Group Selection

Priced as of October 3, 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 = 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

- DataProc → HCareTec → CmclPrt → Textiles → IndusREIT
  - RetailREIT → OfficeREIT → AirprtSrv → EnviroServ → PaperPkg
  - Hsware → RetailREIT → OfficeREIT → AirprtSrv → EnviroServ
  - GasUtil → DataProc → RetailREIT → OfficeREIT → AirprtSrv → EnviroServ
  - RenewElec → PapProd → SystmSwr → HCDistrib → PrecMet → RsrcCslt
  - InvBnkBrk → SystmSwr → HCDistrib → PrecMet → RsrcCslt
  - IntgTelSrv → SystmSwr → HCDistrib → PrecMet → RsrcCslt
  - GasUtil → DataProc → RetailREIT → OfficeREIT → AirprtSrv → EnviroServ
  - RenewElec → PapProd → SystmSwr → HCDistrib → PrecMet → RsrcCslt
  - InvBnkBrk → SystmSwr → HCDistrib → PrecMet → RsrcCslt
  - IntgTelSrv → SystmSwr → HCDistrib → PrecMet → RsrcCslt
  - GasUtil → DataProc → RetailREIT → OfficeREIT → AirprtSrv → EnviroServ
  - RenewElec → PapProd → SystmSwr → HCDistrib → PrecMet → RsrcCslt
  - InvBnkBrk → SystmSwr → HCDistrib → PrecMet → RsrcCslt
  - IntgTelSrv → SystmSwr → HCDistrib → PrecMet → RsrcCslt
  - GasUtil → DataProc → RetailREIT → OfficeREIT → AirprtSrv → EnviroServ
  - RenewElec → PapProd → SystmSwr → HCDistrib → PrecMet → RsrcCslt
  - InvBnkBrk → SystmSwr → HCDistrib → PrecMet → RsrcCslt
  - IntgTelSrv → SystmSwr → HCDistrib → PrecMet → RsrcCslt
October 3, 2014

Consumer Staples

Mark Steele (416) 359-4641

Momentum vs. Strength

Drug Retail
2 stocks; $169bn

Pkg Fd Mt
121 stocks; $1030bn

Pers Prdct
25 stocks; $179bn

Hhd Prdct
18 stocks; $557bn

Fds Retail
47 stocks; $340bn

Tobacco
16 stocks; $580bn

Fds Distri
11 stocks; $41bn

Agri Prod
33 stocks; $129bn

Spr Cntrs
17 stocks; $475bn

Soft Drnks
15 stocks; $427bn

Brewers
15 stocks; $491bn

Dist & Vnt
13 stocks; $196bn

Fd Retail
47 stocks; $340bn

Panels:
- Consumer Staples
- Drug Retail
- Pkg Fd Mt
- Pers Prdct
- Hhd Prdct
- Fds Retail
- Tobacco
- Fds Distri
- Agri Prod
- Spr Cntrs
- Soft Drnks
- Brewers
- Dist & Vnt
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<td>InetStfSrv</td>
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<td>EMS</td>
<td>24</td>
<td>$109bn</td>
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</table>

October 3, 2014

Mark Steele (416) 359-4641

Information Technology
Telecommunication Services

October 3, 2014

Mark Steele (416) 359-4641

Strength

Momentum

IntgTelSrv ➔
68 stocks; $1339bn

AltCar ➔
16 stocks; $57bn

WlsTelSrv
46 stocks; $986bn
Utilities

October 3, 2014

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WaterUtil
19 stocks; $52bn

GasUtil
35 stocks; $210bn

RenewElec
20 stocks; $51bn

ElecUtil
85 stocks; $913bn

IPPTrad
24 stocks; $120bn

MultiUtil
39 stocks; $462bn
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).

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

Analyst's Certification
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Company Specific Disclosures
For Important Disclosures on the stocks discussed in this report, please go to

Distribution of Ratings (March 31, 2014)

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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>
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<td>Buy</td>
<td>Outperform</td>
<td>42.0%</td>
<td>21.5%</td>
<td>60.7%</td>
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<td>Hold</td>
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<td>52.8%</td>
<td>10.8%</td>
<td>38.2%</td>
<td>52.8%</td>
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<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>5.0%</td>
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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.
*** 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.
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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
R = Restricted – Dissemination of research is currently restricted.
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