Group Selection

Priced as of September 26, 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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Strength

Momentum

2013-09-26

Utilities

Telecom

Industrials

Info Tech

Materials

Energy

CMR Disc

Hlth Care

CMR Stap

Sector Relative Strength Profiles*

<table>
<thead>
<tr>
<th></th>
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</tr>
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<tbody>
<tr>
<td>Energy</td>
<td>37% / 42% / 55%</td>
<td>◼ / ◼ / ◼</td>
<td>14% / 7% / 4%</td>
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<tr>
<td>Materials</td>
<td>24% / 28% / 37%</td>
<td>◼ / ◼ / ◼</td>
<td>16% / 11% / 9%</td>
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<tr>
<td>Industrials</td>
<td>49% / 59% / 72%</td>
<td>◼ / ◼ / ◼</td>
<td>18% / 8% / 4%</td>
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<tr>
<td>CMR Disc</td>
<td>60% / 67% / 76%</td>
<td>◼ / ◼ / ◼</td>
<td>6% / 0% / -4%</td>
</tr>
<tr>
<td>CMR Stap</td>
<td>40% / 50% / 62%</td>
<td>◼ / ◼ / ◼</td>
<td>5% / -6% / -8%</td>
</tr>
<tr>
<td>Hlth Care</td>
<td>56% / 62% / 74%</td>
<td>◼ / ◼ / ◼</td>
<td>8% / 0% / -7%</td>
</tr>
<tr>
<td>Financials</td>
<td>41% / 50% / 65%</td>
<td>◼ / ◼ / ◼</td>
<td>8% / 1% / -5%</td>
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<tr>
<td>Info Tech</td>
<td>60% / 65% / 77%</td>
<td>◼ / ◼ / ◼</td>
<td>9% / 3% / 0%</td>
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<tr>
<td>Telecom</td>
<td>42% / 54% / 70%</td>
<td>◼ / ◼ / ◼</td>
<td>17% / 9% / 2%</td>
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<tr>
<td>Utilities</td>
<td>25% / 35% / 49%</td>
<td>◼ / ◼ / ◼</td>
<td>10% / 8% / 3%</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.
Momentum

Strength

September 26, 2013

Steel
73 stocks; $401bn

ComdChm
22 stocks; $292bn

Fert&Ag
34 stocks; $229bn

SpecChm
53 stocks; $291bn

DvrsMng
102 stocks; $597bn

Gold
100 stocks; $169bn

IndusGas
10 stocks; $155bn

DiversChm
20 stocks; $313bn

PapProd
31 stocks; $91bn

FrstPrd
12 stocks; $20bn

CstrMat
29 stocks; $184bn

Alumin
11 stocks; $35bn

PrecMet
42 stocks; $63bn

PaperPkg
18 stocks; $76bn

MtGlsCnt
15 stocks; $45bn
Industrials

- AirFrght: 21 stocks, $207bn
- EnviroServ: 28 stocks, $84bn
- MarineSrv: 14 stocks, $57bn
- OfficeServ: 12 stocks, $27bn
- RsrsCslt: 29 stocks, $131bn
- TrdgDist: 49 stocks, $274bn
- IndCongl: 31 stocks, $840bn
- ElcCmpEq: 39 stocks, $264bn
- CmclPrt: 43 stocks, $24bn
- Hwy&Rail: 9 stocks, $64bn
- OfcSeq: 28 stocks, $84bn
- RsrcCslt: 29 stocks, $131bn
- Hwy&Eleq: 16 stocks, $120bn
- Cns&Eng: 75 stocks, $276bn
- IndMach: 96 stocks, $549bn
- HREmpl: 22 stocks, $70bn
- Marine: 28 stocks, $88bn
- HvyElcEq: 28 stocks, $132bn
- BldPrdcts: 32 stocks, $122bn
- AirprtSrv: 13 stocks, $56bn
- Marine: 28 stocks, $88bn
- Aero&Def: 50 stocks, $717bn
- Airline: 35 stocks, $172bn
- Sec&Alm: 7 stocks, $55bn
- CnstFmM: 61 stocks, $366bn

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BMO Capital Markets
Momentum

September 26, 2013

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Consumer Staples

DrugRetail ↑
10 stocks; $152bn

PersPrdct ↑
25 stocks; $240bn

Tobacco ↓
16 stocks; $561bn

SprCntrs ↓
17 stocks; $488bn

FdRetail ↓
40 stocks; $383bn

AgriProd ↑
32 stocks; $125bn

FdDistri ↑
12 stocks; $34bn

PkgFdMt
116 stocks; $952bn

SoftDrnks
44 stocks; $384bn

Dist&Vnt ↓
14 stocks; $205bn

Brewers ↓
16 stocks; $444bn

HhldPrdct
18 stocks; $491bn
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>Starnine Universe</th>
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</thead>
<tbody>
<tr>
<td>Buy</td>
<td>Outperform</td>
<td>37.0%</td>
<td>17.7%</td>
<td>52.9%</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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