Group Selection
Priced as of August 23, 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 Relative Strength Profiles*

<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>Energy</td>
<td>18% / 28% / 35%</td>
<td></td>
<td>17% / 9% / 2%</td>
</tr>
<tr>
<td>Materials</td>
<td>14% / 20% / 25%</td>
<td></td>
<td>25% / 18% / 9%</td>
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<tr>
<td>Industrials</td>
<td>30% / 40% / 49%</td>
<td></td>
<td>11% / 1% / -6%</td>
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<tr>
<td>CMR Disc</td>
<td>37% / 50% / 56%</td>
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<td>9% / -1% / -8%</td>
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<tr>
<td>CMR Stap</td>
<td>56% / 67% / 76%</td>
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<td>3% / -7% / -14%</td>
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<tr>
<td>Hlth Care</td>
<td>51% / 62% / 71%</td>
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<td>3% / -5% / -14%</td>
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<tr>
<td>Financials</td>
<td>47% / 63% / 71%</td>
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<td>8% / -4% / -14%</td>
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<tr>
<td>Info Tech</td>
<td>27% / 37% / 42%</td>
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<td>11% / 3% / -4%</td>
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<tr>
<td>Telecom</td>
<td>38% / 50% / 55%</td>
<td></td>
<td>23% / 7% / -4%</td>
</tr>
<tr>
<td>Utilities</td>
<td>46% / 60% / 65%</td>
<td></td>
<td>-2% / -12% / -23%</td>
</tr>
</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 (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.
Momentum

Strength

Materials

August 23, 2012

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ComdChm
30 stocks; $226bn

PrecMet
59 stocks; $117bn

DiversChm
17 stocks; $238bn

IndusGas
10 stocks; $128bn

SpecChm
60 stocks; $243bn

Gold
132 stocks; $304bn

DvrsMng
146 stocks; $668bn

FrstPrd
13 stocks; $14bn

CstrMat
26 stocks; $138bn

Fert&Ag
39 stocks; $281bn

MtGlsCnt
13 stocks; $34bn

PaperPkg
17 stocks; $42bn

PapProd
43 stocks; $90bn

Alumin
13 stocks; $42bn

Steel
75 stocks; $394bn
Consumer Staples

- HhldPrdct: 17 stocks, $411bn
- PkgFdMt: 59 stocks, $760bn
- PersPrdct: 25 stocks, $192bn
- SoftDrinks: 24 stocks, $362bn
- DrugRetail: 10 stocks, $112bn
- FdDistri: 11 stocks, $31bn
- FdRetail: 39 stocks, $316bn
- Brewers: 18 stocks, $362bn
- Tobacco: 17 stocks, $556bn
- Dist&Vnt: 15 stocks, $168bn
- SprCntrs: 16 stocks, $443bn
- AgriProd: 25 stocks, $110bn

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**Health Care**

- **Momentum**
  - HCFacility: 31 stocks; $56bn
  - HCSupplies: 14 stocks; $56bn
  - HCServices: 33 stocks; $156bn
  - HCDistrib: 15 stocks; $77bn

- **Strength**
  - MngHCare: 15 stocks; $134bn
  - LiScilSrvc: 23 stocks; $60bn
  - Biotech: 114 stocks; $333bn
  - Pharma: 53 stocks; $181bn
  - HCEquip: 79 stocks; $331bn
  - HCareTec: 12 stocks; $23bn

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Telecommunication Services

Momentum

Strength

AltCar
13 stocks; $37bn

IntgTelSrv
45 stocks; $113bn

WlsTelSrv
43 stocks; $90bn

August 23, 2012

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Momentum vs. Strength

Utilities

- WaterUtil: 21 stocks; $53bn
- IPPTrad: 45 stocks; $139bn
- MultiUtil: 39 stocks; $420bn
- GasUtil: 28 stocks; $146bn
- ElecUtil: 62 stocks; $753bn
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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<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>37.7%</td>
<td>12.1%</td>
<td>52.1%</td>
<td>39.2%</td>
<td>48.3%</td>
<td>54.6%</td>
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<tr>
<td>Hold</td>
<td>Market Perform</td>
<td>60.0%</td>
<td>7.0%</td>
<td>47.9%</td>
<td>57.6%</td>
<td>51.0%</td>
<td>40.1%</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>3.2%</td>
<td>0.7%</td>
<td>5.3%</td>
</tr>
</tbody>
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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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Und = Underperform - Forecast to underperform the market;
(S) = speculative investment;
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