Group Selection

Priced as of December 24, 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.
<table>
<thead>
<tr>
<th>Industry</th>
<th>Count</th>
<th>Market Cap</th>
</tr>
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<tbody>
<tr>
<td>OfficeServ</td>
<td>12</td>
<td>$25bn</td>
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<tr>
<td>CmciPrt</td>
<td>25</td>
<td>$39bn</td>
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<tr>
<td>Aero&amp;Def</td>
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<td>HREmpl</td>
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<td>DvSpSrv</td>
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<td>Ind Mach</td>
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<td>$581bn</td>
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<tr>
<td>AirportSrv</td>
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<td>Hvy&amp;Rail</td>
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<td>$78bn</td>
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<tr>
<td>HvyElcEq</td>
<td>24</td>
<td>$130bn</td>
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</table>
December 24, 2014

Consumer Staples

Momentum

Strength

[Diagram with various categories and numbers]

DrugRetail: 9 stocks; $204bn
HhidPrdct: 18 stocks; $566bn

PkgFdMt: 119 stocks; $1071bn
FdDistri: 11 stocks; $44bn
Tobacco: 16 stocks; $567bn

Dist&Vnt: 14 stocks; $217bn

PersPrdct: 25 stocks; $224bn
SprCntrs: 17 stocks; $497bn
Brewers: 15 stocks; $495bn
AgriProd: 23 stocks; $729bn

FdRetail: 41 stocks; $350bn
SoftDrnsks: 15 stocks; $433bn

FdDistri: 11 stocks; $44bn
December 24, 2014

Telecommunication Services

Mark Steele (416) 359-4641

AltCar
15 stocks; $53bn

IntgTelSrv
63 stocks; $1322bn

WlsTelSrv
46 stocks; $937bn

Momentum

Strength
Momentum
Strength

Utilities

December 24, 2014

Mark Steele (416) 359-4641

MultiUtil
39 stocks; $507bn

WaterUtil
19 stocks; $66bn

ElecUtil
85 stocks; $930bn

GasUtil
36 stocks; $210bn

RenewElec
21 stocks; $50bn

IPPTrad
23 stocks; $117bn
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 consistent 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).
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”
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, 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 Clients*****</th>
<th>Starnine Universe</th>
</tr>
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<tbody>
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<td>Buy</td>
<td>Outperform</td>
<td>42.0%</td>
<td>21.3%</td>
<td>60.7%</td>
<td>40.8%</td>
<td>33.6%</td>
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<td>Hold</td>
<td>Market Perform</td>
<td>52.8%</td>
<td>10.8%</td>
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<td>52.8%</td>
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<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.
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***** 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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Und = Underperform - Forecast to underperform the analyst's coverage universe on a total return basis;
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