Group Selection
Priced as of January 14, 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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*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.
January 14, 2014

Materials

Momentum

Strength

- PaperPkg
  - 17 stocks; $376bn
- SpecChm
  - 68 stocks; $354bn
- PapProd
  - 50 stocks; $56bn
- FrstPrd
  - 12 stocks; $19bn
- Alumin
  - 11 stocks; $39bn
- DiversChm
  - 18 stocks; $298bn
- Steel
  - 74 stocks; $407bn
- MtGlsCnt
  - 15 stocks; $47bn
- ComdChm
  - 32 stocks; $315bn
- PrecMet
  - 44 stocks; $76bn
- DvrsMng
  - 100 stocks; $561bn
- Fert&Ag
  - 34 stocks; $245bn
- IndusGas
  - 10 stocks; $157bn
- Gold
  - 97 stocks; $154bn

Materials

- PaperPkg
  - 17 stocks; $376bn
- CstrMat
  - 28 stocks; $196bn
- SpecChm
  - 68 stocks; $354bn
- PapProd
  - 50 stocks; $56bn
- FrstPrd
  - 12 stocks; $19bn
- Alumin
  - 11 stocks; $39bn
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- Gold
  - 97 stocks; $154bn

January 14, 2014

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**Industrials**

**January 14, 2014**

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- **Airline**
  - 33 stocks; $195bn

- **ElcCmpEq**
  - 42 stocks; $292bn

- **Aero&Def**
  - 56 stocks; $800bn

- **HREmpl**
  - 22 stocks; $79bn

- **Trucking**
  - 32 stocks; $85bn

- **Hwy&Rail**
  - 4 stocks; $72bn

- **DvSpSrv**
  - 27 stocks; $81bn

- **BldPrdcts**
  - 38 stocks; $159bn

- **Ind Mach**
  - 13 stocks; $696bn

- **Ind Congl**
  - 33 stocks; $912bn

- **CnclPrt**
  - 14 stocks; $24bn

- **CnclFncM**
  - 60 stocks; $359bn

- **TrdgDist**
  - 50 stocks; $282bn

- **EnviroServ**
  - 29 stocks; $88bn

- **Marine**
  - 27 stocks; $94bn

- **OfficeServ**
  - 12 stocks; $23bn

- **AirFrght**
  - 21 stocks; $225bn

- **Cns&Eng**
  - 76 stocks; $298bn

- **RsncSlt**
  - 29 stocks; $132bn

- **AirprtSrv**
  - 13 stocks; $56bn

- **Railroads**
  - 42 stocks; $359bn

- **MarineSrv**
  - 14 stocks; $59bn

- **Sec&Alm**
  - 7 stocks; $56bn

- **Hwy&Rail**
  - 8 stocks; $72bn

- **EnviroServ**
  - 27 stocks; $94bn

- **Hwy&Rail**
  - 60 stocks; $359bn

- **CnclFncM**
  - 50 stocks; $282bn

- **TrdgDist**
  - 29 stocks; $88bn

- **OfficeServ**
  - 12 stocks; $23bn
January 14, 2014

```
Momentum

Strength

Consumer Staples

DrugRetail  
10 stocks; $166bn

Dist&Vnt  
14 stocks; $208bn

DrugRetail  
10 stocks; $166bn

AgriProd  
14 stocks; $129bn

PkgFdMt  
15 stocks; $96bn

PersPrdct  
27 stocks; $24bn

SoftDrnks  
15 stocks; $39bn

SprCntrs  
17 stocks; $50bn

Tobacco  
16 stocks; $53bn

Brewers  
16 stocks; $50bn

FdDistri  
12 stocks; $42bn

FdRetail  
42 stocks; $376bn

HhldPrdct  
18 stocks; $51bn

FdDistri  
12 stocks; $42bn

FdRetail  
42 stocks; $376bn

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```

14 stocks; $208bn

15 stocks; $96bn

27 stocks; $24bn

15 stocks; $39bn

17 stocks; $50bn

16 stocks; $53bn

16 stocks; $50bn

12 stocks; $42bn

42 stocks; $376bn

18 stocks; $51bn

12 stocks; $42bn

42 stocks; $376bn

18 stocks; $51bn
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<thead>
<tr>
<th>Sector</th>
<th>Stocks</th>
<th>Market Value ($bn)</th>
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<td>InsurBrkrs</td>
<td>6</td>
<td>$76bn</td>
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<tr>
<td>DivCpMkt</td>
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<td>SpecREIT</td>
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<td>ConsmrFin</td>
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<td>ResidREIT</td>
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<td>29</td>
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<tr>
<td>ResDevl</td>
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<tr>
<td>Multi-LnIns</td>
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<td>LifeHthIns</td>
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<td>OthrDivFS</td>
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<td>$321bn</td>
</tr>
<tr>
<td>REstDvAct</td>
<td>31</td>
<td>$321bn</td>
</tr>
</tbody>
</table>

**Note:** The table represents financial data for various sectors, including the number of stocks and their respective market values in billions of dollars.
Telecommunication Services

January 14, 2014

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AltCar
15 stocks; $54bn

IntgTelSrv
65 stocks; $1237bn

WlsTelSrv
47 stocks; $1104bn
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”
- 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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Distribution of Ratings (September 30, 2013)

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<th>Rating Category</th>
<th>BMO Rating</th>
<th>BMOCM US Universe*</th>
<th>BMOCM US IB Clients**</th>
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<th>BMOCM Universe****</th>
<th>BMOCM IB Clients*****</th>
<th>Stamine Universe</th>
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<td>Buy</td>
<td>Outperform</td>
<td>35.8%</td>
<td>20.3%</td>
<td>47.8%</td>
<td>36.7%</td>
<td>48.3%</td>
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<tr>
<td>Hold</td>
<td>Market Perform</td>
<td>59.4%</td>
<td>13.1%</td>
<td>51.1%</td>
<td>56.9%</td>
<td>50.2%</td>
<td>41.1%</td>
</tr>
<tr>
<td>Sell</td>
<td>Underperform</td>
<td>4.9%</td>
<td>3.4%</td>
<td>1.1%</td>
<td>6.4%</td>
<td>1.5%</td>
<td>5.6%</td>
</tr>
</tbody>
</table>
Ratings and Sector Key
We use the following ratings system definitions:
OP = Outperform - Forecast to outperform the market;
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;
R = Restricted - Dissemination of research is currently restricted.

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