Group Selection

Priced as of February 4, 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.
Strength Changes Last Session

February 4, 2013
**Momentum**

**Strength**

- **Cas&Gam**
  - 40 stocks; $255bn
- **Mov&Ent**
  - 17 stocks; $232bn
- **Footwear**
  - 14 stocks; $73bn
- **SpCmSrv**
  - 13 stocks; $23bn
- **NetRtl**
  - 21 stocks; $220bn
- **Advert**
  - 23 stocks; $88bn
- **SpecStors**
  - 28 stocks; $95bn
- **Rstaurnt**
  - 46 stocks; $283bn

- **AutoMfg**
  - 36 stocks; $846bn
- **Htl&Rsr**
  - 29 stocks; $126bn
- **Textiles**
  - 4 stocks; $6bn
- **AutoParts**
  - 39 stocks; $215bn
- **AutoRtl**
  - 16 stocks; $58bn
- **HmImpRtl**
  - 10 stocks; $158bn
- **CatalgRtl**
  - 7 stocks; $16bn
- **HomeFurn**
  - 11 stocks; $23bn

- **Hsware**
  - 7 stocks; $17bn
- **Broadcast**
  - 27 stocks; $120bn
- **Distrib**
  - 14 stocks; $62bn
- **CmpEIRtl**
  - 15 stocks; $35bn
- **Educ**
  - 21 stocks; $18bn
- **Tire&Rub**
  - 8 stocks; $62bn
- **Publishing**
  - 28 stocks; $117bn
- **OrderStrs**
  - 14 stocks; $93bn
- **PlaRlt**
  - 14 stocks; $70bn
- **Aprl&Gds**
  - 47 stocks; $422bn
- **CmrElec**
  - 13 stocks; $32bn
- **ApparlRlt**
  - 63 stocks; $333bn
- **Publish**
  - 28 stocks; $117bn
- **AutoRtl**
  - 28 stocks; $117bn
- **DeptStrs**
  - 29 stocks; $163bn
- **HmFrnsh**
  - 11 stocks; $33bn
- **ApparlRlt**
  - 14 stocks; $70bn
- **LeisPrl**
  - 19 stocks; $48bn

**February 4, 2013**
Telecommunication Services

Momentum

February 4, 2013

Mark Steele (416) 359-4641

Telecommunication Services

IntgTelSrv ↑
45 stocks; $148bn

AltCar ↑
14 stocks; $35bn

WlsTelSrv ↓
45 stocks; $932bn
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).
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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Distribution of Ratings (December 31, 2012)

<table>
<thead>
<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>37.0%</td>
<td>17.7%</td>
<td>52.9%</td>
<td>38.5%</td>
<td>50.5%</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>
</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>
</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.
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(S) = speculative investment;
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