

## Investment Support Every Step of the Way



### Having the Tools and Resources You Need

BMO InvestorLine provides many types of support to keep you on the leading edge of investing strategies and current market conditions.

*"By drawing upon the support tools and resources available at BMO InvestorLine, you have what you need to reach your goals sooner."*

from. Some of the resources available to help you select investments that are right for you include:

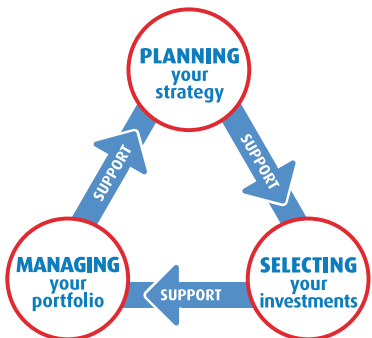
- In-depth research and analysis on mutual funds and stocks from industry leaders, Morningstar Canada and Zacks Investment Research;
- Exclusive access to Ranga Chand's Heavy Hitter Select Funds and Model Portfolios to help you find the fund that is right for you; and
- Fixed Income Online, which allows you to search, buy and sell a wide range of fixed income products.

It is important to actively manage your investment choices to ensure that they are still on track with your plan, performing optimally, and maximizing return potential in any market conditions. Online tools such as Alerts, Stop Orders, Watch Lists, and Option Chains can help you manage your portfolio providing you peace of mind.

*Continued on page 2*

### A Disciplined Approach Gets the Job Done

Online investing doesn't mean you're on your own. Successful online investors know having support is key to a disciplined approach to investing. It is important to have access to support every step of the way while you plan your strategy, select the investments that are right for you and continue to actively manage your investment choices.



When you create an investment plan, Asset Allocator can help you identify your investment goals based on your investor profile. You can also use Retirement Planner in conjunction with Asset Allocator to map out a customized retirement plan.

Once your plan is in place, there are a full range of investments to choose

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## Investment Support Every Step of the Way

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In addition, you have access to other educational and informative resources, including webcasts, bi-monthly InSite newsletters and interactive trading tutorials. Visit the online Education Centre where you can learn about RRSPs, mutual funds, fixed income products and more.



**GEOFF CAMPBELL**  
BMO InvestorLine Store Manager  
Toronto, ON

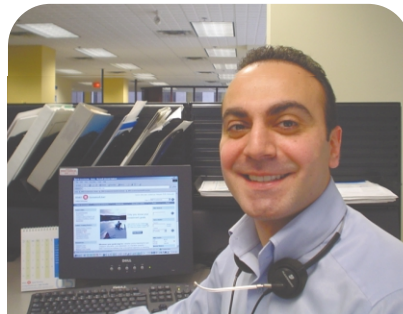
*"I work hard to bring a retail presence and a friendly face to our exciting online offering. Helping clients open new self-directed accounts at the BMO InvestorLine Store is just the beginning. Whether a client has been investing on their own for years, or would like to find out more about online investing, I guide them to valuable information they can use to improve their investment decisions."*

The BMO InvestorLine Store, located in Toronto, Ontario, offers investors immediate access to financial news, online account access, and a friendly, professional team who will work with them to make sure they understand the extensive investment and support tools available at BMO InvestorLine. Geoff Campbell, formerly the Manager of the BMO InvestorLine Store, has recently been promoted to Regional Sales Manager for BMO InvestorLine.

You can attend one of the ongoing seminars to learn more about the disciplined approach to investing and valuable investment strategies. BMO InvestorLine's qualified, professional Representatives are also available to assist you, seven days a week.

## Your Online Investing Partner

Successful investors understand there is always something new to learn: investor tips, fresh ideas, or a new, insightful opinion. By drawing upon the support tools and resources available at BMO InvestorLine, you have what you need to reach your goals sooner. ■



**JAMAL KHALIL**  
Client Relationship Consultant  
Montreal, QC

*"My priority is to make our clients feel welcomed, valued and heard. As a Client Relationship Consultant, every call I receive is an opportunity to build a relationship with a client. Since each client may have a different need, my role is to proactively and effectively ask questions in order to provide a unique, personalized experience for the client. By making the client a priority, I am able to provide consistent, high-quality service."*

Jamal Khalil, formerly a Client Relationship Consultant in the Montreal office, has recently been promoted to the BMO InvestorLine Regional Sales Team.



**CLINT O'BRIEN**  
Manager, 5 Star Relationship Team  
Toronto, ON

*"I provide a high level of support that builds our clients' confidence that we will resolve any issue they may have. It's not just about problem solving. The 5 Star Relationship Team is committed to taking the initiative in improving client interactions, whether it's introducing a client to a new way of transacting online or walking them through one of our helpful online investment tools. Our goal is to consistently provide timely and knowledgeable support whenever clients need it."*

Clint O'Brien manages the new 5 Star Relationship Team, which supports the new 5 Star Program. For details on the Program, see page 5.

## Tom's Suggested Summer Reading

For those of you interested in doing some reading over the summer months, here are a couple of suggested books:

- **Good to Great**  
by Jim Collins  
About the importance of leadership in companies
- **Tearing Down the Walls**  
by Monica Langley  
A portrayal of Sandy Weill's rise to power and how he built Citigroup

# Striking the Right Balance

Rebalancing your portfolio regularly is a vital part of disciplined investing. Over time, market fluctuations can shift your portfolio's original asset allocation. Known as a portfolio shift, this change in weightings could affect your chances of meeting your financial goals.

## NEW Portfolio Rebalancing Tool Makes It Easy

The Portfolio Rebalancing tool available at [bmoinvestorline.com](http://bmoinvestorline.com) shows where you currently stand with your investments, where you want to be (based on your plan), and how to get there. In three simple steps, you can:

- Select the plan you want to review
- View the asset mix from the selected plan
- See the differences between your plan and your actual asset mix

## Tailor-Made Action Plan

Comparing your actual asset mix to your investment plan will help you identify the steps you may need to adjust or rebalance your portfolio and bring it back in line with your plan.

With the right tools and information, you can make informed choices and rebalance your portfolio to stay on track towards your investment goals. ■



To create a customized plan, sign into your account online at [bmoinvestorline.com](http://bmoinvestorline.com) and under the Planning menu, select Asset Allocator or Retirement Planner. Then compare your plan with your actual asset mix using the new **Portfolio Rebalancing tool**.



## Contributor's Note

Independent investors know that it's important to have support when they need it. This issue of InSite explores the ways in which BMO InvestorLine can support you in your investing journey.

BMO InvestorLine provides a wealth of tools and resources to help you plan, select and manage your investments to get you well on your way to achieving your goals. We also have qualified, professional Representatives who are available to assist you, seven days a week. Take a look at the article *Investment Support Every Step of the Way* to learn more about the wide range of support tools and services available.

You'll also find articles to help improve your investment knowledge and structure the most efficient investment portfolio possible. The article *Model Portfolios – Putting Theory Into Action* explains how efficient model portfolios can help you enhance returns while minimizing risk. In the article *Striking the Right Balance*, see how the new Portfolio Rebalancing tool can help you rebalance your portfolio so your plans stay on track.

To further support you, we're pleased to announce the upcoming launch of our InSite eNewsletter – bringing you useful information to help you stay informed. See the back cover for details.

Have a great summer!



Thomas A. Flanagan  
President & Chief Operating Officer

# Heavy Hitter Model Portfolio Corner by Ranga Chand

## Growth Model Portfolio

*In this issue of InSite, Ranga Chand profiles his third Heavy Hitter®\* Model Portfolio out of seven.*

The Heavy Hitter Growth Model Portfolio is designed to provide long-term growth of capital for investors. It is suitable for aggressive investors with a long-term time horizon who can withstand significant year-to-year fluctuations in the value of their portfolios in exchange for potentially higher long-term returns.

The target allocation of the portfolio is 80% stocks and 20% fixed income, and consists of seven underlying Heavy Hitter Select Funds (Table One). These seven funds, like their counterparts in the Heavy Hitter Select Funds list, all have a strong performance history, superior risk/reward ratios, a minimum 5-year track record and below-average management fees within their respective categories.

The investment returns for the Growth Model Portfolio are shown in Table Two. The portfolio's average annual total return for the 5-year period ending April 30, 2005 was 11.4%. On a yearly basis the portfolio has delivered positive returns throughout this period with returns ranging from a high of 21.6% in 2003 to a low of 0.6% in 2002. It's important to note that during 2002, the S&P/TSX Composite Index, the S&P 500 Index and the MSCI World Index all declined sharply posting returns of -14%, -24%, and -20% respectively.

Year-to-date, the Growth Model Portfolio is up 1.9%. Over the same time period, all seven of the portfolio's underlying funds were in positive territory with returns ranging from a low of 0.6% for each of the two global equity funds (Mackenzie Cundill Value and Trimark Fund) to a high of 2.8% for the Clarington Canadian Small Cap fund.

Given its high equity component, the Growth Model Portfolio has a high-risk profile. Although there is a one-in-10 chance that returns will be negative over any one-year period, the portfolio has delivered positive returns over all three- and five-year holding periods. Looking at all 19 five-year rolling periods from October 1998 to April 2005 (Table Three) returns have averaged 12.0%, ranging from a high of 14.0% to a low of 10.7%. ■

To read the other Heavy Hitter Model Portfolio profiles, visit [bmoinvestor-line.com/EducationCentre/InSite.html](http://bmoinvestor-line.com/EducationCentre/InSite.html) and click on the past issues of InSite.



Ranga Chand is widely recognized as one of Canada's leading economists and mutual fund analysts. He is also the Founder and

President of the research and consulting firm Chand, Carmichael & Company Limited.

Table One	Growth Model Portfolio	
Heavy Hitter Select Funds	Fund Type	% of Portfolio
BMO Dividend	Canadian Dividend	25%
Dynamic Income	Canadian Bond	10%
Elliott & Page Monthly High Income	Canadian Income Trust	10%
Fidelity Canadian Disciplined Equity	Canadian Equity	20%
Clarington Canadian Small Cap	Canadian Small Cap	10%
Mackenzie Cundill Value Series C	Global Equity	10%
Trimark Fund SC	Global Equity	15%

Table Two					Growth Model Portfolio Investment Performance (April 2000 - April 2005)				
Average Annual Total Return (%)									
1 YEAR	2 YEAR	3 YEAR	4 YEAR	5 YEAR					
11.0	18.4	9.5	10.4	11.4					
Yearly Performance (%)									
2005*	2004	2003	2002	2001					
1.9	13.0	21.6	0.6	7.3					

\*to April 30, 2005; Source: Chand Carmichael & Company Limited

Table Three		Growth Model Portfolio Risk/Return Profile (October 1998 - April 2005)				
	Best Return (%)	Worst Return (%)	Average Return (%)	Frequency of Negative Returns (%)	Number of Periods	
1 year	34.1	-10.8	12.5	10	67	
3 years	15.9	4.6	10.1	0	43	
5 years	14.0	10.7	12.0	0	19	

Source: Chand Carmichael & Company Limited

## Model Portfolios – Putting Theory Into Action by AGF Funds Inc.



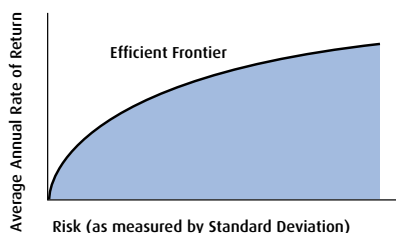
When building a portfolio of investments, a model portfolio can help simplify the process of selecting investments and achieve the diversification necessary for successful investing. An efficiently diversified model portfolio lies on the *efficient frontier* and takes into account the risk and reward relationship among the different asset classes.

The efficient frontier was developed by Harry Markowitz and Bill Sharpe, and is based on their theory of risk-efficient portfolios. The efficient frontier is about finding the right asset mix according to each asset class' risk and return characteristics. Each asset class generally exhibits different levels of risk and return, and behaves differently in the same market conditions.

### The Efficient Frontier

If you compare risk and return data for several asset classes, then graph the return rates and risk for all the different combinations of portfolios you can get by allocating among them, you get a region bounded by an upward-sloping curve — the efficient frontier (Chart One).

Chart One



Source: AllianceBernstein

For any given value of risk, there is a portfolio that gives you the greatest possible rate of return. So you always want a portfolio that sits along the efficient frontier, rather than lower down in the blue interior of the region. This is an important property of the efficient frontier: it's where the best portfolios lie.

### Using Model Portfolios

Model portfolios that are found on the efficient frontier balance risk and reward by taking into account:

- 1) the amount of risk that you are comfortable with, and
- 2) the amount of return you need to reach your financial goals.

The goal of model portfolios is to place assets in an appropriate mix that, when combined, offer both a risk level and return potential that you're comfortable with over the length of time you plan to invest. By maintaining an optimal model portfolio on the efficient frontier over the long-term, you could enhance returns and minimize risk to help you achieve your unique investment goals. ■

*AGF Funds Inc. is one of Canada's premier investment management companies, with offices across the country and around the world. It has approximately \$32 billion in assets under management and offers funds, wrap programs, high-net-worth offerings and trust services to advisors to support their businesses.*

## New! BMO InvestorLine 5 Star Program™

Receive exclusive financial and service benefits with our preferred client program.

As a 5 Star Program client, you will enjoy:

- Discounts on trade commissions
- Preferred interest rates
- Access to the 5 Star Relationship Team
- Reimbursement of transfer fees
- No annual fees for RSP accounts

Soon, you will be able to link together any number of accounts within a User ID to qualify for the 5 Star Program.

A minimum asset level is required to be eligible for the 5 Star Program.

To learn more, visit [bmoinvestorline.com/ProductsServices/5Star.html](http://bmoinvestorline.com/ProductsServices/5Star.html) and watch for new enhancements to the Program coming in Fall 2005.



### Explore Our Site

Check out the Mutual Fund Centre at [bmoinvestorline.com/EducationCentre/MutualFunds](http://bmoinvestorline.com/EducationCentre/MutualFunds) to learn how BMO InvestorLine can help you manage your mutual fund portfolio.

# Staying Informed Just Got Easier!

Introducing the new **InSite eNewsletter**, an interactive supplement to our published InSite. The **InSite eNewsletter** provides timely and additional information to the paper version. It is delivered to your Inbox six times a year, giving you access to:

- Up-to-date information on investing topics
- Special reports from leading financial industry experts
- Announcements on upcoming seminars and webcasts
- Information about new products and services from BMO InvestorLine

To ensure that you don't miss an issue of the **InSite eNewsletter\***, update your email address by signing into your account online at **bmoinvestorline.com** and accessing your Account Profile. ■

*\*BMO InvestorLine clients will continue to receive the paper version of InSite with their account statements.*

## Update: Ultimate Golf Getaway



During February and March, many clients swung by **bmoinvestorline.com** to participate in our weekly quizzes and earn a chance to win the Ultimate Golf Getaway.

*This year's Grand Prize Winner is...*

**Barbara Raine from Regina, Saskatchewan**

Presented with the Dream 18 opportunity to golf in Scotland, Hawaii or Spain, Barbara Raine chose the trip to Spain where she and her three guests will visit Valderrama, home to the 1997 Ryder Cup and the Volvo Masters Andalucia. ■

**Thank you to all who participated in the Ultimate Golf Getaway!**

## Feature of the Month

Did you know that by creating a **User ID** you can enjoy easy online access to all your BMO InvestorLine accounts with just one sign in? It's quick, easy and real-time! To create a **User ID**, go to the Account Sign In page and click on "Create New User ID".

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Please send comments and suggestions to [insite@bmoinvestorline.com](mailto:insite@bmoinvestorline.com) or mail to: The Editor, BMO InvestorLine InSite, First Canadian Place, 100 King St. W., 54th Floor, Toronto, ON M5X 1H3.

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Commissions, trailing commissions, management fees and expenses may be associated with mutual fund investments. Please read the prospectus of the mutual funds before investing, including the mutual funds in the model portfolios. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated. The indicated rates of return are

the historical annual compounded total returns, including changes in unit value and reinvestment of all distributions, and do not take into account sales, redemption, distribution, or other charges or income taxes that may have reduced returns.

BMO InvestorLine is a member of BMO Financial Group. <sup>1</sup>As ranked by *The Globe and Mail*, 2002, 2003, 2004 & Feb. 5, 2005, by Gómez Canada Q1, Q3 2002 & Q2, Q4 2003 and by Watchfire GómezPro, Q2 2004. <sup>®</sup>Registered trade-marks of Bank of Montreal, used under licence. <sup>®</sup>"Heavy Hitter" is a registered trade-mark of Chand Carmichael and Company Limited, used under licence. <sup>™</sup>Trade-mark of Bank of Montreal, used under licence. BMO InvestorLine Inc. is a wholly owned subsidiary of Bank of Montreal. Member CIPF. 5122168 (07/05)