Group Selection

Priced as of September 30, 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 = 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.
Consumer Discretionary

- **Footwear** 13 stocks, $93bn
- **Rstaurnt** 53 stocks, $351bn
- **HmFrnsh** 13 stocks, $38bn
- **LeisFcil** 12 stocks, $39bn
- **HomeFurn** 9 stocks, $34bn
- **AutoMfg** 37 stocks, $100bn
- **CmrElec** 12 stocks, $35bn
- **Hware** 5 stocks, $21bn
- **DeptStrs** 23 stocks, $146bn
- **LeisPrd** 21 stocks, $65bn
- **Cas&Gam** 42 stocks, $306bn
- **SpCmSrV** 12 stocks, $24bn
- **SpecStors** 3 stocks, $115bn
- **HmImpRtl** 8 stocks, $193bn
- **Textiles** 3 stocks, $6bn
- **MotcyMfg** 3 stocks, $29bn
- **GMrchStrs** 16 stocks, $118bn
- **Htl&Rsrt** 6 stocks, $192bn
- **InetRtl** 37 stocks, $320bn
- **AutoRtl** 19 stocks, $82bn
- **ApparRtl** 47 stocks, $351bn
- **Aprl&Gds** 45 stocks, $473bn
- **CmpElRtl** 13 stocks, $40bn
- **Tire&Rub** 9 stocks, $77bn
- **Cabl&Sat** 37 stocks, $426bn
- **Mov&Ent** 26 stocks, $334bn
- **InetRtl** 27 stocks, $320bn
- **AutoRtl** 19 stocks, $82bn
- **ApparRtl** 47 stocks, $351bn
- **Aprl&Gds** 45 stocks, $473bn
- **CmpElRtl** 13 stocks, $40bn
- **Distrib** 12 stocks, $51bn
- **HhldApl** 13 stocks, $57bn
- **HomeBld** 34 stocks, $103bn
<table>
<thead>
<tr>
<th>Sector</th>
<th>Momentum</th>
<th>Strength</th>
</tr>
</thead>
<tbody>
<tr>
<td>Biotech</td>
<td></td>
<td>124 stocks; $734bn</td>
</tr>
<tr>
<td>HCEquip</td>
<td></td>
<td>77 stocks; $522bn</td>
</tr>
<tr>
<td>HCareTec</td>
<td></td>
<td>14 stocks; $38bn</td>
</tr>
<tr>
<td>HCDistrib</td>
<td></td>
<td>15 stocks; $128bn</td>
</tr>
<tr>
<td>MngHCare</td>
<td></td>
<td>13 stocks; $207bn</td>
</tr>
<tr>
<td>Pharma</td>
<td></td>
<td>101 stocks; $2688bn</td>
</tr>
<tr>
<td>HCService</td>
<td></td>
<td>33 stocks; $189bn</td>
</tr>
<tr>
<td>LfSciSrv</td>
<td></td>
<td>28 stocks; $170bn</td>
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<tr>
<td>HCFacility</td>
<td></td>
<td>31 stocks; $132bn</td>
</tr>
<tr>
<td>HCSuppls</td>
<td></td>
<td>28 stocks; $83bn</td>
</tr>
<tr>
<td>Category</td>
<td>Stocks</td>
<td>Value</td>
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<td>-------------------</td>
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</tr>
<tr>
<td>SpecREIT</td>
<td>15</td>
<td>$147bn</td>
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<tr>
<td>P&amp;C Insur</td>
<td>15</td>
<td>$464bn</td>
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<tr>
<td>RestSrv</td>
<td>12</td>
<td>$32bn</td>
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<tr>
<td>InsurBrkers</td>
<td>8</td>
<td>$77bn</td>
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<tr>
<td>HotelREIT</td>
<td>16</td>
<td>$48bn</td>
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<tr>
<td>ConsmrFin</td>
<td>23</td>
<td>$218bn</td>
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<tr>
<td>LifeHthIns</td>
<td>16</td>
<td>$122bn</td>
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<tr>
<td>Reinsuran</td>
<td>16</td>
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<tr>
<td>MortgREIT</td>
<td>30</td>
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<td>DiversREIT</td>
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<td>REstDvAct</td>
<td>32</td>
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<tr>
<td>OfficeREIT</td>
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<td>$119bn</td>
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<tr>
<td>Thrft&amp;Mtg</td>
<td>49</td>
<td>$116bn</td>
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<tr>
<td>InvBnkBrk</td>
<td>36</td>
<td>$327bn</td>
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<tr>
<td>ResDvAct</td>
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<td>$336bn</td>
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<tr>
<td>OthrDivFS</td>
<td>27</td>
<td>$212bn</td>
</tr>
<tr>
<td>SpecialFin</td>
<td>27</td>
<td>$212bn</td>
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<tr>
<td>DiversBnk</td>
<td>169</td>
<td>$493bn</td>
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<tr>
<td>REstDevl</td>
<td>33</td>
<td>$183bn</td>
</tr>
<tr>
<td>MitSecHld</td>
<td>23</td>
<td>$298bn</td>
</tr>
<tr>
<td>REstOpCo</td>
<td>27</td>
<td>$134bn</td>
</tr>
<tr>
<td>REstCo</td>
<td>27</td>
<td>$134bn</td>
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<tr>
<td>RegionBnk</td>
<td>137</td>
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<td>IndusREIT</td>
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<td>HCareREIT</td>
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<td>$82bn</td>
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<tr>
<td>DivCpMkt</td>
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<td>$185bn</td>
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<tr>
<td>AsstMgmt</td>
<td>84</td>
<td>$454bn</td>
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<tr>
<td>DiversBnk</td>
<td>169</td>
<td>$493bn</td>
</tr>
<tr>
<td>REstDevl</td>
<td>33</td>
<td>$183bn</td>
</tr>
<tr>
<td>MitSecHld</td>
<td>23</td>
<td>$298bn</td>
</tr>
</tbody>
</table>
Momentum
Strength

Utilities

ElecUtil
45 stocks; $924bn

WaterUtil
20 stocks; $53bn

RenewElec
21 stocks; $52bn

IPPTrad
24 stocks; $119bn

GasUtil
36 stocks; $213bn

MultiUtil
39 stocks; $486bn

GasUtil
36 stocks; $213bn
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 groups members are outperforming
2. How consistant 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).
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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<tbody>
<tr>
<td>Buy</td>
<td>Outperform</td>
<td>42.0%</td>
<td>21.3%</td>
<td>60.7%</td>
<td>40.8%</td>
<td>35.6%</td>
<td>55.6%</td>
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<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>40.8%</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>6.3%</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.
**** 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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