Group Selection

Priced as of March 26, 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 (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.
<table>
<thead>
<tr>
<th>Sector</th>
<th>Momentum</th>
<th>Strength</th>
</tr>
</thead>
<tbody>
<tr>
<td>OG Equip</td>
<td>87 stocks: $489bn</td>
<td></td>
</tr>
<tr>
<td>OG Drill</td>
<td>32 stocks: $120bn</td>
<td></td>
</tr>
<tr>
<td>OG StTr</td>
<td>80 stocks: $620bn</td>
<td></td>
</tr>
<tr>
<td>Int O&amp;G</td>
<td>34 stocks: $2140bn</td>
<td></td>
</tr>
<tr>
<td>OG E&amp;P</td>
<td>225 stocks: $1141bn</td>
<td></td>
</tr>
<tr>
<td>Coal&amp;Uran</td>
<td>34 stocks: $98bn</td>
<td></td>
</tr>
<tr>
<td>OG RfMkt</td>
<td>49 stocks: $343bn</td>
<td></td>
</tr>
</tbody>
</table>
March 26, 2014

**Materials**

- **Alumin**: 12 stocks, $45bn
- **SpecChm**: 58 stocks, $386bn
- **CstrMat**: 30 stocks, $205bn
- **MtGlsCnt**: 16 stocks, $47bn
- **PapProd**: 30 stocks, $93bn
- **IndusGas**: 10 stocks, $158bn
- **PaperPkg**: 77 stocks, $78bn
- **DiversChm**: 19 stocks, $304bn
- **PrecMet**: 25 stocks, $69bn
- **DvrsMng**: 16 stocks, $47bn
- **Fert&Ag**: 38 stocks, $382bn
- **Steel**: 81 stocks, $320bn
- **ComdChm**: 33 stocks, $320bn
- **FrstPrd**: 12 stocks, $20bn
- **Gold**: 94 stocks, $166bn
- **Silver**: 13 stocks, $15bn
March 26, 2014

Consumer Staples

Momentum

Strength

Mark Steele (416) 359-4641

PersPrdct →
26 stocks; $23.1bn

Tobacco →
16 stocks; $54.6bn

FdRetail →
42 stocks; $371bn

DrugRetail ↓
10 stocks; $180bn

FdDistri →
12 stocks; $43bn

Brewers

SprCntrs

16 stocks; $499bn

17 stocks; $479bn

PkgFdMt ↓
124 stocks; $1028bn

AgriProd ↓
34 stocks; $132bn

SoftDrnks ↑
15 stocks; $392bn

Dist&Vnt ↓
14 stocks; $211bn

HhldPrdct ↑
18 stocks; $558bn

18 stocks; $508bn
March 26, 2014

Telecommunication Services

- **IntgTelSrv**: 65 stocks, $1293bn
- **WlsTelSrv**: 47 stocks, $940bn
- **AltCar**: 15 stocks, $59bn
March 26, 2014

Utilities

Momentum

Strength

IPPTrad
23 stocks; $105bn

RenewElec
21 stocks; $51bn

ElecUtil
85 stocks; $903bn

MultiUtil
39 stocks; $490bn

WaterUtil
20 stocks; $61bn

GasUtil
33 stocks; $196bn

ElecUtil
85 stocks; $903bn

MultiUtil
39 stocks; $490bn

WaterUtil
20 stocks; $61bn

GasUtil
33 stocks; $196bn

IPPTrad
23 stocks; $105bn
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 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)

<table>
<thead>
<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>Stamina Universe</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buy</td>
<td>Outperform</td>
<td>38.0%</td>
<td>20.4%</td>
<td>49.0%</td>
<td>38.8%</td>
<td>50.4%</td>
<td>52.5%</td>
</tr>
<tr>
<td>Hold</td>
<td>Market Perform</td>
<td>56.1%</td>
<td>13.8%</td>
<td>49.0%</td>
<td>54.0%</td>
<td>46.5%</td>
<td>41.8%</td>
</tr>
<tr>
<td>Sell</td>
<td>Underperform</td>
<td>5.8%</td>
<td>5.6%</td>
<td>2.0%</td>
<td>7.2%</td>
<td>3.1%</td>
<td>5.7%</td>
</tr>
</tbody>
</table>
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;
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