Group Selection
Priced as of May 19, 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 = 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, 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.

See Help Pages for further details.
## Strength Changes Last Session

<table>
<thead>
<tr>
<th>Strength Changes Last Session</th>
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</thead>
<tbody>
<tr>
<td><strong>Momentum</strong></td>
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<tr>
<td><strong>Fert&amp;Ag</strong></td>
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<tr>
<td><strong>CnstMch&amp;Tr</strong></td>
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<td><strong>AutoRtl</strong></td>
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<tr>
<td><strong>DiversChm</strong></td>
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<td><strong>AutoParts</strong></td>
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<td><strong>Pharma</strong></td>
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<td><strong>DiversBnk</strong></td>
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<td><strong>ElecUtil</strong></td>
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<td><strong>OfficeREIT</strong></td>
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<td><strong>LfSciSrv</strong></td>
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<td><strong>Semi</strong></td>
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<td><strong>SpecREIT</strong></td>
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<td><strong>AirprtSrv</strong></td>
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<td><strong>MultiUtil</strong></td>
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<tr>
<td><strong>SemiEqp</strong></td>
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<tr>
<td><strong>Ag&amp;Farm</strong></td>
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<td><strong>Cabl&amp;Sat</strong></td>
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<td><strong>Htl&amp;Rst</strong></td>
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<td><strong>CmrElec</strong></td>
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<td><strong>RegionBnk</strong></td>
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<td><strong>Thrift&amp;Mtg</strong></td>
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<tr>
<td><strong>GMrchStrs</strong></td>
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**Mark Steele**

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Momentum

Strength

May 19, 2014

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Materials

Fert&Ag
10 stocks; $268bn

IndusGas
10 stocks; $164bn

DvrsMng
85 stocks; $995bn

Silver
13 stocks; $16bn

PrecMet
24 stocks; $60bn

DiversChm
19 stocks; $309bn

CstrMat
30 stocks; $209bn

Gold
89 stocks; $164bn

PapProd
29 stocks; $91bn

FrstPrd
12 stocks; $20bn

ComdChm
34 stocks; $327bn

Steel
81 stocks; $398bn

Alumin
12 stocks; $56bn

SpecChm
57 stocks; $391bn

PaperPkg
17 stocks; $79bn

MtGlisCnt
16 stocks; $50bn

Steel
81 stocks; $398bn

ComdChm
34 stocks; $327bn

PapProd
29 stocks; $91bn

FrstPrd
12 stocks; $20bn

Gold
89 stocks; $164bn

PrecMet
24 stocks; $60bn

DvrsMng
85 stocks; $995bn

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30 stocks; $209bn

IndusGas
10 stocks; $164bn

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10 stocks; $268bn

Momentum

Strength
Momentum

Strength

May 19, 2014

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Health Care

- HCFacility: 30 stocks, $952bn
- HCDistrib: 14 stocks, $119bn
- MngHCare: 12 stocks, $192bn
- Pharma: 93 stocks, $2542bn
- LfSciSrv: 30 stocks, $194bn
- HCEquip: 78 stocks, $512bn
- Biotech: 129 stocks, $521bn
- HCareTec: 13 stocks, $34bn
- HCSuppls: 128 stocks, $91bn
- HCService: 33 stocks, $166bn
Telecommunication Services

May 19, 2014

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Telecommunication Services

AltCar
15 stocks; $61bn

IntgTelSrv
58 stocks; $1372bn

WlsTelSrv
48 stocks; $982bn

Momentum

Strength
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 group's 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, 2014)

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<tbody>
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<td>Buy</td>
<td>Outperform</td>
<td>42.0%</td>
<td>21.5%</td>
<td>60.7%</td>
<td>40.8%</td>
<td>33.6%</td>
<td>53.6%</td>
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<td>Hold</td>
<td>MarketPerform</td>
<td>52.8%</td>
<td>10.8%</td>
<td>38.2%</td>
<td>52.8%</td>
<td>43.8%</td>
<td>40.3%</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>
</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;
(S) = Speculative investment;
NR = No rating at this time; and
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