Group Selection
Priced as of December 26, 2013

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 Relative Strength Profiles*

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy</td>
<td>38% / 41% / 46%</td>
<td>-6% / -2% / 3%</td>
<td></td>
</tr>
<tr>
<td>Materials</td>
<td>38% / 39% / 42%</td>
<td>-2% / 3% / 7%</td>
<td></td>
</tr>
<tr>
<td>Industrials</td>
<td>59% / 60% / 66%</td>
<td>1% / 7% / 12%</td>
<td></td>
</tr>
<tr>
<td>CMR Disc</td>
<td>57% / 59% / 63%</td>
<td>-2% / 5% / 7%</td>
<td></td>
</tr>
<tr>
<td>CMR Stap</td>
<td>31% / 37% / 43%</td>
<td>-12% / -4% / 3%</td>
<td></td>
</tr>
<tr>
<td>Hlth Care</td>
<td>57% / 58% / 63%</td>
<td>1% / 6% / 10%</td>
<td></td>
</tr>
<tr>
<td>Financials</td>
<td>43% / 46% / 55%</td>
<td>-4% / 2% / 5%</td>
<td></td>
</tr>
<tr>
<td>Info Tech</td>
<td>59% / 60% / 64%</td>
<td>1% / 4% / 8%</td>
<td></td>
</tr>
<tr>
<td>Telecom</td>
<td>46% / 52% / 59%</td>
<td>-7% / 1% / 5%</td>
<td></td>
</tr>
<tr>
<td>Utilities</td>
<td>28% / 31% / 34%</td>
<td>-9% / -3% / 4%</td>
<td></td>
</tr>
</tbody>
</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 (ranking), 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.
Strength Changes Last Session

December 26, 2013

Sec&Alm ← OffElectr ← InsurBrkrs ← HvyElcEq ← SemiEqp ← GMrchStrs ← Tire&Rub

InetSftSvc ← ITConsult ← ElcCmpEq ← MtGlscnt ← HCareTec ← Semi ← Int O&G

DiversChm ← Hwy&Rail ← OffElectr ← InetSftSvc ← ITConsult ← ElcCmpEq ← MtGlscnt ← HCareTec ← Semi ← Int O&G
Industrials

December 26, 2013

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Momentum

Strength

Sec&Alm
17 stocks; $57bn

HvyElcEq
22 stocks; $138bn

Ind Mach
113 stocks; $607bn

ElcMnpEq
17 stocks; $283bn

Marine
27 stocks; $51bn

BldPrdcts
38 stocks; $156bn

AirFrght
21 stocks; $229bn

RsrcCslt
29 stocks; $133bn

HRMpl
22 stocks; $78bn

Hwy&Rail
8 stocks; $78bn

CnstFmM
80 stocks; $361bn

Cns&Eng
76 stocks; $293bn

Aero&Def
58 stocks; $794bn

DvSpSrv
27 stocks; $82bn

CmclPrt
14 stocks; $25bn

EnviroServ
28 stocks; $88bn

Trucking
32 stocks; $83bn

IndCongl
33 stocks; $920bn

AirptSrV
13 stocks; $56bn

Railroads
22 stocks; $366bn

TrdgDist
50 stocks; $280bn

Airline
33 stocks; $180bn

OfficeServ
12 stocks; $23bn

Offices

December 26, 2013

**Consumer Discretionary**

**Momentum**
- Mov&Ent 23 stocks; $315bn
- Publishing 31 stocks; $173bn
- InetRtl 23 stocks; $351bn
- Htl&Rsrt 27 stocks; $164bn
- Textiles 3 stocks; $7bn
- CatalgRtl 7 stocks; $24bn
- Broadcast 32 stocks; $195bn
- MotcyMfg 3 stocks; $27bn
- AutoParts 38 stocks; $313bn
- CmpElRtl 15 stocks; $49bn
- SpecStors 29 stocks; $122bn

**Strength**
- Rstaurnt 51 stocks; $347bn
- GMrchStrs 15 stocks; $110bn
- HomeBld 33 stocks; $104bn
- HmFrnsh 13 stocks; $41bn
- Distib 12 stocks; $52bn
- Aprl&Gds 45 stocks; $520bn
- ApparRtl 51 stocks; $392bn
- HmImpRtl 11 stocks; $31bn
- AutoRtl 18 stocks; $76bn
- DeptStrs 23 stocks; $145bn
- CmrrElec 12 stocks; $83bn
- LeisFcil 17 stocks; $31bn
- AutoMfg 36 stocks; $1025bn

**Mark Steele (416) 359-4641**
## Consumer Staples

<table>
<thead>
<tr>
<th>Sector</th>
<th>Number of Stocks</th>
<th>Market Value</th>
</tr>
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<tbody>
<tr>
<td>Soft Drinks</td>
<td>15</td>
<td>$404bn</td>
</tr>
<tr>
<td>Sports Centers</td>
<td>17</td>
<td>$506bn</td>
</tr>
<tr>
<td>Food Retail</td>
<td>42</td>
<td>$383bn</td>
</tr>
<tr>
<td>Distribution &amp; Vent</td>
<td>14</td>
<td>$201bn</td>
</tr>
<tr>
<td>Brewers</td>
<td>16</td>
<td>$505bn</td>
</tr>
<tr>
<td>Household Products</td>
<td>18</td>
<td>$513bn</td>
</tr>
<tr>
<td>Package Food &amp; Meat</td>
<td>115</td>
<td>$977bn</td>
</tr>
<tr>
<td>Personal Products</td>
<td>26</td>
<td>$243bn</td>
</tr>
<tr>
<td>Tobacco</td>
<td>16</td>
<td>$550bn</td>
</tr>
<tr>
<td>Drug Retail</td>
<td>10</td>
<td>$166bn</td>
</tr>
<tr>
<td>Agriculture</td>
<td>32</td>
<td>$128bn</td>
</tr>
</tbody>
</table>
December 26, 2013

Momentum

Health Care

Strength

MngHCare →
13 stocks; $183bn

HCDistrib ↑
14 stocks; $113bn

HCService ↑
31 stocks; $183bn

HCFacility
29 stocks; $84bn

HCareTec →
12 stocks; $38bn

Biotech
109 stocks; $612bn

HCEquip ↓
76 stocks; $489bn

LfSciSrv ↓
30 stocks; $159bn

Pharma ↑
90 stocks; $234bn

HCSupplis ↑
27 stocks; $79bn

$79bn

234bn

$159bn

$183bn

$234bn

$38bn

$489bn

$113bn

$84bn

27 stocks; $79bn

90 stocks; $234bn

76 stocks; $489bn

30 stocks; $159bn

234bn

$79bn
Telecommunication Services

Momentum

Strength

December 26, 2013

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WlsTelSrv  
46 stocks; $1084bn

IntgTelSrv  
65 stocks; $1237bn

AltCar  
15 stocks; $52bn
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 are the 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 deviations from the trend. Our process is flexible, thorough, and because it is run daily, timely.

The Dataset:
- Over 5,000 securities.
- Groups have a:
  ...Median depth of 25
  ...Average depth of 35

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 of 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 5-day and 20-day moving averages (momentum).

- Each chart is hyperlinked to the group membership, in our RS Filter Toolkit.
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Distribution of Ratings (September 30, 2013)

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<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>Stalmine Universe</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buy</td>
<td>Outperform</td>
<td>35.8%</td>
<td>20.3%</td>
<td>47.8%</td>
<td>36.7%</td>
<td>48.3%</td>
<td>53.2%</td>
</tr>
<tr>
<td>Hold</td>
<td>Market Perform</td>
<td>59.4%</td>
<td>13.1%</td>
<td>51.1%</td>
<td>56.9%</td>
<td>50.2%</td>
<td>41.1%</td>
</tr>
<tr>
<td>Sell</td>
<td>Underperform</td>
<td>4.9%</td>
<td>3.4%</td>
<td>1.1%</td>
<td>6.4%</td>
<td>1.5%</td>
<td>5.6%</td>
</tr>
</tbody>
</table>
Ratings and Sector Key
We use the following ratings system definitions:
OP = Outperform - Forecast to outperform the market;
Mkt = Market Perform - Forecast to perform roughly in line with the market;
Und = Underperform - Forecast to underperform the market;
(S) = speculative investment;
NR = No rating at this time;
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