Group Selection
Priced as of September 26, 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 (upper/lower 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
Momentum

September 26, 2014

Mark Steele (416) 359-4641

Energy

OG Equip
35 stocks; $492bn

OG StTr
91 stocks; $762bn

Int O&G
35 stocks; $2144bn

OG Drill
33 stocks; $108bn

OG RfMkt
50 stocks; $364bn

Coal&Uran
31 stocks; $100bn

OG E&P
219 stocks; $1221bn
**Consumer Discretionary**

Mark Steele (416) 359-4641

**Strength**

- **Footwear**
  - 13 stocks; $93bln
- **AutoMfg**
  - 37 stocks; $102bln
- **Rstaurnt**
  - 63 stocks; $350bln
- **SpecStors**
  - 30 stocks; $117bln
- **CmrElec**
  - 13 stocks; $96bln
- **InetRti**
  - 27 stocks; $322bln
- **Hlt&Rsr**
  - 90 stocks; $193bln

**Momentum**

- **MotcyMfg**
  - 3 stocks; $29bln
- **SpCmSrv**
  - 72 stocks; $24bln
- **GMrchStrs**
  - 15 stocks; $112bln
- **HmFrnsh**
  - 13 stocks; $39bln
- **HmImpRtl**
  - 8 stocks; $195bln

**LeisFcil**
- 12 stocks; $40bln

**Cas&Gam**
- 42 stocks; $314bln

**CatalgRtl**
- 7 stocks; $220bln

**DeptStrs**
- 23 stocks; $143bln

**HomeFurn**
- 9 stocks; $34bln

**HhldApl**
- 23 stocks; $116bln

**LeisPrd**
- 21 stocks; $67bln

**Tire&Rub**
- 7 stocks; $77bln

**Educat**
- 24 stocks; $47bln

**Broadcast**
- 34 stocks; $156bln

**Publishing**
- 29 stocks; $158bln

**HomeBld**
- 34 stocks; $104bln

**Cabl&Sat**
- 27 stocks; $430bln

**ApparRti**
- 47 stocks; $352bln

**April&Gds**
- 45 stocks; $481bln

**AutoParts**
- 42 stocks; $323bln

**Textiles**
- 3 stocks; $6bln

**Mov&Ent**
- 26 stocks; $334bln

**CmpElRtl**
- 12 stocks; $41bln

**Distrib**
- 12 stocks; $57bln

**Htl&Rsrt**
- 30 stocks; $193bln

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- 30 stocks; $193bln
September 26, 2014

Telecommunication Services

Mark Steele (416) 359-4641

Momentum

Strength

IntgTelSrv →
65 stocks; $136bn

AltCar ↓
16 stocks; $60bn

WisTelSrv →
46 stocks; $1015bn

Telecommunication Services

65 stocks; $136bn

16 stocks; $60bn

46 stocks; $1015bn
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, 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>Starnine Universe</th>
</tr>
</thead>
<tbody>
<tr>
<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>33.6%</td>
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<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>40.3%</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.
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Mkt = Market Perform - Forecast to perform roughly in line with the analyst’s coverage universe on a total return basis;
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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