Group Selection

Priced as of May 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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13. Information Technology
14. Telecom
15. Utilities
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Sector View

Sector Relative Strength Profiles*

<table>
<thead>
<tr>
<th></th>
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<tr>
<td>Energy</td>
<td>47% / 51% / 52%</td>
<td>/ / /</td>
<td>12% / 9% / 3%</td>
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<tr>
<td>Materials</td>
<td>42% / 46% / 47%</td>
<td>/ / /</td>
<td>0% / -3% / -9%</td>
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<td>Industrials</td>
<td>46% / 53% / 55%</td>
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<td>CMR Disc</td>
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<td>-6% / -7% / -13%</td>
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<td>16% / 14% / 3%</td>
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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 ( ), 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.
**Consumer Staples**

Momentum

- **SoftDrinks**: 15 stocks; $409bn
- **FdRetail**: 42 stocks; $382bn
- **AgriProd**: 34 stocks; $135bn
- **PkgFdMt**: 123 stocks; $1,072bn

Strength

- **DrugRetail**: 9 stocks; $174bn
- **Tobacco**: 16 stocks; $552bn
- **Dist&Vnt**: 13 stocks; $201bn
- **FdDistri**: 12 stocks; $42bn
- **SprCntrs**: 17 stocks; $497bn
- **HhldPrdct**: 18 stocks; $521bn
- **Brewers**: 16 stocks; $525bn
- **PersPrdct**: 26 stocks; $244bn
### Financials

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<tr>
<th>Sector</th>
<th>Strength</th>
<th>Momentum</th>
<th>Stocks</th>
<th>Market Cap</th>
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<td>SpecREIT</td>
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<td>16</td>
<td>$137bn</td>
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May 9, 2014

Telecommunication Services

Momentum

Strength

AltCar
12 stocks; $60bn

IntgTelSrv
65 stocks; $1367bn

WlsTelSrv
49 stocks; $975bn

Mark Steele (416) 359-4641

Telecommunication Services
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.
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.
**IMPORTANT DISCLOSURES**

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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>
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<th>BMOCM Universe****</th>
<th>BMOCM IB Clients*****</th>
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<td>Buy</td>
<td>Outperform</td>
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<td>21.5%</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>
</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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***** 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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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
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