Group Selection
Priced as of October 28, 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.
October 28, 2013

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Energy

Momentum

Strength

OG StTr
77 stocks; $578bn

OG Equip
84 stocks; $492bn

OG Drill
31 stocks; $130bn

Coal & Uran
35 stocks; $101bn

Int O&G
34 stocks; $220bn

OG RfMkt
50 stocks; $332bn

OG E&P
228 stocks; $1185bn

17 stocks; $578bn

31 stocks; $130bn

84 stocks; $492bn

228 stocks; $1185bn

34 stocks; $220bn

50 stocks; $332bn

35 stocks; $101bn

31 stocks; $130bn
Momentum

Strength

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Materials

SpecChm ↓
64 stocks; $294bn

Gold ↓
99 stocks; $178bn

Alumin ↓
11 stocks; $39bn

PrecMet ↓
44 stocks; $91bn

PaperPkg ↑
17 stocks; $177bn

IndusGas ↑
10 stocks; $156bn

DiversChm ↓
20 stocks; $920bn

DvrsMng ↓
102 stocks; $500bn

Fert&Ag ↑
34 stocks; $240bn

ComdChm ↑
32 stocks; $303bn

MtGlsCnt ↑
15 stocks; $45bn

PapProd ↑
37 stocks; $94bn

Steel
73 stocks; $412bn

CstrMat ↑
26 stocks; $195bn

FrstPrd ↓
12 stocks; $19bn

34 stocks; $240bn

32 stocks; $303bn

15 stocks; $45bn

73 stocks; $412bn

12 stocks; $19bn

34 stocks; $240bn

32 stocks; $303bn

15 stocks; $45bn

73 stocks; $412bn

12 stocks; $19bn

34 stocks; $240bn

32 stocks; $303bn

15 stocks; $45bn

73 stocks; $412bn

12 stocks; $19bn
October 28, 2013

**Health Care**

**Momentum**

- **LfSciSrv**: 29 stocks; $143bn
- **HCSupplgs**: 26 stocks; $76bn
- **HCareTec**: 13 stocks; $30bn
- **Pharma**: 65 stocks; $225bn
- **HCDistrib**: 13 stocks; $101bn
- **HCEquip**: 76 stocks; $480bn
- **MngHCare**: 13 stocks; $166bn
- **Biotech**: 104 stocks; $589bn
- **HCFacility**: 32 stocks; $170bn
- **HCService**: 32 stocks; $170bn

**Strength**

- **Health Care**
  - LfSciSrv
  - HCSupplgs
  - HCareTec
  - Pharma
  - HCDistrib
  - HCEquip
  - MngHCare
  - Biotech
  - HCFacility
  - HCService

- **Health Care Subcategories**
  - LfSciSrv
  - HCSupplgs
  - HCareTec
  - Pharma
  - HCDistrib
  - HCEquip
  - MngHCare
  - Biotech
  - HCFacility
  - HCService

**Mark Steele (416) 359-4641**

**BMO Capital Markets**

**Health Care**
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<tr>
<td>OthrDivFS</td>
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<td>$644bn</td>
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Telecommunication Services

Strength

Momentum

AltCar
15 stocks; $52bn

IntgTelSrv
65 stocks; $1278bn

WisTelSrv
46 stocks; $1556bn

October 28, 2013

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BMO Capital Markets
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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* 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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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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