Group Selection

Priced as of November 11, 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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<thead>
<tr>
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<tbody>
<tr>
<td>Energy</td>
<td>42% / 43% / 49%</td>
<td>/</td>
<td>-8% / -6% / -5%</td>
</tr>
<tr>
<td>Materials</td>
<td>37% / 39% / 42%</td>
<td>/</td>
<td>-3% / 2% / 1%</td>
</tr>
<tr>
<td>Industrials</td>
<td>59% / 61% / 69%</td>
<td>/</td>
<td>-6% / -2% / -4%</td>
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<tr>
<td>CMR Disc</td>
<td>59% / 62% / 65%</td>
<td>/</td>
<td>-9% / -3% / -5%</td>
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<tr>
<td>CMR Stap</td>
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<td>/</td>
<td>-7% / -4% / -9%</td>
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<tr>
<td>Hlth Care</td>
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<td>/</td>
<td>-4% / -2% / -4%</td>
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<tr>
<td>Info Tech</td>
<td>63% / 65% / 70%</td>
<td>/</td>
<td>-9% / -5% / -8%</td>
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<tr>
<td>Telecom</td>
<td>46% / 53% / 60%</td>
<td>/</td>
<td>-13% / -7% / -12%</td>
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<tr>
<td>Utilities</td>
<td>26% / 33% / 35%</td>
<td>/</td>
<td>-2% / -1% / -1%</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 (median 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

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<tr>
<th>Momentum</th>
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<tr>
<td>MtGlsCnt</td>
<td>April&amp;Gds</td>
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<td>OffElectr</td>
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<td>Marine</td>
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November 11, 2013

Mark Steele (416) 359-4641
November 11, 2013

Health Care

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Pharma
12 stocks; $227 billion

HCareTec
12 stocks; $37 billion

HCDistrib
13 stocks; $105 billion

HCService
31 stocks; $173 billion

Biotech
105 stocks; $565 billion

HCEquip
76 stocks; $479 billion

MngHCare
13 stocks; $172 billion

HCSuppls
26 stocks; $76 billion

HCFacility
29 stocks; $81 billion

LfSciSrv
30 stocks; $148 billion

Health Care

86 stocks; $2273 billion
Utilities

November 11, 2013

Mark Steele (416) 359-4641

Momentum

Strength

GasUtil
34 stocks; $192bn

IPPTrad
49 stocks; $157bn

MultiUtil
39 stocks; $461bn

WaterUtil
21 stocks; $58bn

ElecUtil
83 stocks; $848bn
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>37.9%</td>
<td>17.6%</td>
<td>52.7%</td>
<td>39.6%</td>
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<td>Hold</td>
<td>Market Perform</td>
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<td>10.2%</td>
<td>45.9%</td>
<td>53.9%</td>
<td>45.5%</td>
<td>41.1%</td>
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<tr>
<td>Sell</td>
<td>Underperform</td>
<td>5.3%</td>
<td>3.2%</td>
<td>1.4%</td>
<td>6.5%</td>
<td>3.5%</td>
<td>5.6%</td>
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* 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;
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