Group Selection
Priced as of October 6, 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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Sector View

Sector Relative Strength Profiles*

--- | --- | --- | ---
Energy | 37% / 42% / 37% | -38% / -31% / -21% |
Materials | 35% / 40% / 35% | -26% / -17% / -5% |
Industrials | 29% / 36% / 28% | -13% / -8% / 10% |
CMR Disc | 29% / 36% / 30% | -3% / 3% / 20% |
CMR Stap | 33% / 41% / 33% | 2% / 8% / 21% |
Health Care | 44% / 53% / 45% | 1% / 6% / 21% |
Financials | 32% / 44% / 32% | -4% / 5% / 25% |
Info Tech | 39% / 45% / 39% | -7% / 0% / 12% |
Telecom | 40% / 46% / 38% | -15% / -6% / 11% |
Utilities | 32% / 44% / 34% | -4% / 4% / 27% |

*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 (comparison 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.
October 6, 2014

Resources

BMO Capital Markets
Mark Steele (416) 359-4641

Strength

Momentum

- PaperPkg
  - 17 stocks; $77bn
- FrstPrd
  - 12 stocks; $19bn
- PapProd
  - 28 stocks; $67bn
- OG StTr
  - 91 stocks; $752bn
- Fert&Ag
  - 37 stocks; $245bn
- Gold
  - 88 stocks; $150bn
- PrecMet
  - 24 stocks; $56bn
- Alumin
  - 12 stocks; $60bn
- MtGlsCnt
  - 16 stocks; $46bn
- CstrMat
  - 30 stocks; $193bn
- OG Drill
  - 33 stocks; $99bn
- OG RfMkt
  - 50 stocks; $354bn
- DvrsMng
  - 75 stocks; $351bn
- ComdChm
  - 24 stocks; $334bn
- Coal&Uran
  - 71 stocks; $288bn
- SpecChm
  - 66 stocks; $391bn
- Int O&G
  - 35 stocks; $2083bn
- Steel
  - 75 stocks; $351bn
- OG Equip
  - 85 stocks; $462bn
- OG E&P
  - 211 stocks; $1161bn
- IndusGas
  - 10 stocks; $157bn
- DiversChm
  - 18 stocks; $281bn
- Silver
  - 13 stocks; $14bn
- Silver
  - 13 stocks; $14bn
October 6, 2014

**Materials**

**Strength**

- **PaperPkg** (17 stocks; $77bn)
- **PapProd** (28 stocks; $67bn)
- **Fert&Ag** (88 stocks; $150bn)
- **Gold** (24 stocks; $56bn)
- **PrecMet** (24 stocks; $87bn)
- **FrstPrd** (12 stocks; $19bn)
- **MtGlsCnt** (16 stocks; $46bn)
- **CstrMat** (30 stocks; $193bn)
- **DvrsMng** (78 stocks; $549bn)
- **ComdChm** (34 stocks; $334bn)
- **Steel** (75 stocks; $361bn)
- **IndusGas** (10 stocks; $157bn)
- **SpecChm** (66 stocks; $391bn)
- **DiversChm** (18 stocks; $291bn)
- **Silver** (13 stocks; $14bn)

**Momentum**

- **Alumin** (12 stocks; $60bn)
- **MtGlsCnt** (16 stocks; $46bn)
- **CstrMat** (30 stocks; $193bn)
- **DvrsMng** (78 stocks; $549bn)
- **ComdChm** (34 stocks; $334bn)
- **Steel** (75 stocks; $361bn)
- **IndusGas** (10 stocks; $157bn)
- **SpecChm** (66 stocks; $391bn)
- **DiversChm** (18 stocks; $291bn)
- **Silver** (13 stocks; $14bn)
Momentum

Strength

October 6, 2014

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Consumer Staples

31 stocks; $169bn
41 stocks; $345bn

9 stocks; $169bn
41 stocks; $345bn

PkgFdMt
121 stocks; $1,038bn
PersPrdct
25 stocks; $222bn

DrugRetail

FdRetail

HhldPrdct

SprCntrs

AgriProd

FdDistri

Tobacco

16 stocks; $586bn
17 stocks; $477bn
33 stocks; $130bn
11 stocks; $41bn

16 stocks; $586bn
15 stocks; $496bn
15 stocks; $430bn
13 stocks; $198bn

15 stocks; $496bn
15 stocks; $496bn
13 stocks; $198bn
13 stocks; $198bn

25 stocks; $222bn
121 stocks; $1,038bn

PersPrdct

DrugRetail

PkgFdMt

HhldPrdct

Tobacco

SprCntrs

AgriProd

Dist&Vnt

Brewers

SoftDrnks

FdDistri

FdRetail
October 6, 2014

**Utilities**

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- **RenewElec**: 20 stocks; $52bn
- **GasUtil**: 36 stocks; $272bn
- **WaterUtil**: 19 stocks; $63bn
- **ElecUtil**: 85 stocks; $917bn
- **IPPTrad**: 24 stocks; $121bn
- **MultiUtil**: 39 stocks; $464bn

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**Strength**

**Momentum**
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.
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).
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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Company Specific Disclosures
For Important Disclosures on the stocks discussed in this report, please go to

Distribution of Ratings (March 31, 2014)

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<td>42.0%</td>
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<td>Sell</td>
<td>Underperform</td>
<td>5.2%</td>
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<td>1.1%</td>
<td>6.3%</td>
<td>2.7%</td>
<td>5.6%</td>
</tr>
</tbody>
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* 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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Und = Underperform - Forecast to underperform the analyst's coverage universe on a total return basis;
(S) = Speculative investment;
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