Group Selection

Priced as of February 12, 2015

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 (ordering/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
<table>
<thead>
<tr>
<th>Strength</th>
<th>Resources</th>
</tr>
</thead>
<tbody>
<tr>
<td>MtGlsCnt</td>
<td>16 stocks; $52bn</td>
</tr>
<tr>
<td>SpecChm</td>
<td>26 stocks; $42bn</td>
</tr>
<tr>
<td>FrstPrd</td>
<td>12 stocks; $22bn</td>
</tr>
<tr>
<td>IndusGas</td>
<td>10 stocks; $17bn</td>
</tr>
<tr>
<td>Fert&amp;Ag</td>
<td>25 stocks; $260bn</td>
</tr>
<tr>
<td>OG RfMkt</td>
<td>50 stocks; $357bn</td>
</tr>
<tr>
<td>OG Drill</td>
<td>28 stocks; $65bn</td>
</tr>
<tr>
<td>OG E&amp;P</td>
<td>180 stocks; $920bn</td>
</tr>
<tr>
<td>Int O&amp;G</td>
<td>50 stocks; $177bn</td>
</tr>
<tr>
<td>OG Equip</td>
<td>78 stocks; $350bn</td>
</tr>
<tr>
<td>ComdChm</td>
<td>35 stocks; $293bn</td>
</tr>
<tr>
<td>DiversChm</td>
<td>18 stocks; $92bn</td>
</tr>
<tr>
<td>DvrsMng</td>
<td>29 stocks; $470bn</td>
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<tr>
<td>PrecMet</td>
<td>22 stocks; $56bn</td>
</tr>
<tr>
<td>PaperPkg</td>
<td>17 stocks; $92bn</td>
</tr>
<tr>
<td>PapProd</td>
<td>28 stocks; $102bn</td>
</tr>
<tr>
<td>CstrMat</td>
<td>29 stocks; $21bn</td>
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<tr>
<td>Silver</td>
<td>12 stocks; $17bn</td>
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<tr>
<td>OG StTr</td>
<td>50 stocks; $703bn</td>
</tr>
<tr>
<td>OG StTr</td>
<td>50 stocks; $703bn</td>
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<tr>
<td>Alumin</td>
<td>12 stocks; $64bn</td>
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<tr>
<td>Coal&amp;Uran</td>
<td>27 stocks; $99bn</td>
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<tr>
<td>Steel</td>
<td>27 stocks; $323bn</td>
</tr>
<tr>
<td>Gold</td>
<td>71 stocks; $149bn</td>
</tr>
</tbody>
</table>
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**Consumer Staples**

Mark Steele (416) 359-4641

- **Momentum**
  - **DrugRetail**: 3 stocks; $224bn
  - **FdRetail**: 40 stocks; $356bn
  - **HhldPrdct**: 18 stocks; $560bn
- **Strength**
  - **Dist&Vnt**: 12 stocks; $215bn
  - **PkG-FdMt**: 121 stocks; $1,144bn
  - **PersPrdct**: 25 stocks; $240bn
  - **Brewers**: 15 stocks; $515bn
  - **AgriProd**: 33 stocks; $1,222bn

- **FdDistri**: 11 stocks; $43bn
- **SprCntrs**: 17 stocks; $502bn
- **SoftDrinks**: 15 stocks; $493bn
- **PersPrdct**: 25 stocks; $240bn
- **Brewers**: 15 stocks; $515bn
- **AgriProd**: 33 stocks; $1,222bn

**Market Cap**
- **Consumer Staples**: $2,114bn
- **Momentum Stocks**: $1,165bn
- **Strength Stocks**: $949bn
- **Total Market Cap**: $3,063bn

**Sector Breakdown**
- **Consumer Staples**: $2,114bn
  - **DrugRetail**: $224bn
  - **FdRetail**: $356bn
  - **HhldPrdct**: $560bn
  - **Tobacco**: $607bn
  - **Dist&Vnt**: $215bn
  - **PkG-FdMt**: $1,144bn
  - **PersPrdct**: $240bn
  - **Brewers**: $515bn
  - **AgriProd**: $1,222bn
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Momentum vs Strength

Information Technology

SemiEqp → 40 stocks; $138bn
ApplicSwr → 79 stocks; $415bn
DataProc ← 47 stocks; $534bn
ITConsult ↓ 46 stocks; $572bn

Semi ← 103 stocks; $828bn
EMS ↑ 23 stocks; $117bn

SystmSwr ← 39 stocks; $688bn
ElecInstr ↑ 42 stocks; $147bn

ComEquip ← 59 stocks; $474bn
ElecComp ↑ 39 stocks; $234bn

TechDist ← 16 stocks; $40bn

InetSftSrv ↓ 108 stocks; $950bn
HdwrSt&P ↑ 49 stocks; $132bn
HmEntSwr ← 19 stocks; $83bn
Telecommunication Services

- AltCar: 15 stocks, $55bn
- WlsTelSrv: 46 stocks, $101bn
- IntgTelSrv: 62 stocks, $136bn

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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 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.
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”
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)

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<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>Starmine 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>53.8%</td>
<td>53.8%</td>
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<tr>
<td>Hold</td>
<td>Market Perform</td>
<td>52.8%</td>
<td>10.8%</td>
<td>38.2%</td>
<td>52.8%</td>
<td>43.8%</td>
<td>40.8%</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>5.6%</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.
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(S) = Speculative investment;
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