Group Selection

Priced as of June 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 Relative Strength Profiles***

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<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>Energy</td>
<td>32% / 37% / 59%</td>
<td>-4% / 0% / -3%</td>
<td></td>
</tr>
<tr>
<td>Materials</td>
<td>23% / 28% / 41%</td>
<td>2% / 5% / 0%</td>
<td></td>
</tr>
<tr>
<td>Industrials</td>
<td>48% / 57% / 78%</td>
<td>-3% / 2% / -1%</td>
<td></td>
</tr>
<tr>
<td>CMR Disc</td>
<td>54% / 61% / 81%</td>
<td>5% / 10% / 6%</td>
<td></td>
</tr>
<tr>
<td>CMR Stap</td>
<td>48% / 53% / 77%</td>
<td>-5% / 3% / 1%</td>
<td></td>
</tr>
<tr>
<td>Hlth Care</td>
<td>49% / 57% / 79%</td>
<td>3% / 7% / 4%</td>
<td></td>
</tr>
<tr>
<td>Financials</td>
<td>49% / 59% / 85%</td>
<td>-15% / -10% / -16%</td>
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<tr>
<td>Info Tech</td>
<td>45% / 52% / 72%</td>
<td>11% / 14% / 8%</td>
<td></td>
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<tr>
<td>Telecom</td>
<td>36% / 43% / 64%</td>
<td>-9% / -8% / -9%</td>
<td></td>
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<tr>
<td>Utilities</td>
<td>42% / 58% / 80%</td>
<td>-19% / -15% / -13%</td>
<td></td>
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</tbody>
</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 (rankings), 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.
Momentum

Strength

OG Drill
32 stocks; $123bn

OG RiMkt
49 stocks; $339bn

OG Equip
83 stocks; $426bn

OG StTr
71 stocks; $512bn

Int O&G
35 stocks; $209bn

Coal&Uran
37 stocks; $116bn

OG E&P
226 stocks; $1050bn

OG RfMkt
48 stocks; $339bn

Coal&Uran
37 stocks; $116bn

OG E&P
226 stocks; $1050bn

OG RfMkt
48 stocks; $339bn

OG Equip
83 stocks; $426bn

OG StTr
71 stocks; $512bn

Int O&G
35 stocks; $209bn

OG Drill
32 stocks; $123bn

June 4, 2013
June 4, 2013

**Consumer Staples**

Momentum

- PkgFdMt (116 stocks; $951bn)
- SoftDrns (14 stocks; $404bn)
- AgriProd (32 stocks; $125bn)
- PersPrdct (25 stocks; $232bn)
- DrugRetail (10 stocks; $139bn)
- FdDistri (12 stocks; $35bn)
- FdRetail (40 stocks; $360bn)
- SprCntrs (17 stocks; $489bn)
- Dist&Vnt (40 stocks; $360bn)
- Tobacco (16 stocks; $562bn)
- HhldPrdct (18 stocks; $492bn)
- Brewers (16 stocks; $427bn)
June 4, 2013

Health Care

HCFacility ▶ MngHCare▶
29 stocks, $73bn
13 stocks, $155bn

HCSupplls ▶
26 stocks, $71bn

HCServices ▶
32 stocks, $168bn

HCDistrib ◀
13 stocks, $63bn

HCareTec ◀
13 stocks, $32bn

LfSciSrv ▶
29 stocks, $124bn

Biotech ▶ Pharma ◀
107 stocks, $465bn
83 stocks, $202bn

HCEquip ◀
79 stocks, $449bn
Telecommunication Services

Momentum

Strength

June 4, 2013

Mark Steele (416) 359-4641

AltCar
13 stocks; $38bn

WlsTelSrv
45 stocks; $946bn

IntgTelSrv
62 stocks; $1148bn
June 4, 2013

Momentum

Strength

Utilities

Mark Steele (416) 359-4641

Utilities

ElecUtil
- 81 stocks; $792bn

MultiUtil
- 39 stocks; $423bn

GasUtil
- 32 stocks; $183bn

WaterUtil
- 20 stocks; $56bn

IPPTrad
- 43 stocks; $157bn
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”
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.
**IMPORTANT DISCLOSURES**

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<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>Starnine Universe</th>
</tr>
</thead>
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<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>
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<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>
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* 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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****** 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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Und = Underperform - Forecast to underperform the market;
(S) = speculative investment;
NR = No rating at this time;
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