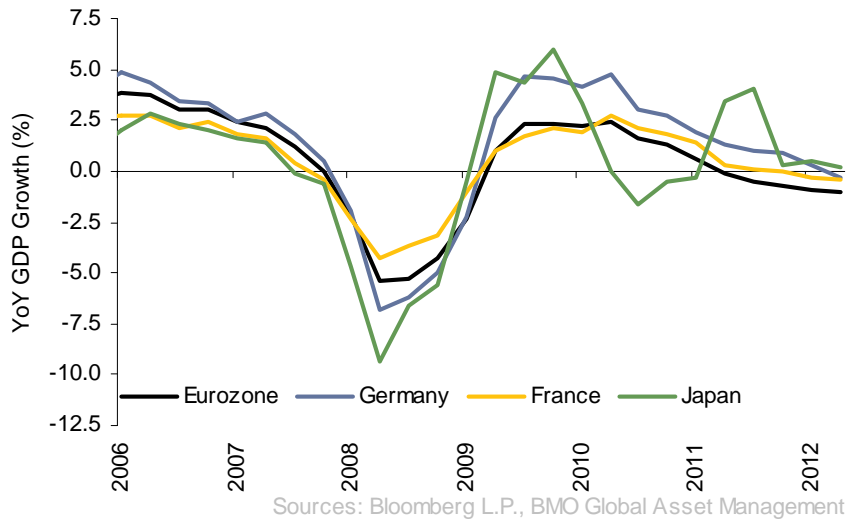
Economy



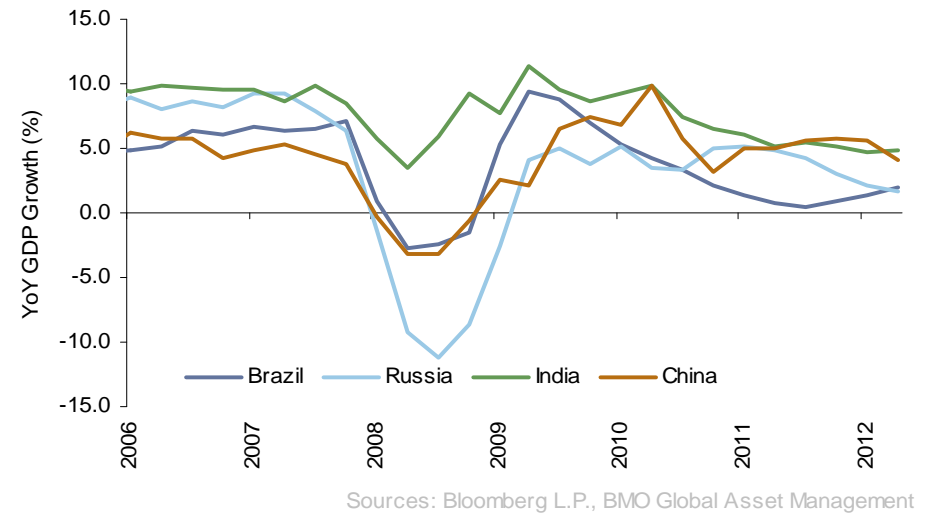
World Economic Growth and Inflation

Eurozone economies slipped into recession in the first quarter of 2012, Germany being the last one to show a contraction in the first quarter of 2013. China posted 4.1% GDP growth in the first quarter of 2013, the slowest YoY growth since third quarter 2011. World inflation has been declining slightly since the end of third quarter 2011, but CPI in the BRIC's economies inched up recently.

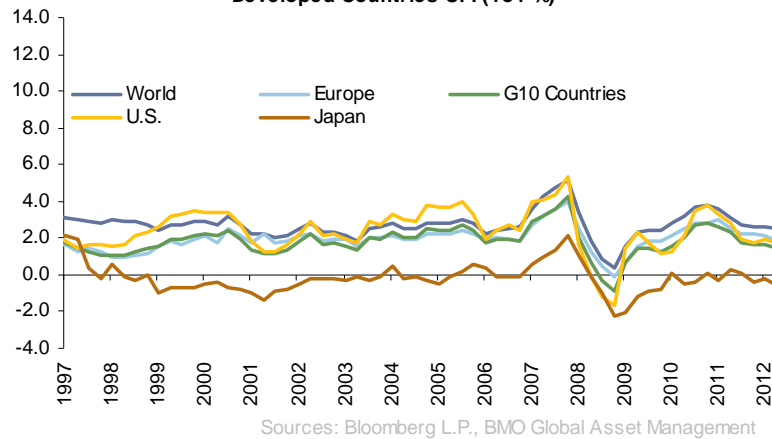
Real GDP Growth for Developed Countries



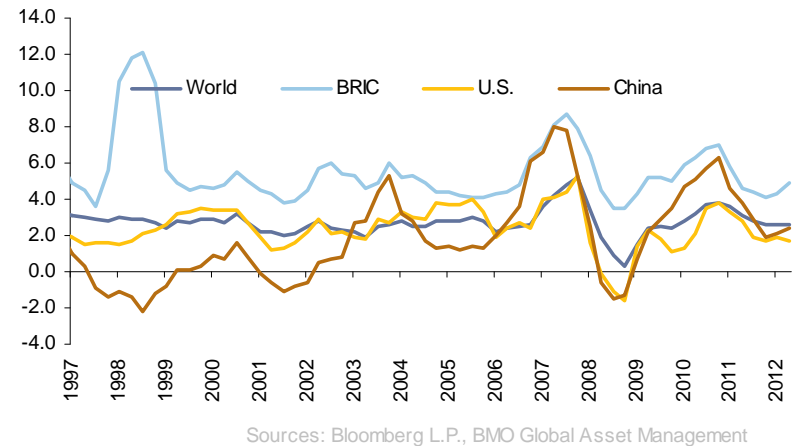
Real GDP Growth for BRIC Countries



Developed Countries CPI (YoY %)



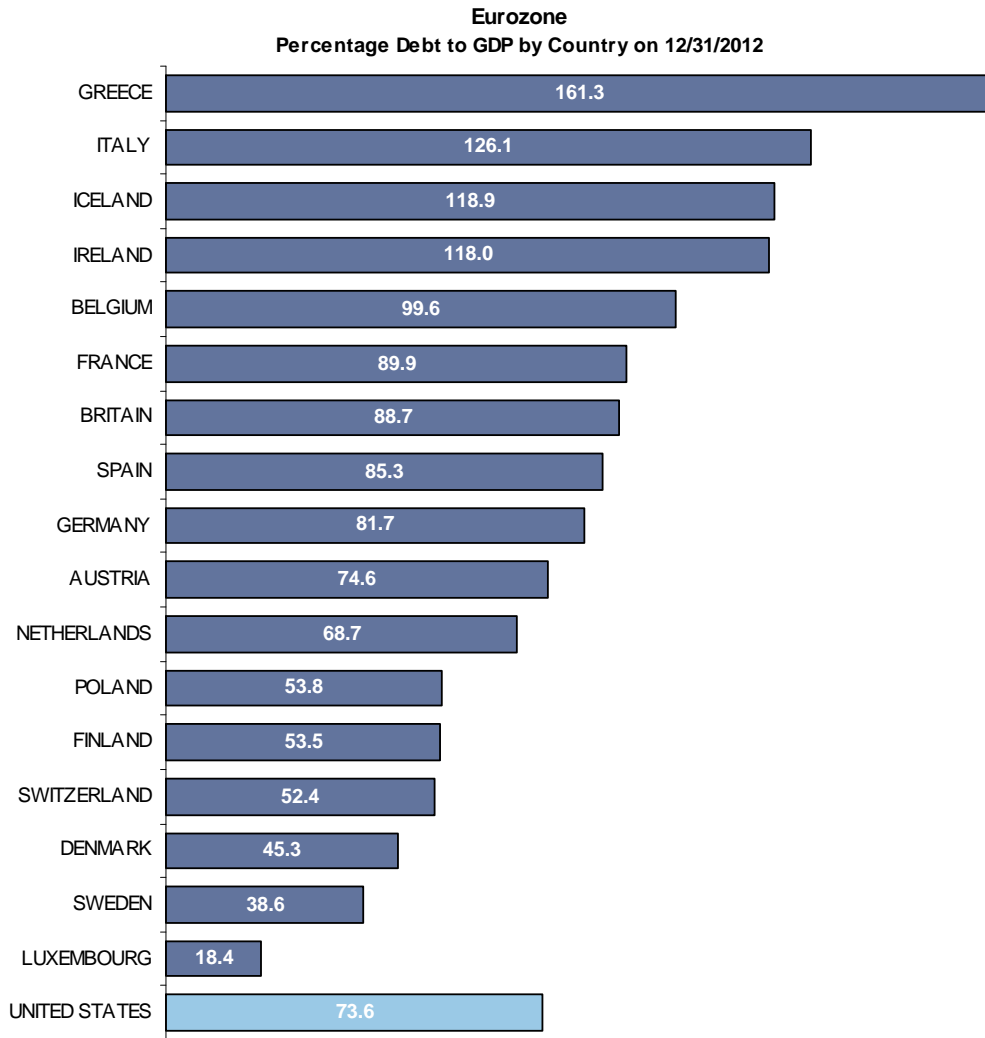
Emerging Markets CPI (YoY %)



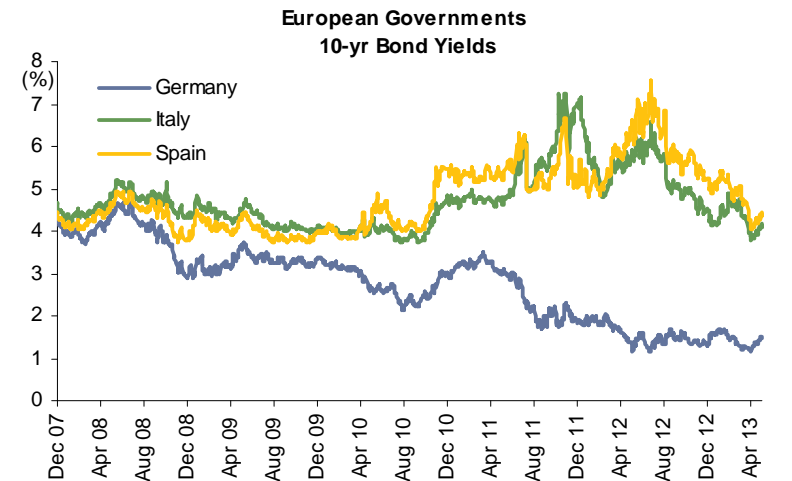
European Economies

Many European economies are struggling, hampered by recession, high debt-to-GDP ratios and high sovereign yields compared to the rest of the developed world. Yet recent yields, although increasing, show less concern about the European governments' ability to restrain spending.

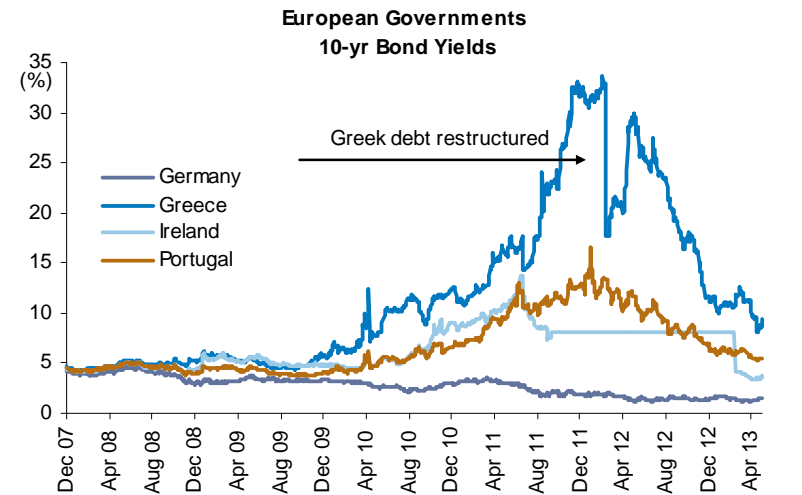
Economy



Sources: Bloomberg L.P., BMO Global Asset Management



Sources: Bloomberg L.P., BMO Global Asset Management



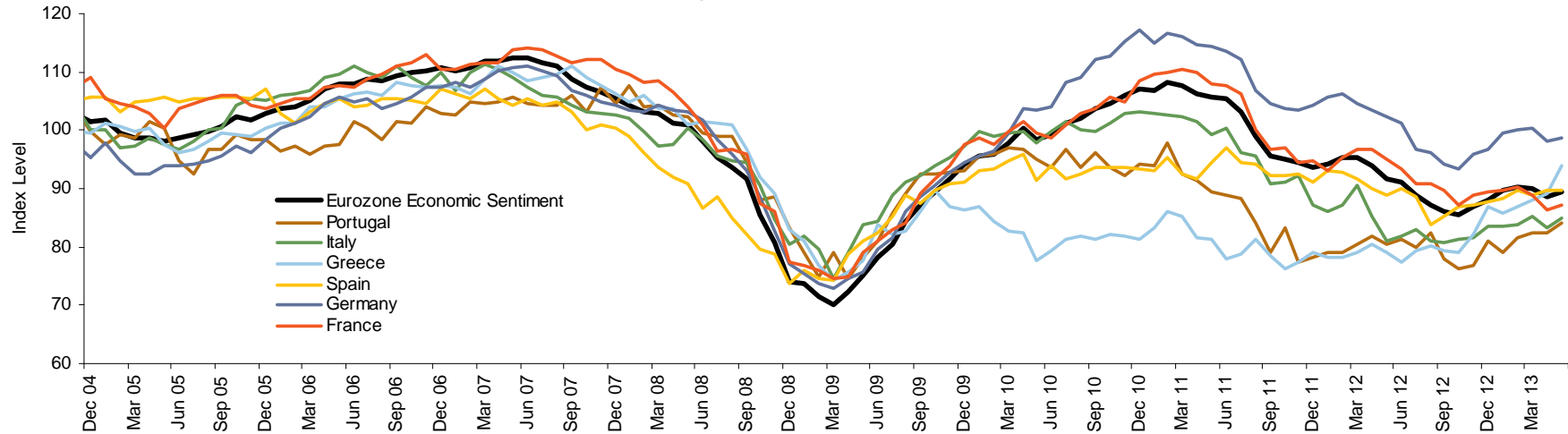
Sources: Bloomberg L.P., BMO Global Asset Management

European Economies

Sentiment indicators from several European countries improved in May, following a couple of months of decline across several countries. The European Central Bank indicates there was a small increase in demand for commercial loans over the past three months.

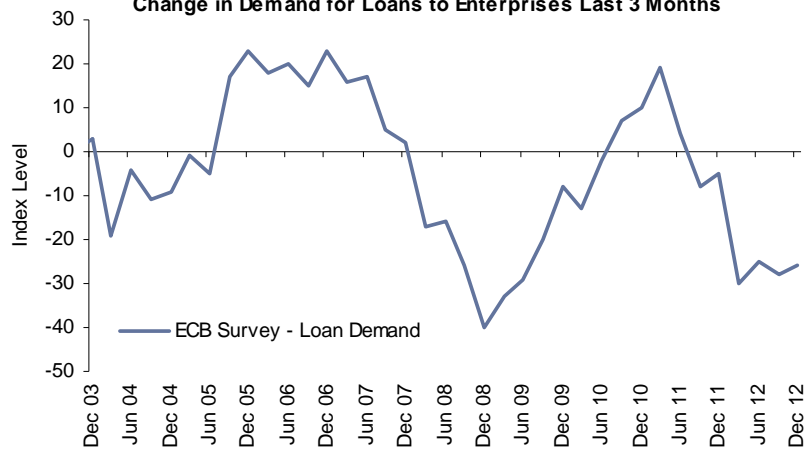
Economy

European Economic Sentiment Indicators



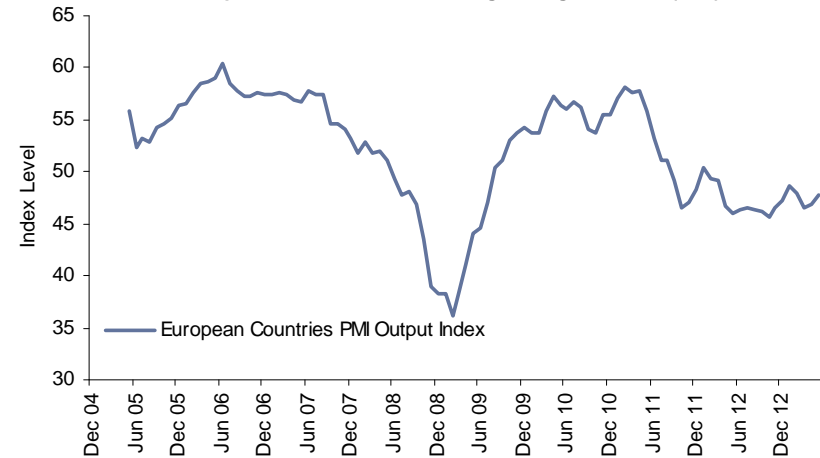
Sources: Bloomberg L.P., BMO Global Asset Management

European Central Bank Survey
Change in Demand for Loans to Enterprises Last 3 Months



Sources: Bloomberg L.P., BMO Global Asset Management

European Countries Purchasing Managers Index (PMI)



Sources: Bloomberg L.P., BMO Global Asset Management

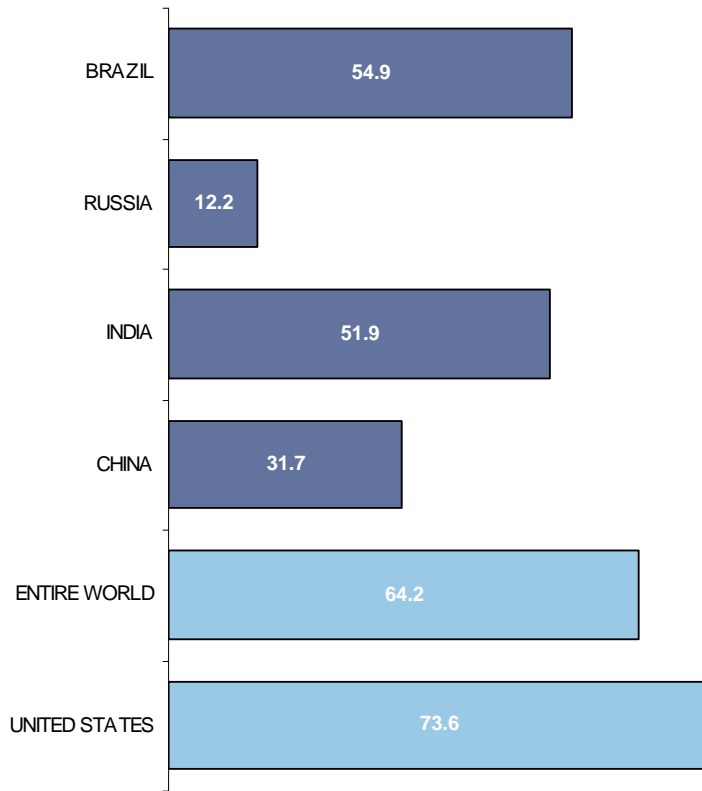
BRIC Economies

Over the past 10 years, emerging market economies boomed. China grew by approximately 50%, while other Asian and BRIC economies doubled in size. As the world economies slow, near-term growth prospects are unambiguously much lower.

Economy

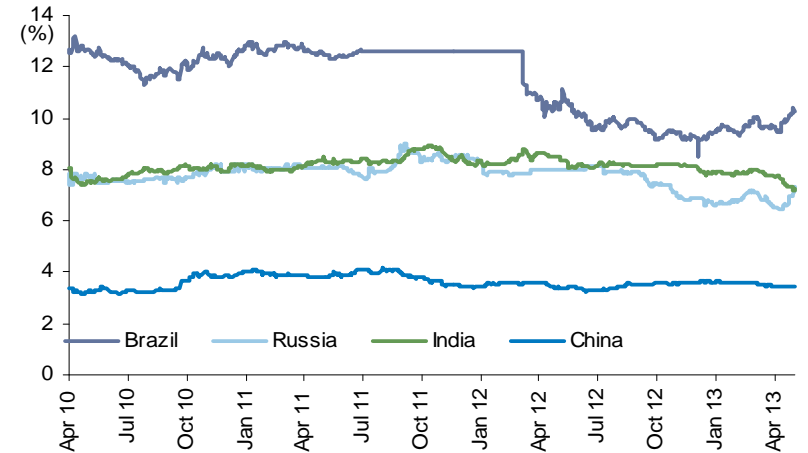
BRIC Countries

Percentage Debt to GDP by Country on 12/31/2012



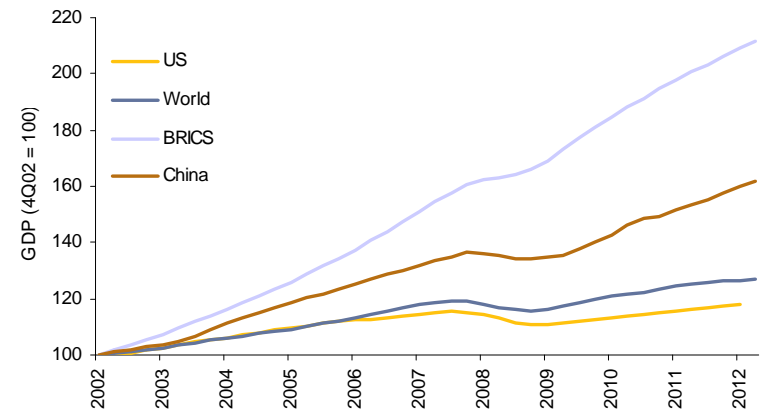
Sources: Bloomberg L.P., BMO Global Asset Management

BRIC Governments 10-yr Bond Yields



Sources: Bloomberg L.P., BMO Global Asset Management

Real GDP



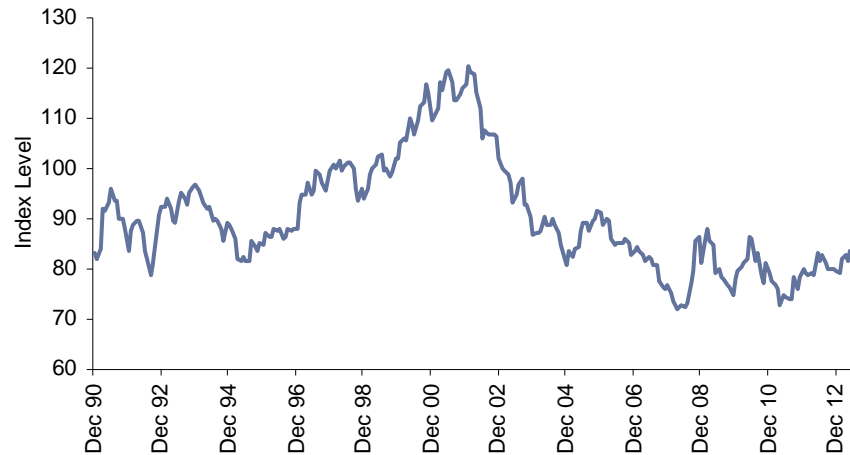
Sources: Bloomberg L.P., BMO Global Asset Management

Currencies

Announcements regarding more aggressive monetary and fiscal stimuli from both the Japanese government and the Japanese Central Bank have pushed the Japanese yen down over 30% this year.

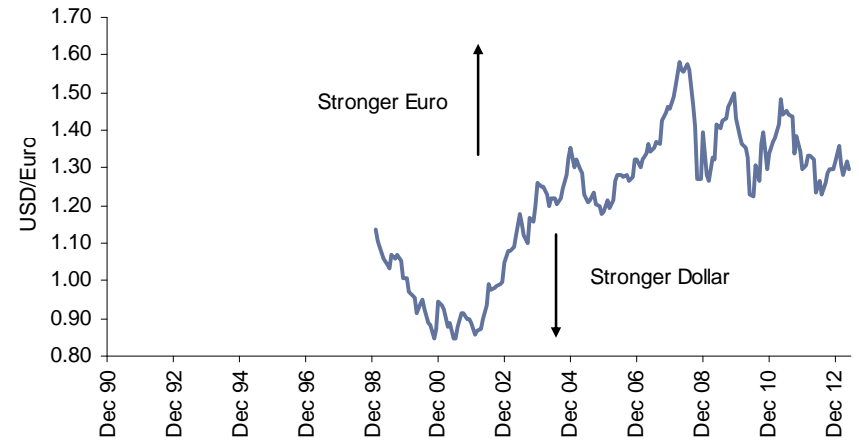
Economy

U.S. Dollar Strength Relative to a Basket of Currencies



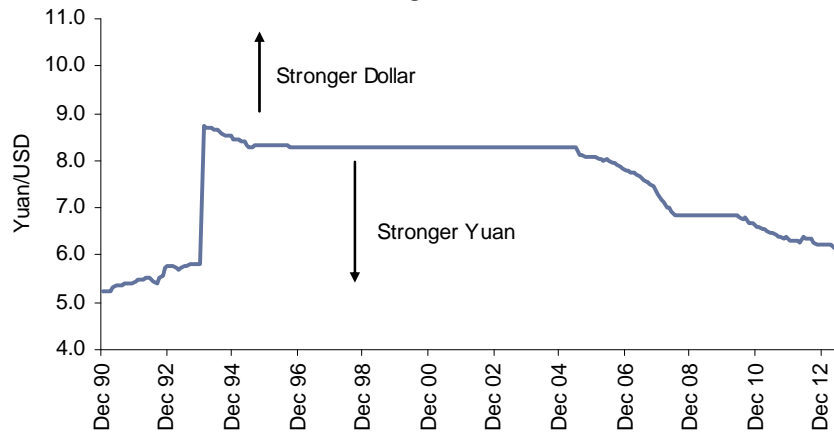
Sources: Bloomberg L.P., BMO Global Asset Management

U.S. Dollar Strength Relative to Euro



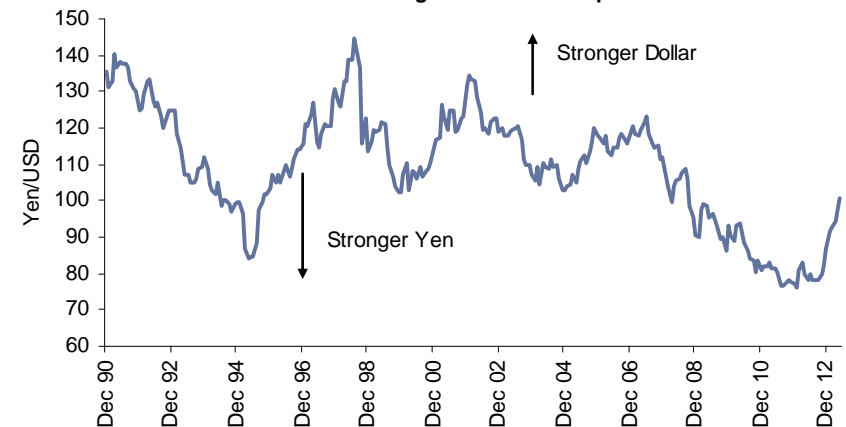
Sources: Bloomberg L.P., BMO Global Asset Management

U.S. Dollar Strength Relative to Chinese Yuan



Sources: Bloomberg L.P., BMO Global Asset Management

U.S. Dollar Strength Relative to Japanese Yen

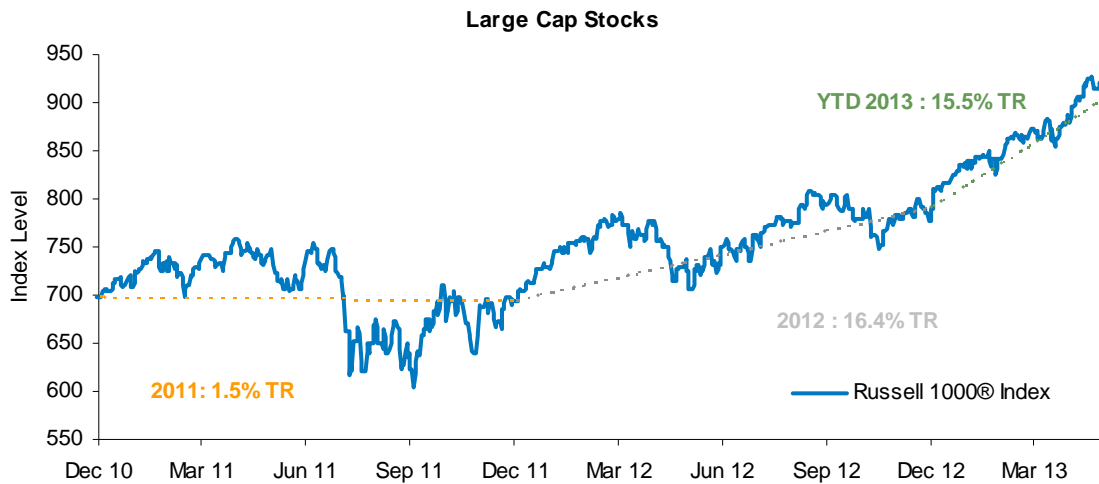


Sources: Bloomberg L.P., BMO Global Asset Management

Investment Style Performance

In the U.S., equity markets' performance has been very strong year-to-date. Small cap growth stocks outperformed all other U.S. stock market segments in May, posting a 5.1% total return. Value has outperformed growth year-to-date in the large and mid cap space.

Stocks



Sources: Bloomberg L.P., BMO Global Asset Management



Sources: Bloomberg L.P., BMO Global Asset Management

Total Returns (%)

	YTD 5/31/2013		
	Value	Blend	Growth
Large	16.9	15.5	13.9
Mid	17.5	16.9	16.1
Small	14.9	16.5	18.2

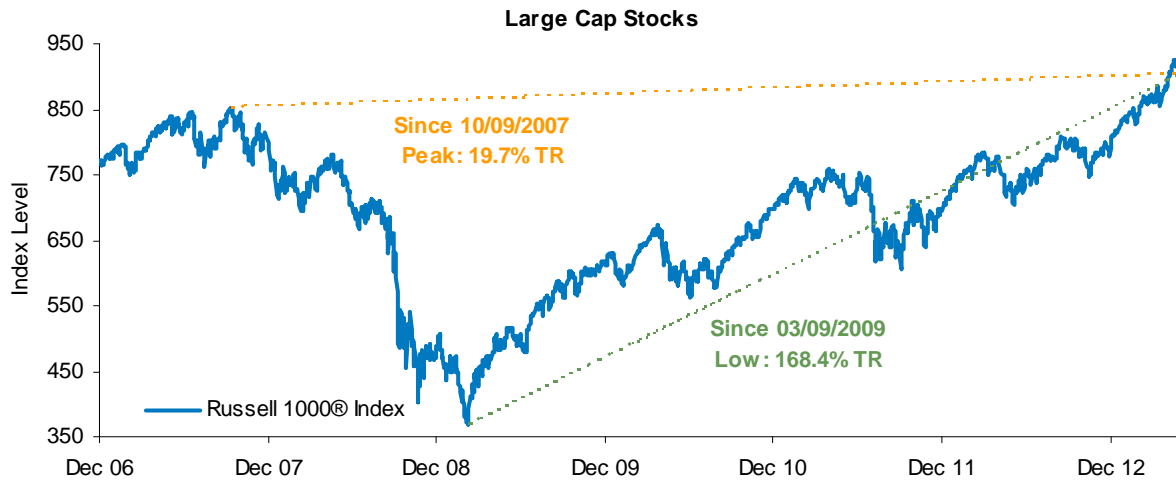
	2012		
	Value	Blend	Growth
Large	17.5	16.4	15.3
Mid	18.5	17.3	15.8
Small	18.1	16.3	14.6

Total returns are based on Russell-style indices performance and include dividends. Graphs depict price levels only. Sources: Bloomberg L.P., BMO Global Asset Management.

Investment Style Performance

All equity indices across styles and market caps have more than doubled their levels since their post-crisis lows. The annualized total returns since prior peaks are positive across market caps and styles, as the S&P 500® and the Dow Jones Industrial Average indices reached record-high levels.

Stocks



Sources: Bloomberg L.P., BMO Global Asset Management



Sources: Bloomberg L.P., BMO Global Asset Management

Total Returns (%)

As of 05/31/2013

		Since Peak 10/9/2007		
		Value	Blend	Growth
Market Cap	Large	10.5	19.7	28.4
	Mid	29.3	30.2	29.6
	Small	21.3	26.0	30.1

		Since Low 3/9/2009		
		Value	Blend	Growth
Market Cap	Large	175.6	168.4	161.9
	Mid	230.0	214.3	199.7
	Small	200.0	203.8	207.1

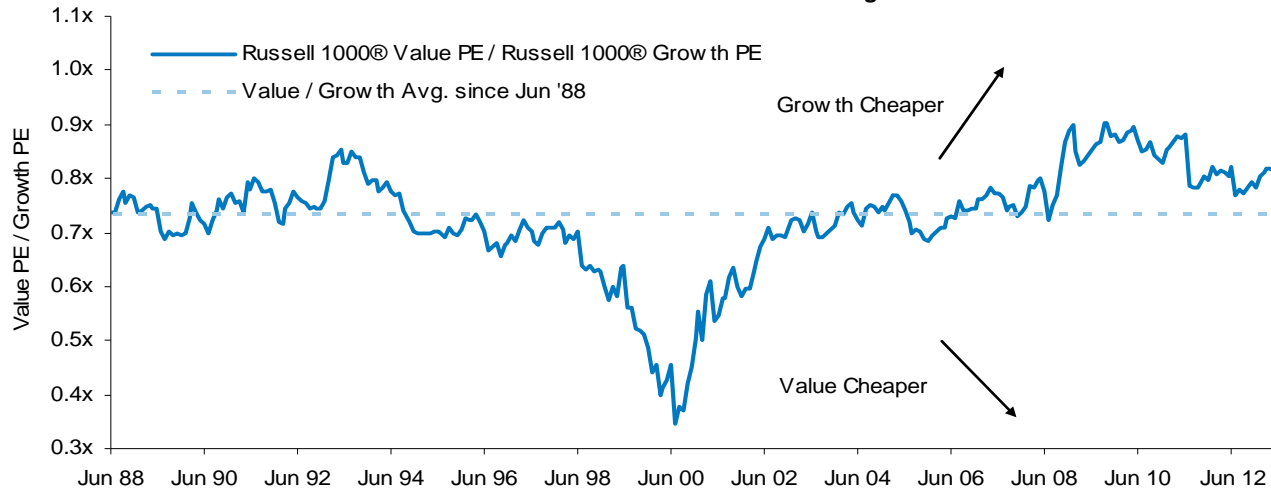
Total returns are based on Russell-style indices performance and include dividends. Total returns are cumulative returns for the period, not annualized. Peak market date is 10/09/2007. Low market date is 03/09/2009. Graphs depict price levels only. Sources: Bloomberg L.P., BMO Global Asset Management.

Investment Style Valuations

Current multiples of U.S. large cap companies are below their historical norms, and appear attractive relative to mid and small cap companies' P/E's. Growth stocks are cheaper than value stocks, but appear to be losing momentum.

Stocks

Value vs. Growth Price to NTM Earnings



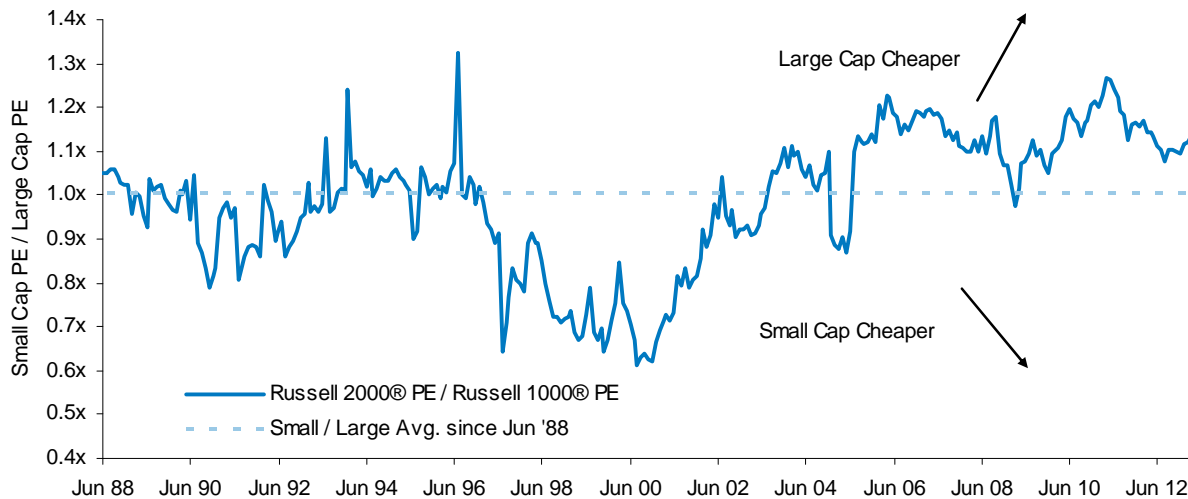
Sources: FactSet, BMO Global Asset Management

P/E vs. Long Term Average*

As of 05/31/2013

Current P/E (Avg. P/E)	Value	Blend	Growth
Large	13.0 (13.4)	14.3 (15.9)	16.1 (19.6)
Mid	14.3 (13.7)	15.7 (15.5)	17.8 (19.4)
Small	15.2 (13.6)	16.4 (15.4)	17.9 (17.9)

Small vs. Large Price to NTM Earnings



Sources: FactSet, BMO Global Asset Management

Current PE as % of Avg PE	Value	Blend	Growth
Large	96.6%	90.1%	81.9%
Mid	104.8%	101.5%	91.4%
Small	111.6%	106.5%	99.9%

*Data begins in June 1988. Data based on Russell-style indices. Earnings are estimated earnings for the next 12 months (NTM). Sources: FactSet, BMO Global Asset Management.

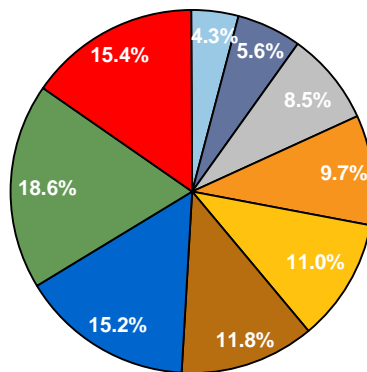
Sector Performance

Stocks

Following a strong performance in April, Utilities sector was the worst performer in May. Producer Durables and Financials took the lead in May in the large cap space, with Financials leading year-to-date. Small cap stocks have generally outperformed large cap stocks in May and year-to-date.

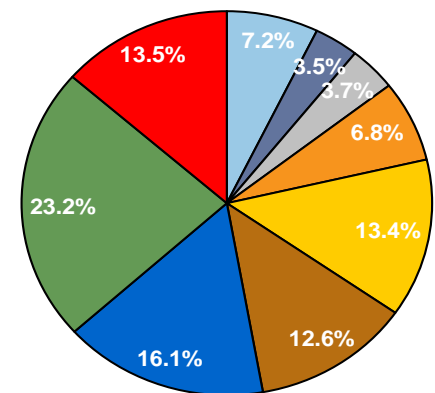
As of 05/31/2013		Russell Index	Materials and Processing	Utilities	Consumer Staples	Energy	Producer Durables	Health Care	Consumer Discretionary	Financials	Technology
LARGE CAP EQUITIES	MTD	2.2%	2.6%	-7.6%	-2.0%	2.4%	4.6%	1.6%	2.7%	4.6%	4.1%
	YTD 2013	15.5%	8.2%	9.7%	16.1%	11.9%	16.6%	21.5%	18.3%	20.1%	8.8%
	2012	16.4%	18.0%	7.8%	10.3%	4.2%	16.4%	19.6%	25.8%	27.4%	12.5%
SMALL CAP EQUITIES	MTD	4.0%	4.1%	-3.3%	4.0%	5.8%	5.6%	4.2%	6.9%	0.2%	7.5%
	YTD 2013	16.5%	8.5%	11.0%	20.0%	15.3%	17.1%	21.3%	23.6%	13.7%	14.8%
	2012	16.3%	28.2%	6.1%	11.6%	-3.6%	16.6%	17.7%	24.1%	21.8%	10.3%

Russell 1000® Index Composition



- Materials and Processing
- Utilities
- Consumer Staples
- Energy
- Producer Durables
- Health Care
- Consumer Discretionary
- Financials
- Technology

Russell 2000® Index Composition



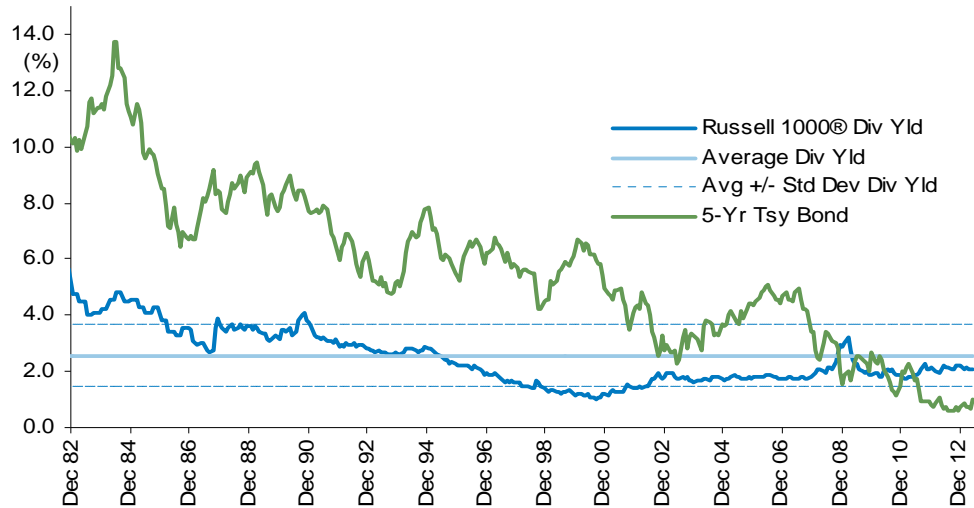
Sources: Bloomberg L.P., BMO Global Asset Management . Sector break-down based on Russell categories.

Other Stock Valuations and Metrics

Stocks offer an attractive dividend yield when compared to U.S. Treasury bonds. The estimated EPS for 2013 translates into a 7.8% earnings growth versus year-end 2012. In 2012, earnings were up 5.4%.

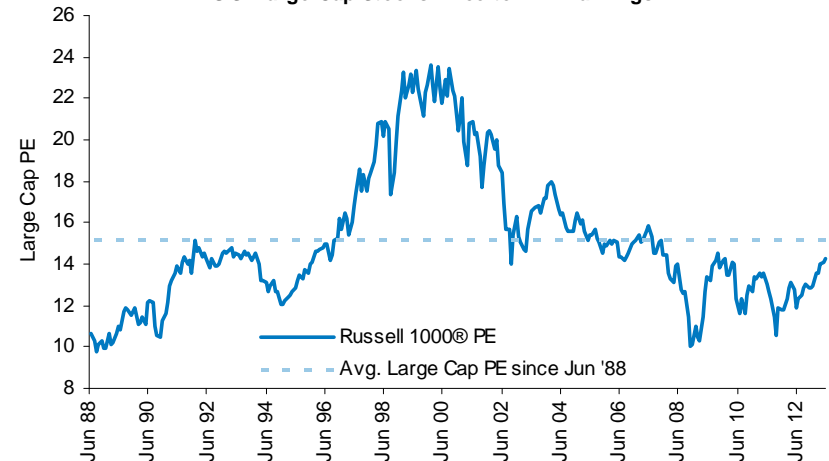
Stocks

Dividend Yield



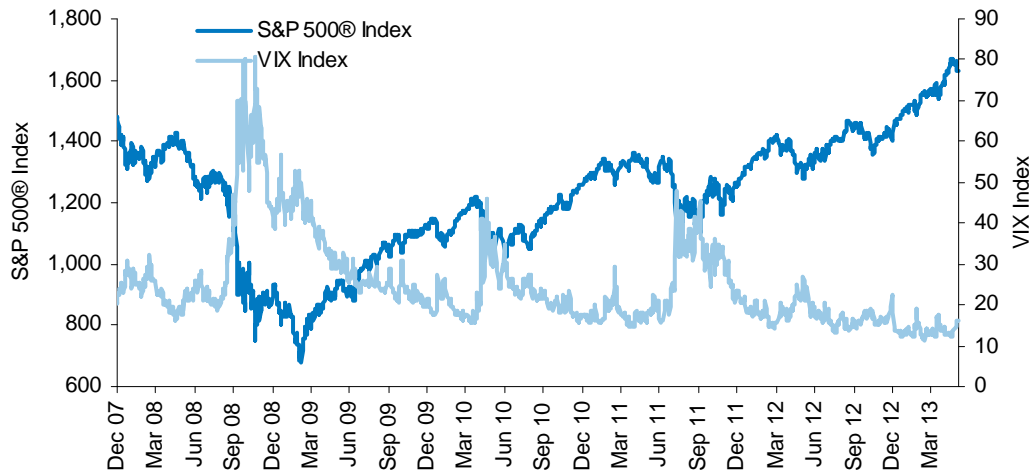
Sources: FactSet, Bloomberg L.P., BMO Global Asset Management

U.S. Large Cap Stocks Price to NTM Earnings



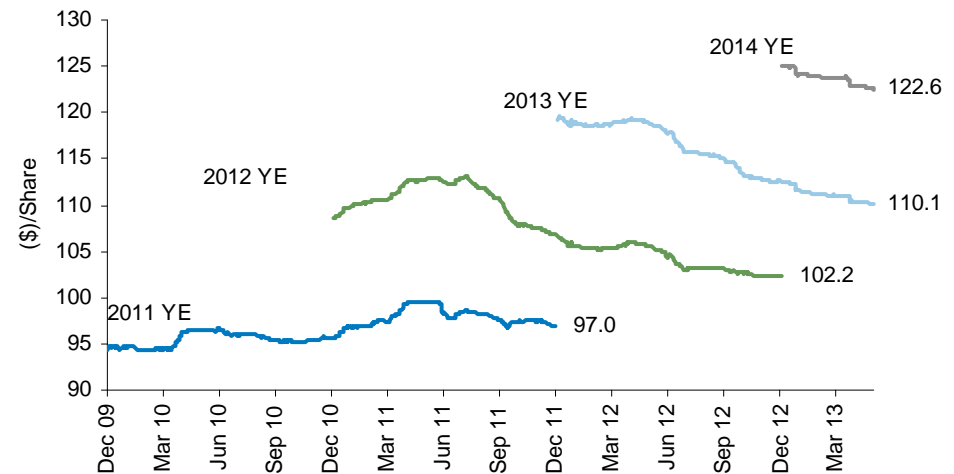
Sources: FactSet, BMO Global Asset Management

Implied Stock Market Volatility and the S&P 500® Index



Sources: Bloomberg L.P., BMO Global Asset Management

Year-End Consensus EPS Estimate for the S&P 500® Index

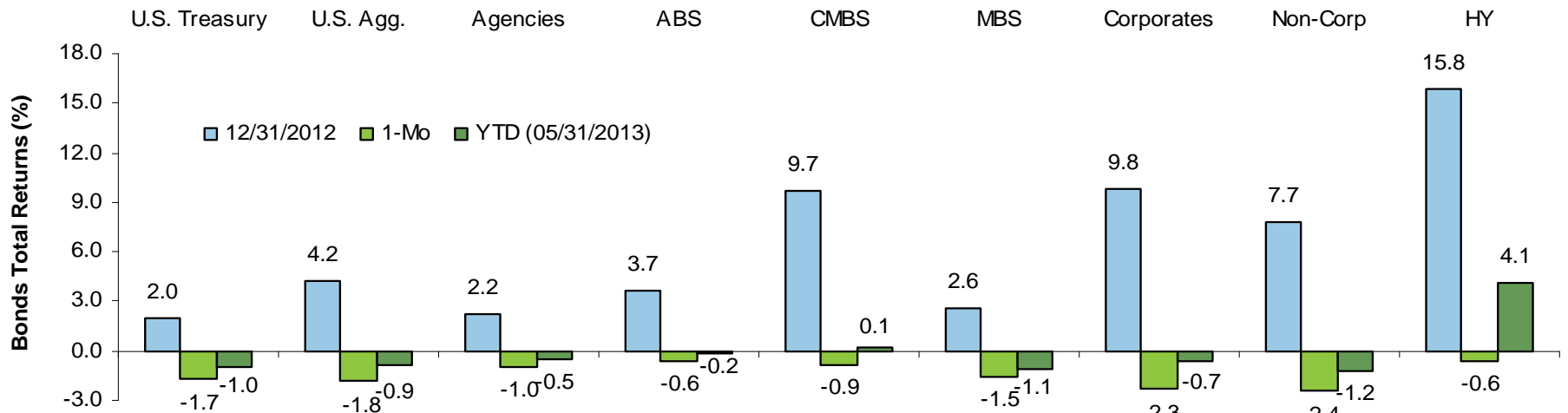


Sources: FactSet, BMO Global Asset Management

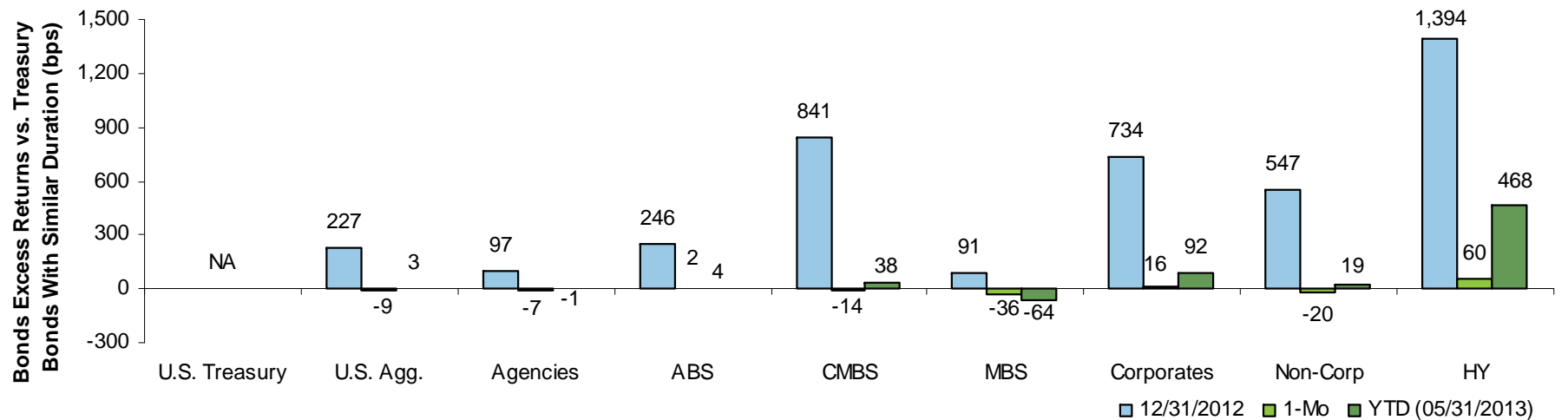
U.S. Bond Market Performance

With the exception of CMBS bonds, all investment grade bond sectors posted negative returns month-to-date and year-to-date, as yields increased along the entire maturity spectrum. Corporates continued to outperform comparable U.S. Treasuries month-to-date and year-to-date. High Yield bonds performed well YTD, returning 4.1% year-to-date, but lost some ground in May.

Bonds



Sources: Barclays Capital, BMO Global Asset Management

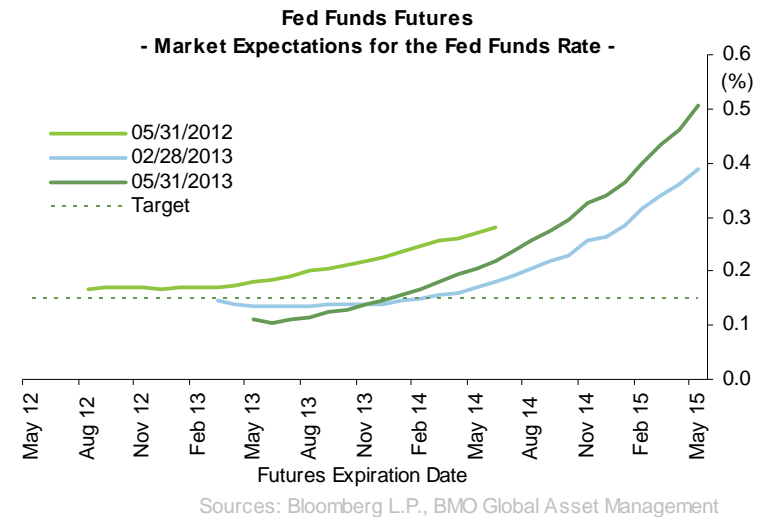
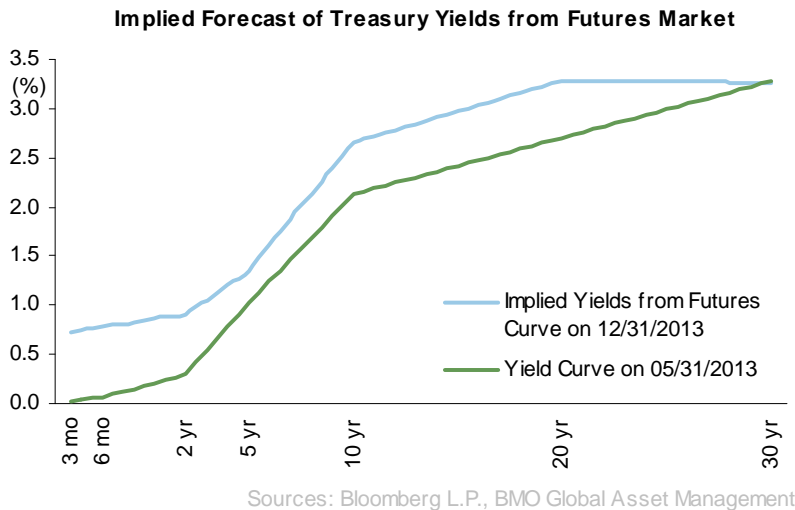
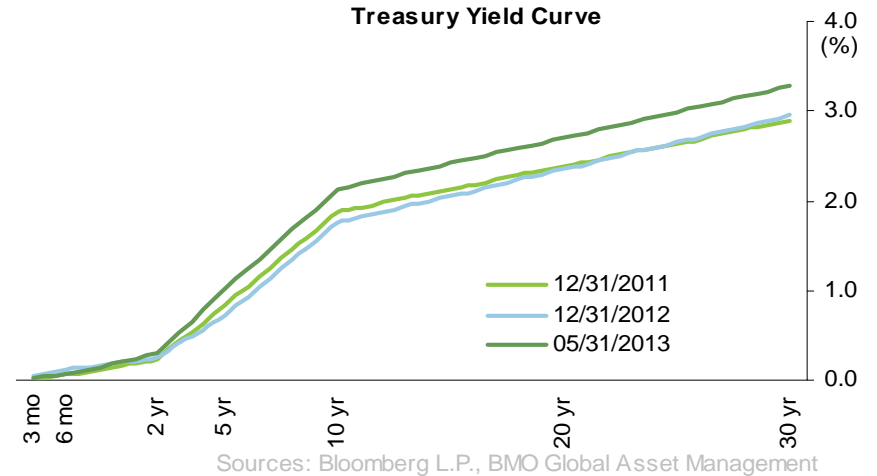
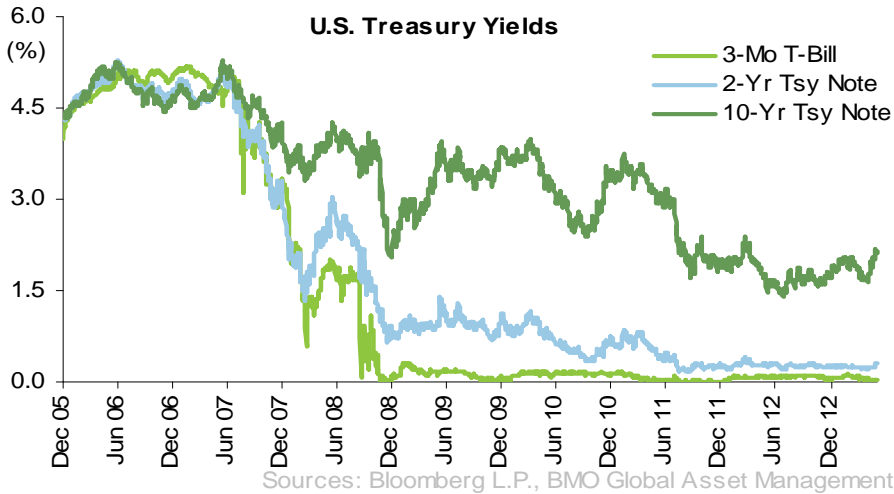


Sources: Barclays Capital, BMO Global Asset Management

U.S. Treasury Yields

U.S. Treasury yields spiked in May by as much as 46 bps for the 10-yr maturity, which posted -3.7% return for May, the worst month in the last two and a half years. The 30-yr Treasury bond, whose yield jumped 40 bps, posted a return of -7.4% for the month of May.

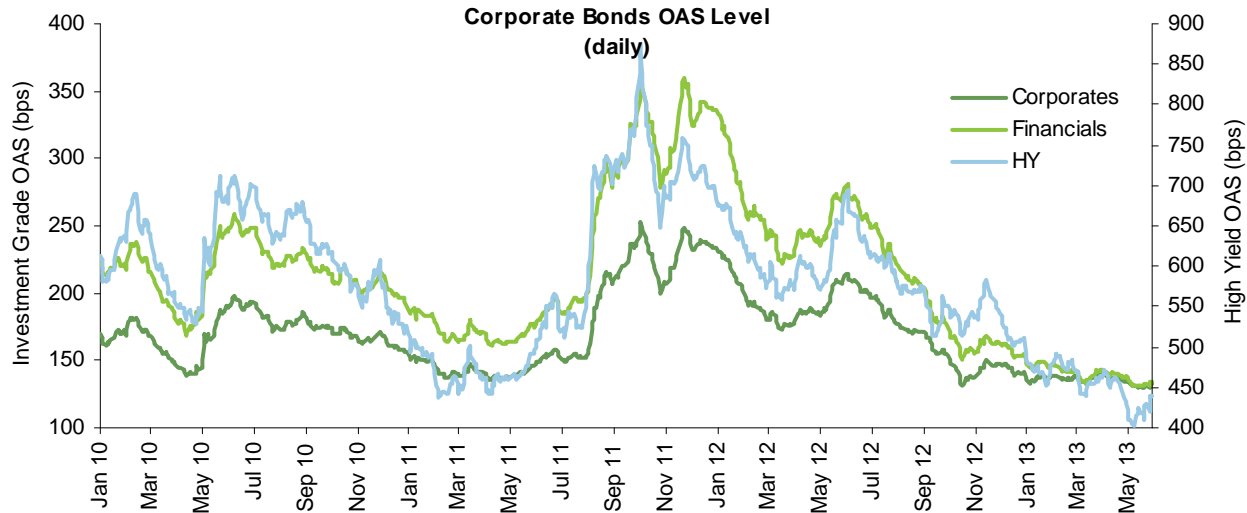
Bonds



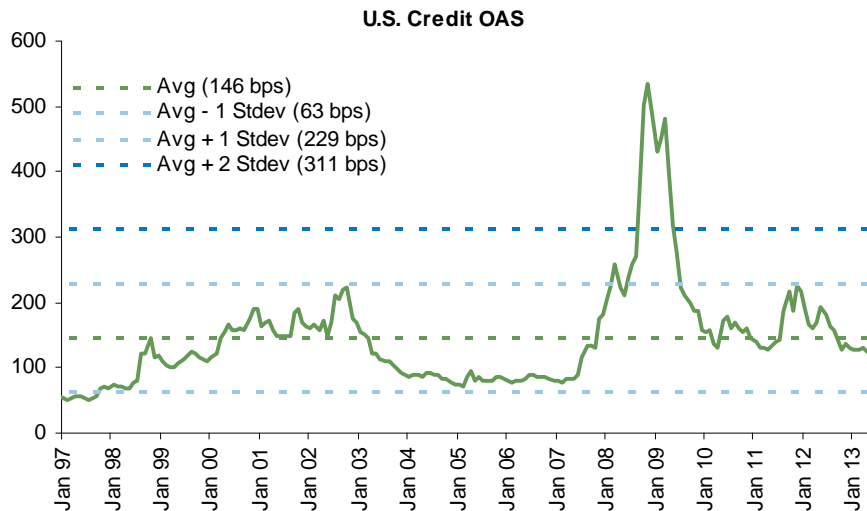
Bond Spreads

Bonds

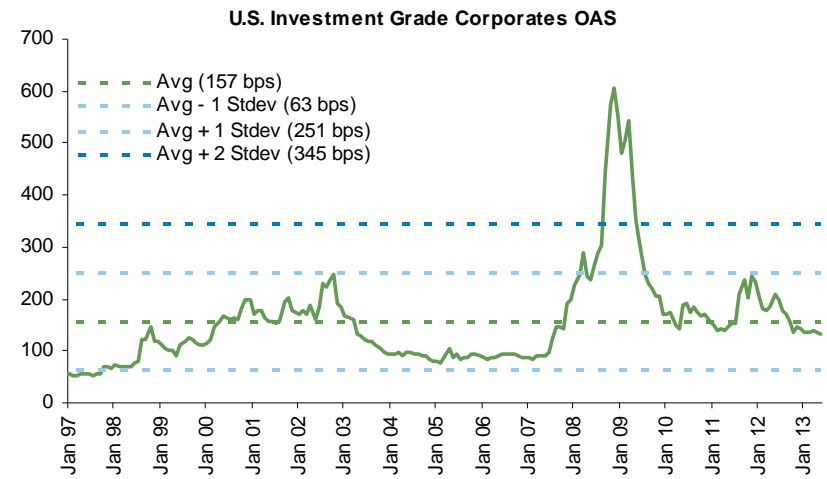
Corporate spreads have been on a declining path since the uptick in May 2012, which coincided with a stock market low for 2012. Spreads fell below the long-term average in September 2012. High Yield spreads dropped at the beginning of May, but closed the month slightly above where they started.



Sources: Barclays Capital, BMO Global Asset Management



Sources: Barclays Capital, BMO Global Asset Management



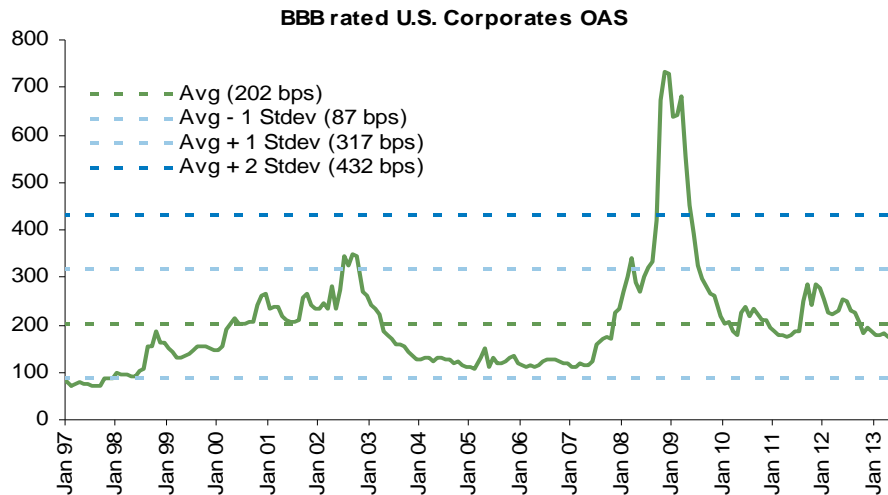
Sources: Barclays Capital, BMO Global Asset Management

The average and standard deviation are calculated using monthly data starting January 1997.

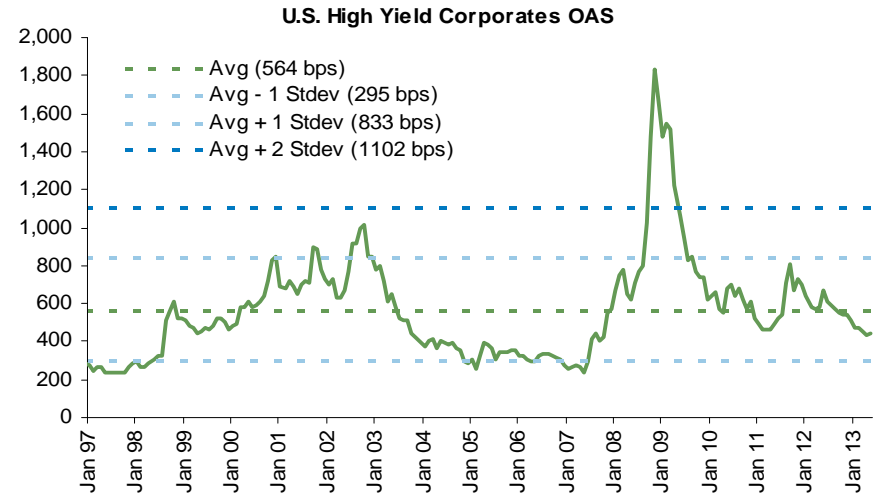
Bond Spreads

The thirst for yield pushed BBB rated Corporates and High Yield spreads downward in 2012, ending the year slightly below their long-term average. The trend has continued into 2013. Emerging market spreads on corporate debt also landed below their long-term average at the end of 2012, but saw an uptick recently.

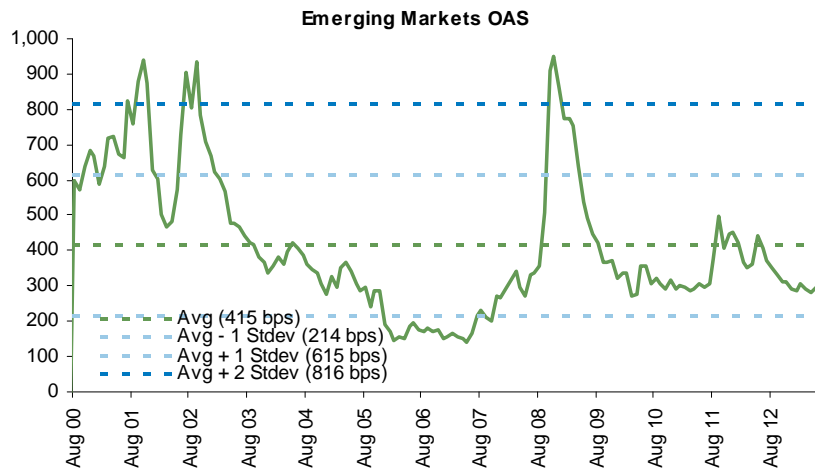
Bonds



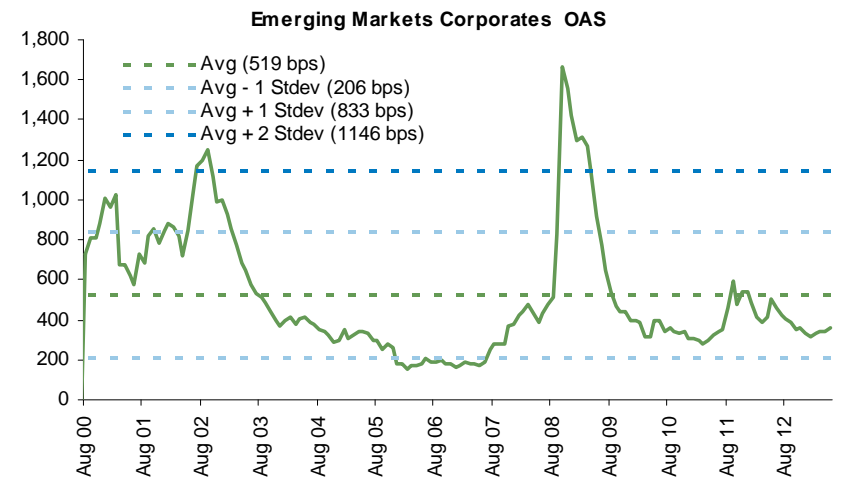
Sources: Barclays Capital, BMO Global Asset Management



Sources: Barclays Capital, BMO Global Asset Management



Sources: Barclays Capital, BMO Global Asset Management



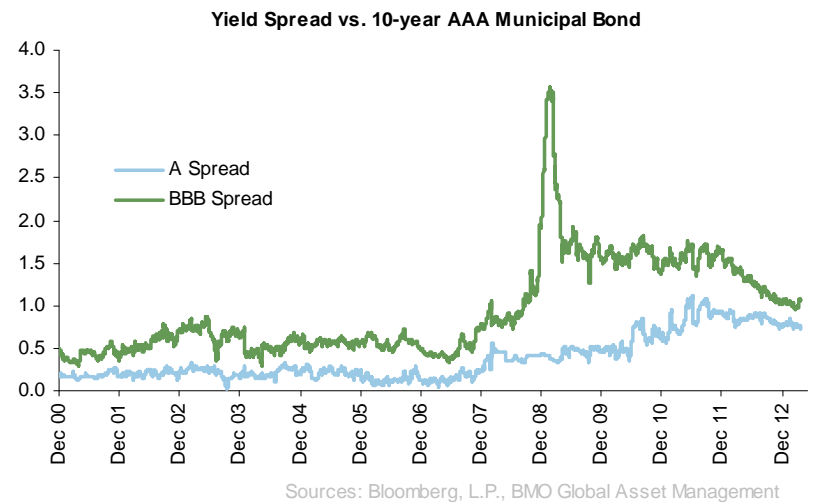
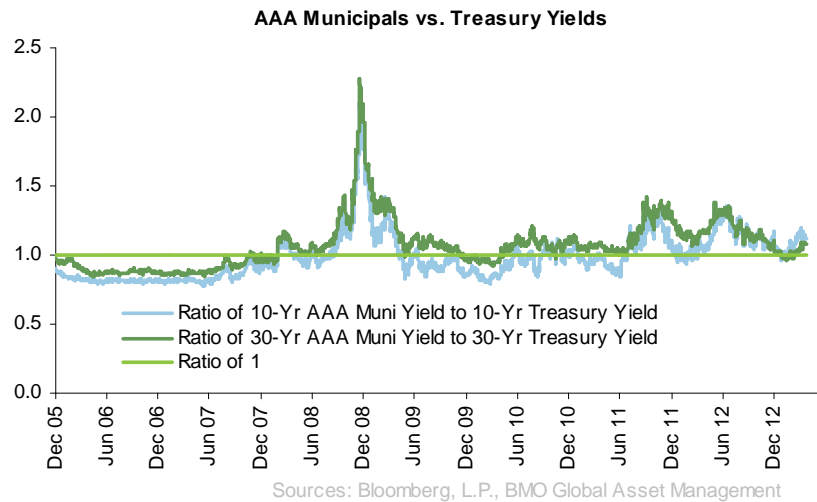
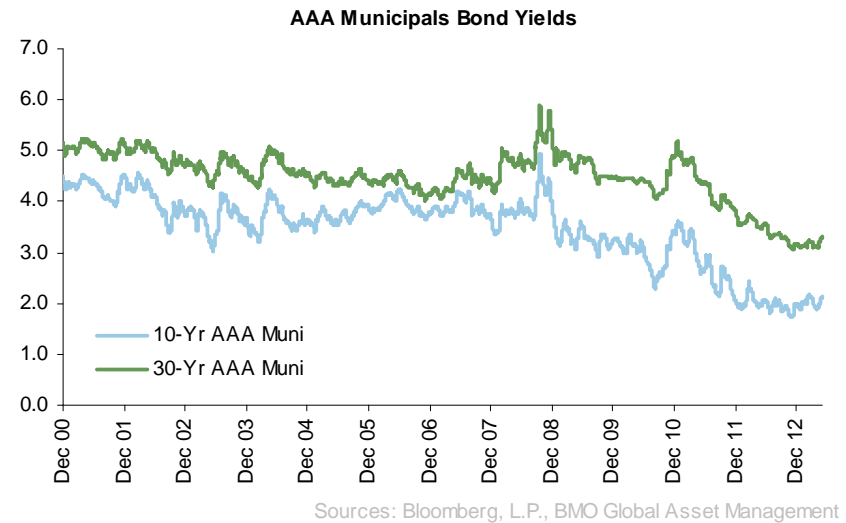
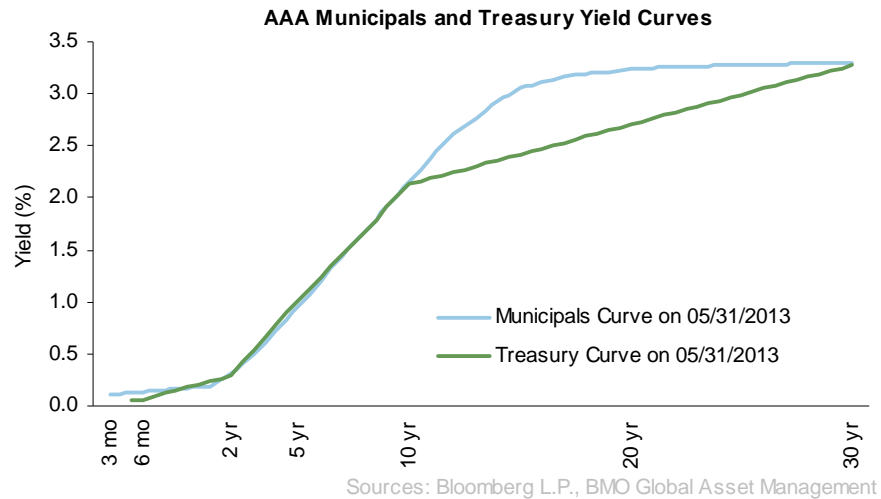
Sources: Barclays Capital, BMO Global Asset Management

The average and standard deviation are calculated using monthly data starting in January 1997 for the U.S. series, and starting in August 2000 for the Emerging Markets series.

Municipal Bonds

AAA rated municipal bonds in the belly of the curve (maturities 10-25 years) carry a higher yield than Treasury securities with similar maturities. In addition, investors get a healthy yield pick-up by moving down the quality spectrum.

Bonds



Bond Market Snapshot

Bonds

05/31/2013	U.S. Aggregate	U.S. Treasury	1-10 yr Municipals	Inv. Grade Corporates	Finance	Industrial	MBS	High Yield	Emerging Markets (EM)	EM Corporates
MTD Total Return	-1.78	-1.71	-0.91	-2.34	-1.67	-2.54	-1.53	-0.58	-2.65	-1.96
3-Month Total Return	-0.71	-0.74	-0.31	-0.54	-0.19	-0.64	-0.89	2.25	-1.26	-1.16
YTD Total Return	-0.91	-1.02	0.27	-0.67	0.54	-1.30	-1.06	4.15	-2.15	-0.61
12-Month Total Return	0.91	-0.89	1.90	4.60	8.61	2.78	-0.03	14.82	10.88	11.17
MTD Excess Return	-0.09	NA	NA	0.16	0.17	0.20	-0.36	0.60	-0.38	-0.13
3-Month Excess Return	-0.02	NA	NA	0.53	0.59	0.53	-0.51	2.72	-0.25	-0.33
YTD Excess Return	0.03	NA	NA	0.92	1.59	0.47	-0.64	4.68	-0.74	0.48
12-Month Excess Return	1.71	NA	NA	6.20	9.45	4.61	0.12	14.96	12.13	11.96
Yield to Maturity	2.08	1.05	1.45	2.92	2.62	3.01	2.86	6.36	4.59	5.06
OAS	56	NA	NA	132	134	131	63	440	298	364
Average* OAS (since Jan 1997)	66	NA	NA	157	166	152	61	564	415	519
Std Dev* of OAS (since Jan 1997)	36	NA	NA	94	130	75	30	269	200	314
Effective Duration (years)	5.45	5.25	4.12	7.07	5.59	7.56	4.71	4.14	6.09	5.21
Effective Maturity (years)	7.40	6.34	5.92	10.40	7.63	11.31	6.59	6.74	9.49	7.34
Coupon	3.42	2.10	4.83	4.75	4.72	4.66	4.09	7.56	6.05	5.95
Price	106.55	104.77	112.12	110.22	109.69	109.91	105.52	105.04	107.13	103.17
Market Value (\$ millions)	16,875,875	6,118,437	663,576	3,670,996	1,202,296	2,065,351	4,913,267	1,213,305	1,279,705	357,600
Quality	AA1/AA2	AAA/AAA	AA2/AA3	A3/BAA1	A2/A3	A3/BAA1	AAA/AAA	B1/B2	BAA2/BAA3	BAA3/BA1

* The average OAS and standard deviation of OAS for the Emerging Market indices are based on monthly data starting in August 2000.

Sources: Barclays Capital, BMO Global Asset Management

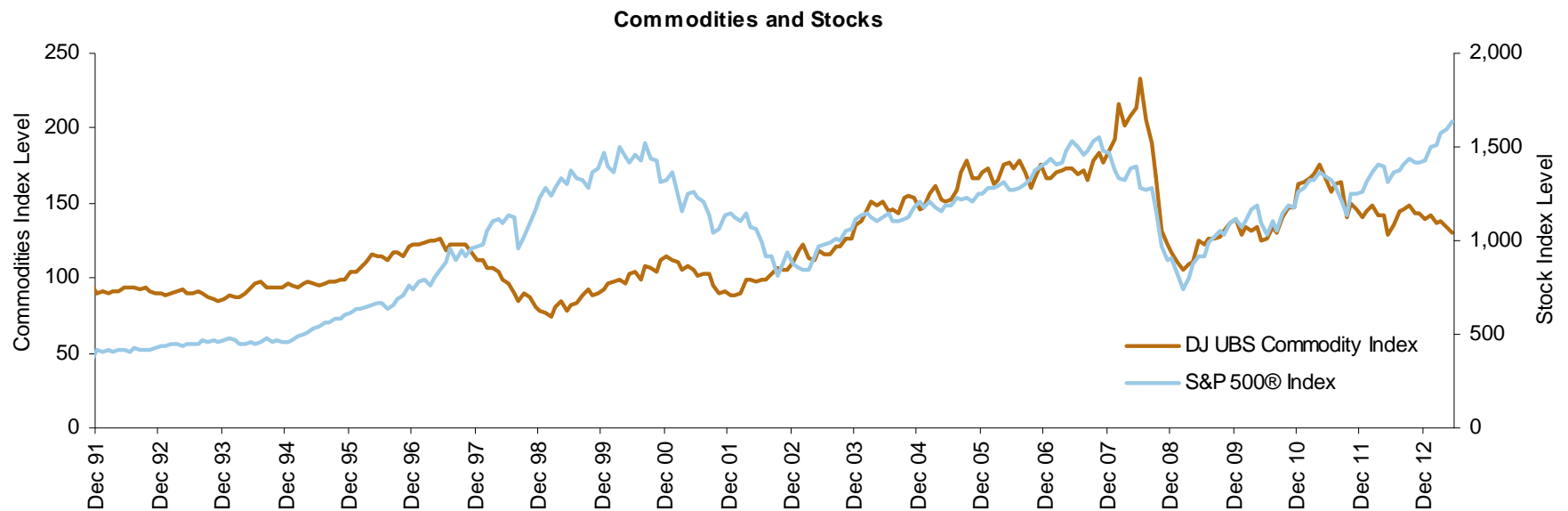
Commodities

Commodities experienced an increase in their correlation to equity prices with the onset of the last credit crisis. However, a decoupling trend began in 2011, and commodities have significantly underperformed equities since.

Alternative Assets

As of 05/31/2013	DJ UBS Agriculture Subindex	DJ UBS Livestock Subindex	DJ UBS Grains Subindex	DJ UBS Energy Subindex	DJ UBS Precious Metals Subindex	DJ UBS Industrial Metals Subindex	DJ UBS Commodity Index	S&P 500® Index
MTD	0.0	-0.3	2.3	-4.7	-0.5	1.6	-2.2	2.3
YTD 2013	-3.5	-7.3	-1.4	0.6	-29.0	-11.1	-6.0	15.4
2012	3.9	-3.6	18.1	-9.4	-14.5	0.6	-1.1	16.0

Sources: Bloomberg L.P., BMO Global Asset Management



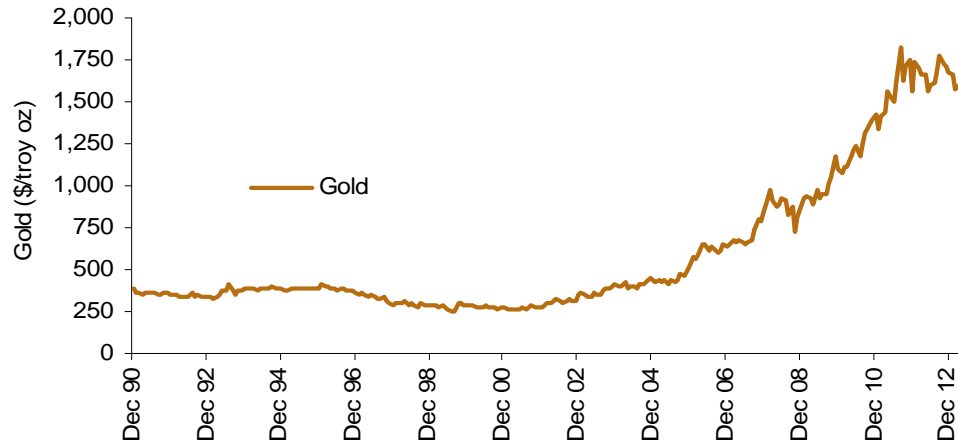
Sources: Bloomberg L.P., BMO Global Asset Management

Commodities

Natural gas, the star performer in 2012, posted strong year-to-date performance, despite a significant decline in May. DJ UBS Commodity Index declined year-to-date, lead by gold, which dropped 17.2% through the end of May.

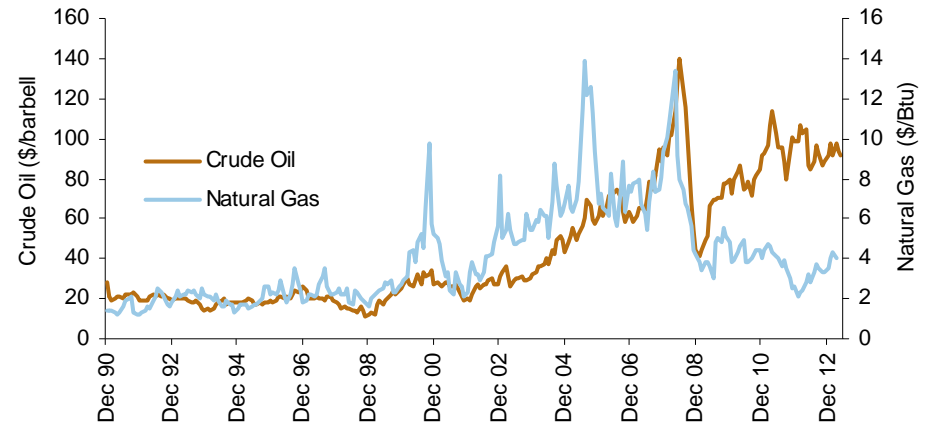
Alternative Assets

Price of Gold



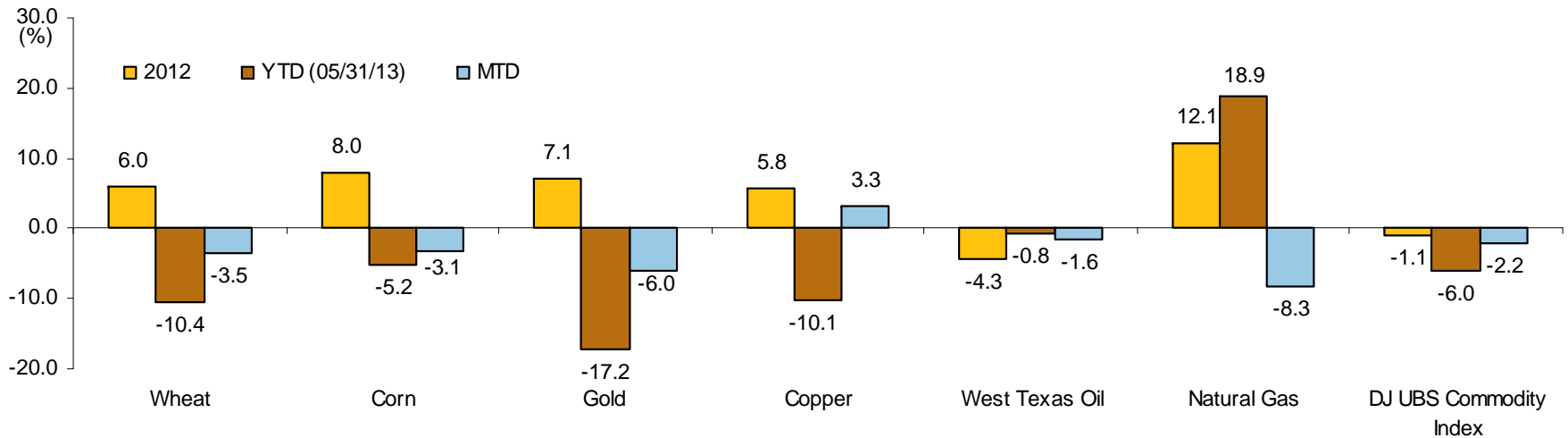
Sources: Bloomberg L.P., BMO Global Asset Management

Crude Oil and Natural Gas Prices



Sources: Bloomberg L.P., BMO Global Asset Management

Commodities Total Return

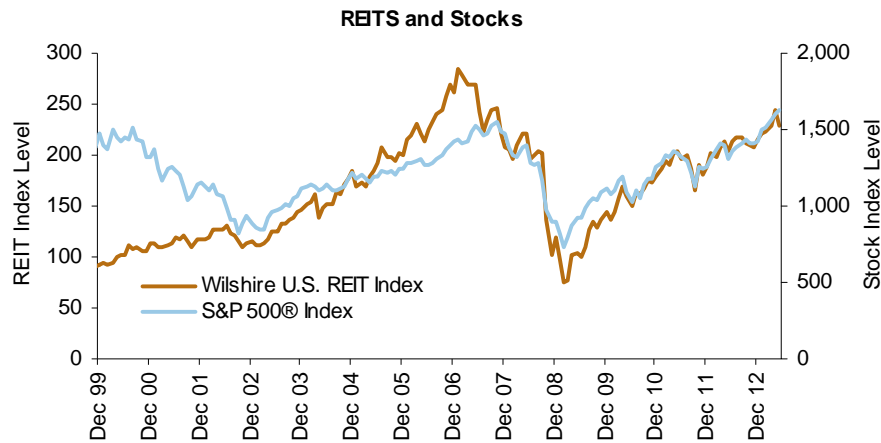


Sources: Bloomberg L.P., BMO Global Asset Management

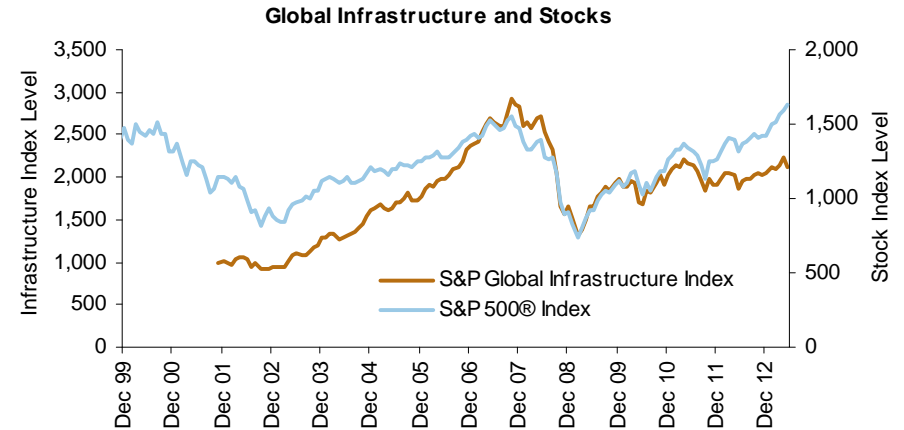
Other Alternative Assets

Historical trends indicate a strong positive correlation between stocks and alternatives. May turned out to be a tough month for alternatives (Hedge Funds, REITs, and Infrastructure), as they significantly underperformed U.S. stocks for the month and year-to-date.

Alternative Assets

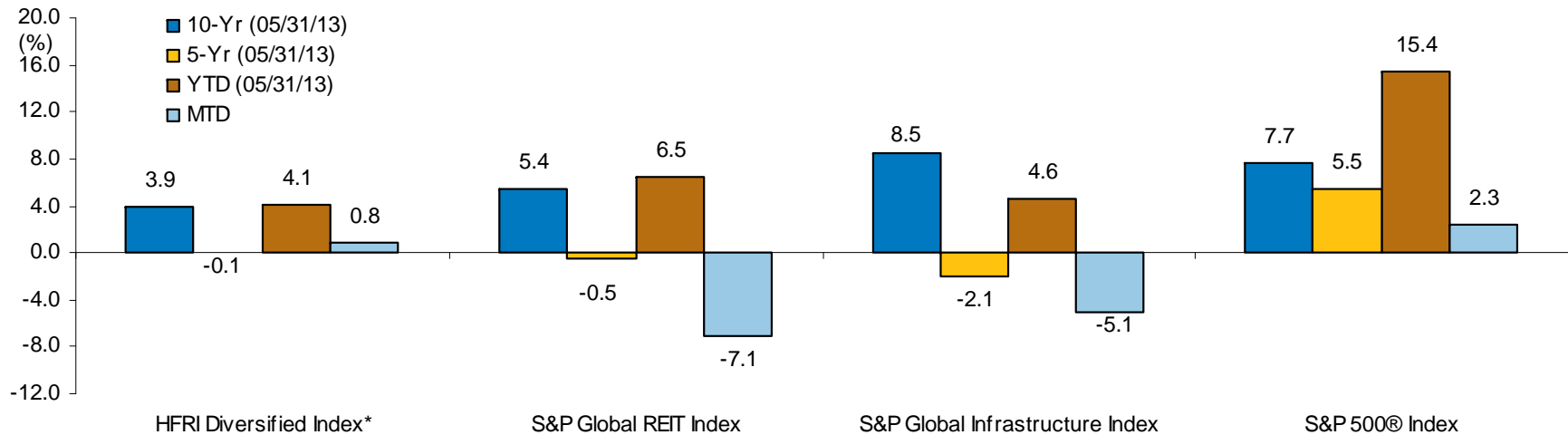


Sources: Bloomberg L.P., BMO Global Asset Management



Sources: Bloomberg L.P., BMO Global Asset Management

Alternatives Total Return



*HFRI Diversified Index performance is lagged one month.

Sources: Bloomberg L.P., BMO Global Asset Management

Total returns for periods of one year or more are annualized.

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Index Definitions

Equity Indices

S&P 500® Index

The S&P 500® Index is an unmanaged index of large-cap common stocks.

Dow Jones Industrial Average

The Dow Jones Industrial Average is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange and the Nasdaq.

Russell 1000® Index

Russell 1000® Index consists of approximately 1,000 of the largest companies in the U.S. equity markets.

Russell 1000® Growth Index

Russell 1000® Growth Index measures the performance of those Russell 1000 Companies with higher price-to-book ratios and higher forecasted growth values.

Russell 1000® Value Index

Russell 1000® Value Index measures the performance of those Russell 1000 Companies with lower price-to-book ratios and lower forecasted growth values.

Russell Midcap® Index

Russell Midcap® Index measures the performance of the smallest 800 U.S. companies in the Russell 1000 Index.

Russell Midcap® Growth Index

Russell Midcap® Growth Index measures the performance of those Russell Midcap companies with higher price-to-book ratios and higher forecasted growth values.

Russell Midcap® Value Index

Russell Midcap® Value Index measures the performance of those Russell Midcap companies with lower price-to-book ratios and lower forecasted growth values.

Russell 2500™ Index

The Russell 2500™ Index measures the performance of the small to mid-cap segment of the U.S. equity universe. It is a subset of the Russell 3000® Index.

Russell 2000® Index

Russell 2000® Index is an unmanaged index that measures the performance of the smallest 2000 U.S. companies in the Russell 3000® Index.

Russell 2000® Growth Index

Russell 2000® Growth Index measures the performance of those Russell 2000 Companies with higher price-to-book ratios and higher forecasted growth values.

Russell 2000® Value Index

Russell 2000® Value Index measures the performance of those Russell 2000 Companies with lower price-to-book ratios and lower forecasted growth values.

MSCI ACWI ex USA Index

The MSCI ACWI Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets.

MSCI EAFE Index (Developed Markets)

The MSCI EAFE Index Europe, Australasia, and Far East Index (EAFE) is a standard unmanaged foreign securities index representing major non-U.S. stock markets, as monitored by Morgan Stanley Capital International.

MSCI European Monetary Union Index

The MSCI EMU (European Economic and Monetary Union) Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of countries within EMU.

MSCI AC Asia Pacific Index

The MSCI AC Asia Pacific Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of Asia and Pacific region.

MSCI Emerging Markets Index

The MSCI Emerging Markets Index is a market capitalization weighted index comprised of over 800 companies representative of the market structure of the emerging countries in Europe, Latin America, Africa, Middle East and Asia. Prior to January 1, 2002, the returns of the MSCI Emerging Markets Index were presented before application of withholding taxes.

NASDAQ Composite Index

The NASDAQ Composite Index is a market-cap weighted index of the more than 3,000 common equities listed on the Nasdaq stock exchange.

STOXX Europe 600 Index

The STOXX Europe Index represents 600 large, mid, and small capitalization companies across 18 countries of the European Region.

Duetsche Borse AG German Stock Index

The Duetsche Borse AG German Stock Index (**DAX**) is a total return index of 30 selected German blue chip stocks traded on the Frankfurt Stock Exchange. The equities use free float shares in the index calculation.

CAC 40 Index

CAC 40 Index is a modified cap-weighted index of 40 companies on the Paris Bourse.

Shanghai Stock Index

Shanghai Stock Exchange Composite Index is a capitalization-weighted index. The index tracks the daily price performance of all A-shares and B-shares listed on the Shanghai Stock Exchange.

NIKKEI 225 Index

The Nikkei-225 Stock Average is a price-weighted average of 225 top-rated Japanese companies listed in the First Section of the Tokyo Stock Exchange.

Investments cannot be made in an index.

Index Definitions

Fixed Income Indices

Barclays U.S. Aggregate Index

The Barclays U.S. Aggregate Bond Index is an unmanaged index that covers the U.S. investment-grade fixed-rate bond market, including government and credit securities, agency mortgage pass-through securities, asset-backed securities and commercial mortgage-based securities.

Barclays U.S. Interm. Gov/Crd Index

The Barclays Intermediate U.S. Government/Credit Index (Barclays Int Gov't/Credit) is an unmanaged index comprised of government and corporate bonds rated BBB or higher with maturities between 1-10 years.

Barclays U.S. Corporate Index

The Barclays U.S. Corporate Bond Index is designed to measure the performance of the U.S. corporate bond market.

Barclays U.S. Treasury Index

The Barclays U.S. Treasury Index is an unmanaged index that includes a broad range of U.S. Treasury obligations and is considered representative of U.S. Treasury bond performance overall.

Barclays Securitized Index

The Barclays U.S. Securitized Bond Index is an unmanaged index of asset-backed securities, collateralized mortgage-backed securities (ERISA-eligible), and fixed-rate mortgage-backed securities.

Barclays High Yield Index

The Barclays U.S. Corporate High-Yield Bond Index is an unmanaged index that covers the USD-denominated, non-investment-grade, fixed-rate, taxable corporate bond market.

Merrill Lynch High Yield BB/B Constr. Index

The Merrill Lynch BB-B Global High Yield Index is a subset of The BofA Merrill Lynch Global High Yield Index including all securities rated BB1 through B3, inclusive.

Barclays 1-10 yr Municipals Index

The Barclays 1-10 Year Municipal Blend Index is a market value-weighted index which covers the short and intermediate components of the Barclays Municipal Bond Index—an unmanaged, market value-weighted index which covers the U.S. investment-grade tax-exempt bond market.

Investments cannot be made in an index.

Barclays Global Aggregate Bond Index

The Barclays Global Aggregate Bond Index is an index of global government, government-related agencies, corporate and securitized fixed-income investments.

Barclays Global Credit Index

The Barclays Global Credit Index is the credit component of the Barclays Global Aggregate Index, an index of global government, government-related agencies, corporate and securitized fixed-income investments.

Barclays Emerging Markets Bond Index

The Barclays Emerging Markets Index includes fixed and floating-rate USD-denominated debt from emerging markets in the following regions: Americas, Europe, Middle East, Africa, and Asia. For the index, an emerging market is defined as any country that has a long-term foreign currency debt sovereign rating of Baa1/BBB+/BBB+ or below, using the middle rating of Moody's, S&P and Fitch. The index was launched on January 1, 1997 with index history backfilled to January 1, 1993.

The Barclays Emerging Markets Corporate Index is a component of the Barclays US Emerging Markets Index which is made up of debt issued by corporations.

Index Definitions

Alternative Investments Indices

DJ UBS Commodity Index

The Dow Jones-UBS Commodity Total Return Index is composed of commodities traded on U.S. exchanges and it reflects the returns that are potentially available through an unleveraged investment in the futures contracts on physical commodities comprising the index plus the rate of interest that could be earned on cash collateral invested in specified Treasury Bills.

DJ UBS Agriculture Subindex Index

The Dow Jones-UBS Agriculture Subindex is a sub-index of the Dow Jones UBS Commodity Index and is currently composed of seven futures contracts on agricultural commodities traded on U.S. exchanges.

DJ UBS Livestock Subindex Index

The Dow Jones-UBS Livestock Subindex is a sub-index of the Dow Jones UBS Commodity Index and it is currently composed of two livestock commodities contracts (lean hogs and live cattle) traded on U.S. exchanges.

DJ UBS Grains Subindex Index

The Dow Jones-UBS Grains Subindex is a sub-index of the Dow Jones UBS Commodity Index and it is currently composed of three futures contracts on grains traded on U.S. exchanges.

DJ UBS Energy Subindex Index

The Dow Jones-UBS Energy Subindex is a sub-index of the Dow Jones UBS Commodity Index and it is currently composed of four energy-related commodities contracts (crude oil, heating oil, natural gas and unleaded gasoline) traded on U.S. exchanges.

DJ UBS Precious Metals Subindex Index

The Dow Jones-UBS Precious Metals Subindex is a sub-index of the Dow Jones UBS Commodity Index and it is currently composed of two precious metals commodities contracts (gold and silver).

DJ UBS Industrial Metals Subindex Index

The Dow Jones-UBS Industrial Metals Subindex is a sub-index of the Dow Jones UBS Commodity Index and it is currently composed of four futures contracts on industrial metals, three of which (aluminum, nickel and zinc) are traded on the London Metal Exchange and the other of which (copper) is traded on the COMEX division of the New York Mercantile Exchange.

MSCI ACWI Commodity Producers Index

The MSCI ACWI Commodity Producers Index is a component of the broader MSCI Commodity Producers Indices and covers large, mid and small cap companies across 45 Developed and Emerging Markets.

Wilshire US REIT Index

The Wilshire US REIT Index measures U.S. publicly traded Real Estate Investment Trusts. It is a subset of the Wilshire US Real Estate Securities Index.

S&P Global REIT Index

The S&P Global REIT Index measures the performance of real estate investment trusts in both developed and emerging markets.

S&P Global Infrastructure Index

The S&P Global Infrastructure Index provides liquid and tradable exposure to 75 companies from around the world that represent the listed infrastructure universe including utilities, transportation and energy.

Investments cannot be made in an index.

Index Definitions

Other Indices

S&P/Case-Shiller 20-City Index

The S&P/Case-Shiller 20-City Home Price Index is a composite index of the home price index for 20 major metropolitan statistical areas in the U.S.

VIX Index

The Chicago Board Options Exchange Market Volatility Index is a measure of implied volatility of S&P 500 index options, often referred to as the “fear” index.

CPI Index

The Consumer Price Index is a measure that examines the weighted average of prices of a basket of consumer goods and services, such as transportation, food and medical care.

Economic Cycle Research Institute (ECRI) Weekly Leading Index

ECRI Index is released each Friday by the Economic Cycle Research Institute, and identifies turning points in the economic cycle that are indicated by pronounced changes in the index. The index contains money supply data, stock prices, an industrial markets price index developed by the organization, mortgage applications, bond quality spread, bond yields, and initial jobless claims. An advantage of the index is that it is very timely. ECRI is a New York-based independent forecasting group.

Conference Board Leading Economic Index® (LEI) for the U.S.

The leading economic index is composite average of several individual leading indicators. It is constructed to summarize and reveal common turning point patterns in economic data in a clearer and more convincing manner than any individual component – primarily because it smoothes out some of the volatility of individual components.

Chicago Fed National Activity Index (CFNAI)

The Chicago Fed National Activity Index (CFNAI) is a monthly index designed to gauge overall economic activity and related inflationary pressure and it is a weighted average of 85 existing monthly indicators. A zero value indicates that the economy is expanding at its historical trend rate of growth; negative values indicate below-average growth; and positive values indicate above-average growth. When the 3-month moving average moves below -0.7 following a period of economic expansion, there is an increased likelihood that a recession has begun. When the 3-month moving average moves above +0.7 more than two years into an economic expansion, there is an increased likelihood that a period of sustained increasing inflation has begun (source: www.chicagofed.org).

European Countries Purchasing Manager Index

The PMIs are designed to provide a single figure snapshot for the Eurozone. It is based on a survey of over 3,000 business executives in the Euro area and it is designed to provide the most up-to-date picture of business conditions. Anything above 50 indicates expansion; below 50, a contraction. The greater the divergence from 50, the greater the rate of change. The index is released by Markit Economics.

Univ. Of Michigan Survey of Consumer Confidence Sentiment is a survey of consumer attitudes concerning both the present situation as well as expectations regarding economic conditions conducted by the University of Michigan. It has a base year 1966=100.

ISM Purchasing Managers Indices compare changes in various market areas on a month to month basis and include prices paid for all purchases.

HFRI FOF Diversified Index

The Hedge Fund Research Diversified Index invests in a variety of strategies among multiple hedge funds managers. A fund in the HFRI FOF Diversified Index tends to show minimal loss in down markets while achieving superior returns in up markets.

Investments cannot be made in an index.

Disclosures

For further information, please visit our websites at

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