Group Selection

Priced as of November 8, 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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*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 (ranking), 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

November 8, 2012

Mark Steele (416) 359-4641

Momentum

Strength

Mov&Ent ← Airline ← Textiles ← Cns&Eng → HREmpl →
Aprl&Gds → HmFnsh ← HCareTec → ElcCmpEq → Ind Mach ↓
Hwy&Rail → DiversChm → TrdgDist → Trucking ↓

OG RfMkt ↑
DeptStrs ←

PkgFdMt ↑
PckgFdMt ↑ SprCntrs ↓ BldPrdcts ↓
ConsmrFin ↓
SpecREIT ↑

ConsMnt ↓
Dist&Vnt ←

HomeBld ←

Dist&Vnt ← PaperPkg ↓
HCDistrib ↓

AsstMgmt ↓
Distrib ←

DiversREIT ↓

RetailREIT → Railroads →
LeisFcl ↓

Thrt&Mtg ← P&C Insur ← Reinsuran ←

Multi-LnIns ↓

SpecialFin ↓ REstSrv →

HmImpRtl ↓ CmclPrt ↓

Publishing ←

HCSuppls ↓
Gold ↓

Fert&Ag ↓

RsrcCslt ↑
OG Equip ↓

OG StTr ←

OfficeServ ↓

CnstFmM ↓

HmEntSwr ↓
SpCmSrv ↓

InetRtl ↓

TechDist →

HmImpRtl ↓
CmclPrt ↓
November 8, 2012

Momentum

Strength

OG Rfmkt
47 stocks; $306bn

OG E&P
216 stocks; $1008bn

OG StTr
70 stocks; $430bn

OG Equip
80 stocks; $380bn

Int O&G
36 stocks; $2084bn

OG Drill
31 stocks; $110bn

Coal&Uran
44 stocks; $133bn
November 8, 2012

**Materials**

**Strength**

- DiversChm 17 stocks; $235bn
- IndusGas 10 stocks; $128bn
- Steel 74 stocks; $404bn
- Alumin 12 stocks; $42bn

**Momentum**

- CstrMat 26 stocks; $156bn
- FrstPrd 53 stocks; $15bn
- PaperPkg 17 stocks; $46bn
- Gold 127 stocks; $330bn
- SpecChm 61 stocks; $253bn
- Fert&Ag 42 stocks; $279bn
- MtGlsCnt 12 stocks; $34bn
- DvrsMng 129 stocks; $671bn
- PrecMet 56 stocks; $128bn
- PapProd 42 stocks; $36bn

**ComdChm**

- 31 stocks; $223bn

**á**

- IndusGas
- Steel
- Alumin

**æ**

- DiversChm
- SpecChm
- PrecMet

**â**

- PaperPkg
- MtGlsCnt
- PapProd
November 8, 2012

Industrials

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Strength

Momentum

Airline 36 stocks; $126bn
Hwy&Rail 9 stocks; $57bn
Trucking 32 stocks; $53bn
HREmpl 20 stocks; $41bn
Ind Mach 196 stocks; $441bn

IndCongl 34 stocks; $718bn
Sec&Alm 9 stocks; $43bn
BldPrdcts 30 stocks; $96bn

Marine 14 stocks; $52bn
Ind Mach 29 stocks; $70bn
CnstFmM 65 stocks; $338bn

MarineSrv 14 stocks; $52bn
CnstFmM 65 stocks; $338bn

Aero&Def 54 stocks; $478bn
OfficeServ 14 stocks; $21bn
AirFrqht 14 stocks; $146bn

AirprtSrv 10 stocks; $31bn
Railroads 21 stocks; $286bn
CmclPrt 13 stocks; $16bn

EnviroServ 31 stocks; $67bn
DvSpSrv 30 stocks; $71bn
DvSpSrv 30 stocks; $71bn
Health Care

Momentum

Strength

November 8, 2012

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LfSciSrv
12 stocks; $94bn

HCFacility
32 stocks; $56bn

HCareTec
12 stocks; $23bn

MngHCare
15 stocks; $135bn

HService
33 stocks; $153bn

HCSuppls
24 stocks; $58bn

Pharma
92 stocks; $183bn

HCDistrib
14 stocks; $73bn

Biotech
110 stocks; $334bn

HCEquip
77 stocks; $312bn

Health Care
November 8, 2012

Telecommunication Services

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Momentum

Strength

IntgTelSrv

AltCar

WlsTelSrv

14 stocks, $31bn

64 stocks, $1084bn

45 stocks, $896bn

14 stocks, $31bn

64 stocks, $1084bn

45 stocks, $896bn
November 8, 2012

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Utilities

Momentum

Strength

IPPTrad
44 stocks; $139bn

GasUtil
29 stocks; $156bn

ElecUtil
82 stocks; $747bn

WaterUtil
21 stocks; $51bn

MultiUtil
39 stocks; $406bn
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).
User Guide 3 - Buy/Hold/Sell

**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”
User Guide 4 - Hyperlinks To Decile Charts & Stock Selection

- 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>
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<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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<td>Buy</td>
<td>Outperform</td>
<td>39.2%</td>
<td>14.2%</td>
<td>66.0%</td>
<td>39.7%</td>
<td>49.1%</td>
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<td>Hold</td>
<td>Market Perform</td>
<td>58.8%</td>
<td>4.6%</td>
<td>31.9%</td>
<td>57.1%</td>
<td>48.6%</td>
<td>39.3%</td>
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<tr>
<td>Sell</td>
<td>Underperform</td>
<td>2.0%</td>
<td>9.1%</td>
<td>2.1%</td>
<td>3.2%</td>
<td>2.3%</td>
<td>5.0%</td>
</tr>
</tbody>
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* 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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