Group Selection

Priced as of June 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
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June 27, 2014

**Sector View**

**Sector Relative Strength Profiles**

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Energy</td>
<td>59% / 61% / 54%</td>
<td>9% / 11% / -1%</td>
<td></td>
</tr>
<tr>
<td>Materials</td>
<td>40% / 46% / 37%</td>
<td>1% / 4% / -8%</td>
<td></td>
</tr>
<tr>
<td>Industrials</td>
<td>42% / 46% / 36%</td>
<td>0% / 1% / -13%</td>
<td></td>
</tr>
<tr>
<td>CMR Disc</td>
<td>33% / 39% / 29%</td>
<td>3% / 6% / -7%</td>
<td></td>
</tr>
<tr>
<td>CMR Stap</td>
<td>44% / 51% / 40%</td>
<td>4% / 8% / -15%</td>
<td></td>
</tr>
<tr>
<td>Hlth Care</td>
<td>44% / 50% / 44%</td>
<td>7% / 8% / -5%</td>
<td></td>
</tr>
<tr>
<td>Financials</td>
<td>47% / 52% / 38%</td>
<td>-1% / 2% / -13%</td>
<td></td>
</tr>
<tr>
<td>Info Tech</td>
<td>43% / 47% / 39%</td>
<td>6% / 7% / -5%</td>
<td></td>
</tr>
<tr>
<td>Telecom</td>
<td>49% / 56% / 43%</td>
<td>-3% / 1% / -13%</td>
<td></td>
</tr>
<tr>
<td>Utilities</td>
<td>58% / 66% / 57%</td>
<td>12% / 13% / -6%</td>
<td></td>
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</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, 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
**Consumer Discretionary**

- **Momentum**
  - HmFrnsh: 13 stocks, $318bn
  - InetRtl: 26 stocks, $328bn
  - AutoMfg: 37 stocks, $1088bn
  - Mov&Ent: 26 stocks, $332bn
  - AutoRtl: 19 stocks, $588bn
  - AutoParts: 40 stocks, $336bn
  - GMrchStrs: 15 stocks, $1088bn

- **Strength**
  - CmrElec: 13 stocks, $98bn
  - Cabl&Sat: 26 stocks, $422bn
  - Htl&Rsrt: 30 stocks, $187bn
  - April&Gds: 45 stocks, $536bn
  - MotcyMfg: 4 stocks, $30bn
  - SpCmSrv: 13 stocks, $26bn
  - Tire&Rub: 9 stocks, $87bn
  - ApparRtl: 49 stocks, $357bn
  - Textiles: 3 stocks, $7bn
  - SpecStors: 29 stocks, $117bn
  - LeisPrd: 20 stocks, $563bn
  - Educat: 24 stocks, $41bn

**June 27, 2014**

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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 members are 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.
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.
IMPORTANT DISCLOSURES

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Distribution of Ratings (March 31, 2014)

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<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>Staman 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>53.8%</td>
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<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>5.6%</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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We use the following ratings system definitions:

- OP = Outperform - Forecast to outperform the analyst’s coverage universe on a total return basis;
- 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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