Group Selection
Priced as of September 10, 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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--- | --- | --- | ---
**Energy** | 33% / 40% / 56% | | 16% / 9% / 2%
**Materials** | 19% / 25% / 36% | | 20% / 15% / 10%
**Industrials** | 43% / 55% / 71% | | 21% / 14% / 3%
**CMR Disc** | 58% / 67% / 79% | | 5% / -2% / -7%
**CMR Stap** | 40% / 51% / 70% | | -1% / -10% / -17%
**Hlth Care** | 54% / 62% / 78% | | 6% / -3% / -10%
**Financials** | 40% / 51% / 71% | | 3% / -5% / -16%
**Info Tech** | 55% / 61% / 77% | | 12% / 7% / -1%
**Telecom** | 37% / 54% / 76% | | 15% / 4% / -3%
**Utilities** | 28% / 41% / 66% | | -9% / -19% / -27%

*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 (top 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.*
September 10, 2013

OG E&P
227 stocks; $11.33bn

OG Drill
27 stocks; $12.8bn

Coal & Uran
7 stocks; $1.06bn

Int O&G
34 stocks; $2.123bn

OG RfMkt
50 stocks; $3.18bn

OG Equip
83 stocks; $4.65bn

OG SITr
78 stocks; $5.55bn

OG StTr
78 stocks; $5.55bn

Energy

Momentum

Strength
<table>
<thead>
<tr>
<th>Sector</th>
<th>Stocks</th>
<th>Market Cap ($bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Momentum</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cns&amp;Eng</td>
<td>75</td>
<td>$268bn</td>
</tr>
<tr>
<td>Hwy&amp;Rail</td>
<td>8</td>
<td>$60bn</td>
</tr>
<tr>
<td>Marine</td>
<td>28</td>
<td>$86bn</td>
</tr>
<tr>
<td>BldPrdcts</td>
<td>32</td>
<td>$129bn</td>
</tr>
<tr>
<td>HREmpi</td>
<td>22</td>
<td>$57bn</td>
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<tr>
<td>Aero&amp;Def</td>
<td>58</td>
<td>$695bn</td>
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<tr>
<td>Ind Mach</td>
<td>106</td>
<td>$536bn</td>
</tr>
<tr>
<td>CmciPrt</td>
<td>14</td>
<td>$24bn</td>
</tr>
<tr>
<td>AirFrght</td>
<td>21</td>
<td>$199bn</td>
</tr>
<tr>
<td><strong>Strength</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CnsFmM</td>
<td>51</td>
<td>$361bn</td>
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<tr>
<td>IndCongl</td>
<td>31</td>
<td>$827bn</td>
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<tr>
<td>HwyElcEq</td>
<td>19</td>
<td>$116bn</td>
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<tr>
<td>Airline</td>
<td>33</td>
<td>$163bn</td>
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<tr>
<td>TrdgDist</td>
<td>48</td>
<td>$290bn</td>
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<tr>
<td>Railroads</td>
<td>22</td>
<td>$350bn</td>
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<tr>
<td>OfficeServ</td>
<td>12</td>
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<td>Sec&amp;Alm</td>
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<tr>
<td>MarineSrv</td>
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<td>DvSpSrv</td>
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<tr>
<td>RsrCslt</td>
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<tr>
<td>EnviroServ</td>
<td>28</td>
<td>$32bn</td>
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<tr>
<td>TrdgDist</td>
<td>48</td>
<td>$290bn</td>
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</tbody>
</table>
Consumer Discretionary

Momentum

Strength

Broadcast
AutoRtl
LeisPrd
InetRtl
Advert
HhlAp
Educat
Rstaurnt
CmrElec
MovEnt
SpCmSr
HmFrmnsh

Htl&Rsrt
27 stocks, $135bn

AutoMfg
36 stocks, $1007bn

GMrchStrs
15 stocks, $110bn

Distrib
12 stocks, $51bn

Publishing
29 stocks, $142bn

Tire&Rub
3 stocks, $63bn

Cas&Gam
30 stocks, $308bn

SpecStors
28 stocks, $103bn

Rstaurnt
51 stocks, $327bn

CatalgRtl
7 stocks, $27bn

MovEnt
12 stocks, $27bn

HmFrmnsh
14 stocks, $275bn

SpCmSr
10 stocks, $29bn

HmFrmnsh
13 stocks, $39bn

LeisFcil
10 stocks, $29bn

HmImpRtl
9 stocks, $180bn

DeptStrs
23 stocks, $141bn

Aprl&Gds
44 stocks, $511bn

AppralRtl
53 stocks, $356bn

HomeBld
50 stocks, $82bn

Hsware
4 stocks, $19bn

16 stocks, $71bn

23 stocks, $169bn

19 stocks, $65bn

30 stocks, $169bn

27 stocks, $135bn

23 stocks, $141bn

15 stocks, $110bn

12 stocks, $51bn

29 stocks, $142bn

3 stocks, $63bn

30 stocks, $308bn

28 stocks, $103bn

51 stocks, $327bn

7 stocks, $27bn

12 stocks, $27bn

14 stocks, $275bn

10 stocks, $29bn

9 stocks, $180bn

26 stocks, $353bn

29 stocks, $353bn

3 stocks, $65bn

16 stocks, $71bn

30 stocks, $169bn

19 stocks, $65bn

Strength

Momentum
Momentum

September 10, 2013

Mark Steele (416) 359-4641

Consumer Staples

DrugRetail
10 stocks; $147bn

SprCntrs
17 stocks; $482bn

PersPrdct
25 stocks; $233bn

SoftDrinks
14 stocks; $382bn

Tobacco
16 stocks; $545bn

AgriProd
32 stocks; $122bn

Dist&Vnt
14 stocks; $204bn

Brewers
16 stocks; $429bn

HhldPrdct
18 stocks; $486bn

PkgFdMt
115 stocks; $926bn

FdRetail
40 stocks; $374bn

FdDistri
12 stocks; $33bn
Telecommunication Services

Momentum

Strength

AltCar
14 stocks; $47bn

WlsTelSrv
46 stocks; $101bn

IntgTelSrv
65 stocks; $117bn

September 10, 2013

Mark Steele (416) 359-4641

Telecommunication Services

BMO Capital Markets

September 10, 2013

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Telecommunication Services

BMO Capital Markets
IPPTrad
45 stocks; $152bn

ElecUtil
43 stocks; $801bn

WaterUtil
27 stocks; $56bn

MultiUtil
39 stocks; $435bn

GasUtil
34 stocks; $192bn

Utilities

Momentum

Strength
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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<table>
<thead>
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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>
</tr>
</thead>
<tbody>
<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>
</tr>
<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>
</tr>
<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>
</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.
**** Reflects rating distribution of all companies covered by BMO Capital Markets equity research analysts.
***** Reflects rating distribution of all companies from which BMO Capital Markets has received compensation for Investment Banking services as percentage of Investment Banking clients.
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We use the following ratings system definitions:
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;
NR = No rating at this time;
R = Restricted - Dissemination of research is currently restricted.

Market performance is measured by a benchmark index such as the S&P/TSX Composite Index, S&P 500, Nasdaq Composite, as appropriate for each company. BMO Capital Markets eight Top 15 lists guide investors to our best ideas according to different objectives (Canadian large, small, growth, value, income, quantitative; and US large, US small) have replaced the Top Pick rating.

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