Group Selection
Priced as of June 19, 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 (hyperlink), 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.

See Help Pages for further details.
Strength Changes Last Session

- Mov&Ent ➔ Silver ➔ PrecMet ➔ ApplSwr ➔ HCSuppls ➔ Broadcast ➔ Coal&Uran
- LfSciSrv ➔ PersPrdct ➔ InvBnkBrk ➔ Aprl&Gds ➔ HCareTec ➔ P&C Insur
- ResidREIT ➔ DvrsMng ➔ Railroads ➔ InetRl ➔ OG Drill ➔ Educat
- SemiEqp ➔ IPPTrad ➔ Sec&Alm ➔ HCEquip ➔ ElcCmpEq ➔ OfficeServ ➔ Footwear
- CnstMch&Tr ➔ CmrElec ➔ PapProd ➔ ElecInstr ➔ FdDistri ➔ DeptStrs ➔ HmImpRtl
- EMS ➔ IntgTelSrv ➔ HvyElecEq ➔ REstDvAct ➔ MarineSrv ➔ AsstMgmt ➔ Marine
- OG StTr ➔ AutoParts ➔ MortgREIT ➔ TrdgDist ➔ REstOpCo ➔ Steel ➔ Distrib
- OfficeREIT ➔ RetailREIT ➔ HCareREIT ➔ Hwy&Rail ➔ MtGlsCnt ➔ AirFrght ➔ WaterUtil
- SpecREIT ➔ DiversChm ➔ IndusGas ➔ PaperPkg ➔ Htl&Rsr ➔ Thrft&Mtg ➔ HCServ
- MotcyMfg ➔ LeisFls ➔ Reinsuran ➔ Ind Mach ➔ HomeBld ➔ RsrCsll ➔ Ag&Farm ➔ HomeFurn

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June 19, 2014

**Health Care**

Momentum

**Biotech**
- 127 stocks; $657bn

**HCSupps**
- 28 stocks; $84bn

**HCareTec**
- 13 stocks; $36bn

**LfSciSrv**
- 30 stocks; $173bn

**HCService**
- 33 stocks; $138bn

**HCFacility**
- 30 stocks; $102bn

**MngHCare**
- 13 stocks; $201bn

**Pharma**
- 30 stocks; $173bn

**HCEquip**
- 77 stocks; $539bn

**HCDistrib**
- 14 stocks; $122bn

**Health Care**

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Utilities

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Momentum

Strength

ElecUtil ↑ MultiUtil ↑
85 stocks; $966bn
39 stocks; $516bn

GasUtil ↓
39 stocks; $208bn

IPPTrad ↓
23 stocks; $119bn

WaterUtil →
20 stocks; $67bn

RenewElec ↓
22 stocks; $56bn

Utilities

IPPTrad
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 group's 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”
- 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>BMOCM US Universe*</th>
<th>BMOCM US IB Clients**</th>
<th>BMOCM US IB Clients***</th>
<th>BMOCM Universe****</th>
<th>BMOCM Clients*****</th>
<th>Starnes Universe</th>
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</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>33.6%</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>33.6%</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>5.6%</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.
*** Reflects rating distribution of all companies from which BMO Capital Markets Corp. has received compensation for Investment Banking services as percentage of Investment Banking clients.
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We use the following ratings system definitions:
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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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