Group Selection

Priced as of June 18, 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

Momentum

Strength


LeisFcil → REstDvAct → Dist&Vnt → EMS → DiversBnk → IntgTelSrv

Textiles → Cabl&Sat → Hwy&Rail → ElecComp → LifeHthIns → CmclPrtr

Tire&Rub → REstDvAct → CstrMat → AgriProd → InvBnkBrk → Int O&G

HCEquip → Pharma → Biotech → Multi-LnIns → DiversBnk → IntgTelSrv

Textiles → LeisFcil → Dist&Vnt → EMS → ElecComp → LifeHthIns

REstOpcr → LfSciSrv → GasUtil → Semi → OffElectr → PCStor&P

LeisFcil → REstDvAct → Dist&Vnt → EMS → DiversBnk → IntgTelSrv

Textiles → Cabl&Sat → Hwy&Rail → ElecComp → LifeHthIns → CmclPrtr

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HCEquip → Pharma → Biotech → Multi-LnIns → DiversBnk → IntgTelSrv

Textiles → LeisFcil → Dist&Vnt → EMS → ElecComp → LifeHthIns
June 18, 2012

Energy

Momentum

Strength

Int O&G
35 stocks; $302.4bn

Coal&Uran
80 stocks; $127bn

OG StTr
69 stocks; $39.3bn

OG E&P
229 stocks; $959bn

OG RfMkt
45 stocks; $219bn

OG Equip
45 stocks; $219bn

OG Drill
33 stocks; $97bn
Momentum

Strength

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Materials

FrstPrd
13 stocks; $122bn

DiversChm
16 stocks; $233bn

CstrMat
24 stocks; $115bn

IndusGas
10 stocks; $121bn

Fert&Ag
39 stocks; $252bn

PapProd
44 stocks; $86bn

DvrsMng
149 stocks; $665bn

Alumin
12 stocks; $44bn

Steel
74 stocks; $40bn

MtGlsCnt
13 stocks; $34bn

PaperPkg
17 stocks; $40bn

Gold
134 stocks; $312bn

PrecMet
59 stocks; $116bn

SpecChm
37 stocks; $237bn

ComdChm
33 stocks; $218bn
## Industrials

**Mark Steele (416) 359-4641**

### Industrials Breakdown

<table>
<thead>
<tr>
<th>Sector</th>
<th>Momentum</th>
<th>Strength</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Ind Congl.</strong></td>
<td>35 stocks; $688bn</td>
<td>9 stocks; $51bn</td>
</tr>
<tr>
<td><strong>Hwy &amp; Rail</strong></td>
<td>9 stocks; $51bn</td>
<td></td>
</tr>
<tr>
<td><strong>Bld Prdcts</strong></td>
<td>30 stocks; $56bn</td>
<td></td>
</tr>
<tr>
<td><strong>Cmcl Prt</strong></td>
<td>19 stocks; $50bn</td>
<td></td>
</tr>
<tr>
<td><strong>Cns &amp; Eng</strong></td>
<td>73 stocks; $215bn</td>
<td></td>
</tr>
<tr>
<td><strong>Marine Srv</strong></td>
<td>14 stocks; $50bn</td>
<td></td>
</tr>
<tr>
<td><strong>Marine</strong></td>
<td>33 stocks; $59bn</td>
<td></td>
</tr>
<tr>
<td><strong>Hvy Elc Eq</strong></td>
<td>20 stocks; $93bn</td>
<td></td>
</tr>
<tr>
<td><strong>Airline</strong></td>
<td>37 stocks; $169bn</td>
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</tr>
<tr>
<td><strong>HREmpl</strong></td>
<td>62 stocks; $277bn</td>
<td></td>
</tr>
<tr>
<td><strong>Railroads</strong></td>
<td>21 stocks; $273bn</td>
<td></td>
</tr>
<tr>
<td><strong>Aero &amp; Def</strong></td>
<td>55 stocks; $478bn</td>
<td></td>
</tr>
<tr>
<td><strong>Ind Mach</strong></td>
<td>101 stocks; $395bn</td>
<td></td>
</tr>
<tr>
<td><strong>Trucking</strong></td>
<td>37 stocks; $57bn</td>
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</tr>
<tr>
<td><strong>Trdg Dist</strong></td>
<td>47 stocks; $225bn</td>
<td></td>
</tr>
<tr>
<td><strong>Air Frght</strong></td>
<td>20 stocks; $156bn</td>
<td></td>
</tr>
<tr>
<td><strong>Airprt Srv</strong></td>
<td>20 stocks; $150bn</td>
<td></td>
</tr>
<tr>
<td><strong>Dv Sp Srv</strong></td>
<td>28 stocks; $63bn</td>
<td></td>
</tr>
<tr>
<td><strong>Sec &amp; Alm</strong></td>
<td>8 stocks; $27bn</td>
<td></td>
</tr>
<tr>
<td><strong>Offce Srv</strong></td>
<td>18 stocks; $20bn</td>
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</tr>
<tr>
<td><strong>Offce Bldg</strong></td>
<td>18 stocks; $56bn</td>
<td></td>
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<tr>
<td><strong>Offce Serl</strong></td>
<td>18 stocks; $56bn</td>
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</tr>
<tr>
<td><strong>Offce Prdcts</strong></td>
<td>18 stocks; $56bn</td>
<td></td>
</tr>
</tbody>
</table>
Consumer Staples

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**Momentum**

- **Strength**

**Dist&Vnt**
- 15 stocks; $181bn

**AgriProd**
- 25 stocks; $110bn

**HhldPrdct**
- 17 stocks; $386bn

**Tobacco**
- 17 stocks; $543bn

**SoftDrinks**
- 14 stocks; $358bn

**PkgFdMt**
- 54 stocks; $741bn

**PersPrdct**
- 25 stocks; $178bn

**SprCntrs**
- 16 stocks; $416bn

**FdDistrib**
- 11 stocks; $30bn

**FdRetail**
- 38 stocks; $291bn

**Brewers**
- 15 stocks; $323bn

**DrugRetail**
- 10 stocks; $106bn

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- 10 stocks; $106bn
<table>
<thead>
<tr>
<th>Momentum</th>
<th>Strength</th>
<th>Financials</th>
</tr>
</thead>
<tbody>
<tr>
<td>REstOpCo</td>
<td>12 stocks; $50bn</td>
<td>REstDvAct</td>
</tr>
<tr>
<td>REstDevl</td>
<td>36 stocks; $149bn</td>
<td>SpecialFin</td>
</tr>
<tr>
<td>RegionBnk</td>
<td>135 stocks; $272 bn</td>
<td>DivCpMkt</td>
</tr>
<tr>
<td>RestDevl</td>
<td>36 stocks; $149bn</td>
<td>DiversBnk</td>
</tr>
<tr>
<td></td>
<td></td>
<td>InvBnkBrk</td>
</tr>
<tr>
<td></td>
<td></td>
<td>LifeHthIns</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Multi-LnIns</td>
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<tr>
<td></td>
<td></td>
<td>Thrft&amp;Mtg</td>
</tr>
<tr>
<td></td>
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</tr>
<tr>
<td>SpecREIT</td>
<td>38 stocks; $173bn</td>
<td>REstSrv</td>
</tr>
<tr>
<td>ResidREIT</td>
<td>23 stocks; $88bn</td>
<td>AsstMgmt</td>
</tr>
<tr>
<td></td>
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<td>InsurBrkrs</td>
</tr>
<tr>
<td></td>
<td></td>
<td>OthrDivFS</td>
</tr>
<tr>
<td>RetailREIT</td>
<td>43 stocks; $227bn</td>
<td>P&amp;C Insur</td>
</tr>
<tr>
<td>DiversREIT</td>
<td>60 stocks; $394bn</td>
<td>REstSrv</td>
</tr>
<tr>
<td>OfficeREIT</td>
<td>27 stocks; $79bn</td>
<td>MortgREIT</td>
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<td></td>
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<td>IndusREIT</td>
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<td></td>
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<td>MortgREIT</td>
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<td></td>
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</tr>
<tr>
<td>Reinsuran</td>
<td>78 stocks; $97bn</td>
<td>REstSrv</td>
</tr>
<tr>
<td>MitSecHld</td>
<td>14 stocks; $59bn</td>
<td>ConsmrFin</td>
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</tbody>
</table>
Telecommunication Services

Momentum vs. Strength

- AltCar: 14 stocks, $31bn
- WsTelSrv: 43 stocks, $835bn
- IntgTelSrv: 65 stocks, $1073bn

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BMO Capital Markets
Momentum

Utilities

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GasUtil
28 stocks; $137bn

WaterUtil
20 stocks; $46bn

MultiUtil
38 stocks; $364bn

ElecUtil
84 stocks; $795bn

IPPTrad
46 stocks; $164bn

Strength

Momentum
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”
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>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>
</tr>
</thead>
<tbody>
<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>
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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>
</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>
</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.
*** Reflects rating distribution of all companies from which BMO Capital Markets Corp. has received compensation for Investment Banking services as percentage of Investment Banking clients.
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OP = Outperform - Forecast to outperform the market;
Mkt = Market Perform - Forecast to perform roughly in line with the market;
Und = Underperform - Forecast to underperform the market;
(S) = speculative investment;
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