Group Selection
Priced as of December 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

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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**Sector Relative Strength Profiles**

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<tr>
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<tbody>
<tr>
<td><strong>Energy</strong></td>
<td>45% / 43% / 39%</td>
<td>/ / /</td>
<td>-4% / -8% / -4%</td>
</tr>
<tr>
<td><strong>Materials</strong></td>
<td>44% / 40% / 36%</td>
<td>/ / /</td>
<td>9% / 6% / 8%</td>
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<tr>
<td><strong>Industrials</strong></td>
<td>52% / 48% / 43%</td>
<td>/ / /</td>
<td>15% / 12% / 15%</td>
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<tr>
<td><strong>CMR Disc</strong></td>
<td>52% / 51% / 46%</td>
<td>/ / /</td>
<td>7% / 4% / 7%</td>
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<tr>
<td><strong>CMR Stap</strong></td>
<td>55% / 52% / 45%</td>
<td>/ / /</td>
<td>7% / 4% / 5%</td>
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<tr>
<td><strong>Hlth Care</strong></td>
<td>50% / 51% / 46%</td>
<td>/ / /</td>
<td>6% / 1% / 5%</td>
</tr>
<tr>
<td><strong>Financials</strong></td>
<td>60% / 56% / 48%</td>
<td>/ / /</td>
<td>5% / 1% / 6%</td>
</tr>
<tr>
<td><strong>Info Tech</strong></td>
<td>34% / 34% / 30%</td>
<td>/ / /</td>
<td>15% / 12% / 17%</td>
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<tr>
<td><strong>Telecom</strong></td>
<td>52% / 54% / 49%</td>
<td>/ / /</td>
<td>0% / -7% / -2%</td>
</tr>
<tr>
<td><strong>Utilities</strong></td>
<td>40% / 37% / 29%</td>
<td>/ / /</td>
<td>7% / 5% / 7%</td>
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</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.
December 11, 2012

Momentum

Strength

OG Drill
31 stocks; $113bn

Int O&G
down
36 stocks; $212bn

Coal & Uran
up
24 stocks; $134bn

OG E&P
donw
217 stocks; $1031bn

OG Equip
80 stocks; $398bn

OG StTr
69 stocks; $435bn

OG Rfmkt
donw
77 stocks; $533bn

Energy

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Momentum

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Materials

Strength

DiversChm ↑
17 stocks; $255bn

Steel ↑
74 stocks; $420bn

MtGlsCnt ↑
13 stocks; $35bn

DvrsMng ↑
130 stocks; $699bn

IndusGas ↑
10 stocks; $134bn

CstrMat ↓
26 stocks; $162bn

Fert&Ag ↑
42 stocks; $291bn

PrecMet ↑
57 stocks; $128bn

SpecChm ↑
61 stocks; $268bn

ComdChm ↑
PapProd ↑
31 stocks; $226bn
42 stocks; $89bn

FrstPrd ↓
13 stocks; $17bn

PaperPkg ↑
17 stocks; $48bn

Gold ↓
125 stocks; $297bn

PrecMet ↑
12 stocks; $44bn
December 11, 2012

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Industrials

- Enviroserv: 31 stocks, $71bn
- Railroads: 21 stocks, $286bn
- Marine: 14 stocks, $53bn

- HR Empl: 50 stocks, $43bn
- Ind Mach: 404 stocks, $455bn
- Industrials: 20 stocks, $43bn, 14 stocks, $53bn
- Ind Mach: 104 stocks, $455bn
- Sec&Alm: 8 stocks, $44bn
- Hwy&Rail: 9 stocks, $59bn
- Cns&Eng: 72 stocks, $246bn
- Marine Srv: 30 stocks, $102bn, 29 stocks, $70bn
- Airline: 36 stocks, $123bn
- Aero&Def: 33 stocks, $504bn
- Cnst Fm M: 65 stocks, $356bn
- Cnst Fm M: 42 stocks, $208bn
- Trucking: 31 stocks, $54bn
- Cncl Pnt: 13 stocks, $77bn
- Airpf Srv: 53 stocks, $504bn
- DvSp Srv: 30 stocks, $73bn
- Offce Srv: 30 stocks, $104bn
- HvyElcEq: 20 stocks, $110bn
- Rsrc Cslt: 30 stocks, $104bn
- Trdg Dist: 48 stocks, $239bn
- HvyElcEq: 20 stocks, $110bn
- Air Frght: 19 stocks, $152bn
- Office Srv: 14 stocks, $22bn
- Rsrc Cslt: 30 stocks, $104bn
- HvyElcEq: 20 stocks, $110bn

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Telecommunication Services

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- IntgTelSrv (64 stocks; $1117bn)
- WlsTelSrv (45 stocks; $913bn)
- AltCar (14 stocks; $33bn)
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”
- 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>Sterning Universe</th>
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<td>Buy</td>
<td>Outperform</td>
<td>39.2%</td>
<td>14.2%</td>
<td>66.0%</td>
<td>39.7%</td>
<td>49.1%</td>
<td>55.7%</td>
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<tr>
<td>Hold</td>
<td>Market Perform</td>
<td>58.8%</td>
<td>4.6%</td>
<td>31.9%</td>
<td>57.1%</td>
<td>48.6%</td>
<td>39.3%</td>
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<tr>
<td>Sell</td>
<td>Underperform</td>
<td>2.0%</td>
<td>9.1%</td>
<td>2.1%</td>
<td>3.2%</td>
<td>2.3%</td>
<td>5.0%</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.
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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;
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