

**Benchmark: MSCI World Index**

Style Box	VALUE	VALUE BIAS	CORE	GROWTH BIAS	GROWTH
LARGE CAP	●	●	●	●	●
MID CAP	●	●	●	●	●
SMALL CAP	●	●	●	●	●

**Risk/Return Statistics US\$**

(as of June 30, 2007)

	3 Year	5 Year
Standard Deviation	9.0%	13.2%
Sharpe Ratio	0.06	0.01
Return to Risk	2.00	1.11
Best Quarter	11.9%	13.3%
Worst Quarter	-0.5%	-13.0%

**General Information**

- Date established: 1983
- Assets under management: US \$33.1 billion
- Number of investment professionals: 17
- Average number of holdings: 40-60
- Average annual turnover: c 15%
- Average market capitalization: US \$45.4 billion
- Current yield: 1.6%

**Profile**

Walter Scott & Partners Limited (WSPL), founded in 1983., became a wholly owned subsidiary of Mellon Financial Corporation in October 2006. The firm, based in Edinburgh, manages global, international and regional mandates for institutional clients.

**Investment Philosophy and Style**

WSPL's investment philosophy is that the best way to build wealth is to buy and hold the equity shares of great growth companies. WSPL's long-term "buy & hold" approach is underpinned by an intensive global research program to find the best companies.

The research process screens over 3,000 companies annually to identify those with high internal rates of return and the capacity to sustain earnings per share growth of 15%-20% per annum. WSPL's research process is based upon thorough internal analysis of company financial data and extensive company visits.

Beginning with the company's annual report, proprietary analysis looks in detail at the company's cash generating capacity, in particular the ability to finance growth internally. Quantitative ratios identify its ability to generate profit and cash flow annually, typically for five years. The key objective is to understand the company's financial characteristics and profitability.

Provided the criteria are met, WSPL evaluates future prospects in seven key areas: management, industry environment, competitive edge, growth model, balance sheet structure, liquidity and valuation. Analysis centres upon the sustainability of the company's growth rates, the outlook for its industry and its ability to translate sales growth into profits.

A stock is purchased only if its price is right and meets valuation criteria. WSPL aims to pay the earnings growth rate of the company, but will accept higher valuations if confident of the earnings prospects. In aggregate, WSPL portfolios have P/E ratios broadly in line with (or lower than) their benchmark indices.

Purchases occur only with the unanimous agreement of the investment management team. Portfolios generally comprise of 40-60 securities. Initial purchases are typically at the 2% level. Stocks are monitored closely using the same research tools described above.

Sales occur when there has been a deterioration in the original investment rationale. Positions may also be reduced when they reach 5% of the portfolios market value, return targets are met, or valuation becomes excessive. The firm's long-term investment approach is confirmed by turnover rates averaging 20% per annum.

**Representative Holdings**

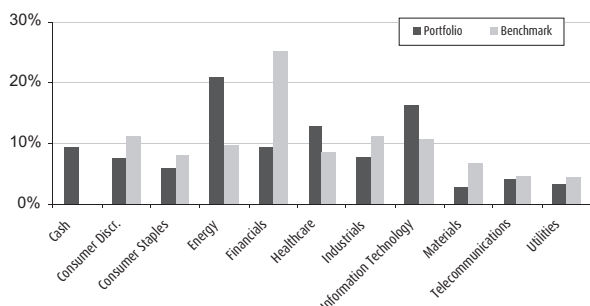
(as of June 30, 2007)

EOG Resources .....U.S.  
 CNOOC .....China  
 Anadarko Petroleum .....U.S.  
 Woodside Petroleum .....Australia

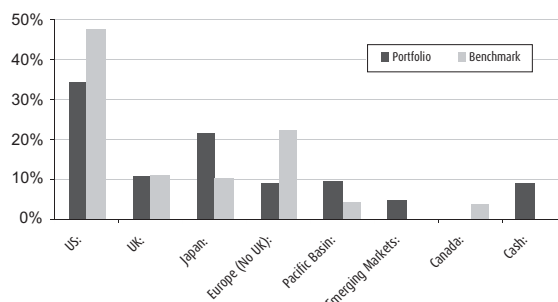
Schlumberger .....U.S.  
 L'Oreal .....France  
 Hutchinson Whampoa .....Hong Kong  
 Denso .....Japan

BG Group .....U.K.  
 Walgreen .....U.S.

**Sector Allocation**



**Regional Allocation**



## Key Personnel

### Dr. Walter Grant Scott, Founder

*Experience:* Founded Walter Scott & Partners Ltd in 1983. Formerly a Director with Ivory & Sime Ltd.

*Years of Experience:* 35

*Education:* PhD (Nuclear Physics), Trinity Hall, Cambridge

### Alan McFarlane, Managing Director

*Experience:* Joined Walter Scott & Partners Ltd in 2001. Formerly with Global Asset Management, Ivory & Sime plc and 3i Group.

*Years of Experience:* 27

*Education:* MA, Edinburgh University

### Rodger H. Nisbet, Director - Pacific Rim

*Experience:* Joined Walter Scott & Partners Ltd in 1993.

*Years of Experience:* 13

*Education:* BA, Dundee University

### Dr. Kenneth J. Lyall, Chairman

*Experience:* Joined Walter Scott & Partners Ltd in 1983. Formerly with Arthur Andersen (London & Glasgow).

*Years of Experience:* 24

*Education:* PhD (Financial Economics), Edinburgh University

### James D. Smith, Director

*Experience:* Joined Walter Scott & Partners Ltd in 1983.

*Years of Experience:* 23

*Education:* MA, Edinburgh University

### Anthony P. McDonnell, Investment Manager / Portfolio Implementation & Control

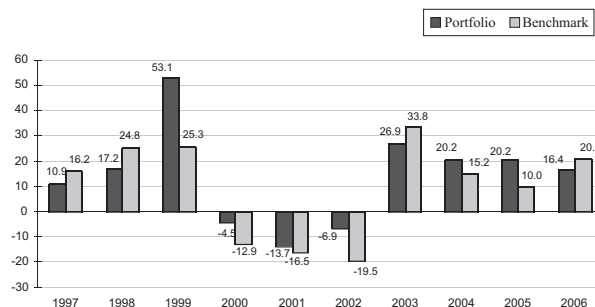
*Experience:* Joined Walter Scott & Partners Ltd in 1993.

*Years of Experience:* 13

*Education:* MA, Edinburgh University

## Calendar Year Performance US\$ (%)

(for the years ending December 31)

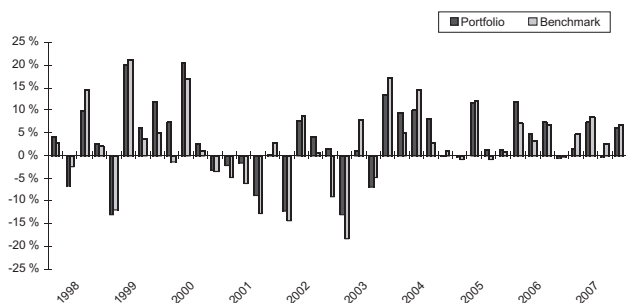


## Annualized Rates of Return US\$(%)

(as of June 30, 2007)

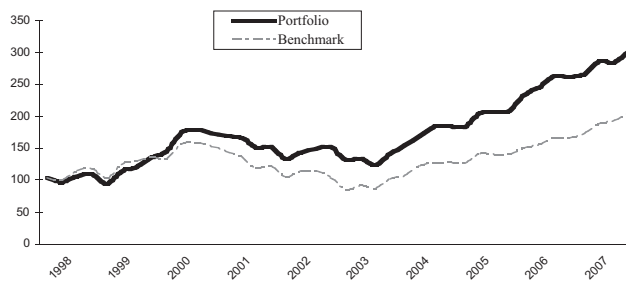
	Portfolio	MSCI World
3 months	5.9	6.7
YTD	5.6	9.5
1 year	15.0	24.2
3 years	18.0	17.3
5 years	14.6	14.5
7 years	8.2	4.3
10 years	11.7	7.5

## Quarterly Rates of Return US\$



## Portfolio Growth of \$100 US

Ending value as of June 30, 2007: Portfolio \$302 Benchmark \$206



**PERFORMANCE NOTE:** The performance data set forth herein has been obtained from Mercer Investment Consulting based on information provided by Walter Scott & Partners. Prior to January 2007, the performance of this mandate was based on the Walter Scott Global Equity Composite. Effective January 2007, the performance of this mandate is based on a composite of actual Advance portfolios. Performance of the model portfolio may differ from the performance of accounts in the BMO Nesbitt Burns Advance Program because accounts in this program are smaller and so have more concentrated holdings than the model portfolio; the portfolio manager may make changes to its preferred selection of securities that are not yet implemented in the model, but are reflected in a client account, or vice versa; and/or the model portfolio holds ordinary shares, whereas client accounts purchase American depository receipts (ADR's) which may not perfectly reflect the value of these ordinary shares.

While this report is produced by BMO Nesbitt Burns Inc. ("BMO NBI"), the data set forth herein has been obtained from Mercer Investment Consulting and/or from publicly available documentation based on quarter end numbers. Past performance is not necessarily an indicator of future performance. Returns are calculated to include all dividends and interest income but to exclude all fees, so that they are directly comparable to the Index shown. The performance shown is based upon a model portfolio and does not reflect the actual performance of clients in the BMO Nesbitt Burns Advance Program. Performance experienced by clients during these time frames may differ from the results quoted in this report, particularly with smaller accounts or accounts that have been open less than one year, or where there have been cash flows in or out of an account. Performance may also differ due to a difference in timing between trades made in an account and the assumed time of a trade made in the model portfolio. Finally, results may differ because accounts in the BMO Nesbitt Burns Advance Program may not purchase IPOs or securities of companies related to BMO NBI or its affiliates, whereas the model portfolio does not have such restrictions. This report is prepared solely for information purposes in connection with the BMO Nesbitt Burns Advance Program. The opinions, estimates and projections contained herein are those of the Portfolio Management Advisory Group of BMO NBI as of the date hereof and are subject to change without notice. BMO NBI makes every effort to ensure that the contents have been compiled or derived from sources believed reliable and contain information and opinions that are accurate and complete. However, BMO NBI makes no representation or warranty, express or implied, in respect thereof, takes no responsibility for any errors and omissions which may be contained herein and accepts no liability whatsoever for any loss arising from any use of or reliance on this report or its contents. Information may be available to BMO NBI or its affiliates, which is not reflected herein. This report is not to be construed as an offer to sell, or solicitation for, or an offer to buy, any securities. BMO NBI, its affiliates and/or their respective officers, directors or employees may from time to time acquire, hold or sell securities mentioned herein as principal or agent. BMO NBI may act as agent, financial advisor and/or underwriter for certain of the corporations mentioned herein and may receive remuneration for same. BMO NBI is a wholly-owned subsidiary of BMO Nesbitt Burns Corporation Limited, which is an indirect subsidiary of the Bank of Montreal. BMO NBI is a member of CIPF. Bank of Montreal or its affiliates may act as a lender or provide other services to certain of the corporations mentioned herein and may receive remuneration for the same. TO US RESIDENTS: This report is not intended to be construed as an offer to sell or a solicitation to buy or sell any products or services of any kind whatsoever including without limitation securities or any other financial instrument in the United States of America or the territories or possessions thereof. TO U.K. RESIDENTS: The contents hereof are intended for the use of non-private customers and may not be issued or passed on to any person described in the Article 11(3) of the Financial Services Act 1986 (Investment Advertisements) (Exemptions) Order 1995, as amended. © "BMO (M-bar roundel symbol)" is a registered trade-mark of Bank of Montreal, used under licence. "Nesbitt Burns" and "Advance Program" are registered trade-marks of BMO Nesbitt Burns Corporation Limited, used under licence.