Group Selection
Priced as of January 27, 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


**Sector View**

**Sector Relative Strength Profiles**

<table>
<thead>
<tr>
<th>Sector</th>
<th>% Outperforming</th>
<th>Reward/Risk</th>
<th>Trend Psn</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>%</td>
<td>US/GBL/CDA</td>
<td>%</td>
</tr>
<tr>
<td>Energy</td>
<td>35%</td>
<td>38%</td>
<td>46%</td>
</tr>
<tr>
<td>Materials</td>
<td>35%</td>
<td>38%</td>
<td>44%</td>
</tr>
<tr>
<td>Industrials</td>
<td>59%</td>
<td>62%</td>
<td>71%</td>
</tr>
<tr>
<td>CMR Disc</td>
<td>55%</td>
<td>58%</td>
<td>66%</td>
</tr>
<tr>
<td>CMR Stap</td>
<td>30%</td>
<td>34%</td>
<td>44%</td>
</tr>
<tr>
<td>Hlth Care</td>
<td>55%</td>
<td>59%</td>
<td>68%</td>
</tr>
<tr>
<td>Financials</td>
<td>43%</td>
<td>49%</td>
<td>59%</td>
</tr>
<tr>
<td>Info Tech</td>
<td>55%</td>
<td>60%</td>
<td>65%</td>
</tr>
<tr>
<td>Telecom</td>
<td>46%</td>
<td>54%</td>
<td>61%</td>
</tr>
<tr>
<td>Utilities</td>
<td>26%</td>
<td>31%</td>
<td>39%</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.
Momentum

January 27, 2014

Mark Steele (416) 359-4641

Materials

PrecMet
44 stocks; $81bn

PaperPkg
77 stocks; $71bn

Alumin
11 stocks; $42bn

PapProd
30 stocks; $92bn

Gold
97 stocks; $159bn

FrstPrd
12 stocks; $21bn

IndusGas
10 stocks; $152bn

DvrsMng
100 stocks; $553bn

CstrMat
28 stocks; $185bn

Fert&Ag
34 stocks; $234bn

DiversChm
18 stocks; $294bn

MtGlsCnt
15 stocks; $45bn

SpecChm
69 stocks; $359bn

Steel
74 stocks; $388bn

ComdChm
33 stocks; $311bn

Materials

- PrecMet: 44 stocks; $81bn
- PaperPkg: 77 stocks; $71bn
- Alumin: 11 stocks; $42bn
- PapProd: 30 stocks; $92bn
- Gold: 97 stocks; $159bn
- FrstPrd: 12 stocks; $21bn
- IndusGas: 10 stocks; $152bn
- DvrsMng: 100 stocks; $553bn
- CstrMat: 28 stocks; $185bn
- Fert&Ag: 34 stocks; $234bn
- DiversChm: 18 stocks; $294bn
- MtGlsCnt: 15 stocks; $45bn
- SpecChm: 69 stocks; $359bn
- Steel: 74 stocks; $388bn
- ComdChm: 33 stocks; $311bn
January 27, 2014

Health Care

Momentum

Strength

LfSciSrv  
31 stocks; $166bn

HCDistrib  
14 stocks; $116bn

HCEquip  
77 stocks; $491bn

Biotech  
10 stocks; $640bn

HCServ  
31 stocks; $188bn

Pharma  
68 stocks; $232bn

HCService  
31 stocks; $188bn

HCareTec  
12 stocks; $38bn

HCSupplis  
27 stocks; $73bn

HCFacility  
28 stocks; $91bn

MngHCare  
12 stocks; $177bn

HCDistrib  
14 stocks; $116bn

HCEquip  
77 stocks; $491bn

Biotech  
10 stocks; $640bn

HCServ  
31 stocks; $188bn

Pharma  
68 stocks; $232bn

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12 stocks; $38bn

HCSupplis  
27 stocks; $73bn

HCFacility  
28 stocks; $91bn

MngHCare  
12 stocks; $177bn
### Information Technology

#### Stocks and Market Valuation

- **HmEntSwr**: 21 stocks, $77bn
- **CompHdwr**: 21 stocks, $626bn
- **ITConsult**: 50 stocks, $554bn
- **ApplicSwr**: 81 stocks, $391bn
- **SemiEqp**: 21 stocks, $149bn
- **ITConsult**: 50 stocks, $554bn
- **ApplicSwr**: 81 stocks, $391bn
- **SemiEqp**: 21 stocks, $149bn
- **ElecInstr**: 41 stocks, $153bn
- **DataProc**: 48 stocks, $436bn
- **OffElectr**: 3 stocks, $75bn
- **InetSftSrv**: 102 stocks, $942bn
- **SystmSwr**: 35 stocks, $589bn
- **TechDist**: 17 stocks, $37bn
- **Semi**: 119 stocks, $817bn
- **ElecComp**: 40 stocks, $194bn
- **EMS**: 25 stocks, $97bn
- **ComEquip**: 70 stocks, $442bn

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**Strength**

**Momentum**

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**January 27, 2014**

**Mark Steele (416) 359-4641**

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**BMO Capital Markets**
AltCar (15 stocks; $54bn)

IntgTelSrv (65 stocks; $121bn)

WlsTelSrv (47 stocks; $105bn)

January 27, 2014

Telecommunication Services
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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<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>
</tr>
<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;
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