Group Selection

Priced as of July 28, 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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</tr>
</thead>
<tbody>
<tr>
<td>Energy</td>
<td>59% / 64% / 51%</td>
<td>-14% / -14% / -19%</td>
<td></td>
</tr>
<tr>
<td>Materials</td>
<td>39% / 43% / 31%</td>
<td>7% / 8% / 3%</td>
<td></td>
</tr>
<tr>
<td>Industrials</td>
<td>37% / 42% / 29%</td>
<td>-8% / -7% / -13%</td>
<td></td>
</tr>
<tr>
<td>CMR Disc</td>
<td>32% / 36% / 24%</td>
<td>-3% / -2% / -6%</td>
<td></td>
</tr>
<tr>
<td>CMR Stap</td>
<td>47% / 54% / 37%</td>
<td>-4% / -1% / -10%</td>
<td></td>
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<tr>
<td>Hlth Care</td>
<td>36% / 42% / 30%</td>
<td>0% / 1% / -4%</td>
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<tr>
<td>Financials</td>
<td>44% / 52% / 30%</td>
<td>-1% / 2% / -3%</td>
<td></td>
</tr>
<tr>
<td>Info Tech</td>
<td>39% / 43% / 32%</td>
<td>-5% / -4% / -7%</td>
<td></td>
</tr>
<tr>
<td>Telecom</td>
<td>46% / 54% / 33%</td>
<td>-5% / -4% / -6%</td>
<td></td>
</tr>
<tr>
<td>Utilities</td>
<td>58% / 65% / 45%</td>
<td>-4% / -2% / -7%</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 = 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 (i.e. reversal of trends), 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.

See Help Pages for further details.
July 28, 2014

Mark Steele (416) 359-4641

Materials

**Momentum**

- Silver: 13 stocks, $19bn
- PrecMet: 25 stocks, $74bn
- ComdChm: 24 stocks, $54bn
- Steel: 80 stocks, $420bn
- Alumin: 12 stocks, $64bn
- Gold: 94 stocks, $188bn
- IndusGas: 79 stocks, $168bn
- SpecChm: 67 stocks, $406bn
- PapProd: 28 stocks, $94bn
- CstrMat: 29 stocks, $206bn
- Fert&Ag: 37 stocks, $259bn
- MtGlsCnt: 16 stocks, $50bn
- DiversChm: 18 stocks, $309bn

**Strength**

- DvrsMng: 84 stocks, $64bn
- PrecMet: 25 stocks, $74bn
- ComdChm: 24 stocks, $54bn
- Steel: 80 stocks, $420bn
- Alumin: 12 stocks, $64bn
- Gold: 94 stocks, $188bn
- IndusGas: 79 stocks, $168bn
- SpecChm: 67 stocks, $406bn
- PapProd: 28 stocks, $94bn
- CstrMat: 29 stocks, $206bn
- Fert&Ag: 37 stocks, $259bn
- MtGlsCnt: 16 stocks, $50bn
- DiversChm: 18 stocks, $309bn
Consumer Staples

July 28, 2014

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DrugRetail → 9 stocks; $179bn

FdRetail ← 42 stocks; $385bn

PersPrdct → 26 stocks; $237bn

FdDistri ← 12 stocks; $42bn

PkgFdMt → 122 stocks; $1094bn

Brewers ← 16 stocks; $537bn

SprCntrs → 17 stocks; $488bn

Tobacco ← 16 stocks; $597bn

Dist&Vnt → 13 stocks; $205bn

SoftDrnks ← 15 stocks; $414bn

AgriProd → 33 stocks; $137bn

HhldPrdct ← 18 stocks; $522bn

AgriProd

SoftDrnks

Dist&Vnt

SprCntrs

Brewers

Tobacco

PkgFdMt

FdDistri

PersPrdct

FdRetail

DrugRetail

Momentum

Strength
Information Technology

Momentum

Strength

HdwrSt&P
49 stocks; $1028bn

SystmSwr
17 stocks; $674bn

InetSftSrvc
109 stocks; $769bn

ITConsult
49 stocks; $583bn

DataProc
49 stocks; $474bn

HmEntSwr
20 stocks; $83bn

ElecInstr
44 stocks; $162bn

ApplicSwr
79 stocks; $398bn

ComEquip
64 stocks; $426bn

EMS
25 stocks; $114bn

SemiEqp
42 stocks; $157bn

TechDist
17 stocks; $41bn

ElecComp
72 stocks; $235bn

Semi
115 stocks; $965bn
Utilities

- **RenewElec**: 21 stocks; $56bn
- **ElecUtil**: 86 stocks; $954bn
- **MultiUtil**: 39 stocks; $508bn
- **GasUtil**: 36 stocks; $222bn
- **IPPTrad**: 24 stocks; $125bn
- **WaterUtil**: 20 stocks; $67bn
**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.
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).
User Guide 3 - Buy/Hold/Sell

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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Distribution of Ratings (March 31, 2014)

<table>
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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>Staining Universe</th>
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<tr>
<td>Buy</td>
<td>Outperform</td>
<td>42.0%</td>
<td>21.3%</td>
<td>60.7%</td>
<td>40.8%</td>
<td>33.8%</td>
<td>33.6%</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>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>5.5%</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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