Group Selection
Priced as of September 25, 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

2013.09.25

Sector View

Sector Relative Strength Profiles*

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
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</thead>
<tbody>
<tr>
<td>Energy</td>
<td>36% / 41% / 55%</td>
<td>/ / /</td>
<td>17% / 4% / 0%</td>
</tr>
<tr>
<td>Materials</td>
<td>24% / 28% / 37%</td>
<td>/ / /</td>
<td>18% / 10% / 6%</td>
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<tr>
<td>Industrials</td>
<td>49% / 59% / 72%</td>
<td>/ / /</td>
<td>23% / 8% / 4%</td>
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<tr>
<td>CMR Disc</td>
<td>60% / 67% / 76%</td>
<td>/ / /</td>
<td>9% / -1% / -5%</td>
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<tr>
<td>CMR Stap</td>
<td>40% / 50% / 62%</td>
<td>/ / /</td>
<td>8% / -4% / -6%</td>
</tr>
<tr>
<td>Hlth Care</td>
<td>56% / 63% / 75%</td>
<td>/ / /</td>
<td>6% / -4% / -8%</td>
</tr>
<tr>
<td>Financials</td>
<td>41% / 50% / 66%</td>
<td>/ / /</td>
<td>13% / 2% / -4%</td>
</tr>
<tr>
<td>Info Tech</td>
<td>59% / 65% / 77%</td>
<td>/ / /</td>
<td>12% / 4% / 0%</td>
</tr>
<tr>
<td>Telecom</td>
<td>42% / 54% / 71%</td>
<td>/ / /</td>
<td>22% / 10% / 7%</td>
</tr>
<tr>
<td>Utilities</td>
<td>26% / 35% / 49%</td>
<td>/ / /</td>
<td>16% / 7% / 4%</td>
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*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 (\(\uparrow\uparrow\uparrow\uparrow\) 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**

- **Steel**
  - 73 stocks; $400bn

- **ComdChm**
  - 32 stocks; $293bn

- **FrstPrd**
  - 12 stocks; $20bn

- **Gold**
  - 100 stocks; $172bn

- **SpecChm**
  - 63 stocks; $292bn

- **DvrsMng**
  - 102 stocks; $535bn

- **CstrMat**
  - 29 stocks; $184bn

- **Fert&Ag**
  - 102 stocks; $238bn

- **Alumin**
  - 11 stocks; $35bn

- **PrecMet**
  - 42 stocks; $84bn

- **PapProd**
  - 31 stocks; $91bn

- **MtGisCnt**
  - 15 stocks; $45bn

- **DiversChm**
  - 20 stocks; $133bn

- **PaperPkg**
  - 18 stocks; $75bn
<table>
<thead>
<tr>
<th>Industry</th>
<th>Momentum</th>
<th>Strength</th>
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<tbody>
<tr>
<td>Hwy &amp; Rail</td>
<td>8 stocks; $64bn</td>
<td>29 stocks; $131bn</td>
</tr>
<tr>
<td>RsrcCst</td>
<td>14 stocks; $57bn</td>
<td>31 stocks; $84bn</td>
</tr>
<tr>
<td>Marine Srv</td>
<td>12 stocks; $21bn</td>
<td>42 stocks; $275bn</td>
</tr>
<tr>
<td>Trdg Dist</td>
<td>21 stocks; $207bn</td>
<td>49 stocks; $275bn</td>
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<tr>
<td>AirFght</td>
<td>39 stocks; $264bn</td>
<td>28 stocks; $76bn</td>
</tr>
<tr>
<td>Office Srv</td>
<td>14 stocks; $24bn</td>
<td>42 stocks; $264bn</td>
</tr>
<tr>
<td>Enviro Srv</td>
<td>28 stocks; $84bn</td>
<td>14 stocks; $24bn</td>
</tr>
<tr>
<td>DvSp Srv</td>
<td>12 stocks; $21bn</td>
<td>21 stocks; $207bn</td>
</tr>
<tr>
<td>Airprt Srv</td>
<td>13 stocks; $55bn</td>
<td>21 stocks; $207bn</td>
</tr>
<tr>
<td>Ind Mach</td>
<td>108 stocks; $548bn</td>
<td>28 stocks; $84bn</td>
</tr>
<tr>
<td>Ind Congl</td>
<td>75 stocks; $275bn</td>
<td>42 stocks; $275bn</td>
</tr>
<tr>
<td>Hvy Elc Eq</td>
<td>19 stocks; $120bn</td>
<td>28 stocks; $84bn</td>
</tr>
<tr>
<td>Cns &amp; Eng</td>
<td>28 stocks; $68bn</td>
<td>32 stocks; $132bn</td>
</tr>
<tr>
<td>Cnst Fm M</td>
<td>19 stocks; $120bn</td>
<td>42 stocks; $264bn</td>
</tr>
<tr>
<td>Trucking</td>
<td>37 stocks; $70bn</td>
<td>35 stocks; $172bn</td>
</tr>
<tr>
<td>Railroads</td>
<td>22 stocks; $356bn</td>
<td>22 stocks; $356bn</td>
</tr>
<tr>
<td>Bld Prds</td>
<td>32 stocks; $132bn</td>
<td>32 stocks; $132bn</td>
</tr>
<tr>
<td>Cnst Fm M</td>
<td>61 stocks; $367bn</td>
<td>61 stocks; $367bn</td>
</tr>
<tr>
<td>Airline</td>
<td>35 stocks; $172bn</td>
<td>35 stocks; $172bn</td>
</tr>
<tr>
<td>Aero &amp; Def</td>
<td>58 stocks; $714bn</td>
<td>58 stocks; $714bn</td>
</tr>
</tbody>
</table>
Telecommunication Services

September 25, 2013

Mark Steele (416) 359-4641

WlsTelSrv
46 stocks; $1034bn

IntgTelSrv
65 stocks; $1203bn

AltCar
14 stocks; $46bn
September 25, 2013

Utilities

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Momentum

Strength

WaterUtil  
21 stocks; $57bn

GasUtil  
34 stocks; $189bn

ElecUtil  
83 stocks; $822bn

MultiUtil  
39 stocks; $458bn

IPPTrad  
45 stocks; $157bn

Utilities

21 stocks; $57bn

34 stocks; $189bn

83 stocks; $822bn

39 stocks; $458bn

45 stocks; $157bn
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”
User Guide 4 - Hyperlinks To Decile Charts & Stock Selection

- 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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<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>Starmine Universe</th>
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</thead>
<tbody>
<tr>
<td>Buy</td>
<td>Outperform</td>
<td>37.0%</td>
<td>17.7%</td>
<td>52.0%</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.
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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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