Group Selection
Priced as of July 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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**Sector View**

--- | --- | --- | ---
Energy | 27% / 36% / 59% | 8% / 5% / -8% |  
Materials | 15% / 23% / 37% | 20% / 16% / 4% |  
Industrials | 40% / 55% / 74% | 11% / 3% / -10% |  
CMR Disc | 55% / 65% / 82% | 5% / 2% / -12% |  
CMR Stap | 41% / 58% / 79% | 1% / -3% / -18% |  
Hlth Care | 48% / 61% / 81% | 9% / 5% / -7% |  
Financials | 42% / 57% / 80% | 9% / 2% / -14% |  
Info Tech | 45% / 57% / 78% | 16% / 12% / 0% |  
Telecom | 30% / 42% / 67% | 4% / 3% / -9% |  
Utilities | 33% / 53% / 78% | 2% / -2% / -14% |  

*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.
July 25, 2013

Momentum

Strength

Energy

BMO Capital Markets

Mark Steele (416) 359-4641

OG Drill
32 stocks; $125bn

OG Equip
83 stocks; $444bn

OG StTr
75 stocks; $548bn

OG E&P
226 stocks; $1079bn

Coal & Uran
97 stocks; $104bn

Int O&G
35 stocks; $2145bn

OG RfMkt
80 stocks; $327bn
July 25, 2013

Consumer Staples

Mark Steele (416) 359-4641

FDistri 12 stocks; $35bn
FDRetail 40 stocks; $378bn

Consumer Staples

FdDistri
12 stocks; $35bn

FdRetail
40 stocks; $378bn

AgriProd
32 stocks; $124bn

SprCntrs 18 stocks; $506bn

SoftDrinks 14 stocks; $498bn

Dist&Vnt 17 stocks; $498bn

PersPrdct
25 stocks; $234bn

HhldPrdct 18 stocks; $506bn

DrugRetail 10 stocks; $151bn

Brewers
16 stocks; $417bn

PkgFdMt 115 stocks; $949bn

Tobacco 16 stocks; $572bn
Momentum

Strength

Utilities

July 25, 2013
Mark Steele (416) 359-4641

MultiUtil
38 stocks; $436bn

ElecUtil
81 stocks; $804bn

GasUtil
32 stocks; $185bn

WaterUtil
20 stocks; $54bn

IPPTrad
43 stocks; $151bn
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).
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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<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>37.0%</td>
<td>17.7%</td>
<td>52.9%</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>
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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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(S) = speculative investment;
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