Month-End Review and Near-Term Developments

May did not bring flowers to the equity markets... it brought Mayhem. Stock prices retreated on bad news out of Spain and continued woes in Greece. The Spanish stock market (IBEX 35 Index) fell -17.9% in May and is off -30.8% since the start of the year. A broader gauge of European stocks (STOXX Europe 600 Index) tumbled -12.0% in May and -4.0% since the year began. This all played through to the U.S. markets where the S&P 500 Index dropped -6.0% for the month but is up 5.2% for the year. (These are all total returns in US$.)

The saga in Spain traces to a familiar global taproot: real estate. Spain, like many countries around the globe, watched the property market go from bubble to bubble bath. The consequences now have to play out within their banking industry. The Spanish government plans to plow nearly $25 billion into Bankia, the third largest bank in Spain, and more may be required for this and possibly other banks. For Spain, the banking crisis adds to the confluence of several other simultaneous challenges: weak general economic conditions, very high unemployment and austerity measures to meet debt reduction objectives. Even though uncertainties like these have frequented Europe over the last two to three years, it still shakes, rattles and roils investors.

Against this austere European backdrop, which could extend to other headline countries, is there any good news? Is it sufficient to counter-balance the pessimism we see in Europe? The answer may be a guarded "yes." The U.S. will play a major role in the global outcome of 2012. Within our economy there are several components that show solid results with stable trends, and others that suggest some improving trends but from a weak base. Let's tick off a few...

The **U.S. consumer** emits encouraging signs, among which include: sales of new autos and light trucks (big ticket purchases) show double-digit percentage growth for several consecutive months; falling gasoline prices (down thirty cents a gallon in six weeks) add to discretionary bucks for consumers; and year-over-year advanced retail sales remain in very respectable territory at 6% or higher for the last two plus years.

The **employment environment** is slowly but persistently on the mend. For example, initial unemployment claims inch lower, Job Openings and Labor Turnover (JOLT – from the Bureau of Labor) improved to 3.7 million jobs openings in March vs. 3.2 million one year ago, and the unemployment rate is lower since the beginning of the year.

**Corporate results** continue their strength, and for most companies that means better than expected earnings and sales, improved balance sheets, robust free cash flow, reasonable prices relative to profits, and improved access to credit and lending. Add to that picture the fact that small business optimism in April 2012 reached its highest level since December 2007 (Index of Small Business Optimism Survey – conducted by the National Federation of Independent Business).

**Residential real estate**, while still mixed, may be showing signs of recovery. Recent data had existing home sales up 3.4% for April 2012, new home sales rose 3.3% in the same period, distressed sales declined as a percentage of total home sales to 28% in April from 37% a year ago, and mortgage rates remain nestled near historic lows; but recent April pending home sales fell.

**Inflation and monetary conditions** continue to confirm a very modest level of core inflation, and a Federal Reserve committed to low rates into 2014 – rates that should encourage some risk taking.

These are possible paths to a more balanced, less pessimistic view. Of course we recognize the U.S. faces a large and looming uncertainty related to the direction and plans for deficit reduction, including entitlement and tax reforms. These are further clouded in the near term by the election cycle.
The Current Environment – At A Glance…

Market Performance Review – pgs 3 & 4
This section includes performance data for various equity, fixed income and alternatives indices, as well as yield and/or price levels for certain assets.

Spotlight – pg 5
JPMorgan’s $2 billion dollar mark to market trading loss roiled the financial markets mid-month and undercut the performance of the financial sector for the year. The loss was tied to trades implemented to increase risk and unwind hedges that had previously lessened the bank’s credit exposure. The lesson is that derivatives based hedging often introduces a whole new set of risks, even for a sophisticated institution with a “fortress” balance sheet.

U.S. Economic Growth and Inflation – pgs 6 & 7
The updated estimate for first quarter 2012 GDP growth was 1.9% over the prior quarter. Personal consumption grew 2.7% in the quarter, while residential investment advanced 19% over the prior quarter. Investment by businesses in plant and equipment increased 1.9% for the quarter. The Core Consumer Price Index (CPI), which excludes volatile food and energy prices, increased 2.3% on a year-over-year basis in April, the same rate as the prior month.

Employment – pg 8
The unemployment rate declined to 8.1% in April. The duration of unemployment remains at a stubbornly high rate. At an average 39.4 weeks in March 2012, the duration is only slightly below its all-time high of 40.9 weeks reached in November 2011. The mining sector continues to see solid job gains, while construction jobs are almost 30% below their level five years ago, although it has seen a small improvement over the past year.

Housing – pg 9
The S&P/Case-Shiller 20-City index edged marginally lower in March, stopping short of reversing a 7-month trend of declining prices. The lagging index ended at 134.1 or 35% below the peak. More current housing price indicators have already reflected the impact of warm-weather seasonal factors.

International Developments – pg 10
The European sovereign debt issue just won’t go away. Yields on the new Greek bond have climbed back to 29%. Yields on Italian and Spanish debt increased during May as well, with Spanish bonds breaking through the 6% level. One consequence of the saga was that the Euro fell 6.6% against the U.S. dollar in May.

U.S. Equities – pg 11
U.S. equity markets have shown an increase in daily volatility in May, with a negative return for the S&P 500 Index of -6.0%. The worst performing sectors were Energy, down -10.2%, and Financials, down -9.1%. Financials were down due to some heavily weighted companies, such as JPMorgan, posting large negative returns. The Energy sector was down primarily due to a steep decline in crude oil price for the month of May.

Taxable Fixed Income Market – pg 12
During the month of May, Treasury securities continued the rally they saw in April (Exhibit 14) with 10-year and 30-year yields ending the month at an all-time low of 1.56% and 2.64% respectively. Although all investment grade bond sectors delivered positive returns for the month, with the exception of CMBS, which declined 0.3% in May, they underperformed Treasury securities with comparable duration.

Tax-Exempt Fixed Income Market – pg 13
Tax-exempt yields continued to trend lower in May, led by longer maturities where yields fell more than 15 bps. Investors who have been willing to accept more duration, yield curve, and credit risk have been rewarded for doing so. The longest maturities have returned nearly 6.5% YTD, while the shortest maturities are less than 1.0%. BBB-rated issues have provided more than 425 bps of excess return over AAA issues YTD.

Alternative Markets – pg 14
Inflows into the publicly traded REIT markets have already this year hit the $6.5 billion mark, exceeding capital inflows for all of 2011. For the value conscious REIT investor, opportunities appear to be better in the Australian and Asian REIT markets where the assets trade at modest discounts. REIT investments in Europe are less attractive due to the Euro bloc political turmoil and to higher leverage ratios for European REITs.
### Market Performance Review
as of May 31, 2012

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Performance expressed as total return, in percentage points. Total returns for periods of one year or more are annualized. MSCI indices performance is net of foreign taxes on dividends. Highlighted items represent either the best- or worst-performing equity sector for the period.

Sources: Bloomberg L.P., BMO Asset Management U.S.
## Market Performance Review

**as of May 31, 2012**

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<td>5.91</td>
</tr>
<tr>
<td>Barclays Emerging Markets Corporate Index</td>
<td>6.17</td>
<td>5.59</td>
<td>6.85</td>
<td>7.47</td>
<td>5.97</td>
<td>5.79</td>
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### INFLATION

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<tbody>
<tr>
<td>Headline CPI YoY</td>
<td>NA</td>
<td>2.30</td>
<td>3.00</td>
<td>3.90</td>
<td>3.60</td>
<td>2.70</td>
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<tr>
<td>Core CPI YoY</td>
<td>NA</td>
<td>2.30</td>
<td>2.20</td>
<td>2.00</td>
<td>1.60</td>
<td>1.20</td>
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<tr>
<td>Core PCE YoY</td>
<td>NA</td>
<td>1.90</td>
<td>1.90</td>
<td>1.60</td>
<td>1.40</td>
<td>1.00</td>
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### OTHER MARKETS

<table>
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<tbody>
<tr>
<td>WTI Crude Oil Price ($/barrel)</td>
<td>86.5</td>
<td>105.3</td>
<td>99.4</td>
<td>80.8</td>
<td>100.2</td>
<td>106.6</td>
</tr>
<tr>
<td>Gold ($/troy oz)</td>
<td>1,560</td>
<td>1,665</td>
<td>1,564</td>
<td>1,624</td>
<td>1,500</td>
<td>1,432</td>
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</table>

Performance expressed as total return, in percentage points. Total returns for periods of one year or more are annualized.

Sources: Barclays Capital, Bloomberg L.P., BMO Asset Management U.S.
JPMorgan’s $2 billion dollar mark to market trading loss roiled the financial markets mid-month and undercut the performance of the financial sector for the year. Chairman & CEO Jamie Dimon, once the darling of the investor community, described the trades as “economic hedges” of the bank’s loan portfolio – a response to improving corporate credit conditions for global multinationals. Evidently, improving corporate balance sheets had left JPMorgan with an overly conservative portfolio of loan exposures. As a result, the bank’s risk management oversight office entered into a series of derivative trades that were described in London as “the whale” positions, implemented to increase risk and unwind hedges that had previously lessened the bank’s credit exposure.

What the trades have shown in hindsight is that derivatives-based hedging often introduces a whole new set of risks not directly related to the underlying asset. Markets can quickly deteriorate and often behave irrationally over the short term. Mark to market losses become impactful when reportable, transparent and not offset by corresponding improvements to illiquid assets like the bank loans.

Investors, as well as JPMorgan’s Dimon, learned some valuable lessons about risk. A bank that was perceived to have the most conservative disposition to risk – a “fortress balance sheet” subjected itself to the vagaries of the short term market makers, day traders and hedge fund managers. Reputational risk suffered - translating to a roughly $25 billion loss in market capitalization based upon JPMorgan’s pre-announcement share price of $40.64. It is also likely that extraneous factors, namely the risk positions held by other capital market participants precipitated heightened demand for credit default swaps – the cheapest insurance policies available for traders attempting to “de-risk” exposure to economic tensions in the European bloc - insurance that JPMorgan was selling at bargain prices.

The timing of JPMorgan’s misadventure is also unfortunate, as it has revived calls for the immediate implementation of the Volcker rule – even though the rule’s purpose was to restrict proprietary position taking by bank trading units rather than hedging activities by risk management oversight offices. A better result might be for Washington and Wall Street to reassess the role of the derivatives markets – the primary mechanism for hedging financial risk. Though derivatives have proven to be a valuable innovation, their deep liquidity can be a false promise - introducing new sets of risks not fully appreciated by even the most experienced and sophisticated of market participants, like a JPMorgan. At some point, short-term market volatility and its risks must be made compartmentally manageable, preventing it from overwhelming longer term perspectives. All risks need not be tradable, liquid or subject to leveraging.
The updated estimate for first quarter 2012 GDP growth was 1.9% over the prior quarter, below the initial estimate of 2.2% (Exhibit 2). Personal consumption grew 2.7% in the quarter, while residential investment advanced 19% over the prior quarter. Investment by businesses in plant and equipment increased 1.9% for the quarter.

The Chicago Fed’s National Activity Index (CFNAI) three-month average weakened to -0.06% in April, a level which indicates the economy’s growth is essentially at its trend-line rate. The latest data show positive contributions from two broad categories of measures: income and production, and sales, orders and inventories.

The growth in the ECRI (Economic Cycle Research Institute) Leading Index has oscillated throughout the recovery (Exhibit 3). It began to signal that a slowdown in growth was to be expected, as it crossed into negative territory in November 2011. The CFNAI and ECRI indicators together are signaling that economic growth is likely to be in the 2% area for the current calendar quarter.

Following the Federal Reserve Board’s two-day meeting during the last week of April, Chairman Bernanke emphasized the fiscal brakes the economy faces from the current Federal budget. He pointedly stated that monetary policy will be unable to overcome the slowing effects of a sharp drop in government spending and the increases in tax rates that will take effect at the start of 2013.
Inflation

- The Core Consumer Price Index (CPI), which excludes volatile food and energy prices, increased 2.3% on a year-over-year basis in April, the same rate as the prior month. Headline inflation (CPI including food and energy) eased to 2.3% (Exhibit 4). Inflation expectations, measured as the difference between nominal yields and TIPS yields, have remained in the 1.7-2.5% range since October 2010.

- The Fed’s commitment to low rates stems from its conviction that inflation remains under control, and it expects that any increase above 2% will be temporary. Discussions in the financial press about the Fed’s next move if economic growth weakens have recognized the concern over the inflationary effects of any additional easing moves.

- One approach which has been mentioned is a “sterilized” quantitative easing. Another round of bond purchases by the Fed could be “sterilized” if the cash injected into the economy from the purchases were removed by the Fed borrowing it back under shorter term maturities. A second option is for the Fed to engage in transactions to manage Treasury yields to a target rate, similar to its managing of the overnight Fed Funds rate. The effects of the second strategy would not necessarily be inflation neutral, since money supply levels would rise.

- Inflation in other parts of the world has shown sharper increases. In the Eurozone, inflation began a rising trend mid 2009, and the Asian Emerging Markets experienced an increase beginning in January 2010 (Exhibit 5). The rising trends have been interrupted with readings for the last couple of months.
The unemployment rate declined to 8.1% in April, landing at a 3-year low (Exhibit 6). Fed officials’ outlook for the unemployment rate is now a touch better than it was in the prior release following the January FOMC meeting, in the range of 7.8% to 8.0%.

The duration of unemployment remains at a stubbornly high rate. At an average 39.4 weeks in March 2012, the duration is only slightly below its all-time high of 40.9 weeks reached in November 2011.

Non-farm job gains, while volatile, have been positive during the past 19 months, with the economy gaining over 3.1 million jobs from October 2010 through the end of April 2012.

Despite the steady trend of job gains, cumulative job losses since the end of 2007 stand at 4.9 million, but below the peak of 8.7 million job losses recorded in February 2010.

Unemployment insurance claims have been trending steadily downward since the early part of 2009, with both the initial jobless claims and continuing claims data further confirming that the employment conditions are gradually improving. However, April data negatively surprised the markets, as both initial and continuing claims increased.

The mining sector continues to see solid job gains, while construction jobs are almost 30% below their level five years ago, although it has seen a small improvement over the past year (Exhibit 7).
### Economy and Markets

#### Housing

- The S&P/Case-Shiller 20-City Index edged marginally lower in March, stopping short of reversing a 7-month trend of declining prices. The lagging index ended at 134.1 or 35% below the peak (Exhibit 8). More current housing price indicators have already reflected the impact of warm-weather seasonal factors.

- The NAR Affordability Index (Exhibit 9) posted another record high, indicating that the average homebuyer is more capable than ever of affording mortgage payments on a median home. Residential 30-year mortgage rates declined to a record low in May and, along with low home prices, enhanced affordability. Nonetheless, the very tight lending standards dominated by government-guaranteed lending kept activity tepid at best. High un- and under-employment and economic uncertainty experienced by potential buyers further inhibit demand.

- While housing activity continues to disappoint, record affordability and high rents have begun to attract the attention of institutional investors and even regulators. A significant portion of potential demand from the purchase market migrated to the rental market. Investors are increasingly aware of the opportunity presented by the dislocation, which translates into very attractive yields particularly in certain geographies, and in the process may help normalize the market for housing. Significant hurdles exist – particularly scalability – but these developments and improving signs of homebuilder sentiment offer some hope that prices may be nearing a bottom.
The European sovereign debt issue just won’t go away. Yields on the new Greek bond have climbed back to 29% as the markets remain uncertain about the political climate in the country. Yields on Italian and Spanish debt increased during May, with Spanish bonds breaking through the 6% level (Exhibit 10). One consequence of the saga was that the Euro fell 6.6% against the U.S. dollar in May.

Five of the 10 European countries who have reported first quarter GDP data show two consecutive quarters of decline, meeting the common (although not necessarily official) definition of a recession. Italy, the Netherlands, and Portugal joined the U.K. and Spain in recession. Greece, which hasn’t reported official figures for a year, almost certainly belongs in the recession group, as well.

The debt and economic crisis has deepened its effects on the banking sector. Spain has announced plans to recapitalize Bankia, even as the country’s borrowing costs are rising. Three Spanish savings banks announced plans to merge as a result of bad property loans. The European Commission proposed to allow its rescue fund to be used directly to support troubled banks, an idea that has been opposed by Germany, Finland and the Netherlands.

Consequently, European equities, measured by the MSCI European Monetary Union (EMU) Index, posted a negative return of 7.1% in May (Exhibit 11). The emerging market equities also underperformed, as the MSCI Emerging Market Index declined 11.2% in May. The MSCI Asia Pacific Index posted a negative 9.9% return in May, as well.
U.S. Equities

- U.S. equity markets have shown an increase in daily volatility in May, with a negative return for the S&P 500 Index. The increase in volatility was due to renewed fears regarding the European debt crisis and a now very possible Greek exit from the Eurozone. In addition to a possible Greek exit, many investors are concerned about the health of Spanish banks. These European woes have weighed heavily on U.S. equities, with the S&P 500 Index posting a -6.0% return in May (Exhibit 12).

- The best performing sector in the S&P 500 Index in May was Telecommunication Services, up 2.6%. The worst performing sectors were Energy, down -10.2%, and Financials, down -9.1%. Financials were down due to some heavily weighted companies, such as JPMorgan, posting large negative returns. The Energy sector was down primarily due to a steep decline in crude oil price for the month of May.

- The beginning of May is typically a heavy period for company earnings reports. Ninety-eight percent of companies in the S&P 500 Index have reported earnings thus far. Of those, 68.4% reported a positive surprise, 7.8% reported results in line with expectations, and 23.9% reported a negative surprise. There has been a slight downtick in May to $105.40 for the aggregate EPS estimates for YE 2012 beginning March, 2010. Exhibit 13 shows overly optimistic EPS estimates for YE 2012 in May and July 2011. As 2012 continues, aggregate EPS estimates will converge on actual YE 2012 aggregate EPS.
During the month of May, Treasury securities continued the rally they saw in April (Exhibit 14) with 10-year and 30-year yields ending the month at an all time low of 1.56% and 2.64% respectively. The Treasury gains were once again driven by a flight to quality, as concerns about Spain’s banks added to investors’ anxiety over the Euro zone’s sovereign debt crisis. An unexpected decline in U.S. consumer sentiment also helped bond prices. Amid these investor concerns, the 30-year Treasury bond has returned more than 5.0% since the beginning of May.

The entire Treasury index dominated the bond market performance with its 1.7% total return.

Although all investment grade bond sectors delivered positive returns for the month, with the exception of CMBS, which declined 0.3% in May (Exhibit 15), they underperformed Treasury securities with comparable duration. As would be expected in this environment, higher quality names outperformed their lower quality counterparts, as investors sought perceived safety.

High yield suffered along with equities, dropping 1.3% during May, but still holding up very well on a year-to-date basis when compared to the investment grade sectors.
Tax-Exempt Fixed Income Market

- Tax-exempt yields continued to trend lower in May, led by longer maturities where yields fell more than 15 bps (Exhibit 16). Despite the favorable trend, tax-exempt yields lagged the even stronger rally in Treasuries. The result was a cheapening of the relative value of tax-exempts compared with taxable debt. AAA tax-exempt yields are now higher than Treasury yields regardless of the maturity.

- May was a continuation of the “risk-on” trade that is evident in YTD performance in the tax-exempt market. Investors who have been willing to accept more duration, yield curve, and credit risk have been rewarded for doing so. The longest maturities have returned nearly 6.5% YTD, while the shortest maturities are less than 1.0%. BBB-rated issues have provided more than 425 bps of excess return over AAA issues YTD (Exhibit 17). It is likely these broad performance themes will continue if yields remain near current levels as investors stretch for yield.

- The months of June and July are expected to have more demand than supply. As much as $85B in coupon payments and proceeds from called and maturing bonds will be available for reinvestment. Plus, new money is streaming into the market, with $20B of new flows into tax-exempt funds in the first five months, according to Lipper FMI (Fund Market Information). New supply is up 76% YoY, but even this pace is not expected to fully meet all the demand for tax-exempt debt over this heavy reinvestment period. The stage is set for the tax-exempt market to outperform taxables when interest rates stabilize.
Infows into the publicly traded REIT markets have already this year hit the $6.5 billion mark, exceeding capital inflows for all of 2011. A number of REIT managers have expressed caution because REITs have been the top-performing U.S. asset class over the past three years. For the value conscious REIT investor, opportunities appear to be better in the Australian and Asian REIT markets where the assets trade at modest discounts. REIT investments in Europe are less attractive due to the Euro bloc political turmoil and to higher leverage ratios for European REITs (Exhibit 18).

Commodity prices continued their downward trend, with the performance unfortunately correlated to public equity markets. At end of the month, losses exceeded -9.0% in the DJ UBS Commodity Index, even though natural gas prices showed positive monthly returns (Exhibit 19). Gold prices plummeted, tracking the losses in the Euro currency which fell by -6.6% to its lowest level versus the dollar in the past year.

Hedge fund managers maintained modest net market exposures, minimizing the monthly losses in a range of -1% to -2%. It remains to be seen whether the industry has shorted Facebook since its weak post-IPO trading performance. One analyst predicted that MLP investments, once profitable, would be sold to offset losses of those managers that bet on Facebook for the long term.
Index Definitions

Equity Indices

S&P 500 Index
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

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.

Investments cannot be made in an index.
Index Definitions

Fixed Income Indices

Barclays U.S. Aggregate Index
Barclays Capital 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
Barclays Capital Intermediate U.S. Government/Credit Index (Barclays Capital 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 Capital 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 Capital 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 Capital 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 Capital 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.

BofA Merrill Lynch High Yield BB/B Constr. Index
The BofA 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 Capital 1-10 Year Municipal Blend Index is a market value-weighted index which covers the short and intermediate components of the Barclays Capital Municipal Bond Index—an unmanaged, market value-weighted index which covers the U.S. investment-grade tax-exempt bond market.

Barclays Global Aggregate Bond Index
The Barclays Capital 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.

Investments cannot be made in an index.
Index Definitions

Alternative Investments Indices

**DJ UBS Commodity Index**
The Dow Jones-UBS Commodity Index is composed of commodities traded on U.S. exchanges.

**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.

Other Indices

**S&P/Case-Shiller 20-City Index**
The S&P/Case-Shiller 20-City 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.

**STOXX Europe 600 Index**
The STOXX Europe 600 (Price) Index is a broad based capitalization-weighted index of European stocks designed to provide a broad yet liquid representation of companies in the European region. The equities use free float shares in the index calculation. The index was developed with a base value of 100 as of December 31, 1991. This index uses float shares.

**IBEX 35 Index**
The IBEX 35 Index is the official index of the Spanish Continuous Market. The index is comprised of the 35 most liquid stocks traded on the Continuous market. It is calculated, supervised and published by the Sociedad de Bolsas. The equities use free float shares in the index calculation. The index was created with a base level of 3000 as of December 29, 1989.

*Investments cannot be made in an index.*
For further information, please visit our websites at

BMO Funds www.bmofundsus.com

BMO Asset Management U.S. www.bmogamus.com

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