Group Selection

Priced as of December 23, 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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</thead>
<tbody>
<tr>
<td>Energy</td>
<td>12% / 18% / 24%</td>
<td>-33% / -28% / -18%</td>
<td></td>
</tr>
<tr>
<td>Materials</td>
<td>19% / 29% / 38%</td>
<td>-4% / 0% / 4%</td>
<td></td>
</tr>
<tr>
<td>Industrials</td>
<td>23% / 38% / 50%</td>
<td>4% / 12% / 15%</td>
<td></td>
</tr>
<tr>
<td>CMR Disc</td>
<td>33% / 46% / 57%</td>
<td>2% / 11% / 14%</td>
<td></td>
</tr>
<tr>
<td>CMR Stap</td>
<td>31% / 45% / 54%</td>
<td>-8% / -2% / 8%</td>
<td></td>
</tr>
<tr>
<td>Hlth Care</td>
<td>52% / 65% / 75%</td>
<td>-4% / 0% / 4%</td>
<td></td>
</tr>
<tr>
<td>Financials</td>
<td>33% / 55% / 70%</td>
<td>-4% / 9% / 13%</td>
<td></td>
</tr>
<tr>
<td>Info Tech</td>
<td>37% / 49% / 62%</td>
<td>6% / 15% / 17%</td>
<td></td>
</tr>
<tr>
<td>Telecom</td>
<td>28% / 50% / 56%</td>
<td>-16% / -13% / 3%</td>
<td></td>
</tr>
<tr>
<td>Utilities</td>
<td>33% / 52% / 64%</td>
<td>-12% / 4% / 12%</td>
<td></td>
</tr>
</tbody>
</table>

*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

Momentum

Strength

- SpCmSrv
- OfficeServ
- HmFrnsh
- HCareTec
- SpecialFin
- InsurBrkrs
- PaperPkg
- Mov&Ent
- AltCar
- ConsmrFin
- ComEqip
- Biotech
- OffceServ
- ConsmrFin
- LfSciSrv
- Alumin
- Educat
- SpCmSrv
- OfficeServ
- HmFrnsh
- HCareTec
- SpecialFin
- InsurBrkrs
- PaperPkg
- Mov&Ent
- AltCar
- ConsmrFin
- ComEqip
- Biotech
- OffceServ
- ConsmrFin
- LfSciSrv
- Alumin
- Educat

- ElecCmpEq
- SoftDrnks
- InetRtl
- CnstMch&Tfl
- Ind Mach
- ComdChm
- Textiles
- LifeHthIns
- InvBnkBrk
- DiversREIT
- Tire&Rub
- Publishing
- DiversBnk
- WlsTelSrv
- P&C Insur
- IndusGas
- ElecInstr
- IntgTelSrv
- CstrMat
- Sec&Alm
- CatalgRtl
- MortgREIT
- Pharma
- OG StTr
- REstSrv
- Rstaurnt
- MotcyMfg
- OthrDivFS
- Hsware
- LifeHthIns
- InvBnkBrk
- DiversREIT
- Tire&Rub
- Publishing
- DiversBnk
- WlsTelSrv
- P&C Insur
- IndusGas
- ElecInstr
- IntgTelSrv
- CstrMat
- Sec&Alm
- CatalgRtl
- MortgREIT
- Pharma
- OG StTr
- REstSrv

December 23, 2014
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BMO Capital Markets
December 23, 2014

Health Care

Momentum

Strength

HCSuppls
27 stocks, $88bn

HCareTec
15 stocks, $51bn

LifeSciSrv
27 stocks, $168bn

Biotech
119 stocks, $773bn

MngHCare
13 stocks, $235bn

HCService
33 stocks, $270bn

HCFacility
32 stocks, $136bn

HCEquip
74 stocks, $589bn

HCDistrib
15 stocks, $139bn

Pharma
100 stocks, $2654bn
### Financials

**Momentum**
- **RegionBnk** 127 stocks; $437bn
- **ConsmrFin** 23 stocks; $246bn
- **SpecialFin** 29 stocks; $229bn
- **InsurBrkers** 9 stocks; $35bn
- **SpecREIT** 16 stocks; $172bn

**Strength**
- **AsstMgmt** 62 stocks; $487bn
- **DivCpMkt** 10 stocks; $313bn
- **Reinsuran** 16 stocks; $123bn
- **LifeHthIns** 42 stocks; $772bn
- **InvBnkBrk** 36 stocks; $349bn
- **Thrt&Mtg** 41 stocks; $391bn
- **DiversBnk** 107 stocks; $4795bn
- **MltSecHld** 23 stocks; $313bn
- **HotelREIT** 46 stocks; $349bn
- **HCareREIT** 16 stocks; $246bn
- **RetailREIT** 50 stocks; $314bn
- **ResidREIT** 48 stocks; $314bn
- **P&C Insur** 36 stocks; $988bn
- **IndusREIT** 16 stocks; $988bn
- **MortgREIT** 30 stocks; $517bn
- **REstDvAct** 34 stocks; $132bn
- **OfficeREIT** 34 stocks; $132bn
- **OthrDivFS** 30 stocks; $70bn
- **Multi-LnIns** 30 stocks; $528bn
- **REstSrvc** 30 stocks; $61bn
- **REstDevl** 30 stocks; $61bn
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.
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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<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>Stamme Universe</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buy</td>
<td>Outperform</td>
<td>42.0%</td>
<td>21.5%</td>
<td>60.7%</td>
<td>40.8%</td>
<td>33.8%</td>
<td>53.6%</td>
</tr>
<tr>
<td>Hold</td>
<td>Market Perform</td>
<td>53.8%</td>
<td>10.8%</td>
<td>38.2%</td>
<td>32.8%</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>
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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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- 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;
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