Group Selection
Priced as of September 6, 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>Sector</th>
<th>% Outperforming</th>
<th>Reward/Risk</th>
<th>Trend Psn</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>US/GBL/CDA</td>
<td>US/GBL/CDA</td>
<td>US/GBL/CDA</td>
</tr>
<tr>
<td>Energy (Energy)</td>
<td>32% / 40% / 57%</td>
<td>22% / 13% / -6%</td>
<td></td>
</tr>
<tr>
<td>Materials (Materials)</td>
<td>18% / 24% / 35%</td>
<td>23% / 17% / 2%</td>
<td></td>
</tr>
<tr>
<td>Industrials (Industrials)</td>
<td>43% / 56% / 71%</td>
<td>13% / 6% / -14%</td>
<td></td>
</tr>
<tr>
<td>CMR Disc (CMR Disc)</td>
<td>58% / 66% / 80%</td>
<td>3% / -4% / -23%</td>
<td></td>
</tr>
<tr>
<td>CMR Stap (CMR Stap)</td>
<td>40% / 52% / 72%</td>
<td>-1% / -11% / -29%</td>
<td></td>
</tr>
<tr>
<td>Hlth Care (Hlth Care)</td>
<td>54% / 63% / 78%</td>
<td>6% / -2% / -20%</td>
<td></td>
</tr>
<tr>
<td>Financials (Financials)</td>
<td>40% / 52% / 72%</td>
<td>0% / -9% / -36%</td>
<td></td>
</tr>
<tr>
<td>Info Tech (Info Tech)</td>
<td>54% / 61% / 77%</td>
<td>12% / 7% / -10%</td>
<td></td>
</tr>
<tr>
<td>Telecom (Telecom)</td>
<td>37% / 53% / 75%</td>
<td>11% / 6% / -19%</td>
<td></td>
</tr>
<tr>
<td>Utilities (Utilities)</td>
<td>30% / 44% / 68%</td>
<td>-9% / -14% / -38%</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.
Consumer Staples

DrugRetail  
10 stocks; $23bn

Strength

SprCntrs  
17 stocks; $160bn

AgriProd  
12 stocks; $75bn

PersPrdct  
25 stocks; $186bn

HhldPrdct  
18 stocks; $146bn

Momentum

FdRetail  
40 stocks; $275bn

PkgFdMt  
115 stocks; $529bn

Brewers  
16 stocks; $205bn

SoftDrinks  
14 stocks; $26bn

Dist&Vnt  
14 stocks; $94bn

Tobacco  
16 stocks; $151bn

FdDistri  
12 stocks; $9bn

PersPrdct

Consumer Staples

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Momentum

Strength

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Telecommunication Services

WlsTelSrv

46 stocks; $308bn

IntgTelSrv

65 stocks; $399bn

AltCar

14 stocks; $32bn
Momentum

Strength

Utilities

IPPTrad
45 stocks; $106bn

ElecUtil
43 stocks; $429bn

WaterUtil
21 stocks; $34bn

MultiUtil
39 stocks; $185bn

GasUtil
34 stocks; $125bn

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**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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<table>
<thead>
<tr>
<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>
</tr>
</thead>
<tbody>
<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>
</tr>
<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.
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(S) = speculative investment;
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