Group Selection
Priced as of January 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 Relative Strength Profiles*

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Energy</td>
<td>34% / 37% / 46%</td>
<td>📈 / 📈 / 📈</td>
<td>6% / 3% / 7%</td>
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<tr>
<td>Materials</td>
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<td>9% / 8% / 13%</td>
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<tr>
<td>Industrials</td>
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<td>4% / 3% / 10%</td>
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<tr>
<td>CMR Disc</td>
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<td>CMR Stap</td>
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<td>Hlth Care</td>
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<td>20% / 19% / 21%</td>
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<tr>
<td>Financials</td>
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<td>3% / 1% / 7%</td>
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<tr>
<td>Info Tech</td>
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<td>13% / 9% / 15%</td>
</tr>
<tr>
<td>Telecom</td>
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<td>📈 / 📈 / 📈</td>
<td>-1% / 0% / 6%</td>
</tr>
<tr>
<td>Utilities</td>
<td>26% / 30% / 39%</td>
<td>📈 / 📈 / 📈</td>
<td>8% / 7% / 19%</td>
</tr>
</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 (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.
January 23, 2014

Energy

Momentum

Strength

OG StTr
77 stocks; $359bn

OG E&P
228 stocks; $1120bn

Coal&Uran
25 stocks; $95bn

OG Equip
86 stocks; $465bn

OG RfMkt
49 stocks; $337bn

Int O&G
34 stocks; $215bn

OG Drill
27 stocks; $121bn
**Consumer Discretionary**

- **Momentum**
  - Education (Educat): 21 stocks; $33bn
  - Home Building (HomeBld): 43 stocks; $106bn
  - Home Furnishings (HomeFurn): 20 stocks; $32bn
  - Movements & Entertainment (Mov&Ent): 24 stocks; $308bn
  - Restaurants (Rstaunr): 53 stocks; $341bn

- **Strength**
  - Spending on Services (SpCmSrv): 13 stocks; $32bn
  - Calls & Gaming (Cas&Gam): 42 stocks; $40bn
  - Auto Manufacturing (AutoMfg): 40 stocks; $103bn
  - Distributors (Distrib): 12 stocks; $51bn
  - Retail (Retail): 24 stocks; $308bn

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- **Consumer Discretionary**
  - Hotels & Resorts (Htl&Rsrt): 26 stocks; $165bn
  - Catalog Retail (CatalRtl): 7 stocks; $24bn
  - Advertising (Advert): 22 stocks; $125bn
  - Auto Parts (AutoParts): 38 stocks; $327bn
  - Computers & Electronics (CmrElec): 12 stocks; $86bn

- **Momentum**
  - Inet Retail (InetRtl): 24 stocks; $353bn

- **Strength**
  - Motoring & Manufacturing (MotcyMfg): 3 stocks; $26bn
  - Leisure Facilities (LeisFcil): 6 stocks; $22bn
  - Broadcast (Broadcast): 32 stocks; $168bn
  - Spec Stores (SpecStors): 29 stocks; $113bn
  - Auto Retail (AutoRtl): 18 stocks; $76bn

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- **Consumer Discretionary**
  - Retail (Retail): 23 stocks; $142bn
  - Apparel Retail (ApparelRtl): 51 stocks; $374bn
  - Home Improvement Retail (HmImpRtl): 9 stocks; $185bn
  - Home Furnishings (HmFrnsh): 13 stocks; $36bn

- **Momentum**
  - Internet Retail (InetRtl): 12 stocks; $86bn

- **Strength**
  - Cable & Satellite (Cabl&Sat): 30 stocks; $166bn
  - Textiles (Textiles): 3 stocks; $7bn
  - Publishing (Publishing): 30 stocks; $166bn
  - Holding Aids (HhldApl): 20 stocks; $55bn
  - Leisure Products (LeisPrd): 18 stocks; $76bn

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- **Consumer Discretionary**
  - General Merchandise (GMrchStrs): 15 stocks; $108bn
  - CmpElecRtl (CmpElRtl): 15 stocks; $41bn
  - Tire & Rubber (Tire&Rub): 9 stocks; $88bn

- **Momentum**
  - Footwear (Footwear): 13 stocks; $85bn

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**January 23, 2014**

**Mark Steele (416) 359-4641**
January 23, 2014

Momentum

Strength

Consumer Staples

Mark Steele (416) 359-4641

Momentum

115 stocks; $994bn

Tobacco

16 stocks; $538bn

PkgFdMt

12 stocks; $165bn

DrugRetail

10 stocks; $164bn

FdDistri

12 stocks; $161bn

Dist&Vnt

14 stocks; $210bn

SprCntrs

17 stocks; $480bn

HhldPrdct

18 stocks; $506bn

Brewers

16 stocks; $497bn

AgriProd

34 stocks; $127bn

FdRetail

12 stocks; $367bn

PersPrdct

27 stocks; $241bn

PersPrdct

27 stocks; $241bn

SoftDrnks

15 stocks; $395bn

Consumer Staples

PkgFdMt

115 stocks; $994bn

Tobacco

16 stocks; $538bn

115 stocks; $994bn

16 stocks; $538bn

12 stocks; $165bn

10 stocks; $164bn

12 stocks; $161bn

14 stocks; $210bn

17 stocks; $480bn

18 stocks; $506bn

16 stocks; $497bn

34 stocks; $127bn

12 stocks; $367bn

27 stocks; $241bn

15 stocks; $395bn
Momentum
Strength

January 23, 2014

Mark Steele (416) 359-4641

Health Care

Biotech
110 stocks; $675bn

HCareTec
12 stocks; $39bn

HCDistrib
74 stocks; $117bn

HCService
31 stocks; $191bn

Pharma
89 stocks; $2418bn

HCSuppls
27 stocks; $82bn

LiSciSrv
31 stocks; $177bn

HCEquip
78 stocks; $555bn

HCFacility
29 stocks; $86bn

MngHCare
13 stocks; $150bn

110 stocks; $675bn

12 stocks; $39bn

74 stocks; $117bn

31 stocks; $191bn

89 stocks; $2418bn

27 stocks; $82bn

31 stocks; $177bn

78 stocks; $555bn

29 stocks; $86bn

13 stocks; $150bn
Information Technology

January 23, 2014

Mark Steele (416) 359-4641

PCStor&P
21 stocks; $154bn

TechDist
17 stocks; $38bn

SystmSwr
35 stocks; $604bn

EMS
25 stocks; $100bn

ApplicSwr
81 stocks; $404bn

OffElectr
9 stocks; $22bn

Semi
119 stocks; $838bn

CompHdwr
21 stocks; $636bn

SystmHdwr
21 stocks; $636bn

SemiEqp
40 stocks; $201bn

OffElectr
9 stocks; $22bn

DataProc
48 stocks; $459bn

ElecInstr
41 stocks; $159bn

DataComm
13 stocks; $72bn

HmEntSwr
21 stocks; $78bn

Semi
119 stocks; $838bn

ITConsult
60 stocks; $572bn

ElecComp
40 stocks; $201bn

IntSftSrv
102 stocks; $992bn

SemiEqp
40 stocks; $201bn

ComEquip
70 stocks; $451bn

ElecInstr
41 stocks; $159bn

ITConsult
60 stocks; $572bn

ElecComp
40 stocks; $201bn

HmEntSwr
21 stocks; $78bn
Momentum

Strength

January 23, 2014

Telecommunication Services

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IntgTelSrv
65 stocks; $1236bn

AltCar
15 stocks; $55bn

WlsTelSrv
47 stocks; $1090bn

65 stocks; $1236bn

47 stocks; $1090bn
Utilities

GasUtil
34 stocks; $199bn

MultiUtil
39 stocks; $459bn

WaterUtil
21 stocks; $59bn

IPPTrad
46 stocks; $155bn

ElecUtil
83 stocks; $844bn
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.
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)

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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 IB Clients*****</th>
<th>Stamine Universe</th>
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<td>Buy</td>
<td>Outperform</td>
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<td>20.3%</td>
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<td>36.7%</td>
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<tr>
<td>Hold</td>
<td>Market Perfom</td>
<td>59.4%</td>
<td>13.1%</td>
<td>51.1%</td>
<td>56.9%</td>
<td>50.2%</td>
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<td>Sell</td>
<td>Underperform</td>
<td>4.9%</td>
<td>3.4%</td>
<td>1.1%</td>
<td>6.4%</td>
<td>1.5%</td>
<td>5.6%</td>
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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;
R = Restricted - Dissemination of research is currently restricted.

Market performance is measured by a benchmark index such as the S&P/TSX Composite Index, S&P 500, Nasdaq Composite, as appropriate for each company. BMO Capital Markets eight Top 15 lists guide investors to our best ideas according to different objectives (Canadian large, small, growth, value, income, quantitative; and US large, US small) have replaced the Top Pick rating.

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