Group Selection

Priced as of December 15, 2015

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>12% / 16% / 30%</td>
<td>-27% / -23% / -15%</td>
<td></td>
</tr>
<tr>
<td>Materials</td>
<td>24% / 30% / 50%</td>
<td>-11% / -8% / 9%</td>
<td></td>
</tr>
<tr>
<td>Industrials</td>
<td>31% / 40% / 67%</td>
<td>-12% / -5% / 4%</td>
<td></td>
</tr>
<tr>
<td>CMR Disc</td>
<td>37% / 47% / 68%</td>
<td>-10% / -4% / 6%</td>
<td></td>
</tr>
<tr>
<td>CMR Stap</td>
<td>49% / 60% / 74%</td>
<td>-2% / 3% / 12%</td>
<td></td>
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<tr>
<td>Health Care</td>
<td>51% / 59% / 74%</td>
<td>-2% / 7% / 14%</td>
<td></td>
</tr>
<tr>
<td>Financials</td>
<td>38% / 51% / 78%</td>
<td>-14% / -6% / 5%</td>
<td></td>
</tr>
<tr>
<td>Info Tech</td>
<td>42% / 51% / 71%</td>
<td>2% / 9% / 18%</td>
<td></td>
</tr>
<tr>
<td>Telecom</td>
<td>33% / 40% / 67%</td>
<td>-9% / -2% / 9%</td>
<td></td>
</tr>
<tr>
<td>Utilities</td>
<td>38% / 51% / 72%</td>
<td>-10% / -4% / 7%</td>
<td></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

Strength

Hsware ➔ PkgFdmT ➔ Mov&Ent ➔ DiversChm

Distrib ➔ Hwy&Rail ➔

AutoRtl ➔

InsurBrkrs ➔ DataProc ➔ Pharma ➔ Advert ➔ MngHCare ➔

Textiles ➔

LeisPrd ➔ MltSecHld ➔ AutoMfg ➔

DiversChm ➔

HhldApl ➔ Railroads ➔

HmEntSwr ➔

Semi ➔

Emc ➔

RsrcCslt ➔ SpecialFin ➔ Environ ➔

SpCmSrv ➔ RsrcCslt ➔ SpecialFin ➔

EMS ➔

December 15, 2015

Mark Steele (416) 359-4641
**Consumer Staples**

- **SoftDrinks**
  - 17 stocks: $464bn
- **HhldPrdct**
  - 18 stocks: $542bn
- **Tobacco**
  - 13 stocks: $610bn
- **Dist&Vnt**
  - 12 stocks: $268bn
- **Brewers**
  - 14 stocks: $505bn
- **DrugRetail**
  - 8 stocks: $214bn

- **PkgFdMt**
  - 26 stocks: $325bn
- **PersPrdct**
  - 11 stocks: $1019bn
- **AgriProd**
  - 39 stocks: $95bn
- **FdRetail**
  - 39 stocks: $332bn
- **FdDistri**
  - 11 stocks: $40bn
- **SprCntrs**
  - 17 stocks: $409bn

### 2015 December 15

- **Mark Steele**
  - (416) 359-4641
Momentum

Strength

December 15, 2015

Mark Steele (416) 359-4641

Health Care

Pharma 34 stocks, $2588bn
MngHCare 14 stocks, $271bn

HCFacility 32 stocks, $131bn

HCDistrib 44 stocks, $143bn

Biotech 124 stocks, $953bn

HCSuppls 28 stocks, $115bn
HCareTec 17 stocks, $59bn
HCSuppl 31 stocks, $207bn

Health Care Facility

HCDistrib

Pharma

MngHCare

HCFacility

HCEquip

Biotech

HCSuppls

HCareTec

HCSuppl
December 15, 2015

Telecommunication Services

Mark Steele (416) 359-4641

IntgTelSrv

59 stocks; $124bn

WlsTelSrv

44 stocks; $856bn

AltCar

14 stocks; $57bn
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 group 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.
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Distribution of Ratings (March 31, 2015)

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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>Stamina Universe</th>
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<tr>
<td>Buy</td>
<td>Outperform</td>
<td>43.7%</td>
<td>18.6%</td>
<td>58.2%</td>
<td>42.7%</td>
<td>55.5%</td>
<td>54.1%</td>
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<tr>
<td>Hold</td>
<td>Market Perform</td>
<td>51.4%</td>
<td>10.4%</td>
<td>38.5%</td>
<td>52.1%</td>
<td>41.9%</td>
<td>40.5%</td>
</tr>
<tr>
<td>Sell</td>
<td>Underperform</td>
<td>4.9%</td>
<td>9.4%</td>
<td>3.3%</td>
<td>5.2%</td>
<td>2.6%</td>
<td>5.5%</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.
**** Reflects rating distribution of all companies covered by BMO Capital Markets equity research analysts.
***** 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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