Group Selection

Priced as of May 4, 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 Relative Strength Profiles

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Energy</td>
<td>19% / 23% / 25%</td>
<td>/</td>
<td>29% / 30% / 14%</td>
</tr>
<tr>
<td>Materials</td>
<td>44% / 49% / 50%</td>
<td>/</td>
<td>23% / 22% / 10%</td>
</tr>
<tr>
<td>Industrials</td>
<td>43% / 48% / 46%</td>
<td>/</td>
<td>11% / 9% / -8%</td>
</tr>
<tr>
<td>CMR Disc</td>
<td>39% / 47% / 42%</td>
<td>/</td>
<td>6% / 4% / -8%</td>
</tr>
<tr>
<td>CMR Stap</td>
<td>58% / 67% / 61%</td>
<td>/</td>
<td>3% / 1% / -14%</td>
</tr>
<tr>
<td>Hlth Care</td>
<td>36% / 42% / 40%</td>
<td>/</td>
<td>3% / -1% / -9%</td>
</tr>
<tr>
<td>Financials</td>
<td>36% / 44% / 45%</td>
<td>/</td>
<td>11% / 9% / -5%</td>
</tr>
<tr>
<td>Info Tech</td>
<td>41% / 46% / 42%</td>
<td>/</td>
<td>-4% / -4% / -14%</td>
</tr>
<tr>
<td>Telecom</td>
<td>47% / 50% / 53%</td>
<td>/</td>
<td>7% / 5% / -9%</td>
</tr>
<tr>
<td>Utilities</td>
<td>57% / 64% / 67%</td>
<td>/</td>
<td>11% / 12% / -2%</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.
May 4, 2016

Strength Changes Last Session

Momentum

ElecUtil  ➔  Educat  ➔  DvSpSrv  ➔  HomeFurn  ➔  Publishing  ➔  CatalgRtl
AirprtSrv  ➔  GasUtil  ➔  SoftDrinks

RestOpCo  ➔  MortgREIT  ➔  IntgTelSrv  ➔  OfficeServ

PkgFdMt  ➔  AgriProd

ITConsult  ➔  Steel

RestDvAct  ➔  DiversChm  ➔  InetRtl

REstOpCo  ➔  P&C Insur

Sec&Alm

MtGlsCnt  ➔  Distrib  ➔  HCSuppls

MngHCare

Alumin

HCareTec

P&G Insur

HCService

Ind Mach

FrstPrd

MtGlsCnt

Distrib

HCSuppls

MngHCare

TechDist

HmEntSwr

Pharma

OG RfMkt

AutoParts

Tire&Rub

Airline

LeisPrd

HCDistrib

ElecComp

ComdChm

Biotech

AutoRtl

Footwear

IndCongl

Marine

Railroads

SystmSwr

CnstMch&T

CmpElRtl

Coal&Uran

Semi

ITConsult

Steel

SprCntrs

SprCntrs

Pharma

OG RfMkt

AutoParts

Tire&Rub

Airline

LeisPrd

HCDistrib

ElecComp

ComdChm

Biotech

AutoRtl

Footwear

IndCongl

Marine

Railroads

SystmSwr

CnstMch&T

CmpElRtl

Coal&Uran

Semi
Consumer Staples

- **Momentum**
  - HhldPrdct
    - 17 stocks; $549bn
  - SprCntrs
    - 16 stocks; $430bn
  - FdDistri
    - 12 stocks; $47bn
- **Strength**
  - SoftDrnks
    - 17 stocks; $477bn
  - PkgFdMt
    - 117 stocks; $1165bn
  - FdRetail
    - 38 stocks; $337bn
  - Tobacco
    - 13 stocks; $671bn
  - AgriProd
    - 29 stocks; $106bn
  - PersPrdct
    - 28 stocks; $360bn
  - DrugRetail
    - 7 stocks; $216bn
  - FdDistri
    - 12 stocks; $47bn

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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 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.
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”
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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<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>
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<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>
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<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>
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<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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