Group Selection
Priced as of July 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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**Sector View**

**Strength**

2013.07.04

**Momentum**

- CMR Disc
- Financials
- CMR Stap
- Telecom
- Materials
- Industrials
- Health Care
- Utilities

**Sector Relative Strength Profiles**

<table>
<thead>
<tr>
<th></th>
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<tbody>
<tr>
<td>Energy</td>
<td>29% / 37% / 59%</td>
<td>-2% / 3% / 4%</td>
<td></td>
</tr>
<tr>
<td>Materials</td>
<td>17% / 23% / 39%</td>
<td>-2% / -3% / -4%</td>
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<tr>
<td>Industrials</td>
<td>42% / 55% / 76%</td>
<td>2% / 1% / 4%</td>
<td></td>
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<tr>
<td>CMR Disc</td>
<td>53% / 64% / 82%</td>
<td>9% / 10% / 11%</td>
<td></td>
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<tr>
<td>CMR Stap</td>
<td>44% / 58% / 79%</td>
<td>2% / 5% / 6%</td>
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<tr>
<td>Health Care</td>
<td>47% / 59% / 79%</td>
<td>8% / 7% / 8%</td>
<td></td>
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<td>Financials</td>
<td>45% / 58% / 82%</td>
<td>3% / 3% / 5%</td>
<td></td>
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<tr>
<td>Info Tech</td>
<td>45% / 54% / 77%</td>
<td>12% / 12% / 13%</td>
<td></td>
</tr>
<tr>
<td>Telecom</td>
<td>32% / 45% / 65%</td>
<td>0% / 6% / 10%</td>
<td></td>
</tr>
<tr>
<td>Utilities</td>
<td>35% / 53% / 78%</td>
<td>-8% / -7% / -2%</td>
<td></td>
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</table>

*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

July 4, 2013

Mark Steele (416) 359-4641
### Consumer Discretionary

<table>
<thead>
<tr>
<th>Category</th>
<th>Stocks</th>
<th>Market Cap ($Bn)</th>
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<tbody>
<tr>
<td>Cable &amp; Satellite</td>
<td>28</td>
<td>344</td>
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<tr>
<td>General Merchandise</td>
<td>15</td>
<td>108</td>
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<tr>
<td>Apparel Retail</td>
<td>53</td>
<td>339</td>
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<td>Auto Mfg</td>
<td>36</td>
<td>938</td>
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<td>Footwear</td>
<td>13</td>
<td>76</td>
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<tr>
<td>Educate</td>
<td>21</td>
<td>19</td>
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<tr>
<td>Consumer Services</td>
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<td>Auto Parts</td>
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<td>Restaurant</td>
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<td>Textile</td>
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<tr>
<td>Footwear</td>
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<tr>
<td>Home Apl</td>
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<tr>
<td>Hardsware</td>
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<td>Footwear</td>
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<tr>
<td>Home Furnishings</td>
<td>19</td>
<td>58</td>
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<tr>
<td>Tire &amp; Rubber</td>
<td>9</td>
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<tr>
<td>Home Imp Retail</td>
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<td>37</td>
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<tr>
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<td>Home Improvement</td>
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<td>Appliance</td>
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<td>65</td>
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<td>Home Bld</td>
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<td>Hospitality</td>
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<td>Spec Stores</td>
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<td>Health &amp; Retail</td>
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<td>93</td>
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<tr>
<td>Distributor</td>
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<td>49</td>
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July 4, 2013
**Consumer Staples**

- **DrugRetail** → 10 stocks; $137bn
- **HldPrdct** ↑ 18 stocks; $489bn
- **PkgFdMt** → 11 stocks; $913bn
- **Brewers** ↑ 16 stocks; $410bn
- **PersPrdct** ↑ 25 stocks; $228bn
- **SoftDrinks** → 14 stocks; $395bn
- **FdRetail** ↑ 40 stocks; $356bn
- **AgriProd** → 12 stocks; $122bn
- **SprCntrs** ↓ 17 stocks; $479bn
- **Dist&Vnt** ↑ 14 stocks; $207bn
- **FdDistri** ↓ 12 stocks; $34bn
- **Tobacco** ↓ 16 stocks; $562bn
July 4, 2013

Financials

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July 4, 2013

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July 4, 2013
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>
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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>
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<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>
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<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>
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<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.
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(S) = speculative investment;
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