

Our Strengths and Distinctions

Our goal is to be a leader in investment research, providing investors with insight and actionable money-making investment ideas. BMO Capital Markets' research effort reflects a long tradition of independence and innovation.

Investors can expect us to:

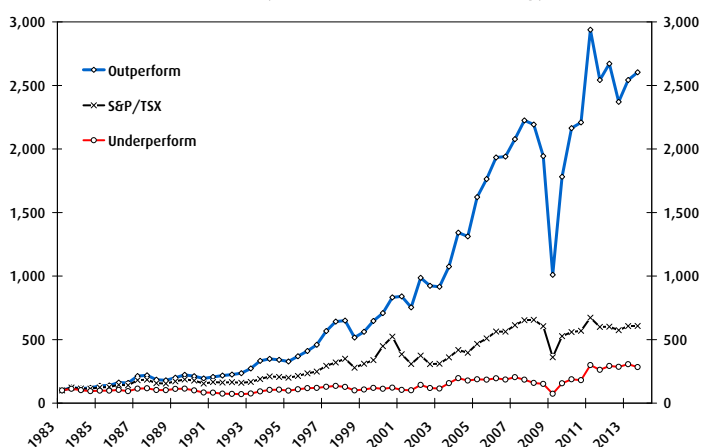
- Provide independent investment advice
- Cover the vast majority of Canadian public companies
- Publish a diverse range of research product, including coverage of the majority of the S&P 500 and a number of international equities
- Develop unique money-making investment ideas
- Be innovative in the way we distribute our research
- Add value to client portfolios with our recommendations
- Measure the value-add of our recommendations
- Offer creative and proprietary investment ideas

With 62 equity analysts across Canada, the US and the UK, we cover approximately 980 equities: over 580 in the US, over 325 in Canada and the rest internationally.

Performance Measured

For 30 years, BMO Capital Markets has measured the performance of our stock recommendations on a semi-annual basis. We track the performance of all Outperforms (5- and 4-rated stocks in our prior rating system) based on the ratings and prices in our September and March *Red Books*. This creates a transparent and verifiable

Research Track Record (Rebalanced Semi-Annually)



Note: To September 2013; Analysis performed semi-annually based on March and September *Red Book* pricing dates. Source: BMO Capital Markets

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database to measure the department's value-add. On average, this equal-weighting list of recommendations has outperformed the S&P/TSX Composite Index by 5.2% per annum since March 1983.

External Surveys

BMO Capital Markets historically has been very successful across a variety of external surveys done in an attempt to evaluate analyst "value" to clients. We note that each of these surveys has its own focus and is only as good as its respective methodology. We believe that in the normal course of our activities of serving clients, we will be in good stead for most of these surveys. Here are some examples of our successes.

1. Starmine

Starmine, in association with select global newspapers, provides global analyst rankings, to establish its perspective of stock-picking prowess and accuracy of earnings estimates. In 2013, the following analysts were specifically cited:

Earnings Estimates by Industry

- **Gerrick Johnson** ranked #3 for Leisure Equipment & Supplies (US)
- **Carl Kirst** ranked #2 for Oil, Gas & Consumable Fuels (US)
- **Jillian Miller** ranked #3 in Diversified Financial Services (US)
- **Thanos Moschopoulos** ranked #2 in Software & IT Services (Canada)
- **Peter Sklar** ranked #1 in Auto Components (Canada)
- **Ben Pham** ranked #2 in chemicals and Utilities (Canada)
- **Tony Robson** ranked #2 in Metals & Mining (UK and Ireland)
- **Joanne Wuensch** ranked #2 for Health Care Equipment and Supplies (US)

Industry Stock Pickers

- **Gerrick Johnson** ranked #1 for Leisure Equipment & Supplies (US)
- **Carl Kirst** ranked #2 for Gas Utilities (US)
- **Connie Maneaty** ranked #2 for Household Products (US)
- **Michael Mazar** ranked #3 for Energy Equipment & Services (Canada)
- **Stephen MacLeod** ranked #3 in Retail (Canada)
- **Tony Robson** ranked #3 in Metals & Mining (UK and Ireland)
- **Jeff Silber** ranked #2 in Professional Services (US)

It is also noteworthy that this survey also considers Estimate Accuracy and Stock Picking across all industries, and on this metric, two of our analysts were also cited. Stephen MacLeod was cited to be the third-best Stock Picker in Canada and Tony Robson was cited as the ninth-best estimator in the UK and Ireland.

2. Greenwich

The 2013 Greenwich survey does not cite specific analysts and there are numerous categories so it can be difficult to itemize our success in aggregate – particularly since BMO competes against other brokers with very different footprints and business models.

In Canada, we were #2 for overall in Equity Research/Advisory share, and #1 in the following categories:

- **Insurance**
- **Diversified Financials**
- **Industrial Products**
- **Gold and Precious Metals – Small/Mid-Cap**

In the US, BMO ranked #15. We were top 10 in:

- **Metals and Mining**
- **Machinery**
- **Healthcare Services – Managed Care**
- **Food & Staples Retailing**
- **Food Products**

3. WSJ Best on the Street

The Wall Street Journal's Best on the Street 2013 poll, which focuses on the US, ranked us #5 with 3 top-three analysts. This survey uses data assembled by Factset and focuses on 44 industries and identifies 2,000 analysts and 300 firms. Specifically, here are the BMO analysts who were cited:

- **John Hayes** ranked #2 in Metals and Mining
- **Gerrick Johnson** ranked #3 for Leisure Goods & Services
- **Amit Sharma** ranked #3 for Food and Tobacco

4. Brendan Wood International

For the past 32 years, we have consistently been ranked in the top 3 in Canada and have been ranked as the top firm 29 times. In 2012, we were #3. The following analysts were ranked as “Top Gun Analysts”:

- **Fadi Chamoun** ranked #2 in Transportation
- **Andrew Kaip** ranked #2 for Precious Metals – Small/Mid Cap
- **Carl Kirst** ranked #3 for Pipelines and Utilities
- **Tom MacKinnon** ranked #2 for Insurance
- **Randy Ollenberger** ranked #1 in Oil & Gas – Large Cap
- **Bert Powell** ranked #2 for Industrial Products
- **John Reucassel** ranked #1 for Diversified Financials
- **Peter Sklar** ranked #1 in Special Situations and #3 in Industrial Products

The Brendan Wood survey is based on interviews with Canadian Institutional Portfolio Managers and Analysts, and evaluates analysts on the basis of relationships with the buy-side, quality of investment ideas, knowledge of the sector and quality of analysis.

5. Institutional Investor (II)

II surveys largely US Institutional Investors and compiles a list of ranked analysts across a multitude of sectors. Specifically, in 2012 we ranked #20 with 0.8% of the entire share for all brokers in the US. These results should be considered in the context that we cover less of the S&P 500 than many of our US peers. The following of our analysts achieved Top 10 individual positions:

- **Carl Kirst** ranked #5 in Natural Gas
- **Jeff Silber** ranked #6 in Business, Education and Professional Services
- **Tim Long** ranked #7 in Telecom Equipment/Wireless
- **Keith Bachman** ranked #8 in IT Hardware