Group Selection

Priced as of December 29, 2014

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**

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Energy</td>
<td>11% / 17% / 24%</td>
<td>-28% / -26% / -17%</td>
<td></td>
</tr>
<tr>
<td>Materials</td>
<td>18% / 28% / 39%</td>
<td>3% / 5% / 10%</td>
<td></td>
</tr>
<tr>
<td>Industrials</td>
<td>23% / 39% / 52%</td>
<td>8% / 13% / 13%</td>
<td></td>
</tr>
<tr>
<td>CMR Disc</td>
<td>33% / 47% / 59%</td>
<td>8% / 12% / 14%</td>
<td></td>
</tr>
<tr>
<td>CMR Stap</td>
<td>30% / 43% / 58%</td>
<td>-2% / 2% / 4%</td>
<td></td>
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<tr>
<td>Hlth Care</td>
<td>52% / 65% / 77%</td>
<td>1% / 5% / 7%</td>
<td></td>
</tr>
<tr>
<td>Financials</td>
<td>33% / 56% / 73%</td>
<td>3% / 10% / 10%</td>
<td></td>
</tr>
<tr>
<td>Info Tech</td>
<td>37% / 50% / 63%</td>
<td>7% / 11% / 12%</td>
<td></td>
</tr>
<tr>
<td>Telecom</td>
<td>28% / 48% / 58%</td>
<td>-15% / -7% / -5%</td>
<td></td>
</tr>
<tr>
<td>Utilities</td>
<td>32% / 51% / 67%</td>
<td>8% / 17% / 17%</td>
<td></td>
</tr>
</tbody>
</table>

*Three terms define the relative performance Z-Score rating versus the markets (US = S&P 500; GBL = MSCI AC World; CDA = S&P/TSX Composite)

(a) % Outperforming - what percentage of sector members is outperforming the market,
(b) Reward/Risk - how consistent is the median relative strength performance of the sector membership (ranking),
(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.

See Help Pages for further details.
Strength Changes Last Session

Momentum

- CmcIPrt → ConsmrFin → ElecCmpEq
- SpCmSrv ←
- RegionBnk ← HCSuppls ←
- CatalgRtl ←
- SystmSwr ↓
- WaterUtil ← InsurBrkrs ←
- LifeHthIns ← ComEquip ←
- SpecialFin ↓
- DataProc ↓
- SemiEqp ↑

Strength

- FdRetail ↑
- EMS ← Ind Mach ←
- ITConsult →
- Tire&Rub ↑ Sec&Alm ↑
- TechDist ↓

- CmplPrt
- ConsmrFin
- ElcCmpEq
- FdRetail
- EMS
- Ind Mach
- ITConsult
- Tire&Rub
- Sec&Alm
- TechDist

- SpCmSrv →
- LifeHthIns →
- ComEquip ←
- SpecialFin ↓
- DataProc ↓
- SemiEqp ↑

- RegionBnk ← HCSuppls ←
- CatalgRtl ←
- SystmSwr ↓
- WaterUtil ← InsurBrkrs ←
- LifeHthIns ← ComEquip ←
- SpecialFin ↓
- DataProc ↓
- SemiEqp ↑

- BldPrdcts ↓
- HCFacility ↓
- Alumin ↓
- Ag&Farm ↓ HhldApl ↓ DivCpMkt ↓
- FdDistri ↓
- REstDvAct ↓
- HvyElcEq ↓

- IndusREIT←
- GasUtil ←
- Biotech ↓
- HCEquip ↓
- OthrDivFS ←
- OthrDivFS ←

- Rstaurnt ↑
- Cabl&Sat ←
- Thrft&Mtg ←
- ElecUtil ←
- MotcyMfg ←
- IndusGas ↓

- MortgREIT ←
- OfficeREIT ←
- Hsware ←
- Pharma ↓
- REstSrv →
- LeisPrd ←
- Hwy&Rail ↓
**Consumer Staples**

- **Momentum**
  - *FdRetail*: 41 stocks; $352bn
  - *DrugRetail*: 8 stocks; $204bn
  - *HhdlPrdct*: 18 stocks; $564bn
  - *Tobacco*: 16 stocks; $578bn
  - *PkgFdMt*: 119 stocks; $1071bn
  - *Brewers*: 15 stocks; $494bn
  - *Dist&Vnt*: 14 stocks; $211bn

- **Strength**
  - *PersPrdct*: 25 stocks; $226bn
  - *SoftDrnks*: 15 stocks; $432bn
  - *SprCntrs*: 17 stocks; $499bn
  - *AgriProd*: 33 stocks; $130bn
  - *FdDistri*: 11 stocks; $44bn

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*December 29, 2014*

*Mark Steele (416) 359-4641*
Momentum

Strength

December 29, 2014

Mark Steele (416) 359-4641

Telecommunication Services

AltCar
15 stocks; $53bn

WlsTelSrv
49 stocks; $938bn

IntgTelSrv
63 stocks; $1318bn
December 29, 2014

Utilities

Mark Steele (416) 359-4641

MultiUtil
19 stocks; $513bn

WaterUtil
19 stocks; $67bn

GasUtil
46 stocks; $213bn

ElecUtil
35 stocks; $938bn

IPPTrad
23 stocks; $119bn

RenewElec
22 stocks; $50bn

Utilities

BMO Capital Markets
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 the members are 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 deviation from the trend. Our process is flexible, thorough, and because it is run daily, timely.

The Dataset:
- Over 5,700 securities.
- Groups have a:
  ...Median depth of 28
  ...Average depth of 36

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 in 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 moving average (momentum).

- Each chart is hyperlinked to the group membership, in our RS Filter Toolkit.
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For Important Disclosures on the stocks discussed in this report, please go to

Distribution of Ratings (March 31, 2014)

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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>Stanonymous Universe</th>
</tr>
</thead>
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<tr>
<td>Buy</td>
<td>Outperform</td>
<td>42.0%</td>
<td>21.5%</td>
<td>60.7%</td>
<td>40.8%</td>
<td>53.6%</td>
<td>53.6%</td>
</tr>
<tr>
<td>Hold</td>
<td>Market Perform</td>
<td>52.8%</td>
<td>10.8%</td>
<td>38.2%</td>
<td>52.8%</td>
<td>43.8%</td>
<td>40.3%</td>
</tr>
<tr>
<td>Sell</td>
<td>Underperform</td>
<td>5.2%</td>
<td>3.2%</td>
<td>1.1%</td>
<td>6.3%</td>
<td>2.7%</td>
<td>5.6%</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.
***** 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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OP = Outperform - Forecast to outperform the analyst’s coverage universe on a total return basis;
Mkt = Market Perform - Forecast to perform roughly in line with the analyst’s coverage universe on a total return basis;
Und = Underperform - Forecast to underperform the analyst’s coverage universe on a total return basis;
(S) = Speculative investment;
NR = No rating at this time; and
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