Group Selection

Priced as of October 21, 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*

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<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Energy</td>
<td>33% / 38% / 34%</td>
<td>/ / /</td>
<td>-29% / -22% / -14%</td>
</tr>
<tr>
<td>Materials</td>
<td>32% / 39% / 35%</td>
<td>/ / /</td>
<td>-11% / -4% / 2%</td>
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<tr>
<td>Industrials</td>
<td>27% / 36% / 32%</td>
<td>/ / /</td>
<td>-3% / 6% / 13%</td>
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<tr>
<td>CMR Disc</td>
<td>32% / 40% / 35%</td>
<td>/ / /</td>
<td>3% / 13% / 20%</td>
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<tr>
<td>CMR Stap</td>
<td>36% / 43% / 37%</td>
<td>/ / /</td>
<td>-1% / 10% / 15%</td>
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<tr>
<td>Hlth Care</td>
<td>49% / 56% / 53%</td>
<td>/ / /</td>
<td>2% / 9% / 15%</td>
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<tr>
<td>Financials</td>
<td>34% / 50% / 41%</td>
<td>/ / /</td>
<td>2% / 17% / 25%</td>
</tr>
<tr>
<td>Info Tech</td>
<td>37% / 46% / 43%</td>
<td>/ / /</td>
<td>-10% / -2% / 3%</td>
</tr>
<tr>
<td>Telecom</td>
<td>39% / 46% / 38%</td>
<td>/ / /</td>
<td>-8% / 2% / 6%</td>
</tr>
<tr>
<td>Utilities</td>
<td>34% / 56% / 48%</td>
<td>/ / /</td>
<td>1% / 17% / 24%</td>
</tr>
</tbody>
</table>

*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 ( / 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

Trucking ← OfficeServ ← MtGisCnt ↑

DeptStrs ↑

MortgREIT ↓

MultiUtil ↑

Strength

CatalgRtl ↓

HhldApl ↓

InsurBrkrs ↓

October 21, 2014

Mark Steele (416) 359-4641
October 21, 2014

**Consumer Discretionary**

**Strength**

- **Footwear**: 13 stocks; $92bn
- **SpecStors**: 30 stocks; $115bn
- **DeptStrs**: 22 stocks; $140bn
- **HomeFurn**: 8 stocks; $34bn
- **CatalgRtl**: 7 stocks; $20bn
- **HhldApl**: 12 stocks; $58bn
- **HomeBld**: 24 stocks; $106bn
- **Educat**: 23 stocks; $41bn
- **ApparRtl**: 47 stocks; $346bn
- **Cas&Gam**: 42 stocks; $317bn
- **Hsware**: 5 stocks; $22bn
- **Rstaurnt**: 52 stocks; $343bn
- **Htl&Rsr**: 31 stocks; $187bn
- **LeisPrd**: 21 stocks; $59bn
- **Distrib**: 12 stocks; $51bn
- **Broadcast**: 34 stocks; $75bn
- **Mov&Ent**: 52 stocks; $343bn
- **Textiles**: 13 stocks; $116bn
- **CmrElec**: 1 stocks; $92bn
- **AutoRtl**: 18 stocks; $84bn
- **HmImpRtl**: 9 stocks; $7bn
- **AutoParts**: 21 stocks; $307bn
- **Advert**: 20 stocks; $108bn
- **MotcyMfg**: 41 stocks; $307bn
- **SpCmSrv**: 11 stocks; $23bn
- **CmrElec**: 13 stocks; $92bn
- **AutoRtl**: 18 stocks; $84bn
- **HmFrnsh**: 27 stocks; $306bn
- **IntRtl**: 3 stocks; $7bn
- **AutoMfg**: 41 stocks; $470bn
- **CmpElRtl**: 13 stocks; $39bn
- **Cabl&Sat**: 27 stocks; $420bn
- **AutoMfg**: 41 stocks; $470bn
- **CmplRtl**: 12 stocks; $39bn
October 21, 2014

**Consumer Staples**

- **Momentum**
  - **Strength**
    - **FdDistri**
      - 11 stocks; $41bn
    - **SoftDrinks**
      - 15 stocks; $417bn
    - **HhldPrdct**
      - 18 stocks; $531bn
    - **Tobacco**
      - 16 stocks; $587bn
    - **PkgFdMt**
      - 121 stocks; $1027bn
    - **PersPrdct**
      - 25 stocks; $219bn
    - **DrugRetail**
      - 9 stocks; $171bn
    - **Brewers**
      - 15 stocks; $469bn
    - **SprCntrs**
      - 17 stocks; $466bn
    - **Dist&Vnt**
      - 13 stocks; $197bn
    - **FdRetail**
      - 41 stocks; $344bn
    - **AgriProd**
      - 33 stocks; $126bn
    - **Tobacco**
      - 16 stocks; $587bn

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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 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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Distribution of Ratings (March 31, 2014)

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<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>Staining Universe</th>
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<td>Buy</td>
<td>Outperform</td>
<td>42.0%</td>
<td>21.3%</td>
<td>60.7%</td>
<td>40.8%</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>40.8%</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>
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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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***** Reflects rating distribution of all companies from which BMO Capital Markets has received compensation for Investment Banking services as percentage of Investment Banking clients.

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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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