Group Selection

Priced as of March 6, 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

Mark Steele
(416) 359-4641
mark.steele@bmo.com

Tiberiu Stoichita
(416) 359-4684
tiberiu.stoichita@bmo.com

Rahul Muralidhar
(416) 359-7689
rahul.muralidhar@bmo.com

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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.
March 6, 2013

**Resources**

- **Momentum**
  - DiversChm (17 stocks; $271bn)
  - FrstPrd (14 stocks; $20bn)
  - CstrMat (25 stocks; $182bn)

- **Strength**
  - PapProd (41 stocks; $99bn)
  - OG RfMkt (48 stocks; $377bn)
  - OG StTr (21 stocks; $119bn)

- **ComdChm** (52 stocks; $105bn)
  - SpecChm (60 stocks; $264bn)
  - MtGlsCnt (14 stocks; $338bn)
  - PaperPkg (18 stocks; $57bn)

- **IndusGas** (10 stocks; $139bn)
  - OG StTr (70 stocks; $489bn)

- **Int O&G** (25 stocks; $2153bn)
  - OG StTr (21 stocks; $673bn)

- **OG Equip** (77 stocks; $416bn)
  - OG RfMkt (60 stocks; $264bn)
  - MtGlsCnt (14 stocks; $338bn)
  - PaperPkg (18 stocks; $57bn)

- **Gold** (118 stocks; $256bn)
- **PrecMet** (53 stocks; $105bn)
- **ComdChm** (32 stocks; $272bn)
- **Fert&Ag** (39 stocks; $323bn)
- **OG E&P** (211 stocks; $1041bn)
- **DvrsMng** (121 stocks; $876bn)

- **Coal&Uran** (40 stocks; $127bn)
- **Alumin** (12 stocks; $42bn)
- **OG Equip** (77 stocks; $416bn)
- **OG Drill** (21 stocks; $119bn)

**Mark Steele (416) 359-4641**
March 6, 2013

Consumer Staples

Momentum

Strength

Brewers
15 stocks; $428bn

HhdPrdct
16 stocks; $475bn

PkgFdMt
116 stocks; $695bn

SprCntrs
16 stocks; $475bn

Dist&Vnt
12 stocks; $194bn

FdDistri
12 stocks; $34bn

FdRetail
40 stocks; $341bn

DrugRetail
70 stocks; $724bn

AgriProd
30 stocks; $13bn

PersPrdct
24 stocks; $217bn

SoftDrns
14 stocks; $383bn

Tobacco
16 stocks; $563bn

Consumer Staples

14 stocks; $383bn

24 stocks; $217bn

30 stocks; $13bn

15 stocks; $428bn

16 stocks; $475bn

116 stocks; $695bn

12 stocks; $194bn

12 stocks; $34bn

40 stocks; $341bn

16 stocks; $475bn

10 stocks; $724bn

12 stocks; $34bn

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Momentum
Strength

March 6, 2013

Information Technology

ApplicSwr 72 stocks; $331bn

DataProc 43 stocks; $335bn

OffElectr 9 stocks; $81bn

CompHdwr 24 stocks; $563bn

PCStor&P 23 stocks; $121bn

InetSftSrv 94 stocks; $635bn

SystmSwr 28 stocks; $503bn

HmEntSwr 19 stocks; $56bn

EMS 28 stocks; $86bn

ComEquip 72 stocks; $403bn

ElecComp 36 stocks; $151bn

SemiEqp 42 stocks; $114bn

Semi 117 stocks; $755bn

ITConsult 40 stocks; $506bn

TechDist 17 stocks; $29bn
Utilities

March 6, 2013

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GasUtil
31 stocks; $176bn

MultiUtil
39 stocks; $416bn

WaterUtil
21 stocks; $57bn

ElecUtil
84 stocks; $799bn

IPPTrad
43 stocks; $153bn
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.
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<table>
<thead>
<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>Starmine Universe</th>
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</thead>
<tbody>
<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>
</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.
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Und = Underperform - Forecast to underperform the market;
(S) = speculative investment;
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