Group Selection
Priced as of July 21, 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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*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

- Dist&Vnt ➔ OthrDivFS ➔ Coal&Uran ➔ LeisFcli ➔ Broadcast
- HvyElcEq ➔ WaterUtil ➔ Cns&Eng ➔ SpecChm ➔ LifeHthIns ➔ P&C Insur ➔ SpCmSrv ➔ ComEquip ➔ Marine
- AirprtSrv ➔ LeisFcil ➔ HvyElcEq ➔ HfWt ➔ P&C Insur ➔ SpCmSrv ➔ ComEquip ➔ Marine
- OfficeREIT ➔ WaterUtil ➔ Cns&Eng ➔ SpecChm ➔ LifeHthIns ➔ P&C Insur ➔ SpCmSrv ➔ ComEquip ➔ Marine
- DiversREIT ➔ HvyElcEq ➔ WaterUtil ➔ Cns&Eng ➔ SpecChm ➔ LifeHthIns ➔ P&C Insur ➔ SpCmSrv ➔ ComEquip ➔ Marine
- InetRtl ➔ SystmSwr ➔ HvyElcEq ➔ WaterUtil ➔ Cns&Eng ➔ SpecChm ➔ LifeHthIns ➔ P&C Insur ➔ SpCmSrv ➔ ComEquip ➔ Marine
- IPPTrad ➔ MtGlScnt ➔ Hwy&Rail ➔ AsstMgmt ➔ HmEntSwr ➔ Multi-LnIns ➔ ApplicSwr
- HdwrSt&P ➔ EMS ➔ Int O&G ➔ RenewElec ➔ TechDist ➔ FdRetail ➔ Ind Mach ➔ HtI&Rsrt
- SpecREIT ➔ AutoMfg ➔ CnstMch&Tp ➔ CmpElRtl ➔ HmFrnsh ➔ PersPrdct ➔ Ag&Farm ➔ ApparlRtl
- PrecMet ➔ OG E&P ➔ SemiEqp ➔ REstSrv ➔ HmFrnsh ➔ PersPrdct ➔ Ag&Farm ➔ ApparlRtl
- Silver ➔ Gold ➔ AutoRtl ➔ REstSrv ➔ HmFrnsh ➔ PersPrdct ➔ Ag&Farm ➔ ApparlRtl
- Gold ➔ AutoRtl ➔ REstSrv ➔ HmFrnsh ➔ PersPrdct ➔ Ag&Farm ➔ ApparlRtl
- AutoRtl ➔ REstSrv ➔ HmFrnsh ➔ PersPrdct ➔ Ag&Farm ➔ ApparlRtl
- REstSrv ➔ HmFrnsh ➔ PersPrdct ➔ Ag&Farm ➔ ApparlRtl
- HmFrnsh ➔ PersPrdct ➔ Ag&Farm ➔ ApparlRtl
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<th>Momentum</th>
<th>Strength</th>
<th>Resources</th>
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<td><strong>Coal &amp; Uran</strong></td>
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<td></td>
<td>31 stocks; $108bn</td>
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<tr>
<td><strong>Comd Chm</strong></td>
<td>↑</td>
<td></td>
<td>32 stocks; $326bn</td>
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<td><strong>Spec Chm</strong></td>
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<tr>
<td><strong>OG RfMkt</strong></td>
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<td></td>
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<td>37 stocks; $291bn</td>
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<tr>
<td><strong>OG St Tr</strong></td>
<td>↑</td>
<td></td>
<td>86 stocks; $753bn</td>
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<tr>
<td><strong>Dvrs Mng</strong></td>
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<td></td>
<td>84 stocks; $623bn</td>
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<td><strong>OG Equip</strong></td>
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<td>88 stocks; $541bn</td>
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<td>12 stocks; $19bn</td>
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Momentum

Strength

July 21, 2014

Mark Steele (416) 359-4641

Materials

- **ComdChm** (32 stocks; $326bn)
- **SpecChm** (66 stocks; $399bn)
- **DiversChm** (18 stocks; $309bn)
- **Steel** (80 stocks; $410bn)
- **Fert&Ag** (37 stocks; $261bn)
- **Alumin** (12 stocks; $62bn)
- **MtGlsCnt** (16 stocks; $51bn)
- **DvrsMng** (64 stocks; $653bn)
- **CstrMat** (29 stocks; $206bn)
- **PrecMet** (25 stocks; $73bn)
- **Silver** (13 stocks; $19bn)
- **Gold** (94 stocks; $188bn)
- **IndusGas** (10 stocks; $167bn)
- **PaperPkg** (17 stocks; $79bn)
- **FrstPrd** (12 stocks; $19bn)
- **PapProd** (28 stocks; $92bn)

Commodities

- **ComdChm** (32 stocks; $326bn)
- **SpecChm** (66 stocks; $399bn)
- **DiversChm** (18 stocks; $309bn)
- **Steel** (80 stocks; $410bn)
- **Fert&Ag** (37 stocks; $261bn)
- **Alumin** (12 stocks; $62bn)
- **MtGlsCnt** (16 stocks; $51bn)
- **DvrsMng** (64 stocks; $653bn)
- **CstrMat** (29 stocks; $206bn)
- **PrecMet** (25 stocks; $73bn)
- **Silver** (13 stocks; $19bn)
- **Gold** (94 stocks; $188bn)
- **IndusGas** (10 stocks; $167bn)

PapProd (28 stocks; $92bn)
### Consumer Discretionary

**Momentum**

- **Cabl&Sat**: 26 stocks; $425bn
- **LeisFcil**: 12 stocks; $47bn
- **LeisPrd**: 20 stocks; $52bn
- **Tire&Rub**: 9 stocks; $88bn
- **Broadcast**: 37 stocks; $183bn

**Strength**

- **SpCmSrv**: 12 stocks; $33bn
- **HhIdApI**: 13 stocks; $59bn
- **Apri&Gds**: 45 stocks; $521bn
- **Distrib**: 12 stocks; $53bn
- **CatalgRtl**: 7 stocks; $22bn

- **DeptStrs**: 23 stocks; $145bn
- **Cas&Gam**: 42 stocks; $365bn
- **InetRtl**: 26 stocks; $345bn

- **CmrElec**: 13 stocks; $96bn
- **AutoParts**: 40 stocks; $332bn
- **Publishing**: 29 stocks; $164bn
- **HomeFurn**: 10 stocks; $23bn
- **Educat**: 24 stocks; $43bn

- **GMrchStrs**: 15 stocks; $107bn
- **Advert**: 22 stocks; $121bn
- **HomeBld**: 24 stocks; $110bn
- **Rstaurnt**: 63 stocks; $353bn

- **MotcyMfg**: 3 stocks; $29bn
- **AutoMfg**: 37 stocks; $1085bn
- **AutoRtl**: 19 stocks; $87bn
- **Mov&Ent**: 25 stocks; $348bn
- **HmFnsRtl**: 13 stocks; $37bn

- **CmpElRtl**: 3 stocks; $40bn
- **SpecStors**: 30 stocks; $117bn
- **Footwear**: 13 stocks; $86bn
- **ApparlRtl**: 47 stocks; $345bn
- **Textiles**: 3 stocks; $7bn
- **Hsware**: 6 stocks; $21bn
- **Footwear**: 13 stocks; $86bn
Health Care

Momentum

Strength

- HCFacility 30 stocks; $106bn
- LiSciSrv 29 stocks; $172bn
- HCService 33 stocks; $188bn
- MngHCare 13 stocks; $210bn
- Pharma 95 stocks; $2601bn

- HCareTec 13 stocks; $36bn
- HCSupps 29 stocks; $81bn
- HCDistrib 14 stocks; $124bn
- Biotech 128 stocks; $661bn
- HCEquip 77 stocks; $533bn

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Health Care

HCareTec

HCSupps

HCDistrib

Biotech

HCEquip

MngHCare

Pharma

LiSciSrv

HCService

HCFacility

Momentum

Strength
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.
IMPORTANT DISCLOSURES

Analyst's Certification
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Company Specific Disclosures
For Important Disclosures on the stocks discussed in this report, please go to http://researchglobal.bmocapitalmarkets.com/Public/Company_Disclosure_Public.aspx

Distribution of Ratings (March 31, 2014)

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<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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<td>Buy</td>
<td>Outperform</td>
<td>42.0%</td>
<td>21.5%</td>
<td>60.7%</td>
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<td>33.6%</td>
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<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>
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<tr>
<td>Sell</td>
<td>Underperform</td>
<td>5.2%</td>
<td>3.2%</td>
<td>1.1%</td>
<td>6.2%</td>
<td>2.7%</td>
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* Reflected rating distribution of all companies covered by BMO Capital Markets Corp. equity research analysts.
** Reflected rating distribution of all companies from which BMO Capital Markets Corp. has received compensation for Investment Banking services as percentage within ratings category.
*** Reflected 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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Rating and Sector Key (as of April 5, 2013)
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
R = Restricted – Dissemination of research is currently restricted.
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