Group Selection

Priced as of August 6, 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 (\( \frac{S^2 - B^2}{S - B} \)), 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.
<table>
<thead>
<tr>
<th>Sector</th>
<th>Momentum</th>
<th>Strength</th>
</tr>
</thead>
<tbody>
<tr>
<td>DeptStrs</td>
<td>23 stocks; $146bn</td>
<td></td>
</tr>
<tr>
<td>MotcyMfg</td>
<td>3 stocks; $28bn</td>
<td></td>
</tr>
<tr>
<td>GMrchStrs</td>
<td>15 stocks; $110bn</td>
<td></td>
</tr>
<tr>
<td>Mov&amp;Ent</td>
<td>26 stocks; $330bn</td>
<td></td>
</tr>
<tr>
<td>CmpElRtl</td>
<td>14 stocks; $40bn</td>
<td></td>
</tr>
<tr>
<td>CmrElec</td>
<td>13 stocks; $58bn</td>
<td></td>
</tr>
<tr>
<td>AutoRtl</td>
<td>19 stocks; $65bn</td>
<td></td>
</tr>
<tr>
<td>Cabl&amp;Sat</td>
<td>27 stocks; $432bn</td>
<td></td>
</tr>
<tr>
<td>InetRtl</td>
<td>27 stocks; $325bn</td>
<td></td>
</tr>
<tr>
<td>Cml&amp;Sat</td>
<td>27 stocks; $432bn</td>
<td></td>
</tr>
<tr>
<td>HomeFurn</td>
<td>9 stocks; $34bn</td>
<td></td>
</tr>
<tr>
<td>Case&amp;Gam</td>
<td>42 stocks; $360bn</td>
<td></td>
</tr>
<tr>
<td>Educat</td>
<td>23 stocks; $42bn</td>
<td></td>
</tr>
<tr>
<td>HomeImpRtl</td>
<td>9 stocks; $175bn</td>
<td></td>
</tr>
<tr>
<td>Rstaurnt</td>
<td>34 stocks; $169bn</td>
<td></td>
</tr>
<tr>
<td>HomeBid</td>
<td>56 stocks; $103bn</td>
<td></td>
</tr>
<tr>
<td>Aprl&amp;Gds</td>
<td>45 stocks; $499bn</td>
<td></td>
</tr>
<tr>
<td>HmFrnsh</td>
<td>13 stocks; $37bn</td>
<td></td>
</tr>
<tr>
<td>HmFrnsh</td>
<td>13 stocks; $37bn</td>
<td></td>
</tr>
<tr>
<td>Footwear</td>
<td>13 stocks; $86bn</td>
<td></td>
</tr>
<tr>
<td>AutoMfg</td>
<td>27 stocks; $1044bn</td>
<td></td>
</tr>
<tr>
<td>AutoParts</td>
<td>41 stocks; $327bn</td>
<td></td>
</tr>
<tr>
<td>Publishing</td>
<td>29 stocks; $162bn</td>
<td></td>
</tr>
<tr>
<td>Textiles</td>
<td>3 stocks; $6bn</td>
<td></td>
</tr>
<tr>
<td>Advert</td>
<td>22 stocks; $115bn</td>
<td></td>
</tr>
<tr>
<td>Rstaurnt</td>
<td>34 stocks; $169bn</td>
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<td>3 stocks; $6bn</td>
<td></td>
</tr>
</tbody>
</table>
Utilities

August 6, 2014

Mark Steele (416) 359-4641

IPP Trad
24 stocks; $121bn

Water Util
20 stocks; $64bn

Elec Util
36 stocks; $916bn

Renew Elec
21 stocks; $53bn

Gas Util
36 stocks; $215bn

Multi Util
39 stocks; $474bn
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”
- 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

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Distribution of Ratings (March 31, 2014)

<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 Clients*****</th>
<th>staggered 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>33.6%</td>
<td>53.6%</td>
</tr>
<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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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
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