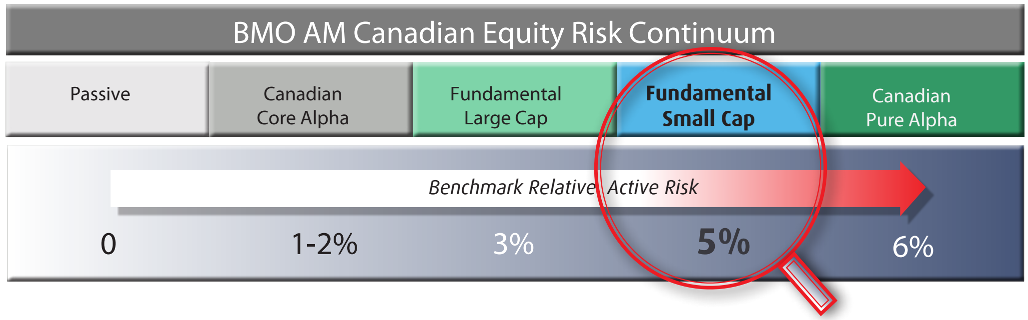
BMO Global Asset Management

Fundamental Canadian Small Cap Equity Strategy



About the Strategy

For growth-oriented institutional investors who are looking for significant capital appreciation potential, over the long-term, from the Canadian marketplace.

Key differentiators:

Team:

Dedicated and tenured portfolio managers and research analysts

Track Record:

More than 15 years of strong out performance

Discipline:

Stringent analysis to identify and generate the best growth opportunities

Risk Management:

Unique multi-dimensional approach that includes assessing the 4 lifecycle stages of growth for a company

Inception Date:

Jan 1, 1996

Benchmark:

BMO Capital Markets Small Cap Index (Blended)

Objective

The BMO Asset Management (BMO AM) Canadian small cap equity strategy seeks to outperform the BMO Capital Markets Small Cap Index (Blended) on a 3-year moving average basis.

Philosophy

We believe in a fundamental research process that identifies under followed companies with high growth potential. This, when combined with a disciplined portfolio construction methodology that emphasizes risk management, should provide superior investment returns over the long term.

Strategy

The strategy is to invest in a diversified portfolio of well managed, smaller Canadian companies with large growth opportunities. These companies are diversified by geopolitics and by industry. Exploiting the inefficiencies of small cap markets offers the potential for significant capital appreciation.

Investment Process

Promoting an ‘idea’ into a portfolio component.

Idea Generation

Ideas are mined from a variety of sources including traditional management interviews, industry conferences, sell-side research and quantitative screenings – both proprietary and non-proprietary.

Fundamental Research Process

Stringent and disciplined analysis to generate the best growth opportunities.

Ideas are put through a multiplicity of analysis in order to formulate a buy, sell or hold investment decision.

- Management – examine track record, ownership and credibility
- Strategic – evaluate the size of opportunity, quality of strategy and execution risk
- Fundamental Considerations – analyse financial statements and develop projections
- Quantitative Considerations – assess the potential for earnings surprises and earnings momentum

Portfolio Construction and Management

Security selection is at the core of our portfolio construction process with the objective of achieving diversification across sectors, exposures and corporate growth lifecycle stages. Each investment decision incorporates the use of real-time data and balances expected returns with overall risk to maximize investment opportunities.

A typical portfolio holds 60 to 80 small capitalization Canadian companies.

... continued on page 2

... continued from page 1

Sell Discipline

Stocks are sold when a material change in the company outlook occurs such as a change in management, outlook, strategy, or earnings forecasts are revised downward. Stocks are sold based on this discipline, not on appreciation to large cap status.

Firm Overview

BMO Global Asset Management, our global brand, is a multi-asset management business with offices located worldwide. BMO Asset Management Inc. (BMO AM) is the operating entity in Canada.

BMO AM is a multi-disciplined provider of investment solutions across a diverse set of investment approaches:

- Pure beta
- Risk controlled alpha
- Fundamental strategies
- Market neutral and long/short

We also offer customized solutions based on clients' investment beliefs and risk preferences.

Risk Management

Unique to BMO AM in the small cap space is a multi-dimensional risk management process. As expected with small cap strategies, the team factors in liquidity considerations as part of their analysis. But a distinguishing feature is that they also focus on the two following factors in order to deliver a favourable risk/return profile:

- Sector diversification – examining beyond sectors, factoring other risks such as geopolitical
- Lifecycle diversification – taking a balanced approach to holding small capitalization compa nies across the 4 lifecycle stages of a company: concept; emerging growth; established growth; maturity

Additionally, operational risk controls ensure a strong governance structure is in place to safeguard client's assets. These include segregation of portfolio management, research, and trading responsibilities, which are reinforced by pre- and post-trade compliance activities, as well as daily monitoring of client and strategy guidelines.

Key Investment Professionals

Lesley Marks, CFA, MBA

Vice President, Head of Portfolio Management, Fundamental Canadian Equities

Lesley was appointed Head of the Fundamental Canadian Equity Portfolio Management Group at BMO Asset Management in April 2013. In this role, the portfolio managers report directly to Lesley and she is responsible for overseeing the investment and risk management processes. She has accumulated 18 years' experience, most recently with 13 years as lead manager of the firm's Canadian Small Cap strategies. Prior to joining the firm in 1998, Lesley was a portfolio manager with a major investment management firm, responsible for managing Canadian equities for mutual and pension fund assets. In addition to holding a Bachelor of Commerce degree from Queen's University and an MBA from the Richard Ivey School of Business, Lesley is a CFA charterholder

Tyler Hewlett, CFA

Vice President & Portfolio Manager

Tyler is the lead Portfolio Manager for Canadian small cap equity investing at BMO AM. He joined BMO AM in early 2007 and has 12 years of experience in the investment industry.

David Taylor, CFA

Research Analyst, Small Cap Canadian Equities

David is focused on research analysis for small cap investing at BMO Asset Management Inc. David joined the firm in 2012 and has 10 years of investment industry experience. Prior to joining BMO Asset Management, David was an equity research associate with a major ecurities firm, covering multiple sectors, importantly - the Industrial and Information Technology sectors, which have traditionally been a large area of focus for the small cap strategy. David has an Honors Business Administration degree from Richard Ivey School of Busines at University of Western Ontario and is a CFA charterholder.

Call to Action

For more information about this strategy or our line-up of Equities, Fixed Income, Currency solutions and ETFs, please contact Marija Finney:

Marija Finney, *Senior Vice President, Head of Institutional Sales & Service*
Tél. : 416-359-5003
marija.finney@bmo.com