Group Selection

Priced as of January 2, 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**

- **Materials**: 47% / 44% / 39% | Reward/Risk: US/GBL/CDA | Trend Psn: US/GBL/CDA
- **Industrials**: 56% / 53% / 47% | Reward/Risk: US/GBL/CDA | Trend Psn: US/GBL/CDA
- **CMR Disc**: 56% / 52% / 49% | Reward/Risk: US/GBL/CDA | Trend Psn: US/GBL/CDA
- **CMR Stap**: 57% / 49% / 45% | Reward/Risk: US/GBL/CDA | Trend Psn: US/GBL/CDA
- **Hlth Care**: 49% / 46% / 40% | Reward/Risk: US/GBL/CDA | Trend Psn: US/GBL/CDA
- **Financials**: 62% / 56% / 50% | Reward/Risk: US/GBL/CDA | Trend Psn: US/GBL/CDA
- **Info Tech**: 38% / 36% / 32% | Reward/Risk: US/GBL/CDA | Trend Psn: US/GBL/CDA
- **Telecom**: 50% / 50% / 45% | Reward/Risk: US/GBL/CDA | Trend Psn: US/GBL/CDA
- **Utilities**: 38% / 33% / 28% | Reward/Risk: US/GBL/CDA | Trend Psn: US/GBL/CDA

*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):

1. **% Outperforming**: what percentage of sector members is outperforming the market.
2. **Reward/Risk**: how consistent the median relative strength performance of the sector membership.
3. **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.
January 2, 2013

**Energy**

- **OG StTr**
  - 69 stocks: $457bn

- **Coal & Uran**
  - 42 stocks: $141bn

- **OG Drill**
  - 31 stocks: $116bn

- **Int O&G**
  - 80 stocks: $219bn

- **OG Rfmkt**
  - 47 stocks: $337bn

- **OG Equip**
  - 214 stocks: $1,053bn

- **OG E&P**
  - 6 stocks: $36bn

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Health Care

Momentum

Strength

January 2, 2013

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HCDistrib
14 stocks; $75bn

HCEquip
78 stocks; $400bn

MngHCare
14 stocks; $135bn

HCSuppls
24 stocks; $62bn

Pharma
88 stocks; $177bn

Biotech
111 stocks; $378bn

LfSciSrv
32 stocks; $103bn

HCFacility
30 stocks; $61bn

HCService
32 stocks; $158bn

HCareTec
12 stocks; $24bn
January 2, 2013

Telecommunication Services

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Utilities

January 2, 2013

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Utilities

IPPTrad
23 stocks; $147bn

WaterUtil
21 stocks; $54bn

MultiUtil
29 stocks; $147bn

ElecUtil
29 stocks; $791bn

GasUtil
29 stocks; $161bn
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.
User Guide 2 - Momentum

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.
IMPORTANT DISCLOSURES

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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>Starmine Universe</th>
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<tr>
<td>Buy</td>
<td>Outperform</td>
<td>39.2%</td>
<td>14.2%</td>
<td>66.0%</td>
<td>39.7%</td>
<td>49.1%</td>
<td>55.7%</td>
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<td>Hold</td>
<td>Market Perform</td>
<td>58.8%</td>
<td>4.6%</td>
<td>31.9%</td>
<td>57.1%</td>
<td>48.6%</td>
<td>39.3%</td>
</tr>
<tr>
<td>Sell</td>
<td>Underperform</td>
<td>2.0%</td>
<td>9.1%</td>
<td>2.1%</td>
<td>3.2%</td>
<td>2.3%</td>
<td>5.0%</td>
</tr>
</tbody>
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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.
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Und = Underperform - Forecast to underperform the market;
(S) = speculative investment;
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