Group Selection
Priced as of January 15, 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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Table of Contents

3. Sector View
4. Strength Changes Last Session
5. Resource Summary
6. Energy
7. Materials
8. Industrials
9. Consumer Discretionary
10. Consumer Staples
11. Health Care
12. Financials
13. Information Technology
14. Telecom
15. Utilities
16. User Guide
Sector View

Strength

2014.01.15

Momentum

Sector Relative Strength Profiles*

<table>
<thead>
<tr>
<th>Hyperlink</th>
<th>% Outperforming</th>
<th>Reward/Risk</th>
<th>Trend Psn</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy</td>
<td>35% / 39% / 46%</td>
<td>-10% / -8% / -1%</td>
<td></td>
</tr>
<tr>
<td>Materials</td>
<td>35% / 37% / 45%</td>
<td>2% / 3% / 10%</td>
<td></td>
</tr>
<tr>
<td>Industrials</td>
<td>59% / 61% / 69%</td>
<td>2% / 5% / 14%</td>
<td></td>
</tr>
<tr>
<td>CMR Disc</td>
<td>57% / 58% / 65%</td>
<td>-11% / -9% / -1%</td>
<td></td>
</tr>
<tr>
<td>CMR Stap</td>
<td>30% / 35% / 43%</td>
<td>-11% / -8% / 0%</td>
<td></td>
</tr>
<tr>
<td>Hlth Care</td>
<td>55% / 59% / 67%</td>
<td>19% / 22% / 25%</td>
<td></td>
</tr>
<tr>
<td>Financials</td>
<td>42% / 47% / 57%</td>
<td>-3% / 0% / 9%</td>
<td></td>
</tr>
<tr>
<td>Info Tech</td>
<td>57% / 59% / 64%</td>
<td>8% / 11% / 18%</td>
<td></td>
</tr>
<tr>
<td>Telecom</td>
<td>46% / 53% / 57%</td>
<td>-2% / -1% / 10%</td>
<td></td>
</tr>
<tr>
<td>Utilities</td>
<td>26% / 30% / 38%</td>
<td>-4% / -1% / 3%</td>
<td></td>
</tr>
</tbody>
</table>

*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 (rankings), 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.
MOMENTUM

STRENGTH

January 15, 2014

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Energy

OG E&P
229 stocks; $1117bn

Coal & Uran
36 stocks; $99bn

Int O&G
34 stocks; $2169bn

OG Equip
86 stocks; $463bn

OG RfMkt
49 stocks; $341bn

OG StTr
76 stocks; $585bn

OG Drill
31 stocks; $123bn
Consumer Staples

January 15, 2014

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Dist&Vnt → 14 stocks; $206bn

DrugRetail ← 10 stocks; $165bn

FdRetail ← 42 stocks; $377bn

AgriProd → 34 stocks; $129bn

PkgFdMt ← 115 stocks; $982bn

SoftDrnks ↩ 15 stocks; $399bn

SprCntrs ↩ 17 stocks; $499bn

Tobacco ← 16 stocks; $532bn

PersPrdct ↓ 27 stocks; $240bn

Brewers ↓ 16 stocks; $499bn

FdDistri ↓ 12 stocks; $42bn

HhldPrdct ↑ 18 stocks; $500bn

DrugRetail: 10 stocks; $165bn

Dist&Vnt: 14 stocks; $206bn

FdRetail: 42 stocks; $377bn

AgriProd: 34 stocks; $129bn

PkgFdMt: 115 stocks; $982bn

SoftDrnks: 15 stocks; $399bn

SprCntrs: 17 stocks; $499bn

Tobacco: 16 stocks; $532bn

PersPrdct: 27 stocks; $240bn

Brewers: 16 stocks; $499bn

FdDistri: 12 stocks; $42bn

HhldPrdct: 18 stocks; $500bn
Momentum

Strength

January 15, 2014

Telecommunication Services

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WlsTelSrv ➔
47 stocks; $1104bn

AltCar ➔
15 stocks; $55bn

IntgTelSrv ➔
65 stocks; $1243bn
Utilities

January 15, 2014

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Momentum

Strength

MultiUtil
39 stocks; $455bn

ElecUtil
63 stocks; $834bn

WaterUtil
21 stocks; $58bn

GasUtil
34 stocks; $196bn

IPPTrad
46 stocks; $156bn
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 are the 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 deviations from the trend. Our process is flexible, thorough, and because it is run daily, timely.

The Dataset:
- Over 5,000 securities.
- Groups have a:
  ...Median depth of 25
  ...Average depth of 35

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 of 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).
**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 5-day and 20-day moving averages (momentum).

- Each chart is hyperlinked to the group membership, in our RS Filter Toolkit.
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<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>Stamine Universe</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buy</td>
<td>Outperform</td>
<td>35.8%</td>
<td>20.3%</td>
<td>47.8%</td>
<td>36.7%</td>
<td>48.3%</td>
<td>53.2%</td>
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<tr>
<td>Hold</td>
<td>Market Perform</td>
<td>59.4%</td>
<td>13.1%</td>
<td>51.1%</td>
<td>56.9%</td>
<td>50.2%</td>
<td>41.1%</td>
</tr>
<tr>
<td>Sell</td>
<td>Underperform</td>
<td>4.9%</td>
<td>3.4%</td>
<td>1.1%</td>
<td>6.4%</td>
<td>1.5%</td>
<td>5.6%</td>
</tr>
</tbody>
</table>
Ratings and Sector Key
We use the following ratings system definitions:
OP = Outperform - Forecast to outperform the market;
Mkt = Market Perform - Forecast to perform roughly in line with the market;
Und = Underperform - Forecast to underperform the market;
(S) = speculative investment;
NR = No rating at this time;
R = Restricted - Dissemination of research is currently restricted.

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