Group Selection

Priced as of January 20, 2016

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 View

Sector Relative Strength Profiles*

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy</td>
<td>11% / 16% / 31%</td>
<td>/ / -43%</td>
<td>-39% / -31%</td>
</tr>
<tr>
<td>Materials</td>
<td>25% / 32% / 52%</td>
<td>/ / -13%</td>
<td>-7% / 5%</td>
</tr>
<tr>
<td>Industrials</td>
<td>32% / 41% / 67%</td>
<td>/ / -11%</td>
<td>-4% / 8%</td>
</tr>
<tr>
<td>CMR Disc</td>
<td>36% / 45% / 65%</td>
<td>/ / -5%</td>
<td>-2% / 14%</td>
</tr>
<tr>
<td>CMR Stap</td>
<td>48% / 58% / 76%</td>
<td>/ / 10%</td>
<td>14% / 26%</td>
</tr>
<tr>
<td>Hlth Care</td>
<td>47% / 55% / 70%</td>
<td>/ / -3%</td>
<td>5% / 13%</td>
</tr>
<tr>
<td>Financials</td>
<td>35% / 48% / 77%</td>
<td>/ / -17%</td>
<td>-10% / 7%</td>
</tr>
<tr>
<td>Info Tech</td>
<td>46% / 53% / 72%</td>
<td>/ / -5%</td>
<td>-1% / 11%</td>
</tr>
<tr>
<td>Telecom</td>
<td>33% / 40% / 70%</td>
<td>/ / -1%</td>
<td>5% / 15%</td>
</tr>
<tr>
<td>Utilities</td>
<td>41% / 53% / 73%</td>
<td>/ / 18%</td>
<td>23% / 41%</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
January 20, 2016

Momentum

Strength

OG Drill
20 stocks; $24bn

OG Equip
69 stocks; $224bn

OG E&P
139 stocks; $475bn

OG StTr
87 stocks; $359bn

Int O&G
34 stocks; $1185bn

Coal&Uran
22 stocks; $47bn

OG RfMkt
48 stocks; $326bn
Materials

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**SpecChm**
- 63 stocks
- $350bn

**ComdChm**
- 38 stocks
- $231bn

**Steel**
- 61 stocks
- $182bn

**CstrMat**
- 26 stocks
- $155bn

**PaperPkg**
- 18 stocks
- $89bn

**Alumin**
- 17 stocks
- $33bn

**DvrsMng**
- 57 stocks
- $203bn

**IndusGas**
- 10 stocks
- $731bn

**FstPrd**
- 12 stocks
- $13bn

**DiversChm**
- 19 stocks
- $215bn

**PapProd**
- 28 stocks
- $53bn

**FrstPrd**
- 12 stocks
- $13bn

**DiversChm**
- 19 stocks
- $215bn

**MtgCnt**
- 15 stocks
- $49bn

**IndusGas**
- 10 stocks
- $731bn

**PrecMet**
- 21 stocks
- $30bn

**Fert&Ag**
- 35 stocks
- $183bn

**Silver**
- 10 stocks
- $8bn
Consumer Staples

Momentum

Strength

DrugRetail  
8 stocks; $212bn

PersPrdct  
27 stocks; $302bn

HhldPrdct  
18 stocks; $512bn

Tobacco  
13 stocks; $590bn

Brewers  
14 stocks; $472bn

PkgFdMt  
119 stocks; $1046bn

Dist&Vnt  
12 stocks; $199bn

SoftDrnks  
17 stocks; $439bn

SprCntrs  
16 stocks; $396bn

AgriProd  
30 stocks; $88bn

FdRetail  
39 stocks; $303bn

FdDistri  
11 stocks; $38bn

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Utilities

Momentum

Strength

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WaterUtil 23 stocks; $70bn

MultiUtil 49 stocks; $422bn

ElecUtil 82 stocks; $634bn

GasUtil 16 stocks; $161bn

IPPTrad 25 stocks; $90bn

RenewElec 23 stocks; $43bn

GasUtil 16 stocks; $161bn

Utilities

IPP Trad 25 stocks; $90bn

RenewElec 23 stocks; $43bn

WaterUtil 23 stocks; $70bn

MultiUtil 49 stocks; $422bn

ElecUtil 82 stocks; $634bn

GasUtil 16 stocks; $161bn

RenewElec 23 stocks; $43bn

WaterUtil 23 stocks; $70bn

MultiUtil 49 stocks; $422bn

ElecUtil 82 stocks; $634bn

GasUtil 16 stocks; $161bn

RenewElec 23 stocks; $43bn
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 groups 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 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).
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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<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>Starmine Universe</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buy</td>
<td>Outperform</td>
<td>42.2%</td>
<td>18.6%</td>
<td>54.7%</td>
<td>44.3%</td>
<td>56.9%</td>
<td>56.3%</td>
</tr>
<tr>
<td>Hold</td>
<td>Market Perform</td>
<td>54.3%</td>
<td>11.3%</td>
<td>42.7%</td>
<td>51.8%</td>
<td>40.9%</td>
<td>38.7%</td>
</tr>
<tr>
<td>Sell</td>
<td>Underperform</td>
<td>3.5%</td>
<td>11.1%</td>
<td>2.7%</td>
<td>3.9%</td>
<td>2.2%</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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***** 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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