Group Selection

Priced as of December 13, 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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**Sector View**

**Sector Relative Strength Profiles***

<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>Energy</td>
<td>46% / 42% / 39%</td>
<td>-2% / -7% / -7%</td>
<td></td>
</tr>
<tr>
<td>Materials</td>
<td>45% / 40% / 36%</td>
<td>11% / 7% / 6%</td>
<td></td>
</tr>
<tr>
<td>Industrials</td>
<td>53% / 49% / 43%</td>
<td>16% / 11% / 13%</td>
<td></td>
</tr>
<tr>
<td>CMR Disc</td>
<td>53% / 51% / 46%</td>
<td>7% / 3% / 4%</td>
<td></td>
</tr>
<tr>
<td>CMR Stap</td>
<td>56% / 51% / 45%</td>
<td>6% / 2% / 0%</td>
<td></td>
</tr>
<tr>
<td>Hlth Care</td>
<td>51% / 50% / 44%</td>
<td>5% / -5% / 0%</td>
<td></td>
</tr>
<tr>
<td>Financials</td>
<td>59% / 56% / 48%</td>
<td>7% / 0% / 4%</td>
<td></td>
</tr>
<tr>
<td>Info Tech</td>
<td>34% / 34% / 30%</td>
<td>15% / 11% / 11%</td>
<td></td>
</tr>
<tr>
<td>Telecom</td>
<td>52% / 53% / 46%</td>
<td>2% / 0% / 2%</td>
<td></td>
</tr>
<tr>
<td>Utilities</td>
<td>40% / 37% / 27%</td>
<td>7% / 4% / 5%</td>
<td></td>
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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 (rank 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.
December 13, 2012

Utilities

Mark Steele (416) 359-4641

IPPTrad
44 stocks; $142bn

ElecUtil
82 stocks; $763bn

WaterUtil
21 stocks; $53bn

MultiUtil
39 stocks; $404bn

GasUtil
29 stocks; $159bn
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.
**IMPORTANT DISCLOSURES**

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I, Mark Steele, hereby certify that the views expressed in this report accurately reflect my personal views about the subject securities or issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in this report.

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**Company Specific Disclosures**

**Distribution of Ratings (June 30, 2012)**

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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>Starnine Universe</th>
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<tbody>
<tr>
<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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<tr>
<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>
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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>
</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;
NR = No rating at this time;
R = Restricted - Dissemination of research is currently restricted.

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