Group Selection
Priced as of February 18, 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**

- **Energy**: 33% / 38% / 46%
- **Materials**: 32% / 37% / 45%
- **Industrials**: 52% / 57% / 68%
- **CMR Disc**: 49% / 54% / 63%
- **CMR Stap**: 26% / 33% / 43%
- **Health Care**: 56% / 61% / 68%
- **Financials**: 39% / 47% / 60%
- **Info Tech**: 56% / 59% / 66%
- **Telecom**: 44% / 50% / 56%
- **Utilities**: 28% / 35% / 50%

- **Quality of Ranking (US/GBL/CDA)**: 7% / 8% / -1%
- **Reward/Risk (US/GBL/CDA)**: 21% / 20% / 16%
- **Trend Psn (US/GBL/CDA)**: -3% / -5% / -11%

*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.
Strength Changes Last Session

Momentum

Strength

SemiEqp → AutoParts → Pharma → SpecChm → CompHdwr → HhlApl → HCareTec → SvSpSrv

WaterUtil → DvSpSrv → EMS → HmFrnsh → Tire&Rub

CompHdwr → WaterUtil → DvSpSrv → EMS → HmFrnsh → Tire&Rub

HhlApl → HCareTec → SvSpSrv → EMS → HmFrnsh → Tire&Rub

SvSpSrv → EMS → HmFrnsh → Tire&Rub

HmFrnsh → Tire&Rub

February 18, 2014

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<th>Sector</th>
<th>Stocks</th>
<th>Value</th>
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<td>IndusGas</td>
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<td>$159bn</td>
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<tr>
<td>PrecMet</td>
<td>39</td>
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<tr>
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<td>$602bn</td>
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<tr>
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<td>$319bn</td>
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<td>$374bn</td>
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<tr>
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<td>$45bn</td>
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<tr>
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<td>$306bn</td>
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<tr>
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<td>PapProd</td>
<td>30</td>
<td>$98bn</td>
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<tr>
<td>Gold</td>
<td>95</td>
<td>$184bn</td>
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<tr>
<td>MtGlsCnt</td>
<td>16</td>
<td>$49bn</td>
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<tr>
<td>Fert&amp;Ag</td>
<td>37</td>
<td>$254bn</td>
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<td>Steel</td>
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Momentum

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Consumer Staples

DrugRetail
10 stocks; $172bn

Dist&Vnt
14 stocks; $208bn

Brewers
16 stocks; $484bn

SoftDrinks
15 stocks; $379bn

FdRetail
42 stocks; $372bn

SprCntrs
17 stocks; $479bn

PersPrdct
26 stocks; $234bn

AgriProd
34 stocks; $127bn

HhldPrdct
18 stocks; $504bn

FdDistri
12 stocks; $42bn

PkgFdMt
124 stocks; $1009bn

Tobacco
16 stocks; $530bn

Strength

Momentum

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10 stocks; $172bn

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February 18, 2014

Information Technology

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Momentum

SemiEqp
40 stocks; $142bn

TechDist
17 stocks; $36bn

Semi
120 stocks; $854bn

CompHdwr
21 stocks; $623bn

EMS
25 stocks; $100bn

ElecComp
42 stocks; $302bn

HmEntSwr
21 stocks; $83bn

ApplicSwr
81 stocks; $411bn

InetSftSrv
105 stocks; $1054bn

OffElectr
7 stocks; $65bn

ElecInstr
43 stocks; $159bn

ITConsult
49 stocks; $573bn

PCStor&P
18 stocks; $146bn

DataProc
49 stocks; $462bn

ComEquip
69 stocks; $457bn

SystmSwr
36 stocks; $611bn

40 stocks; $142bn

21 stocks; $36bn

120 stocks; $854bn

21 stocks; $623bn

25 stocks; $100bn

42 stocks; $302bn

21 stocks; $83bn

81 stocks; $411bn

105 stocks; $1054bn

7 stocks; $65bn

43 stocks; $159bn

49 stocks; $573bn

18 stocks; $146bn

49 stocks; $462bn

69 stocks; $457bn

36 stocks; $611bn
February 18, 2014

Telecommunication Services

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Momentum

Strength

IntgTelSrv
65 stocks; $723bn

AltCar
15 stocks; $57bn

WlsTelSrv
49 stocks; $106bn

Telecommunication Services

IntgTelSrv
65 stocks; $723bn

AltCar
15 stocks; $57bn

WlsTelSrv
49 stocks; $106bn
February 18, 2014

Utilities

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WaterUtil
- 20 stocks; $60bn

MultiUtil
- 39 stocks; $477bn

ElecUtil
- 85 stocks; $876bn

GasUtil
- 33 stocks; $184bn

IPPTrad
- 44 stocks; $157bn
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).
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”
- 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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<td>38.0%</td>
<td>20.4%</td>
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<td>13.8%</td>
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<td>5.6%</td>
<td>2.0%</td>
<td>7.2%</td>
<td>3.1%</td>
<td>5.7%</td>
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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.

Market performance is measured by a benchmark index such as the S&P/TSX Composite Index, S&P 500, Nasdaq Composite, as appropriate for each company. BMO Capital Markets eight Top 15 lists guide investors to our best ideas according to different objectives (Canadian large, small, growth, value, income, quantitative; and US large, US small) have replaced the Top Pick rating.

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