Group Selection

Priced as of February 5, 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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Sector View

**Sector Relative Strength Profiles***

<table>
<thead>
<tr>
<th></th>
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</tr>
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<tbody>
<tr>
<td>Energy</td>
<td>45% / 40% / 42%</td>
<td>-2% / 11% / 16%</td>
<td></td>
</tr>
<tr>
<td>Materials</td>
<td>53% / 48% / 48%</td>
<td>-7% / -4% / 1%</td>
<td></td>
</tr>
<tr>
<td>Industrials</td>
<td>67% / 63% / 63%</td>
<td>-1% / 5% / 10%</td>
<td></td>
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<tr>
<td>CMR Disc</td>
<td>62% / 59% / 61%</td>
<td>-1% / 5% / 10%</td>
<td></td>
</tr>
<tr>
<td>CMR Stap</td>
<td>61% / 53% / 54%</td>
<td>-10% / -3% / 6%</td>
<td></td>
</tr>
<tr>
<td>Hlth Care</td>
<td>54% / 50% / 51%</td>
<td>0% / 7% / 12%</td>
<td></td>
</tr>
<tr>
<td>Financials</td>
<td>69% / 61% / 64%</td>
<td>-2% / 6% / 14%</td>
<td></td>
</tr>
<tr>
<td>Info Tech</td>
<td>46% / 44% / 43%</td>
<td>9% / 12% / 18%</td>
<td></td>
</tr>
<tr>
<td>Telecom</td>
<td>48% / 43% / 44%</td>
<td>-7% / -3% / 5%</td>
<td></td>
</tr>
<tr>
<td>Utilities</td>
<td>41% / 35% / 40%</td>
<td>-4% / 3% / 8%</td>
<td></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 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.
February 5, 2013

**Information Technology**

- **ComEquip**: 72 stocks; $404bn
- **ElecInstr**: 36 stocks; $109bn
- **ApplicSwr**: 73 stocks; $319bn
- **DataProc**: 44 stocks; $331bn
- **ITConsult**: 41 stocks; $488bn
- **TechDist**: 17 stocks; $29bn
- **SemiEqr**: 44 stocks; $114bn
- **EMS**: 28 stocks; $87bn
- **CompHdwr**: 24 stocks; $582bn
- **Sem**: 119 stocks; $778bn
- **SystmSwr**: 27 stocks; $493bn
- **OffElectr**: 9 stocks; $30bn
- **HmEntSwr**: 19 stocks; $52bn
- **Semi**: 119 stocks; $778bn
- **PCStor&P**: 23 stocks; $122bn
- **InetSftSrv**: 99 stocks; $601bn

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Telecommunication Services

Momentum

Strength

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Telecommunication Services

AltCar
14 stocks; $36bn

IntgTelSrv
63 stocks; $114bn

WlsTelSrv
45 stocks; $930bn
February 5, 2013

Utilities

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Utilities

Strength

Momentum

IPPTrad
43 stocks; $157bn

ElecUtil
34 stocks; $792bn

MultiUtil
39 stocks; $411bn

WaterUtil
21 stocks; $56bn

GasUtil
30 stocks; $171bn
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).
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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<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.
*** 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.
**** Reflects rating distribution of all companies covered by BMO Capital Markets equity research analysts.
***** Reflects rating distribution of all companies from which BMO Capital Markets has received compensation for Investment Banking services as percentage of Investment Banking clients.
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We use the following ratings system definitions:

- **OP** = Outperform - Forecast to outperform the market;
- **Mkt** = Market Perform - Forecast to perform roughly in line with the market;
- **Und** = Underperform - Forecast to underperform the market;
- **(S)** = speculative investment;
- **NR** = No rating at this time;
- **R** = Restricted - Dissemination of research is currently restricted.

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