Group Selection

Priced as of December 9, 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 Relative Strength Profiles*

*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 (reward/risk 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
Strength Changes Last Session

Momentum

- OfficeServ
- RegionBnk
- InvBnkBrk
- HCareTec
- IndusREIT
- HlhdApl
- DrugRetail
- LeisFcil
- ElecComp
- HCDistrib
- EnviroServ
- HmEntSwr
- FdDistri
- DivCpMkt
- BldPrdcts
- PaperPkg
- SemiEqp
- Thrft&Mtg
- HCDistrib
- MultiUtil
- Advert
- Ind Mach
- CmclPrt
- LeisPrd
- InvBnkBrk
- BldPrdcts
- ElecInstr
- EnviroServ
- HmEntSwr
- FdDistri
- DivCpMkt
- SpecREIT
- MortgREIT
- HlhdPrdct
- Alumin
- SpecREIT
- MortgREIT
- HlhdPrdct
- Alumin
- LifeHthIns
- SpecStors
- SystmSwr
- ApplicSwr
- AirFght
- DiversREIT
- InetSftSrv
- Multi-LnIns
- MarineSrv
- HCServ
- Trucking
- CmrElec
- HomeBld
- Dist&Vnt
- FdRetail
- Aprl&Gds
- SpecStors
- SystmSwr
- ApplicSwr
- AirFght
- DiversREIT
- InetSftSrv
- Multi-LnIns
- MarineSrv
- HCServ
- Trucking
- CmrElec
- HomeBld
- Dist&Vnt
- FdRetail
- Aprl&Gds
- SpecialFin
- Footwear
- AltCar
- ApparlRtl
- Brewrs
- CmpElRtl
- Inetrtl
- DeptStrs
- SoftDrnks
- InetRtl
- DeptStrs
- SoftDrnks
- InetRtl
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- SoftDrnks
MtGlsCnt
16 stocks; $49bn

SpecChm
16 stocks; $416bn

PaperPkg
17 stocks; $84bn

Alumin
12 stocks; $63bn

DiversChm
18 stocks; $281bn

PapProd
28 stocks; $95bn

Gold
78 stocks; $138bn

FrstPrd
12 stocks; $21bn

CstrMat
29 stocks; $196bn

Fert&Ag
37 stocks; $240bn

IndusGas
10 stocks; $164bn

ComdChm
13 stocks; $274bn

Silver
78 stocks; $138bn

Steel
74 stocks; $336bn

DvrsMng
76 stocks; $460bn

PrecMet
22 stocks; $51bn
Consumer Staples

December 9, 2014

Mark Steele (416) 359-4641

HhldPrdct
18 stocks; $558bn

DrugRetail
8 stocks; $187bn

PersPrdct
25 stocks; $226bn

FdDistri
11 stocks; $43bn

SprCntrs
17 stocks; $488bn

AgriProd
13 stocks; $131bn

PkgFdMt
119 stocks; $1067bn

Tobacco
16 stocks; $600bn

FdRetail
41 stocks; $345bn

Dist&Vnt
14 stocks; $271bn

Brewers
15 stocks; $492bn

SoftDrnks
15 stocks; $427bn
Telecommunication Services

December 9, 2014

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WlsTelSrv
49 stocks; $945bn

IntgTelSrv
63 stocks; $1322bn

AltCar
16 stocks; $61bn
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.
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, 2014)

<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>Starnge Universe</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buy</td>
<td>Outperform</td>
<td>42.0%</td>
<td>21.3%</td>
<td>60.7%</td>
<td>40.8%</td>
<td>35.5%</td>
<td>53.6%</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>40.7%</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>5.0%</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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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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