Group Selection
Priced as of January 23, 2015

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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# Sector View

## Sector Relative Strength Profiles*

<table>
<thead>
<tr>
<th>Hyperlink</th>
<th>% Outperforming</th>
<th>Reward/Risk</th>
<th>Trend Psn</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>US/GBL/CDA</td>
<td>US/GBL/CDA</td>
<td>US/GBL/CDA</td>
</tr>
<tr>
<td>Energy</td>
<td>7% / 11% / 21%</td>
<td>/ / /</td>
<td>-9% / -15% / -2%</td>
</tr>
<tr>
<td>Materials</td>
<td>19% / 29% / 44%</td>
<td>/ / /</td>
<td>8% / 3% / 18%</td>
</tr>
<tr>
<td>Industrials</td>
<td>25% / 41% / 61%</td>
<td>/ / /</td>
<td>7% / -2% / 16%</td>
</tr>
<tr>
<td>CMR Disc</td>
<td>35% / 52% / 70%</td>
<td>/ / /</td>
<td>8% / 1% / 14%</td>
</tr>
<tr>
<td>CMR Stap</td>
<td>32% / 48% / 63%</td>
<td>/ / /</td>
<td>14% / 5% / 25%</td>
</tr>
<tr>
<td>Hlth Care</td>
<td>56% / 68% / 80%</td>
<td>/ / /</td>
<td>7% / -1% / 12%</td>
</tr>
<tr>
<td>Financials</td>
<td>34% / 58% / 80%</td>
<td>/ / /</td>
<td>8% / -3% / 17%</td>
</tr>
<tr>
<td>Info Tech</td>
<td>38% / 53% / 71%</td>
<td>/ / /</td>
<td>10% / 3% / 15%</td>
</tr>
<tr>
<td>Telecom</td>
<td>27% / 47% / 66%</td>
<td>/ / /</td>
<td>2% / 0% / 19%</td>
</tr>
<tr>
<td>Utilities</td>
<td>37% / 54% / 74%</td>
<td>/ / /</td>
<td>14% / -1% / 12%</td>
</tr>
</tbody>
</table>

*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.
January 23, 2015

Momentum

Strength

IndusGas ↑
19 stocks; $163bn

CstrMat ↑
29 stocks; $196bn

MtGlsCnt ↓
16 stocks; $48bn

Fert&Ag ↑
17 stocks; $249bn

PrecMet →
22 stocks; $550bn

ComdChm ↑
24 stocks; $270bn

Alumin ↑
12 stocks; $62bn

DiversChm →
18 stocks; $269bn

PapProd ↑
28 stocks; $95bn

SpecChm ↓
16 stocks; $410bn

Gold ↓
77 stocks; $153bn

Silver ↓
13 stocks; $18bn

DvrsMng ↓
75 stocks; $439bn

Steel ↓
74 stocks; $317bn

PaperPkg →
17 stocks; $86bn

FrstPrd ↑
12 stocks; $20bn

FrstPrd ↓
12 stocks; $20bn

MtGlsCnt →
16 stocks; $48bn

Materials

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**Industrials**

January 23, 2015

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**Momentum**

**Strength**

- **Railroads**
  - 22 stocks; $424bn
- **HREmpl**
  - 34 stocks; $76bn
- **AirptSrv**
  - 13 stocks; $67bn
- **EnviroServ**
  - 26 stocks; $93bn
- **Ag&Farm**
  - 12 stocks; $72bn
- **Aero&Def**
  - 69 stocks; $852bn
- **AirFrght**
  - 22 stocks; $232bn
- **Ind Mach**
  - 116 stocks; $566bn
- **HvyElcEq**
  - 24 stocks; $126bn
- **Airline**
  - 35 stocks; $297bn
- **MarineSrv**
  - 13 stocks; $65bn
- **BldPrdcts**
  - 37 stocks; $159bn
- **RsrcCslt**
  - 28 stocks; $120bn
- **CnstMch&Tr**
  - 150 stocks; $251bn
- **Cns&Eng**
  - 20 stocks; $934bn
- **CmclPrt**
  - 12 stocks; $23bn
- **IndCongl**
  - 36 stocks; $394bn
- **Hwy&Rail**
  - 9 stocks; $80bn
- **DvSpSrv**
  - 25 stocks; $73bn
- **Hvy&Rail**
  - 9 stocks; $80bn
- **Trucking**
  - 31 stocks; $93bn
- **Marine**
  - 29 stocks; $88bn
- **OffceServ**
  - 12 stocks; $24bn
- **Sec&Alm**
  - 8 stocks; $55bn
- **ElcCmpEq**
  - 39 stocks; $240bn
- **TrdgDist**
  - 51 stocks; $277bn
- **IndCongl**
  - 36 stocks; $394bn
- **Trucking**
  - 31 stocks; $93bn
- **Momentum**

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**BMO Capital Markets**

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Momentum

Strength

Financials

January 23, 2015

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### Telecommunication Services

<table>
<thead>
<tr>
<th>Strength</th>
<th>Momentum</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>IntgTelSrv</td>
<td>WlsTelSrv</td>
</tr>
<tr>
<td>63 stocks; $1331bn</td>
<td>46 stocks; $1012bn</td>
</tr>
<tr>
<td>AltCar</td>
<td></td>
</tr>
<tr>
<td>15 stocks; $52bn</td>
<td></td>
</tr>
</tbody>
</table>

January 23, 2015

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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 group 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)

<table>
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<tr>
<th>Rating Category</th>
<th>BMO Rating</th>
<th>BMO CM US Universe*</th>
<th>BMO CM US IB Clients**</th>
<th>BMO CM US IB Clients***</th>
<th>BMO CM Universe****</th>
<th>BMO CM IB Clients*****</th>
<th>Starnes Universe</th>
</tr>
</thead>
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<tr>
<td>Buy</td>
<td>Outperform</td>
<td>42.0%</td>
<td>21.5%</td>
<td>60.7%</td>
<td>40.8%</td>
<td>53.6%</td>
<td>53.6%</td>
</tr>
<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>40.5%</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>5.0%</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.
**** 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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Und = Underperform - Forecast to underperform the analyst’s coverage universe on a total return basis;
(S) = Speculative investment;
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