Group Selection

Priced as of May 24, 2013

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*

<table>
<thead>
<tr>
<th>Sector</th>
<th>% Outperforming</th>
<th>Reward/Risk</th>
<th>Trend Psn</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>US/GBL/CDA</td>
<td>US/GBL/CDA</td>
<td>US/GBL/CDA</td>
</tr>
<tr>
<td>Energy</td>
<td>32% / 36% / 56%</td>
<td>-3% / 5% / 4%</td>
<td></td>
</tr>
<tr>
<td>Materials</td>
<td>25% / 28% / 43%</td>
<td>-15% / -8% / -8%</td>
<td></td>
</tr>
<tr>
<td>Industrials</td>
<td>51% / 58% / 79%</td>
<td>-6% / 1% / 0%</td>
<td></td>
</tr>
<tr>
<td>CMR Disc</td>
<td>54% / 60% / 80%</td>
<td>2% / 8% / 8%</td>
<td></td>
</tr>
<tr>
<td>CMR Stap</td>
<td>48% / 55% / 77%</td>
<td>-10% / 1% / 0%</td>
<td></td>
</tr>
<tr>
<td>Hlth Care</td>
<td>50% / 57% / 77%</td>
<td>-2% / 7% / 5%</td>
<td></td>
</tr>
<tr>
<td>Financials</td>
<td>52% / 60% / 86%</td>
<td>-17% / -7% / -8%</td>
<td></td>
</tr>
<tr>
<td>Info Tech</td>
<td>45% / 50% / 72%</td>
<td>1% / 9% / 5%</td>
<td></td>
</tr>
<tr>
<td>Telecom</td>
<td>34% / 42% / 63%</td>
<td>-11% / 3% / 3%</td>
<td></td>
</tr>
<tr>
<td>Utilities</td>
<td>50% / 60% / 78%</td>
<td>-27% / -14% / -14%</td>
<td></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 (rankin), 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.
Consumer Discretionary

Momentum vs. Strength

InetRtl 23 stocks; $233bn
Advert 22 stocks; $93bn
HmFrnsh 12 stocks; $37bn
Broadcast 10 stocks; $137bn
Publishing 28 stocks; $123bn
CABL&Sat 27 stocks; $344bn
Aprl&Gds 43 stocks; $451bn
Cabl&Sat 27 stocks; $344bn
ApparRtl 53 stocks; $349bn
DeptStrs 13 stocks; $174bn
Tire&Rub 5 stocks; $73bn
LeisPrd 19 stocks; $57bn
GMrchStrs 15 stocks; $111bn
HhldApl 10 stocks; $39bn
Distrib 23 stocks; $174bn
LeisFcil 7 stocks; $20bn
Educat 21 stocks; $20bn
Textiles 3 stocks; $6bn
CmrElec 12 stocks; $76bn
Mov&Ent 30 stocks; $313bn
CatalgRtl 10 stocks; $27bn
Footwear 13 stocks; $77bn
Hwre 7 stocks; $20bn
Htl&Rsrt 27 stocks; $121bn
Rstaurnt 50 stocks; $313bn
AutoRtl 16 stocks; $65bn
Cas&Gam 40 stocks; $278bn
Mov&Ent 20 stocks; $281bn
HomeBld 31 stocks; $93bn
Footwear 13 stocks; $77bn
AutoParts 97 stocks; $243bn
HhldApl 10 stocks; $39bn
Hwre 7 stocks; $20bn
Rstaurnt 50 stocks; $313bn
Mov&Ent 20 stocks; $281bn
HomeFurn 10 stocks; $24bn
HhldApl 10 stocks; $39bn
HttImpRtl 10 stocks; $183bn
May 24, 2013

Consumer Staples

Mark Steele (416) 359-4641

- FdDistri: 12 stocks, $36bn
- PkgFdMt: 118 stocks, $967bn
- HhdPrdct: 18 stocks, $513bn
- Dist&Vnt: 44 stocks, $221bn
- PersPrdct: 25 stocks, $239bn
- FdRetail: 40 stocks, $368bn
- SprCntrs: 17 stocks, $501bn
- AgriProd: 52 stocks, $127bn
- Tobacco: 16 stocks, $592bn
- SoftDrinks: 14 stocks, $410bn
- Brewers: 16 stocks, $444bn
- DrugRetail: 10 stocks, $144bn

- Brewer's
- SoftDrinks
**Financials**

- **May 24, 2013**
- **Mark Steele** (416) 359-4641

### RegionBnk
- Strength: 737 stocks; $352bn

### MltSecHld
- Momentum: 17 stocks; $94bn

### InvBnkBrk
- 35 stocks; $272bn

### OtherDivFS
- 15 stocks; $623bn

### ConsmrFin
- 23 stocks; $168bn

### AsstMgmt
- 60 stocks; $395bn

### LifeHthIns
- 44 stocks; $573bn

### InsurBrkers
- 27 stocks; $414bn

### Multi-LnIns
- 16 stocks; $114bn

### Reinsuran
- 29 stocks; $177bn

### SpecREIT
- 43 stocks; $242bn

### P&C Insur
- 64 stocks; $630bn

### SpecialFin
- 29 stocks; $177bn

### OfficeREIT
- 27 stocks; $101bn

### RetailREIT
- 47 stocks; $292bn

### DiversREIT
- 36 stocks; $134bn

### IndusREIT
- 15 stocks; $51bn

### ResidREIT
- 25 stocks; $105bn

### MortgREIT
- 27 stocks; $66bn

### RestDevl
- 35 stocks; $193bn

### ResidREIT
- 25 stocks; $105bn

### MortgREIT
- 27 stocks; $66bn

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**BMO Capital Markets**

- **Momentum**
- **Strength**

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**Notes:**
- The chart illustrates the financial strength and momentum of different sectors.
- Each sector is represented with a stock count and total market value.
- The sectors are categorized based on their financial performance and market capitalization.

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**Additional Notes:**
- The chart is designed to provide a visual representation of the financial landscape, helping to identify growth opportunities and market trends.
May 24, 2013

Telecommunication Services

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BMO Capital Markets

Momentum  

Strength

IntgTelSrv  
60 stocks; $1,183bn

WlsTelSrv  
45 stocks; $975bn

AltCar  
13 stocks; $39bn
May 24, 2013

Utilities

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- WaterUtil: 20 stocks, $59bn
- GasUtil: 32 stocks, $189bn
- IPPTrad: 43 stocks, $159bn
- ElecUtil: 81 stocks, $811bn
- MultiUtil: 39 stocks, $435bn
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.
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”
- 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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<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>37.0%</td>
<td>17.7%</td>
<td>52.9%</td>
<td>38.5%</td>
<td>50.5%</td>
<td>54.0%</td>
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<tr>
<td>Hold</td>
<td>Market Perform</td>
<td>60.7%</td>
<td>9.6%</td>
<td>47.1%</td>
<td>57.3%</td>
<td>48.4%</td>
<td>40.6%</td>
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<tr>
<td>Sell</td>
<td>Underperform</td>
<td>2.4%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>4.2%</td>
<td>1.0%</td>
<td>5.4%</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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(S) = speculative investment;
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