

Item 1 – Cover Page

Harris Investment Management, Inc.

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March 1, 2012

This Brochure provides information about the qualifications and business practices of Harris Investment Management, Inc. If you have any questions about the contents of this Brochure, please contact us at 312-461-7616 or brian.meikel@bmo.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser should provide you with information through which you determine to hire or retain an Adviser.

Additional information about Harris Investment Management, Inc. also is available on the SEC's website at www.adviserinfo.sec.gov. #801-35533 / CRD No. 106466.

Item 2 – Material Changes

The following is a summary of only material changes made to this Brochure since the last annual update on March 31, 2011.

As such, this document is materially different from the previously filed March 31, 2011 brochure. This Item will discuss only specific material changes that are made to the Brochure and provide clients with a summary of such changes.

- A description and update of current Affiliates and Group of Companies known as BMO Global Asset Management. (ITEM #4)
- Updated disclosures regarding affiliate dealings and ownership interests in non-affiliates. (ITEM #10)

Please see the referenced Items for full disclosure language. Pursuant to SEC rules, we will ensure that you receive a summary of any material changes to this and subsequent brochures within 120 days of the close of our business' fiscal year. We may provide other ongoing disclosure information about material changes as necessary.

We will further provide you with a new brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting Brian Meikel, Chief Compliance Officer at 312-461-7616 or brian.meikel@bmo.com.

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Item 4 – Advisory Business

Harris InvestmentsSM is a service mark used by Harris Investment Management, Inc. Harris Investments became a registered investment advisor with the SEC in November 1989. It is a wholly owned subsidiary of BMO Bankcorp, Inc., and is ultimately owned by the Bank of Montreal.

Harris Investments is a member of BMO Global Asset Management a trademark of Bank of Montreal and a trade name used by the Bank of Montreal. BMO Global Asset Management is the umbrella structure for the institutional investment management companies of BMO Financial GroupTM:

BMO Global Asset Management comprises BMO Asset Management U.S., BMO Asset Management Canada, and BMO's specialized investment boutiques: HIM Money, Inc.[®], Pyrford International Ltd, Lloyd George Management (BVI) Ltd, and Taplin, Canida & Habacht, LLC. BMO Asset Management U.S. consists of Harris Investment Management, Inc. and M&I Investment Management Corp. ("IMC"), and BMO Asset Management Canada consists of BMO Asset Management Inc. (formerly Jones Heward Investment Counsel Inc.). BMO Global Asset Management is part of the BMO Financial Group, a service mark of Bank of Montreal (BMO).

IMC is a registered investment adviser headquartered in Milwaukee, WI. IMC is a wholly owned subsidiary of BMO Financial Corp., which is in turn a wholly-owned subsidiary of Bank of Montreal ("BMO"). BMO acquired IMC, as part of its acquisition of Marshall & Ilsley Corporation ("M&I") in July 2011. As part of the integration of BMO and M&I, it is expected that IMC will be merged with and into Harris Investments. Harris Investments manages accounts on a fully discretionary basis for, or provides investment advice to, institutions including pension and other employee benefit plans, trusts, endowments and foundations, investment companies (including mutual funds), insurance companies, corporations, certain individuals as described below, and third-party sponsors of and clients participating in wrap-fee programs. Harris Investments' advisory services may include assistance in establishing investment objectives and guidelines, determining the appropriate asset class and allocation in light of established objectives and guidelines, determining the purchases and sales of securities for client portfolios, monitoring and reviewing holdings and investment performance of portfolios, and providing information on the relative attractiveness of various asset classes, investments and issues. Harris Investments generally votes proxies for the securities held in client accounts unless

directed otherwise by the client. See below for a description of Harris Investments' proxy policies and procedures.

Harris Investments' Total assets under management as of January 31, 2012, were \$14. Billion. Discretionary assets made-up \$12.2 Billion of this total and the remaining non-discretionary assets were \$1.86 Billion.

Item 5 – Fees and Compensation

The specific manner in which fees are charged by Harris Investments is established in a client's written agreement. Harris Investments will generally bill its fees on a quarterly basis. Generally, clients are billed in arrears each calendar quarter. Clients may also elect to be billed directly for fees or to authorize Harris Investments to directly debit fees from client accounts. Management fees may be prorated for each capital contribution and withdrawal made during the applicable calendar quarter (with the exception of de minimis contributions and withdrawals). Accounts initiated or terminated during a calendar quarter will be charged a prorated fee. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable. In general, contracts are terminable upon 30 to 60 days' prior written notice by either party.

Harris Investments generally does not impose a minimum dollar value of assets to be managed as a condition for starting or maintaining an account. However, clients may be subject to minimum fees ranging from \$10,000 to \$75,000, depending upon the investment approach and/or strategy. All fees are subject to negotiation.

Clients who receive advisory services from Harris Investments through impersonal advisory services or wrap programs in which Harris Investments is a participating adviser are not subject to Harris Investments' minimum fees.

Harris Investments' advisory fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses that are incurred by the client. Clients may incur certain charges imposed by custodians, brokers, and other third parties such as fees charged by custodial fees, wire transfer fees, and other fees on securities transactions. In the event Mutual funds and exchange traded funds not managed or sub-advised by Harris Investments are included in a client's portfolio also charge internal management fees,

which are disclosed in each fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to Harris Investments' fee, and Harris Investments shall not receive any portion of any such commissions, fees, and costs.

Item 6 – Performance-Based Fees and Side-By-Side Management

Currently, Harris Investments does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

Item 7 – Types of Clients

Harris Investments provides portfolio management services to corporations, corporate pension and profit-sharing plans, Taft-Hartley plans, charitable institutions, foundations, endowments, municipalities, registered mutual funds, private investment funds, trust programs, foreign funds, and other U.S. and international institutions.

Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss

Harris Investments manages money according to a long-standing tradition that combines discipline, focus, knowledge and state-of-the-art informational resources. Its investment process focuses on active portfolio management that incorporates quantitative modeling and fundamental research. By balancing the strengths of statistically sound quantitative analysis and broad-based, fundamental research, Harris Investments is able to evaluate current investment trends while focusing on long-term results. This disciplined approach helps Harris Investments manage the challenges inherently associated with investment decisions.

Harris Investments is committed to a disciplined, systematic investment process. Before investment risk is assumed, predictive factors are specifically identified. Models are constructed and extensively tested and redefined. Portfolio risk is proportioned to the degree of predictive power in the decision-making process as well as to customer requirements.

This philosophy recognizes that, while the factors influencing securities prices are complex and dynamic, it is necessary to maintain a consistent way of recognizing and evaluating the

changing market environment. Harris Investments then can recommend portfolio mixes that may benefit from these changes with respect to the reward potential and the risk assumed.

Equity portfolios are built utilizing a systematic process focusing on fundamentals, investor interest and valuations. Harris investments employs a proprietary quantitative model to identify companies with selected factors while utilizing fundamental research to confirm the model's indicators and capture qualitative data, resulting in the implementation of a disciplined, unemotional, quantitatively-based process that aims to maximize risk-adjusted results over time. Harris Investments uses various investment and financial databases containing current and historical statistics. These data are integrated in the systematic valuation models to perform investment analysis and portfolio construction.

Fixed income strategies are based upon the belief that alpha is achieved by balancing a set of low-risk, time-tested strategies and exploiting mispricing in term structure, market sectors and issue valuation. While the drivers of fixed income management decision-making are dynamic (relative value security signals vs. shifts in macroeconomic trends), there are four modules in constant feedback that define the process and produce added value over time with relatively low volatility: security selection, sector allocation, yield curve management and risk management.

The security selection process seeks to identify relative value opportunities that emerge due to market inefficiencies in pricing credit, structural, optionality, and technical market factors, especially in smaller “off-the-run” issues. Sector allocation is derived from a combination of top-down and bottom-up analyses. While credit fundamentals, interest rate volatility and yield curve themes are the primary drivers, relative value security signals will contribute to both inter- and intra- sector rotation decisions. Lastly, the yield curve management strategy is based on optimizing term structure exposure. The process involves identifying yield curve themes and positioning investments optimally along the yield curve. Relative value methodology is used to identify opportunities across maturities and to take advantage of systematic mispricing of certain yield curve sectors. Harris Investments manages risk by employing a disciplined investment approach, continuous monitoring, and timely adjustment of portfolio exposures to key risk factors.

Investing in securities involves a risk of loss. A summary of the risks associated with various strategies are described below, which clients should be aware of.

Debt Securities Risks

Debt securities are subject to various risks, the most prominent of which are credit risk and interest rate risk. These risks can affect a security's price volatility to varying degrees, depending upon the nature of the instrument. Risks associated with investing in debt securities include and are not limited to the following:

Call Risk. There is a risk that issuers will prepay fixed rate obligations when interest rates fall. Securities therefore may be forced to reinvest in obligations with lower interest rates than the original obligations and otherwise may not benefit fully from the increase in value that other fixed income securities experience when rates decline.

Credit Risk. There is a risk that the issuer of a security will fail to pay interest or principal in a timely manner, or that negative perceptions of the issuer's ability to make such payments will cause the price of the security to decline. Debt securities rated below investment-grade are especially susceptible to this risk.

Interest Rate Risk. The values of debt securities usually rise and fall in response to changes in interest rates. Declining interest rates generally increase the value of existing debt instruments, and rising interest rates generally decrease the value of existing debt instruments. Changes in a debt instrument's value usually will not affect the amount of interest income paid, but will affect the value of the security. Interest rate risk is generally greater for investments with longer maturities. Certain securities pay interest at variable or floating rates. Variable rate securities reset at specified intervals, while floating rate securities reset whenever there is a change in a specified index rate. In most cases, these reset provisions reduce the effect of changes in market interest rates on the value of the security. However, some securities do not track the underlying index directly, but reset based on formulas that can produce an effect similar to leveraging; others may also provide for interest payments that vary inversely with market rates. The market prices of these securities may fluctuate significantly when interest rates change. An investment offering a lower yield [, and therefore it] might not benefit from any increase in value as a result of declining interest rates.

Long-Term Maturities/Durations Risk. Fixed income securities with longer maturities or durations may be subject to greater price fluctuations due to interest rate, tax law, and general market changes than securities with shorter maturities or durations.

Equity Securities Risks

Generally, prices of equity securities are more volatile than those of fixed income securities. The prices of equity securities will rise and fall in response to a number of different factors. In particular, equity securities will respond to events that affect entire financial markets or

industries (such as changes in inflation or consumer demand) and to events that affect particular issuers (such as news about the success or failure of a new product). Equity securities also are subject to “stock market risk,” meaning that stock prices in general may decline over short or extended periods of time.

Commodity or commodity-related equity Risks

Prices may fluctuate widely over short time periods in commodities. Investing in commodities or related equities expose investors to currency, political, accounting, economic and market risk. Because the strategy is heavily weighted in specific sectors, it will be impacted by sector performance more than a strategy with broader sector diversification. A non-diversified portfolio may be more susceptible to any single economic, political or regulatory event affecting an issuer than is a diversified portfolio. Lack of liquidity in an ETF could result in its value being more volatile than the underlying portfolio of securities.

Foreign Investing Risks. Investing in securities of non-U.S. companies involves special risks and considerations not typically associated with investing in U.S. companies, and the values of non-U.S. securities may be more volatile than those of U.S. securities. The values of non-U.S. securities are subject to economic and political developments in countries and regions where the issuers operate or are domiciled, or where the securities are traded, such as changes in economic or monetary policies. Values may be effected by restrictions on receiving the investment proceeds from a non-U.S. country. In general, less information is publicly available about non-U.S. companies than about U.S. companies. Non-U.S. companies also are generally not subject to the same accounting, auditing and financial reporting standards as are U.S. companies. Certain foreign issuers classified as passive foreign investment companies may be subject to additional taxation risk.

Because the foreign securities in which a strategy invests generally trade in currencies other than the U.S. dollar, changes in currency exchange rates will affect the value of dividends and interest earned, and gains and losses realized on the sale of securities. Generally, a strong U.S. dollar relative to such other currencies will adversely affect the value of holdings in foreign securities.

High Yield Fixed Income Securities Risk

Securities rated “BB” or below by S&P or “Ba” or below by Moody’s are known as “high yield” securities. Such securities entail greater price volatility and credit and interest rate risk than investment grade securities. Analysis of the creditworthiness of high yield-high risk issuers is more complex than for higher-rated securities, making it more difficult for

the adviser to accurately predict risk. There is a greater risk with high yield-high risk fixed income securities that an issuer will not be able to make principal and interest payments when due. In addition, lower-rated securities may not trade as often and may be less liquid than higher-rated securities, especially during periods of economic uncertainty or change. As a result of all of these factors, these bonds are generally considered to be speculative.

Market Volatility Risk

The value of the securities in which a strategy invests may go up or down in response to the prospects of individual companies and/or general economic conditions. Price changes may be temporary or may last for extended periods. Instability in the financial markets has led to volatile financial markets that expose a portfolio to greater market and liquidity risk and potential difficulty in valuing portfolio instruments that it holds.

Mortgage-Backed and Asset-Backed Securities Risk

Mortgage-backed securities represent interests in pools of residential mortgage loans purchased from individual lenders by a federal agency or originated and issued by private lenders. Asset-backed securities represent interests in pools of underlying assets such as motor vehicle installment sales or installment loan contracts, leases of various types of real and personal property, and receivables from credit card agreements. These two types of securities share many of the same risks. The impairment of the value of collateral or other assets underlying a mortgage-backed or asset-backed security, such as that resulting from non-payment of loans, may result in a reduction in the value of such security and losses. Early payoffs in the loans underlying such securities may result in receiving less income than originally anticipated. The variability in prepayments will tend to limit price gains when interest rates drop and exaggerate price declines when interest rates rise. In the event of high prepayments, the client may be required to invest proceeds at lower interest rates, causing the client to earn less than if the prepayments had not occurred. Conversely, rising interest rates may cause prepayments to occur at a slower than expected rate, which may effectively change a security that was considered short- or intermediate-term into a long-term security. Long-term securities tend to fluctuate in value more widely in response to changes in interest rates than shorter-term securities.

Municipal Bond Market Risk

The amount of public information available about municipal bonds is generally less than that for corporate equities or bonds, and the investment performance may be more dependent on the analytical abilities of the investment adviser. The secondary market for municipal bonds also tends to be less well-developed and less liquid than many other

securities markets, which may adversely affect the adviser's ability to sell its bonds at attractive prices. In addition, municipal obligations can experience downturns in trading activity, and the supply of municipal obligations may exceed the demand in the market. During such periods, the spread can widen between the price at which an obligation can be purchased and the price at which it can be sold. Less liquid obligations can become more difficult to value and be subject to erratic price movements.

U.S. Government Securities Risk

Obligations issued or guaranteed by the U.S. Government, its agencies, authorities and instrumentalities and backed by the full faith and credit of the United States only guarantee principal and interest will be timely paid to holders of the securities. In addition, not all U.S. Government securities are backed by the full faith and credit of the United States; some are the obligation solely of the entity through which they are issued.

Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Harris Investments or the integrity of Harris Investment's management. Harris Investments has no information applicable to this Item.

Item 10 – Other Financial Industry Activities and Affiliations

Harris Investments has arrangements with BMO Harris Bank, N.A. (which is 100% owned by BMO Financial Corp., the parent of Harris Investments, ("The Bank")) whereby The Bank provides computer systems support, accounting, compliance and general administrative services to Harris Investments, and Harris Investments provides investment advisory and research services to the Bank. Where such respective services are also available to unrelated parties, Harris Investments and/or the Bank (as the case may be) will receive fees at prevailing market rates. Where such services are not generally available to unrelated parties, Harris Investments and/or the Bank (as the case may be) will receive fees based on a cost or "cost-plus" method.

Harris Investments' clients, regardless of their advisory arrangement, are under no obligation to use BMO Harris Bank N.A. or any of its affiliates as custodian of their assets.

Harris Investments is also a member of BMO Global Asset Management which is a trademark of Bank of Montreal and a trade name used in Canada and the U.S. by the Bank of Montreal and BMO Harris Bank N.A. BMO Global Asset Management is the umbrella structure for BMO Financial Group's institutional investment management companies: BMO Asset Management, Inc., as formally defined in Item #4 above.

When appropriate, employees of Harris Investments may also provide information, marketing materials and disclosure documents to clients or potential clients of those institutional investment management companies that are members of BMO Global Asset Management as defined in Item #4 above. These products or services are only offered to such investors in those countries and regions in accordance with applicable laws and regulations. This presentation is for informational purposes only and should not be construed as an offer to sell, a solicitation to buy, or a recommendation for any security, or as an offer to provide advisory or other services in any jurisdiction in which such offer, solicitation, purchase, or sale would be unlawful under the securities laws of such jurisdiction.

HIM Money, Inc., ("Money") is a wholly owned subsidiary of Harris Investments. Harris Investments provides compliance, accounting, operations, marketing, and management services. Money may provide investment advisory and research services to Harris Investments. Harris Investments and Money receive fees at prevailing market rates for such services. Money looks to its Investment Policy Committee to oversee general portfolio management and general investment advice. Certain individuals of Harris Investments are regular members of Money's Investment Policy Committee and Board of Directors.

Harris Investments and IMC are affiliates under common control and may provide various services to each other related to research, portfolio management, sales and client relationship management, compliance, operational and trading support. Certain Books and Records therefore may be retained with each respective office.

Harris Investments is the sub-adviser to multiple open-end investment companies managed by Virtus Investment Partners ("Virtus Funds"). BMO Financial Corp Inc., BMO's U.S. subsidiary and sole shareholder of Harris Investments, holds shares representing approximately a minority 23% equity position in Virtus Investment Partners, Inc. (Virtus). Virtus is a publicly traded asset management company listed on the NASDAQ stock market (VRTS). In addition, as a result of the minority investment in Virtus held by BMO Financial Corp., , an executive of an investment management subsidiary of BMO Financial Group, is also a member of the Virtus Board of Directors.

Harris Investments, with Coxe Advisors, LLP (an unaffiliated investment adviser registered with the SEC since 2009), has established a Global Commodity Strategy. The Strategy invests in commodity-related securities based on top down macroeconomic thematic research combined with fundamental security analysis, to provide optimal exposure to the commodities market. Complementary research capabilities are utilized with the industry-specific expertise offered by Coxe Advisors and the quantitatively-driven research capabilities of Harris Investments. Harris Investments provides the strength of its portfolio management systems and processes to implement the Strategy on behalf of clients, including effective oversight of trading, operations, portfolio construction, portfolio compliance and systems. Client service is provided by Harris Investments, tailored to each client's needs. The two organizations share research products and services paid for with hard and/or soft dollars generated through eligible equity commissions incurred by Harris Investments' clients. Under its written agreements with Coxe Advisors, Harris Investments may also provide certain operations and administrative services to Coxe, such as office space, operational support, and information technology assistance. The expenses associated with these services are paid by Harris Investments and Coxe Advisors in accordance with their agreement and are not charged to Harris Investments' clients.

Item 11 – Code of Ethics

Harris Investments has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct and fiduciary duty to its clients. Harris Investments, along with certain other entities within the BMO Harris Organization, have adopted a code of ethics ("Code") as required under the Investment Advisers Act and the Investment Company Act of 1940. The Code sets forth Harris Investments' standards of business conduct and puts restrictions and obligations on its employees in order to effect compliance with various federal securities laws. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons must acknowledge the terms of the Code of Ethics annually, or when ever it is amended.

Harris Investments' employees and other associated persons are required to follow the Code. Subject to satisfying this policy and applicable laws, officers, directors and employees of Harris Investment and its affiliates may trade for their own accounts in securities that

are recommended to and/or purchased for clients. The Code is designed to assure that the personal securities transactions, activities and interests of Harris Investments employees will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code, certain classes of securities have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of Harris Investments' clients. In addition, the Code requires pre-clearance of many transactions, and restricts trading in close proximity to client trading activity. Nonetheless, because the Code in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code, and to reasonably prevent conflicts of interest between Harris Investments and its clients transactions.

Harris Investments also holds all client investment and trading information confidential to help ensure that Harris Investments' affiliates do not have access to such information except as necessary to fulfill their responsibilities as fiduciaries or as permitted by Regulation S-P and Harris Investments' privacy policy.

The Code prohibits employees from trading while in possession of material inside information; prohibits employees from serving on the boards of publicly traded companies without the prior authorization; requires pre-clearance of certain personal securities transactions; and subjects covered personnel to penalties for Code violations, including disgorgement of profits.

The Code's gift and entertainment provisions prohibit employees from giving or accepting any cash gifts or excessive entertainment to or from a client, prospective client, or any person or entity that does or seeks to business with or on behalf of Harris Investments and from giving or accepting non-cash gifts of more than de minimus value to or from any person or entity that does business with or on behalf of Harris Investments. The Code permits employees to provide or accept business entertainment events, such as dinner or sporting events, of reasonable value, if the person or entity providing the entertainment is present, and the cost of the entertainment does not exceed regulatory guidelines. The Code requires Harris Investments employees to report to Harris Investments Chief Compliance Officer gifts and entertainment received or given. The Code provides for the imposition of sanctions against those persons who violate the Code and for oversight of the Code's administration by Harris Investments' Chief Compliance Officer. Compliance personnel

oversee the Code's operation, review holdings reports, and review personal securities transaction reports. A copy of the Harris Investments' Code is available upon request.

In order to start a new strategy, Harris Investments' may establish an account with funds provided by Harris Investments or an affiliate. This account is managed along with other client accounts in such a way that the "proprietary" account does not receive favorable treatment over other client accounts. Harris Investments personnel may also be investors in certain pooled vehicles for which Harris Investments acts as adviser. Such investment vehicles are treated as clients and are not subject to the personal trading restrictions of the Code. Orders for such pooled vehicles will be aggregated with orders for other client accounts for purposes of trade execution.

Item 12 – Brokerage Practices

For discretionary client accounts, Harris Investments has authority, within client-imposed restrictions, to determine the securities to be bought and sold and the timing and amount of all trades. All client limitations and restrictions on investments are by agreement between Harris Investments and the client and are factors considered in determining investment risk and return objectives.

Broker Selection. Generally, securities are bought and sold through brokers or dealers selected by Harris Investments. In some instances, the clients direct Harris Investments to place trades through or with a particular broker or dealer. In such cases, Harris Investments cannot necessarily obtain best pricing or execution. When Harris Investments is vested with the discretion to choose a broker-dealer, efforts are made to obtain the most favorable prices and best services available.

In approving broker-dealers for its clients' trades, Harris Investments considers, among other factors, their financial and operational integrity and the quality and reliability of their execution. Harris Investments selects broker-dealers for each trade based on its criteria for "best execution." These include, among other considerations, commissions, price impact under conditions prevailing at the time of the trade, size of the order, difficulty of execution, speed of execution, and capital commitments by the broker-dealer.

Soft Dollar Services from Brokers. Harris Investments may place trades through and with broker-dealers who also provide Harris Investments with research and brokerage services (as defined in Section 28(e) (3) of the Securities Exchange Act of 1934, as amended), so-called "soft dollar" arrangements. These services must provide lawful and appropriate

assistance to Harris Investments in carrying out its investment decision-making responsibilities. Such services may include: analysis or reports on companies, industries, economic trends, and political considerations; market data services and communications services related to the execution, clearing, and settlement of securities transactions; and other functions incidental to effecting securities transactions. The provision of research is taken into account in broker selection and, in exchange for these services, Harris Investments may pay higher commissions than would otherwise be charged (i.e., “pay up”). Before effecting any such transaction, Harris Investments determines in good faith that the amount of such commission is reasonable in relation to the value of the brokerage and research services provided by such brokers, viewed in terms of either that particular transaction or Harris Investments’ overall responsibilities to all of its clients.

Due to the nature of soft dollar arrangements, Harris Investments may obtain services from brokerage commissions charged to client’s account that may not directly benefit such client at that particular time. Similarly, clients may benefit from soft-dollar research even if trades placed on their behalf did not contribute to the compensation of the broker-dealer providing such research. Harris Investments endeavors to ensure that, over time, all clients receive the benefit of research services purchased with brokerage commissions charged to their accounts and to the accounts of its other clients. Harris Investments’ soft dollar budget is reviewed by its Investments Risk Committee.

In addition, Harris Investments may receive certain brokerage and research products and services, some of which are permitted under soft dollar arrangements and some of which are not (so-called “mixed-use” products and services). In these instances, Harris Investments uses client brokerage commissions to pay for the eligible portions and pays the ineligible portions with its own funds. Although this allocation between eligible and ineligible items is made in accordance with Harris Investments’ overall fiduciary responsibilities, clients should be aware of the potential conflicts of interest created by the use and allocations of soft dollar arrangements. Although the allocation between soft dollars and cash is not always capable of precise calculation, Harris Investments makes a good faith effort to allocate such items reasonably, and records of such allocations are kept.

Trade Allocation. Harris Investments may, from time to time depending upon account guidelines, objectives, cash-flow characteristics, brokerage direction, and other criteria, give advice to some clients or effect securities transactions for the accounts of some clients that may be similar to or differ from the advice given to or actions taken on behalf of other clients. Harris Investments may allocate transactions in securities among clients on such basis as Harris Investments determines to be reasonable, including a determination that some clients may not purchase or sell the securities at the same time as others;

subsequently, Harris Investments may not obtain the same commission rates or execution prices for all clients.

Trade Allocation for IPOs. Harris Investments' investment philosophy limits its participation and purchase of shares in initial public offerings or "IPOs". IPO securities are allocated, insofar as possible, in a pro rata manner across all accounts with similar guidelines, objectives, and cash flow characteristics. When allocating fixed income IPO securities in cases where the new issue allocation is particularly small or the amount of bonds available in the secondary market is insufficient for a complete pro rata allocation, the allocation method will be balanced against the need for adequate liquidity and tradable lot sizes. In the case of either equity or fixed-income IPOs, care is taken to try to avoid systematically favoring or disadvantaging any clients.

Directed Brokerage. Clients have the ability to direct all or a portion of their brokerage to a specific broker-dealer, if such use complies with applicable law and governing instruments. Harris Investments attempts to fulfill client-directed brokerage subject to achieving best execution. However, the client-directed broker may not offer the lowest commission rate nor obtain the same execution price and efficiency as that obtained by Harris Investments for its non-directed account trades. By utilizing directed brokerage for transactions, the client acknowledges that Harris Investments is not able to freely negotiate commission rates or spreads or to commingle or group orders with those for other accounts managed by Harris Investments. Directed brokerage account trades are handled as separate orders. These orders are placed subsequent to those for Harris Investments' participating non-directed trades, and trades are rotated among these directed accounts to help to ensure that no such account is systematically favored or disadvantaged. For clients who direct only a portion of their transactions, the non-directed portion will be commingled or grouped for the purpose of execution for the same securities for other accounts managed by Harris Investments.

Trading Process. Harris Investments' trading desk, upon receiving incoming orders of similar purchases and sales of securities for clients, determines the sequencing of such orders among clients. The trading desk attempts to coordinate the timing of orders to prevent Harris Investments from "bidding against itself" on such orders. Orders for directed brokerage clients are sequenced behind orders for non-directed brokerage clients, depending upon factors such as the number of other orders awaiting execution, the type of order, the liquidity of the order, and clients' cash positions. Wrap accounts participate in a separate sequencing and rotation schedule apart from Harris Investments' separately managed accounts in order that no such account, client type, or strategy is systematically favored or disadvantaged.

Fixed Income Trading Practices. In addition to general trading procedures described above, a fixed income trader may, from time to time, depending upon circumstances such as account guidelines, objectives, or cash-flow characteristics, place a trade prior to an actual trade allocation being determined. In those instances where an order is only partially filled or when a security is acquired prior to determining the allocation, the trader ultimately allocates the trade in a manner that is fair and equitable to all affected accounts. Furthermore, in municipal bond trading, comparisons may be made between bonds being offered and bonds with similar characteristics, such as credit name, structure, call/put options, credit rating, sector, etc., trading in the market at the time

Harris Investments' trading desk executes orders for all clients other than its third-party wrap program or impersonal advisory services clients. Typically, Harris Investments' trading desk sends its third-party wrap program clients' orders or model to the sponsor for execution. While third-party program clients are trading, Harris Investments' trading desk typically suspends trading for other clients until it's assumed the sponsors have completed their transactions. When necessary, Harris Investments' trading desk has a rotation policy by which it rotates transactions among the third-party wrap programs. Harris Investments rotates the order of trades to wrap sponsors to help to ensure over time that no one account or wrap sponsor receives trading priority over any other wrap sponsor or account.

Harris Investments may purchase securities for one or more accounts at the same time it is selling that same security for one or more other accounts. Normally, Harris Investments will utilize an electronic communication network (ECN) that commingles buy and sell orders from many sources and executes trades automatically in aggregate amounts available to match. Occasionally, Harris Investments may cause an indirect purchase and sale transaction between clients.

Certain affiliated accounts or accounts of affiliates may trade in the same securities with Harris Investments' client accounts on an aggregated basis when appropriate and consistent with Harris Investments' obligation of best execution. In such circumstances, the affiliated and client accounts will share commission costs equally and receive securities at an average price. Harris Investments will retain records of the trade order (specifying each participating account) and its allocation, which is completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders are allocated on a pro rata basis. Any exceptions are explained on the order ticket.

Cross Transactions. Harris Investments' Generally will not affect any principal or agency cross securities transactions for client accounts. Harris Investments also will not generally cross trades between client accounts. In those rare circumstances that warrant it, Harris Investments may cross transactions between accounts of different clients only if such transactions are fair to both clients, are not prohibited by law or the instruments governing the relationships, and provide no benefits to Harris Investments. For all such transactions, evidence of an independent valuation source will be maintained.

Principal transactions are generally defined as transactions for which an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise when an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer.

Item 13 – Review of Accounts

Portfolio managers review the securities and assets held in each client's account no less frequently than monthly. On the average, each portfolio manager is assigned approximately 20 to 25 accounts. Portfolio managers are instructed to notify designated senior officers of the Investment Committee of any irregularities or unusually poor performance with respect to a client's account.

Prior to acceptance of a new account, the Investment Committee (or a sub-committee of such committee delegated with account review responsibility) conducts an initial review of the account's investment objectives. Once an account is accepted, in addition to the monthly portfolio manager reviews, the Investment Committee (or sub-committee) reviews the account no less frequently than annually to determine the advisability of retaining or disposing of securities or assets in the account and to determine whether there are any irregularities or improprieties with respect to the account.

In general, clients receive a quarterly report that summarizes the performance of their account during the immediately preceding quarter. Clients also meet with portfolio managers on a quarterly, semi-annual, or annual basis as agreed by the client and the assigned portfolio manager. During such meetings, the portfolio managers review with the client relevant objectives, guidelines, securities in the client's account, investment

performance and current investment strategy. Moreover, portfolio managers provide a report at such meetings and will occasionally modify the format or information contained in the reports to meet the needs of individual clients. In addition, each client's qualified custodian maintains the official book and record for the account and independently delivers statements to the client and/or client's designated agent. In addition to Harris Investments' review and reconciliation, clients should also independently review and reconcile their qualified custodian's records.

Item 14 – Client Referrals and Other Compensation

Harris Investments may compensate some of its employees for client referrals. It also may enter into an arrangement whereby payments are made to Bank of Montreal, BMO Harris Bank N.A., or other affiliates of Harris Investments in the BMO group of companies for clients referred to Harris Investments by those affiliates. Such payments are made at Harris Investments' expense and do not result in any additional fee to advisory clients. Harris Investments has also entered into certain Solicitation Agreements. Pursuant to these solicitation arrangements, the solicitor receives a fee equal to a percentage of the overall client fees payable to Harris Investments. In no instances do any sharing/compensation arrangements increase the costs or fees to clients above what they would have been in the absence of such arrangements. Details of the referral agreement are fully disclosed to the client in a "Solicitor Disclosure Statement" provided to the client prior to the execution of the "Investment Advisory Agreement." Such agreements are in compliance with Rule 206(4)-3 under the Investment Advisers Act of 1940.

As noted in Item 12, Harris Investments receives a variety of soft dollar services from third parties that are paid for by the use of clients' commissions (soft dollars).

Item 15 – Custody

Each client receives at least quarterly statements from the broker-dealer, bank or other qualified custodian that holds and maintains the client's investment assets. Harris Investments urges you to carefully review such statements and compare such official custodial records to the portfolio reports that we may provide to you. Our reports may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

Harris Investments' clients, regardless of their advisory arrangement with Harris Investments, are under no obligation to use BMO Harris N.A. or any of its affiliates as custodian of their assets.

Item 16 – Investment Discretion

Harris Investments usually receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account.

When selecting securities and determining amounts, Harris Investments observes the investment policies, limitations and restrictions of the clients which it advises. For registered investment companies, Harris Investments' authority to trade securities may also be limited by certain federal securities and laws that require diversification of investments and favor the holding or selling of investments once made.

Investment guidelines and restrictions must be provided to Harris Investments in writing.

In those instances where Harris Investments provides non-discretionary or impersonal advisory services, such arrangements and limitations are outlined in the investment management agreement.

Item 17 – Voting Client Securities

Harris Investments has developed joint proxy-voting policies with certain of its affiliates (together and individually, the BMO Harris Organization).

When acting as a fiduciary, the BMO Harris Organization votes proxies in the sole interest of its fiduciary clients. Unless the client has directed otherwise, the BMO Harris Organization generally votes proxies for securities held in client accounts and has adopted policies and procedures designed to help ensure that those proxies are voted in the best interests of fiduciary clients.

Proxy Advisory Committee (PAC) of the BMO Harris Organization. The PAC establishes general policies and guidelines for proxy voting. The PAC has the authority to vote proxies of companies whose securities are held in more than one fiduciary account (or related

groups of accounts) managed by Harris Investments and certain other members of the BMO Harris Organization.

How We Vote Proxies. The PAC's guiding principle is to vote proxies in the interest of the beneficiaries, both current and future, with a view to enhancing the value of securities held for the benefit of our clients. The PAC uses the services of a proxy voting agent (Agent), which researches and votes proxies in accordance with the PAC's voting policies. If a proxy issue is not addressed by the PAC's voting policies, the Agent forwards the proxy to the PAC along with a recommendation on how to vote the proxy. Upon review of the issue and the Agent's recommendation, the PAC directs the Agent how to vote. If the Agent recuses itself on a proxy matter and makes no recommendation, the PAC will review the issue and direct the Agent how to vote. If an issue arises which is expected to recur frequently, the PAC develops a policy on that issue and transmits the policy to the Agent. The PAC currently uses Glass Lewis as the Agent.

Mutual Fund Proxies. When mutual funds are held in client accounts, proxy issues involving the fund's fundamental investment policies are voted on by the Agent on a case-by-case basis according to the PAC's policies. Certain other issues (e.g., increases in investment management fees, selection of investments advisers, changes in investment objectives, changes in strategy that increase portfolio risk) are also evaluated and voted on by the Agent on a case-by-case basis. To the extent that legally permissible proposals seek to eliminate shareholder voting on changes to these types of matters, they are opposed. All other proposals are to be voted on in accordance with existing proxy voting policy. Proxy proposals relating to those funds for which Harris Investments acts as sub-adviser are governed by the policy concerning conflicts of interest.

Conflicts of Interest. The Agent votes on most proxy matters in accordance with the PAC's procedures, independently of any interest the BMO Harris Organization may have in the proposal. A conflict of interest may exist, however, if, e.g., the Agent has referred a proxy question to the PAC as otherwise required by proxy procedures, and Harris Investments or an affiliated entity has a business relationship with (or is actively soliciting business from) either the company soliciting the proxy or a third party that itself has either a material interest in the outcome of a proxy vote or is actively lobbying for a particular outcome of a proxy vote. Individual conflicts of interest also arise if, e.g., a member of the PAC holds a position in a security that is the subject of a proxy vote. When a PAC member is conflicted, he is expected to recuse himself. When the BMO Harris Organization is conflicted, various procedures may be followed to avoid impropriety, including, as appropriate, retaining the Agent or some other independent third party to vote the proxy in accordance with the shareholders' interests.

Clients may obtain a copy of Harris Investments' complete proxy voting policies and procedures upon request, including how Harris Investments voted any proxies on behalf of their account.

Item 18 – Financial Information

In certain instances, registered investment advisers are required in this item to provide you with certain financial information or disclosures about Harris Investments' financial condition. Harris Investments has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

Anti- Money Laundering and Privacy Policy

We respect your right to privacy and seek to manage your assets efficiently. To do so, we collect and maintain certain information about you from account applications and other forms, and from transactions you conduct with us, our affiliates, or others. Except for disclosure to our affiliates and service providers and as permitted by law, we do not disclose to anyone any personal information about you or about any of our former customers. We may disclose information about you to companies or individuals that perform administrative or marketing services on our behalf. Those entities may use such information only for the services for which we engaged them and are not permitted to use or share the information for any other purpose. To protect your personal information, we maintain physical, electronic, and procedural safeguards, and we permit access only to those employees who need the information to serve you.

To help the government fight the funding of terrorism and money laundering activities, federal law requires all financial institutions to obtain, verify, and record information that identifies each person who opens an account. What this means for you: When you open an account, we will ask for your name, address, date of birth, and other information that will allow us to identify you. We may also ask to see your driver's license or other identifying documents.

A corporation, partnership, trust or other legal entity may need to provide other information such as its principal place of business, local office, employer identification number, certified articles of incorporation, government-issued business license, a

partnership agreement or a trust agreement. We may be required to disclose this information pursuant to applicable laws, rules or regulations, but it will otherwise be retained in confidence according to our privacy policy.