Group Selection

Priced as of December 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 Relative Strength Profiles*

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<tbody>
<tr>
<td>Energy</td>
<td>41% / 41% / 46%</td>
<td>-4% / 0% / 8%</td>
<td></td>
</tr>
<tr>
<td>Materials</td>
<td>36% / 38% / 42%</td>
<td>-5% / 0% / 7%</td>
<td></td>
</tr>
<tr>
<td>Industrials</td>
<td>59% / 60% / 65%</td>
<td>-2% / 3% / 11%</td>
<td></td>
</tr>
<tr>
<td>CMR Disc</td>
<td>57% / 59% / 64%</td>
<td>-3% / 3% / 10%</td>
<td></td>
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<tr>
<td>CMR Stap</td>
<td>33% / 40% / 44%</td>
<td>2% / 10% / 18%</td>
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<tr>
<td>Hlth Care</td>
<td>55% / 59% / 67%</td>
<td>2% / 8% / 16%</td>
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<tr>
<td>Financials</td>
<td>47% / 49% / 55%</td>
<td>-3% / 4% / 11%</td>
<td></td>
</tr>
<tr>
<td>Info Tech</td>
<td>60% / 63% / 65%</td>
<td>0% / 5% / 13%</td>
<td></td>
</tr>
<tr>
<td>Telecom</td>
<td>48% / 52% / 61%</td>
<td>-6% / 1% / 3%</td>
<td></td>
</tr>
<tr>
<td>Utilities</td>
<td>25% / 29% / 36%</td>
<td>-4% / 2% / 9%</td>
<td></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.
### Materials

#### Momentum
- MtGlsCnt: 15 stocks, $46bn
- CstrMat: 28 stocks, $180bn
- FrstPrd: 12 stocks, $20bn

#### Strength
- Fert&Ag: 24 stocks, $23bn
- FrstPrd: 12 stocks, $20bn

#### ComdChm
- Alumin: 11 stocks, $37bn
- 32 stocks, $308bn

#### Steel
- PaperPkg: 11 stocks, $37bn
- 7 stocks, $75bn

#### SpecChm
- DiversChm: 16 stocks, $276bn
- 67 stocks, $336bn

#### PapProd
- DvrsMng: 18 stocks, $276bn
- 100 stocks, $551bn

#### IndusGas
- Gold: 98 stocks, $142bn
- PrecMet: 84 stocks, $77bn
- 10 stocks, $152bn

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December 5, 2013

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Health Care

- **Pharma**: 88 stocks; $2291bn
- **HCEquip**: 76 stocks; $481bn
- **HCFacility**: 29 stocks; $33bn
- **Biotech**: 108 stocks; $607bn
- **HCDistrib**: 13 stocks; $106bn
- **HCSuppls**: 26 stocks; $78bn
- **LfSciSrv**: 30 stocks; $165bn
- **HCService**: 31 stocks; $178bn
- **HCareTec**: 12 stocks; $38bn
- **MngHCare**: 13 stocks; $178bn
December 5, 2013

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Financials

InvBnkBrk ➤
34 stocks; $305bn

InsurBkrks ➤
5 stocks; $774bn

DivCpMkt ➤
10 stocks; $177bn

DiversBnk ➤
163 stocks; $408bn

ReStDvl ➤
46 stocks; $190bn

RestDev ➤
21 stocks; $323bn

InvBnkBrk ➤
34 stocks; $305bn

InsurBkrks ➤
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DivCpMkt ➤
10 stocks; $177bn

DiversBnk ➤
163 stocks; $408bn

ReStDvl ➤
46 stocks; $190bn

RestDev ➤
21 stocks; $323bn

RegionBnk ➤
142 stocks; $404bn

LifeHths ➤
44 stocks; $677bn

RestSrv ➤
11 stocks; $32bn

MltSecHld ➤
19 stocks; $242bn

ReStOpCo ➤
29 stocks; $139bn

DiversREIT ➤
39 stocks; $174bn

OfficeREIT ➤
27 stocks; $96bn

ReStOpCo ➤
29 stocks; $139bn

DiversREIT ➤
39 stocks; $174bn

OfficeREIT ➤
27 stocks; $96bn

RestSrv ➤
11 stocks; $32bn

MultLnIns ➤
29 stocks; $463bn

LifeHths ➤
44 stocks; $677bn

RestSrv ➤
11 stocks; $32bn

SpecialFin ➤
27 stocks; $199bn

P&C Insur ➤
66 stocks; $536bn

AsstMgmt ➤
84 stocks; $437bn

ConsmrFin ➤
23 stocks; $206bn

OthrDivFS ➤
15 stocks; $677bn

P&C Insur ➤
66 stocks; $536bn

AsstMgmt ➤
84 stocks; $437bn

ConsmrFin ➤
23 stocks; $206bn

OthrDivFS ➤
15 stocks; $677bn
December 5, 2013

Telecommunication Services

Momentum

Strength

IntgTelSrv ➝
65 stocks; $1207bn

AltCar ➩
15 stocks; $51bn

WlsTelSrv ➝
46 stocks; $1066bn

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Telecommunication Services

65 stocks; $1207bn

15 stocks; $51bn

46 stocks; $1066bn

BMO Capital Markets
December 5, 2013

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Utilities

ElecUtil: 43 stocks, $832bn
MultiUtil: 39 stocks, $445bn
IPPTrad: 46 stocks, $156bn
GasUtil: 34 stocks, $193bn
WaterUtil: 21 stocks, $57bn
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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<td>Buy</td>
<td>Outperform</td>
<td>35.8%</td>
<td>20.3%</td>
<td>47.8%</td>
<td>36.7%</td>
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<td>Hold</td>
<td>Market Perform</td>
<td>59.4%</td>
<td>13.1%</td>
<td>51.1%</td>
<td>56.9%</td>
<td>50.2%</td>
<td>41.1%</td>
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<td>Sell</td>
<td>Underperform</td>
<td>4.9%</td>
<td>3.4%</td>
<td>1.1%</td>
<td>6.4%</td>
<td>1.5%</td>
<td>5.6%</td>
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</tbody>
</table>
Ratings and Sector Key
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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