Group Selection
Priced as of July 27, 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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**Sector View**

**Sector Relative Strength Profiles**

<table>
<thead>
<tr>
<th>Hyperlink</th>
<th>US/GBL/CDA</th>
<th>US/GBL/CDA</th>
<th>US/GBL/CDA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy</td>
<td>16% / 28% / 35%</td>
<td>14% / 11% / 5%</td>
<td></td>
</tr>
<tr>
<td>Materials</td>
<td>14% / 21% / 28%</td>
<td>-1% / -2% / -8%</td>
<td></td>
</tr>
<tr>
<td>Industrials</td>
<td>30% / 42% / 52%</td>
<td>-4% / -5% / -12%</td>
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<tr>
<td>CMR Disc</td>
<td>40% / 53% / 63%</td>
<td>-6% / -8% / -14%</td>
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</tr>
<tr>
<td>CMR Stap</td>
<td>54% / 68% / 79%</td>
<td>-2% / -5% / -17%</td>
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<tr>
<td>Hlth Care</td>
<td>50% / 63% / 72%</td>
<td>-3% / -6% / -11%</td>
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<tr>
<td>Financials</td>
<td>45% / 64% / 73%</td>
<td>-2% / -4% / -12%</td>
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</tr>
<tr>
<td>Info Tech</td>
<td>28% / 41% / 49%</td>
<td>-4% / -7% / -13%</td>
<td></td>
</tr>
<tr>
<td>Telecom</td>
<td>33% / 45% / 52%</td>
<td>7% / 3% / -1%</td>
<td></td>
</tr>
<tr>
<td>Utilities</td>
<td>41% / 59% / 67%</td>
<td>-5% / -9% / -16%</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), 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.
Strength Changes Last Session

Momentum

- SoftDrinks
- Railroads
- Brewers
- HomeBld
- Biotech
- OfficeREIT
- OG StTr
- DataProc

Strength

- HmlmpRtl
- WlsTelSrv
- ApplicSwr
- Tire&Rub
- GMrchStrs
- DrugRetail
- HCServ
- CstrMat

- HmImpRtl
- WlsTelSrv
- ApplicSwr
- Tire&Rub
- GMrchStrs
- DrugRetail
- HCServ
- CstrMat
Momentum

Strength

July 27, 2012

Mark Steele (416) 359-4641

Energy

OG Drill
32 stocks; $110bn

OG E&P
229 stocks; $105bn

OG Equip
78 stocks; $398bn

OG RfMkt
45 stocks; $229bn

OG StTr
69 stocks; $425bn

Coal & Uran
49 stocks; $134bn

Int O&G
36 stocks; $208bn

OG Drill
32 stocks; $110bn

OG E&P
229 stocks; $105bn

OG Equip
78 stocks; $398bn

OG RfMkt
45 stocks; $229bn

OG StTr
69 stocks; $425bn

Coal & Uran
49 stocks; $134bn

Int O&G
36 stocks; $208bn
July 27, 2012

Health Care

Momentum

Strength

Biotech
175 stocks; $345bn

Pharma
94 stocks; $182bn

HCSuppls
34 stocks; $90bn

HCDistrib
31 stocks; $51bn

HCEquip
80 stocks; $331bn

HCFacility
15 stocks; $132bn

HCareTec
11 stocks; $22bn

LfSciSrv
34 stocks; $90bn

MngHCare
15 stocks; $132bn

HCService
35 stocks; $158bn

HCDistrib
15 stocks; $74bn

HCService
35 stocks; $158bn

HCSuppls
24 stocks; $55bn

MngHCare
15 stocks; $132bn

Mark Steele (416) 359-4641
Momentum

July 27, 2012

Information Technology

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July 27, 2012

Telecommunication Services

Momentum

Strength

WlsTelSrv
43 stocks; $909bn

IntgTelSrv
65 stocks; $1127bn

AltCar
13 stocks; $29bn
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>Starmine Universe</th>
</tr>
</thead>
<tbody>
<tr>
<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>
</tr>
<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.
**** 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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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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