Group Selection

Priced as of July 29, 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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*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.
### Materials

**Momentum**

<table>
<thead>
<tr>
<th>Sector</th>
<th>Stocks</th>
<th>Market Cap ($bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>PaperPkg</td>
<td>17</td>
<td>$67bn</td>
</tr>
<tr>
<td>IndusGas</td>
<td>19</td>
<td>$147bn</td>
</tr>
<tr>
<td>FrstPrd</td>
<td>11</td>
<td>$19bn</td>
</tr>
<tr>
<td>DvrsMng</td>
<td>106</td>
<td>$522bn</td>
</tr>
<tr>
<td>Gold</td>
<td>108</td>
<td>$178bn</td>
</tr>
<tr>
<td>Steel</td>
<td>73</td>
<td>$355bn</td>
</tr>
<tr>
<td>ComdChm</td>
<td>32</td>
<td>$282bn</td>
</tr>
<tr>
<td>PrecMet</td>
<td>46</td>
<td>$78bn</td>
</tr>
<tr>
<td>PapProd</td>
<td>32</td>
<td>$87bn</td>
</tr>
<tr>
<td>Alumin</td>
<td>12</td>
<td>$35bn</td>
</tr>
<tr>
<td>Fert&amp;Ag</td>
<td>35</td>
<td>$232bn</td>
</tr>
<tr>
<td>MtGlsCnt</td>
<td>15</td>
<td>$44bn</td>
</tr>
<tr>
<td>CstrMat</td>
<td>28</td>
<td>$174bn</td>
</tr>
<tr>
<td>DiversChm</td>
<td>19</td>
<td>$282bn</td>
</tr>
<tr>
<td>SpecChm</td>
<td>62</td>
<td>$274bn</td>
</tr>
</tbody>
</table>

**July 29, 2013**

Mark Steele (416) 359-4641
<table>
<thead>
<tr>
<th>Sector</th>
<th>Momentum</th>
<th>Strength</th>
<th>Financials</th>
</tr>
</thead>
<tbody>
<tr>
<td>Thrt&amp;Mtg</td>
<td>51 stocks; $102bn</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SpecialFin</td>
<td>28 stocks; $181bn</td>
<td></td>
<td></td>
</tr>
<tr>
<td>DivCpMkt</td>
<td>10 stocks; $180bn</td>
<td></td>
<td></td>
</tr>
<tr>
<td>OthrDivFS</td>
<td>14 stocks; $644bn</td>
<td></td>
<td></td>
</tr>
<tr>
<td>InvBnkBrk</td>
<td>34 stocks; $282bn</td>
<td></td>
<td></td>
</tr>
<tr>
<td>MltSecHld</td>
<td>17 stocks; $96bn</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ConsmrFin</td>
<td>22 stocks; $191bn</td>
<td></td>
<td></td>
</tr>
<tr>
<td>OthrDivFS</td>
<td>14 stocks; $644bn</td>
<td></td>
<td></td>
</tr>
<tr>
<td>InvBnkBrk</td>
<td>34 stocks; $282bn</td>
<td></td>
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<tr>
<td>ConsmrFin</td>
<td>22 stocks; $191bn</td>
<td></td>
<td></td>
</tr>
<tr>
<td>OthrDivFS</td>
<td>14 stocks; $644bn</td>
<td></td>
<td></td>
</tr>
<tr>
<td>RegnBnk</td>
<td>142 stocks; $390bn</td>
<td></td>
<td></td>
</tr>
<tr>
<td>LifeHthn</td>
<td>64 stocks; $697bn</td>
<td></td>
<td></td>
</tr>
<tr>
<td>DiversREIT</td>
<td>37 stocks; $130bn</td>
<td></td>
<td></td>
</tr>
<tr>
<td>DiversBnk</td>
<td>163 stocks; $380bn</td>
<td></td>
<td></td>
</tr>
<tr>
<td>LifeHthn</td>
<td>64 stocks; $697bn</td>
<td></td>
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<td>37 stocks; $130bn</td>
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<td></td>
</tr>
<tr>
<td>DiversBnk</td>
<td>163 stocks; $380bn</td>
<td></td>
<td></td>
</tr>
<tr>
<td>P&amp;C Insur</td>
<td>64 stocks; $638bn</td>
<td></td>
<td></td>
</tr>
<tr>
<td>AsstMgmt</td>
<td>81 stocks; $397bn</td>
<td></td>
<td></td>
</tr>
<tr>
<td>InsurBrkers</td>
<td>8 stocks; $66bn</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ResopCo</td>
<td>26 stocks; $102bn</td>
<td></td>
<td></td>
</tr>
<tr>
<td>OfficeREIT</td>
<td>26 stocks; $102bn</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reinsuran</td>
<td>16 stocks; $119bn</td>
<td></td>
<td></td>
</tr>
<tr>
<td>REstSrv</td>
<td>11 stocks; $27bn</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SpecREIT</td>
<td>44 stocks; $226bn</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
July 29, 2013

Information Technology

Momentum

Strength

TechDist
16 stocks; $30bn
DataProc
45 stocks; $382bn
SystmSwr
33 stocks; $536bn
EMS
27 stocks; $591bn
CompHdwr
22 stocks; $549bn

InetSftSrv
96 stocks; $740bn
HmEntSwr
21 stocks; $89bn
PCStor&P
20 stocks; $130bn
ApplicSwr
79 stocks; $335bn
ITConsult
48 stocks; $522bn
Semi
116 stocks; $744bn
SemiEqp
40 stocks; $127bn

ComEquip
72 stocks; $417bn
ElecInstr
40 stocks; $130bn
ElecComp
40 stocks; $173bn
OffElectr
2 stocks; $76bn

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DataProc
SystmSwr
EMS
CompHdwr
InetSftSrv
HmEntSwr
PCStor&P
ApplicSwr
ITConsult
Semi
SemiEqp
ComEquip
ElecInstr
ElecComp
OffElectr
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”
- 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>
</tr>
</thead>
<tbody>
<tr>
<td>Buy</td>
<td>Outperform</td>
<td>37.0%</td>
<td>17.7%</td>
<td>52.0%</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.

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