Group Selection

Priced as of August 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 = 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
(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.
Strength Changes Last Session

Momentum

SemiEqp ← HmImpRlt ←
Semi ←

InetRtl ← PersPrdct ←
Int O&G ←
OG E&P ←
SoftDrinks →

MngHCare ←

HvyElcEq ← LifeHthIns ←
Trucking →

RenewElec ← MotcyMfg ←
MltSecHld ←
ElecComp ←
SpecChm ←
Cns&Eng ←

ComEquip ← HomeFurn →
AirFrght →
ApplicSwr ←
ElecInstr ←
FrstPrd ←
PaperPkg ←
CstrMat ←
FdRetail ←
Aero&Def ←
Ag&Farm →

HCSupplls ← AutoParts ←
Fert&Ag →
Reinsuran ←

HREmpl ←

Railroads ← SpecStors ←
HhdlPrdct →
Cabl&Sat ←
OG RfMkt ←

LfSciSrv ← AutoRlt ←
MtglsCnt ←

HCServ ←

WaterUtil ← PkgFdMt ←
DiversREIT ←
Coal&Uran ←

HmFrnsh ← DivCpMkt ←
Mov&Ent ←
PrecMet ←
SpecREIT ←

CnstMch&Tr ←
CatalgRlt ←
REstSrv ←
HmEntSwr ←

CmpElRlt ←
Brewers ←

IndCongl ←
Publishing ←
Educat ←

ConsmrFin ←

REstDvAct ←

MultiUtil ←

ConsmrFin ←

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August 26, 2014

Materials

Momentum

Strength

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DiversChm
18 stocks; $301bn

FrstPrd
12 stocks; $20bn

CstrMat
30 stocks; $211bn

PaperPkg
17 stocks; $80bn

Silver
13 stocks; $18bn

ComdChm
34 stocks; $357bn

SpecChm
67 stocks; $403bn

IndusGas
10 stocks; $165bn

Steel
79 stocks; $412bn

Alumin
12 stocks; $63bn

DvrsMng
31 stocks; $623bn

MtGlsCnt
16 stocks; $98bn

Gold
90 stocks; $183bn

PrecMet
25 stocks; $71bn

Fert&Ag
30 stocks; $623bn

PapProd
28 stocks; $91bn

IndusGas
10 stocks; $165bn

ComdChm
34 stocks; $357bn

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August 26, 2014

Consumer Discretionary

Momentum

Strength

HmImpRtl 9 stocks; $196bn
ApparRtl 47 stocks; $366bn
Hsware 5 stocks; $21bn
Footwear 13 stocks; $88bn
HomeFurn 9 stocks; $36bn

InetRtl 20 stocks; $346bn
SpCmSrv 12 stocks; $25bn
AutoMfg 37 stocks; $106bn
DeptStrs 23 stocks; $146bn
HhldApl 13 stocks; $59bn

GMrchStrs 15 stocks; $114bn
DeptStrs 23 stocks; $146bn
InetRtl 20 stocks; $346bn
AutoMfg 37 stocks; $106bn
HhldApl 13 stocks; $59bn

MotcyMfg 3 stocks; $29bn
Cabl&Sat 27 stocks; $442bn
AutoParts 41 stocks; $333bn
AutoRtl 19 stocks; $88bn
Hlt&Rsrt 30 stocks; $192bn

CmrElec 13 stocks; $100bn
SpecStors 30 stocks; $119bn
Cabl&Sat 27 stocks; $442bn
AutoRtl 19 stocks; $88bn
Hlt&Rsrt 30 stocks; $192bn

HmFrnsh 13 stocks; $39bn
Mov&Ent 26 stocks; $340bn
CmpElRtl 13 stocks; $40bn
CatalgRtl

Aprl&Gds 45 stocks; $506bn
Advert 22 stocks; $118bn

InetRtl 20 stocks; $346bn
SpCmSrv 12 stocks; $25bn
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DeptStrs 23 stocks; $146bn
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Mov&Ent 26 stocks; $340bn
CmpElRtl 13 stocks; $40bn
CatalgRtl

Aprl&Gds 45 stocks; $506bn
Advert 22 stocks; $118bn
Momentum

Strength

August 26, 2014

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Health Care

Pharma
95 stocks; $2623bn

MngHCare
13 stocks; $203bn

HCareTec
13 stocks; $38bn

HCFacility
29 stocks; $110bn

HCService
32 stocks; $197bn

HCSupplis
28 stocks; $83bn

Biotech
126 stocks; $751bn

HCEquip
77 stocks; $540bn

HCDistrib
24 stocks; $127bn

Health Care

Pharma
95 stocks; $2623bn

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13 stocks; $203bn

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HCSupplis
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Biotech
126 stocks; $751bn

HCEquip
77 stocks; $540bn

HCDistrib
24 stocks; $127bn
Information Technology

Momentum

Strength

HdwrSt&P
49 stocks;$1048bn

SemiEqp
42 stocks;$168bn

Semi
113 stocks;$966bn

EMS
24 stocks;$117bn

ApplicSwr
79 stocks;$406bn

ElecInstr
44 stocks;$161bn

ElecComp
43 stocks;$236bn

DataProc
49 stocks;$474bn

SystmSwr
37 stocks;$689bn

InetSftSrv
110 stocks;$944bn

TechDist
16 stocks;$42bn

ITConsult
49 stocks;$576bn

HmEntSwr
20 stocks;$80bn
Momentum

Strength

August 26, 2014

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Telecommunication Services

WlsTelSrv
46 stocks; $1031bn

IntgTelSrv
65 stocks; $1376bn

AltCar
15 stocks; $57bn
August 26, 2014

Utilities

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Momentum

Strength

IPPTrad
24 stocks, $124bn

RenewElec
21 stocks, $56bn

ElecUtil
25 stocks, $942bn

GasUtil
36 stocks, $223bn

WaterUtil
20 stocks, $67bn

MultiUtil
39 stocks, $490bn

GasUtil
36 stocks, $223bn

IPPTrad
24 stocks, $124bn

WaterUtil
20 stocks, $67bn

MultiUtil
39 stocks, $490bn

ElecUtil
25 stocks, $942bn

RenewElec
21 stocks, $56bn
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).
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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I, Mark Steele, hereby certify that the views expressed in this report accurately reflect my personal views about the subject securities or issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in this report.

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For Important Disclosures on the stocks discussed in this report, please go to http://researchglobal.bmocapitalmarkets.com/Public/Company_Disclosure_Public.aspx

Distribution of Ratings (March 31, 2014)

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<td>Sell</td>
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<td>3.2%</td>
<td>1.1%</td>
<td>6.3%</td>
<td>2.7%</td>
<td>5.6%</td>
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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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Rating and Sector Key (as of April 5, 2013)
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

R = Restricted – Dissemination of research is currently restricted.
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