Group Selection
Priced as of September 5, 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 Relative Strength Profiles**

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<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Energy</td>
<td>53% / 59% / 45%</td>
<td>-18% / -15% / -13%</td>
<td></td>
</tr>
<tr>
<td>Materials</td>
<td>41% / 48% / 32%</td>
<td>-6% / -3% / -1%</td>
<td></td>
</tr>
<tr>
<td>Industrials</td>
<td>34% / 41% / 25%</td>
<td>-2% / 2% / 7%</td>
<td></td>
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<tr>
<td>CMR Disc</td>
<td>31% / 36% / 23%</td>
<td>2% / 6% / 10%</td>
<td></td>
</tr>
<tr>
<td>CMR Stap</td>
<td>43% / 52% / 32%</td>
<td>-7% / -3% / 2%</td>
<td></td>
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<tr>
<td>Hlth Care</td>
<td>38% / 44% / 29%</td>
<td>0% / 4% / 5%</td>
<td></td>
</tr>
<tr>
<td>Financials</td>
<td>41% / 51% / 27%</td>
<td>-2% / 3% / 9%</td>
<td></td>
</tr>
<tr>
<td>Info Tech</td>
<td>37% / 43% / 28%</td>
<td>5% / 8% / 11%</td>
<td></td>
</tr>
<tr>
<td>Telecom</td>
<td>44% / 54% / 36%</td>
<td>-3% / 1% / 6%</td>
<td></td>
</tr>
<tr>
<td>Utilities</td>
<td>47% / 58% / 33%</td>
<td>-1% / 3% / 14%</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 (%), 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.
Strength Changes Last Session

Mark Steele (416) 359-4641
September 5, 2014

Momentum

Strength

OG Ref Mkt
50 stocks; $395bn

Int O&G
55 stocks; $227bn

Coal & Uran
31 stocks; $111bn

OG St Tr
91 stocks; $785bn

OG Drill
33 stocks; $121bn

OG E&P
217 stocks; $131bn

OG Equip
86 stocks; $515bn

Energy
Consumer Staples

September 5, 2014

[Diagram showing various categories including SoftDrinks (15 stocks, $423bn), Brewers (15 stocks, $519bn), AgriProd (33 stocks, $135bn), Tobacco (16 stocks, $593bn), DrugRetail (9 stocks, $174bn), HhdPrdct (18 stocks, $533bn), PkgFdMt (121 stocks, $1087bn), SprCntrs (11 stocks, $44bn), PersPrdct (25 stocks, $235bn), Dist&Vnt (13 stocks, $207bn), FdDistri (13 stocks, $44bn), FdRetail (41 stocks, $369bn).]

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### Information Technology

**Momentum**

- **ApplicSwr**: 79 stocks; $409bn
- **ITConsult**: 48 stocks; $551bn
- **InetStfSrv**: 110 stocks; $349bn

**Strength**

- **Semi**: 112 stocks; $801bn
- **ComEquip**: 61 stocks; $421bn
- **HdwrSt&P**: 51 stocks; $1224bn
- **ElecComp**: 43 stocks; $238bn
- **DataProc**: 49 stocks; $471bn
- **ElecInstr**: 42 stocks; $145bn
- **TechDist**: 16 stocks; $41bn
- **SystmSwr**: 37 stocks; $695bn
- **HmEntSwr**: 20 stocks; $80bn

**Category Breakdown**

- **Information Technology**
- **ApplicSwr**: $409bn
- **ITConsult**: $551bn
- **InetStfSrv**: $349bn
- **Semi**: $801bn
- **ComEquip**: $421bn
- **HdwrSt&P**: $1224bn
- **ElecComp**: $238bn
- **DataProc**: $471bn
- **ElecInstr**: $145bn
- **TechDist**: $41bn
- **SystmSwr**: $695bn
- **HmEntSwr**: $80bn
September 5, 2014

Telecommunication Services

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IntgTelSrv
46 stocks; $1392bn

AltCar
15 stocks; $58bn

WlsTelSrv
46 stocks; $1063bn
September 5, 2014

Utilities

WaterUtil
20 stocks; $67bn

GasUtil
36 stocks; $221bn

IPP Trad
24 stocks; $127bn

ElecUtil
85 stocks; $955bn

MultiUtil
39 stocks; $505bn

RenewElec
21 stocks; $56bn
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)

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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 Clients*****</th>
<th>Starnes 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>53.6%</td>
<td>53.6%</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>40.3%</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>5.6%</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.
*** 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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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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