Group Selection

Priced as of July 25, 2012

Note: Group tickers incorporate hyperlinks to decile charts, and then a link to our Toolkit of the group members.

See back pages for user guide and disclaimer.
Sources for all charts: BMO Capital Markets
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**Sector Relative Strength Profiles**

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<th></th>
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</thead>
<tbody>
<tr>
<td>Energy</td>
<td>17% / 27% / 36%</td>
<td>/</td>
<td>10% / 10% / 0%</td>
</tr>
<tr>
<td>Materials</td>
<td>14% / 21% / 28%</td>
<td>/</td>
<td>-1% / -2% / -13%</td>
</tr>
<tr>
<td>Industrials</td>
<td>30% / 42% / 52%</td>
<td>/</td>
<td>-5% / -6% / -16%</td>
</tr>
<tr>
<td>CMR Disc</td>
<td>40% / 54% / 64%</td>
<td>/</td>
<td>-5% / -5% / -16%</td>
</tr>
<tr>
<td>CMR Stap</td>
<td>55% / 68% / 81%</td>
<td>/</td>
<td>2% / 2% / -11%</td>
</tr>
<tr>
<td>Hlth Care</td>
<td>50% / 63% / 73%</td>
<td>/</td>
<td>6% / 4% / -5%</td>
</tr>
<tr>
<td>Financials</td>
<td>45% / 64% / 74%</td>
<td>/</td>
<td>5% / 4% / -7%</td>
</tr>
<tr>
<td>Info Tech</td>
<td>28% / 41% / 50%</td>
<td>/</td>
<td>-6% / -7% / -16%</td>
</tr>
<tr>
<td>Telecom</td>
<td>33% / 44% / 53%</td>
<td>/</td>
<td>8% / 7% / -2%</td>
</tr>
<tr>
<td>Utilities</td>
<td>40% / 59% / 67%</td>
<td>/</td>
<td>6% / 3% / -11%</td>
</tr>
</tbody>
</table>

*Three terms define the relative performance Z-Score rating versus the markets (US = S&P 500; GBL = S&P Global 1200; CDA = S&P/TSX Composite)*

(a) % Outperforming - what percentage of sector members is outperforming the market,
(b) Reward/Risk - how consistent the median relative strength performance of the sector membership (rankings), and
(c) Trend Psn - what is the net percentage of the sector members which are breaking above/below relative strength channels.

The strength z-Score is weighted 60% towards the trend parameters (% outperforming and reward/risk ratios) and 40% towards the trend positions (reversals of trends). Gridlines are placed at 0.5 increments.
Strength Changes Last Session

July 25, 2012

[Diagram showing momentum and strength changes for various industries]
Momentum

July 25, 2012

Mark Steele (416) 359-4641

Materials

DiversChm
17 stocks; $228bn

FrstPrd
13 stocks; $12bn

PaperPkg
17 stocks; $46bn

Fert&Ag
59 stocks; $278bn

Gold
132 stocks; $268bn

SpecChm
59 stocks; $224bn

ComdChm
30 stocks; $212bn

MtGlsCnt
13 stocks; $34bn

IndusGas
10 stocks; $118bn

CstrMat
26 stocks; $127bn

Alumin
13 stocks; $39bn

DvrsMng
44 stocks; $85bn

PrecMet
59 stocks; $102bn

Steel
75 stocks; $365bn

PapProd
44 stocks; $85bn
Momentum

Utilities

Strength

GasUtil
28 stocks; $138bn

WaterUtil
21 stocks; $57bn

MultiUtil
29 stocks; $399bn

ElecUtil
82 stocks; $729bn

IPPTrad
45 stocks; $132bn
User Guide 1 - Definitions & Dataset

Group Strength
Our Global Group analysis is based on bottom-up equity relative strength analysis as opposed to industry group (index) relative strength analysis.

Strength Decile Defined By
1. What percentage of a group’s members are outperforming
2. How consistent that outperformance is
3. How are the members positioned (above/below) vs. their trend channels.

Momentum Decile
Rate of change of strength (change in 5-day moving average)

The Underlying Equity Relative Strength Analysis
Each day, for every equity we cover, our relative strength system assesses the best fit trend from a spectrum which covers a minimum trend duration of six months, and a maximum of 4-years. The "best fit" is the trend which maximizes duration, and minimizes deviations from the trend. Our process is flexible, thorough, and because it is run daily, timely.

The Dataset:
- Over 5,000 securities.
- Groups have a:
  ...Median depth of 25
  ...Average depth of 35

Heat Map Colour and Symbol Guide
Strength is highlighted by the background of the group title
- Bright green = best (1st decile) transitions towards...
- Bright red = worst (10th decile)
Momentum is highlighted in the border of the group title
- Colour map for momentum is the same as strength
Symbols to the right of the group ticker show where a group moved from in the previous session. Below the group symbol we highlight the number and total market capitalization of the members of a group.
Clicking on the group, which brings up the chart via a hyperlink, will help to clarify the moves.
User Guide 2 - Momentum

Our Goals:
- To buy outperforming stocks in favoured groups
- To avoid underperforming stocks in unfavoured groups
- To be alerted of and act on the changes

#1 Rule of Momentum: You can use it only if it exists

- In stable/trending markets, one can buy stocks with high strength and momentum and hold them as long as momentum does not turn negative (trend following).

- In very rotational markets (e.g., where credit, currency, commodity conditions are choppy/changing):
  - Buying high strength and high momentum may be dangerous (buying yesterday’s winners).
  - One is better off buying stocks with moderate strength and high momentum (bottom fishing).
Buy

- Groups with high strength and high positive momentum (top left) - “In Favour”
- Groups with moderate strength and high positive momentum - “Transitioning to Positive”
- Groups with mediocre strength and high positive momentum - “Gaining Favour”

Buy/Hold

- Groups with high strength and neutral momentum (middle left) - “Maintaining Favour”

Sell

- Groups with low strength and high negative momentum (bottom right) - “Out of Favour”
- Groups with moderately negative strength and high negative momentum - “Transitioning to Negative”
- Groups with mediocre strength and high negative momentum - “Losing Favour”
- Each group is hyperlinked to a chart that shows the relative strength decile as a function of time, and the 5-day and 20-day moving averages (momentum).

- Each chart is hyperlinked to the group membership, in our RS Filter Toolkit.
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<table>
<thead>
<tr>
<th>Rating Category</th>
<th>BMO Rating</th>
<th>BMOCM US Universe*</th>
<th>BMOCM US IB Clients**</th>
<th>BMOCM US IB Clients***</th>
<th>BMOCM Universe****</th>
<th>BMOCM IB Clients*****</th>
<th>Starmine Universe</th>
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</thead>
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<tr>
<td>Buy</td>
<td>Outperform</td>
<td>37.7%</td>
<td>12.1%</td>
<td>52.1%</td>
<td>39.2%</td>
<td>48.3%</td>
<td>54.6%</td>
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<tr>
<td>Hold</td>
<td>Market Perform</td>
<td>60.0%</td>
<td>7.0%</td>
<td>47.9%</td>
<td>57.6%</td>
<td>51.0%</td>
<td>40.1%</td>
</tr>
<tr>
<td>Sell</td>
<td>Underperform</td>
<td>2.4%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>3.2%</td>
<td>0.7%</td>
<td>5.3%</td>
</tr>
</tbody>
</table>

* Reflects rating distribution of all companies covered by BMO Capital Markets Corp. equity research analysts.
** Reflects rating distribution of all companies from which BMO Capital Markets Corp. has received compensation for Investment Banking services as percentage within ratings category.
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