Group Selection
Priced as of October 31, 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 View**

**Sector Relative Strength Profiles**

<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>Energy</td>
<td>30% / 36% / 32%</td>
<td>/ / -44% / -39% / -15%</td>
<td></td>
</tr>
<tr>
<td>Materials</td>
<td>28% / 37% / 36%</td>
<td>/ / -28% / -21% / 3%</td>
<td></td>
</tr>
<tr>
<td>Industrials</td>
<td>26% / 36% / 34%</td>
<td>/ / 1% / 10% / 36%</td>
<td></td>
</tr>
<tr>
<td>CMR Disc</td>
<td>32% / 36% / 39%</td>
<td>/ / -1% / 9% / 36%</td>
<td></td>
</tr>
<tr>
<td>CMR Stap</td>
<td>34% / 43% / 39%</td>
<td>/ / -2% / 6% / 35%</td>
<td></td>
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<tr>
<td>Health Care</td>
<td>49% / 59% / 58%</td>
<td>/ / 7% / 12% / 36%</td>
<td></td>
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<tr>
<td>Financials</td>
<td>36% / 53% / 48%</td>
<td>/ / 6% / 17% / 50%</td>
<td></td>
</tr>
<tr>
<td>Info Tech</td>
<td>39% / 48% / 49%</td>
<td>/ / 3% / 9% / 33%</td>
<td></td>
</tr>
<tr>
<td>Telecom</td>
<td>37% / 44% / 38%</td>
<td>/ / -13% / 1% / 31%</td>
<td></td>
</tr>
<tr>
<td>Utilities</td>
<td>39% / 58% / 52%</td>
<td>/ / -1% / 16% / 45%</td>
<td></td>
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</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

SystmSwr → DataProc → LifeHthIns → HCEquip → InetRtl

ApplicSwr → CmclPrt → ElecInstr

SpecChm → REstDvAct → CstrMat

HdwrSt&P → Rstaurnt → Biotech

Trucking ← MultiUtil ← Cas&Gam ← Semi

InvBnkBrk ← SpecialFin ← GasUtil

REstOpCo ← SpecStors ← Pharma

CmrElec ← SpecStors ← Hsware

HhldPrdct ← MtGlsCnt ← IndusGas

PersPrdct ← LfSciSrv ← ApparRtl

October 31, 2014

Mark Steele (416) 359-4641

HREmpl ← RsrcCslt ← TechDist ← LeisFcil
October 31, 2014

**Consumer Staples**

- **Momentum**
  - FdRetail: 41 stocks, $353bn
  - SoftDrinks: 15 stocks, $425bn
  - PkgFdMt: 120 stocks, $1050bn
  - HhldPrdct: 18 stocks, $540bn
  - Tobacco: 16 stocks, $594bn
  - PersPrdct: 25 stocks, $219bn
  - SprCntrs: 17 stocks, $473bn

- **Strength**
  - Brewers: 15 stocks, $500bn
  - Dist&Vnt: 13 stocks, $201bn
  - FdDistri: 11 stocks, $43bn
  - AgriProd: 33 stocks, $130bn
  - DrugRetail: 9 stocks, $176bn
  - HhldPrdct: 16 stocks, $594bn
  - Tobacco: 16 stocks, $594bn
  - PersPrdct: 25 stocks, $219bn
  - SprCntrs: 17 stocks, $473bn

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Utilities

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Momentum

Strength

WaterUtil 19 stocks; $67bn
GasUtil 36 stocks; $217bn
ElecUtil 85 stocks; $924bn

MultiUtil 39 stocks; $495bn

IPPTrad 24 stocks; $123bn

RenewElec 20 stocks; $50bn

19 stocks; $67bn
39 stocks; $495bn
85 stocks; $924bn

36 stocks; $217bn
85 stocks; $924bn
24 stocks; $123bn

20 stocks; $50bn
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 groups members are outperforming
2. How consistent that outperformance is
3. How the are 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 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.
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).

![Image of Oil & Gas Exploration & Production chart](image1)

- Each chart is hyperlinked to the group membership, in our RS Filter Toolkit.

![Image of RS Filter Toolkit](image2)
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For Important Disclosures on the stocks discussed in this report, please go to http://researchglobal.bmocapitalmarkets.com/Public/Company_Disclosure_Public.aspx

Distribution of Ratings (March 31, 2014)

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<tbody>
<tr>
<td>Buy</td>
<td>Outperform</td>
<td>42.0%</td>
<td>21.3%</td>
<td>60.7%</td>
<td>40.8%</td>
<td>33.6%</td>
<td>53.6%</td>
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<tr>
<td>Hold</td>
<td>Market Perform</td>
<td>32.8%</td>
<td>10.8%</td>
<td>38.2%</td>
<td>32.8%</td>
<td>43.8%</td>
<td>40.8%</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>5.8%</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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We use the following ratings system definitions:

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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