Group Selection

Priced as of July 11, 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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*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

July 11, 2012

Mark Steele (416) 359-4641

Energy

- **OG StTr**
  - 69 stocks; $410bn
- **OG Equip**
  - 230 stocks; $959bn
- **OG E&P**
  - 79 stocks; $361bn
- **OG Drill**
  - 230 stocks; $959bn
- **OG RfMkt**
  - 44 stocks; $227bn
- **Int O&G**
  - 36 stocks; $2035bn

Coal&Uran
- 51 stocks; $136bn

- **OG RfMkt**
  - 44 stocks; $227bn

Int O&G
- 36 stocks; $2035bn
<table>
<thead>
<tr>
<th>Sector</th>
<th>Strength</th>
<th>Momentum</th>
<th>info</th>
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</thead>
<tbody>
<tr>
<td>Fert&amp;Ag</td>
<td>19 stocks; $272bn</td>
<td></td>
<td></td>
</tr>
<tr>
<td>IndusGas</td>
<td>10 stocks; $119bn</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CstrMat</td>
<td>26 stocks; $129bn</td>
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<tr>
<td>PaperPkg</td>
<td>17 stocks; $46bn</td>
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<tr>
<td>PapProd</td>
<td>44 stocks; $87bn</td>
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<tr>
<td>ComdChm</td>
<td>30 stocks; $214bn</td>
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<tr>
<td>DvrsMng</td>
<td>147 stocks; $638bn</td>
<td></td>
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<tr>
<td>Gold</td>
<td>132 stocks; $269bn</td>
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<tr>
<td>PrecMet</td>
<td>89 stocks; $105bn</td>
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<tr>
<td>Steel</td>
<td>75 stocks; $397bn</td>
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<tr>
<td>FrstPrd</td>
<td>13 stocks; $12bn</td>
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<tr>
<td>SpecChm</td>
<td>99 stocks; $228bn</td>
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<tr>
<td>DiversChm</td>
<td>17 stocks; $220bn</td>
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<tr>
<td>MtGlsCnt</td>
<td>73 stocks; $34bn</td>
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<tr>
<td>Alumin</td>
<td>13 stocks; $41bn</td>
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## Financials

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<th>Stocks</th>
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<td>InsurBrkrs</td>
<td>9</td>
<td>$51bn</td>
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<tr>
<td>RestDvAct</td>
<td>27</td>
<td>$255bn</td>
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<tr>
<td>Thrft&amp;Mtg</td>
<td>50</td>
<td>$85bn</td>
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<tr>
<td>MltSecHld</td>
<td>14</td>
<td>$61bn</td>
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<tr>
<td>REstOpCo</td>
<td>18</td>
<td>$66bn</td>
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<tr>
<td>LifeHthIns</td>
<td>43</td>
<td>$433bn</td>
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<td>DiversBnk</td>
<td>165</td>
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<td>$3044bn</td>
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<td>RetailREIT</td>
<td>44</td>
<td>$237bn</td>
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<td>SpecREIT</td>
<td>36</td>
<td>$160bn</td>
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<tr>
<td>IndusREIT</td>
<td>14</td>
<td>$35bn</td>
</tr>
<tr>
<td>OfficeREIT</td>
<td>27</td>
<td>$92bn</td>
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<tr>
<td>RegionBnk</td>
<td>135</td>
<td>$283bn</td>
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<td>ConsmrFin</td>
<td>21</td>
<td>$147bn</td>
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<tr>
<td>P&amp;C Insur</td>
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<td>AsstMgmt</td>
<td>78</td>
<td>$265bn</td>
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<td>OthrDivFS</td>
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<td>DivCpMkt</td>
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<tr>
<td>Reinsuran</td>
<td>19</td>
<td>$101bn</td>
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<tr>
<td>REstSrv</td>
<td>10</td>
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<tr>
<td>SpecREIT</td>
<td>36</td>
<td>$160bn</td>
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<tr>
<td>IndusREIT</td>
<td>14</td>
<td>$35bn</td>
</tr>
<tr>
<td>OfficeREIT</td>
<td>27</td>
<td>$92bn</td>
</tr>
<tr>
<td>RegionBnk</td>
<td>135</td>
<td>$283bn</td>
</tr>
<tr>
<td>ConsmrFin</td>
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<td>$147bn</td>
</tr>
<tr>
<td>Multi-LnIns</td>
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<tr>
<td>InvBnkBrk</td>
<td>39</td>
<td>$191bn</td>
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</table>
Momentum

Strength

Telecommunication Services

AltCar
13 stocks; $30bn

IntgTelSrv
65 stocks; $1103bn

WlsTelSrv
43 stocks; $886bn

July 11, 2012

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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”
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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<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>
</tr>
<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>
</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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Und = Underperform - Forecast to underperform the market;
(S) = speculative investment;
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