Group Selection

Priced as of January 29, 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 of sector members:
(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 29, 2014

**Strength Changes Last Session**

- **Momentum**
  - **Strength**
    - AirprtSrv <-> Cabl&Sat <-> Dist&Vnt <-> OthrDivFS <-> Tobacco
    - DrugRetail <-> Mov&Ent <-> SemiEqp <-> OG StTr <-> Thrft&Mtg <-> Fert&Ag <-> FdRetail
    - PCStor&P <-> RegionBnk <-> MortgREIT <-> Tire&Rub <-> Gold <-> OfficeREIT
    - HCDistrib <-> Trucking <-> DiversChm <-> CstrMat <-> EnviroServ <-> AutoMfg <-> PrecMet
    - Sec&Alm <-> AsstMgmt <-> SystmSwr <-> Reinsuran <-> HhldPrdct
    - ITConsult <-> Advert <-> Publishing <-> DataProc <-> SpecStors <-> REstDvAct
    - DrugRetail <-> Mov&Ent <-> SemiEqp <-> OG StTr <-> Thrft&Mtg <-> Fert&Ag <-> FdRetail
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    - ITConsult <-> Advert <-> Publishing <-> DataProc <-> SpecStors <-> REstDvAct

- **Rallying**
  - AirprtSrv <-> Cabl&Sat <-> Dist&Vnt <-> OthrDivFS <-> Tobacco
  - DrugRetail <-> Mov&Ent <-> SemiEqp <-> OG StTr <-> Thrft&Mtg <-> Fert&Ag <-> FdRetail
  - PCStor&P <-> RegionBnk <-> MortgREIT <-> Tire&Rub <-> Gold <-> OfficeREIT
  - HCDistrib <-> Trucking <-> DiversChm <-> CstrMat <-> EnviroServ <-> AutoMfg <-> PrecMet
  - Sec&Alm <-> AsstMgmt <-> SystmSwr <-> Reinsuran <-> HhldPrdct
  - ITConsult <-> Advert <-> Publishing <-> DataProc <-> SpecStors <-> REstDvAct

- **Selling**
  - AirprtSrv <-> Cabl&Sat <-> Dist&Vnt <-> OthrDivFS <-> Tobacco
  - DrugRetail <-> Mov&Ent <-> SemiEqp <-> OG StTr <-> Thrft&Mtg <-> Fert&Ag <-> FdRetail
  - PCStor&P <-> RegionBnk <-> MortgREIT <-> Tire&Rub <-> Gold <-> OfficeREIT
  - HCDistrib <-> Trucking <-> DiversChm <-> CstrMat <-> EnviroServ <-> AutoMfg <-> PrecMet
  - Sec&Alm <-> AsstMgmt <-> SystmSwr <-> Reinsuran <-> HhldPrdct
  - ITConsult <-> Advert <-> Publishing <-> DataProc <-> SpecStors <-> REstDvAct
PapProd 30 stocks; $94bn

OG StTr 77 stocks; $586bn

OG E&P 224 stocks; $1002bn

Fert&Ag 36 stocks; $247bn

DiversChm 19 stocks; $290bn

Alumin 11 stocks; $42bn

CstrMat 28 stocks; $188bn

Gold 95 stocks; $168bn

PrecMat 40 stocks; $82bn

PaperPkg 17 stocks; $77bn

SpecChm 69 stocks; $392bn

FrstPrd 12 stocks; $21bn

OG RfMkt 49 stocks; $328bn

Coal&Uran 35 stocks; $92bn

DvrsMng 69 stocks; $556bn

Int O&G 84 stocks; $2081bn

ComdChm 33 stocks; $312bn

IndusGas 10 stocks; $152bn

Steel 74 stocks; $393bn

MtGlsCnt 16 stocks; $48bn

OG Drill 31 stocks; $115bn

OG Equip 86 stocks; $448bn

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Energy

Momentum

Strength

OG StTr
77 stocks; $584bn

OG E&P
224 stocks; $1082bn

Int O&G
34 stocks; $2081bn

OG RfMkt
49 stocks; $328bn

Coal&Uran
35 stocks; $92bn

OG Drill
31 stocks; $115bn

OG Equip
86 stocks; $448bn
January 29, 2014

Momentum

Strength

Materials

PapProd
10 stocks; $94bn

DiversChm
19 stocks; $290bn

Alumin
11 stocks; $42bn

CstrMat
28 stocks; $188bn

Gold
95 stocks; $168bn

PrecMet
40 stocks; $82bn

Fert&Ag
36 stocks; $247bn

PaperPkg
17 stocks; $77bn

SpecChm
89 stocks; $362bn

FrstPrd
12 stocks; $21bn

DvrsMng
69 stocks; $362bn

MtGlsCnt
16 stocks; $46bn

ComdChm
33 stocks; $312bn

IndusGas
10 stocks; $152bn

Steel
74 stocks; $393bn

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Industrials

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Momentum

Strength

AirprtSrv
13 stocks; $57bn

Hwy&Rail
14 stocks; $70bn

Sec&Alm
7 stocks; $54bn

Trucking
31 stocks; $52bn

EnviroServ
27 stocks; $85bn

RsrcCslt
29 stocks; $128bn

Railroads
22 stocks; $353bn

Aero&Def
58 stocks; $782bn

AirFrght
21 stocks; $216bn

BldPrdcts
35 stocks; $154bn

Cns&Eng
76 stocks; $294bn

CmclPrt
14 stocks; $23bn

MarineSrv
22 stocks; $77bn

Ind Mach
122 stocks; $589bn

DvSpSrv
27 stocks; $79bn

ElcCmpEq
47 stocks; $286bn

HvyElcEq
22 stocks; $134bn

HREmpl
22 stocks; $77bn

Marine
27 stocks; $92bn

IndCongl
33 stocks; $86bn

OfficeServ
12 stocks; $22bn

Airline
33 stocks; $185bn

CnstFmM
60 stocks; $350bn

TrdgDist
50 stocks; $277bn

CnstFmM
Momentum

Strength

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Telecommunication Services

AltCar
15 stocks; $54bn

IntgTelSrv
85 stocks; $120bn

WlsTelSrv
47 stocks; $103bn

BMO Capital Markets
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).
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 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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I, Mark Steele, hereby certify that the views expressed in this report accurately reflect my personal views about the subject securities or issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in this report.

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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>35.8%</td>
<td>20.3%</td>
<td>47.8%</td>
<td>36.7%</td>
<td>48.3%</td>
<td>53.2%</td>
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<tr>
<td>Hold</td>
<td>Market Perform</td>
<td>59.4%</td>
<td>13.1%</td>
<td>51.1%</td>
<td>56.9%</td>
<td>50.2%</td>
<td>41.1%</td>
</tr>
<tr>
<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>
</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;
R = Restricted - Dissemination of research is currently restricted.

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