Group Selection

Priced as of February 2, 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>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy</td>
<td>12% / 16% / 31%</td>
<td>/ / /</td>
<td>-4% / -6% / -15%</td>
</tr>
<tr>
<td>Materials</td>
<td>25% / 33% / 53%</td>
<td>/ / /</td>
<td>2% / 0% / -10%</td>
</tr>
<tr>
<td>Industrials</td>
<td>30% / 40% / 67%</td>
<td>/ / /</td>
<td>-2% / -3% / -14%</td>
</tr>
<tr>
<td>CMR Disc</td>
<td>35% / 44% / 65%</td>
<td>/ / /</td>
<td>6% / 5% / -9%</td>
</tr>
<tr>
<td>CMR Stap</td>
<td>48% / 58% / 77%</td>
<td>/ / /</td>
<td>30% / 28% / 7%</td>
</tr>
<tr>
<td>Hlth Care</td>
<td>44% / 51% / 69%</td>
<td>/ / /</td>
<td>-6% / -8% / -15%</td>
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<tr>
<td>Financials</td>
<td>34% / 46% / 76%</td>
<td>/ / /</td>
<td>-4% / -7% / -18%</td>
</tr>
<tr>
<td>Info Tech</td>
<td>45% / 52% / 73%</td>
<td>/ / /</td>
<td>-4% / -6% / -14%</td>
</tr>
<tr>
<td>Telecom</td>
<td>34% / 39% / 68%</td>
<td>/ / /</td>
<td>15% / 15% / -1%</td>
</tr>
<tr>
<td>Utilities</td>
<td>44% / 53% / 74%</td>
<td>/ / /</td>
<td>48% / 48% / 21%</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

Brewers → FdRetail → Distrib → Silver → Cns&Eng →

HCDistrib → REstOpCo → Hwy&Rail → Int O&G → OthrDivFS → OG E&P →

PkgFdMt → LeisPrd → Gold → AltCar → MortgREIT → CnstMch&T →

SoftDrnks → TechDist → Semi → CmpElRtl → ComdChm → Cas&Gam →

IndusGas → Railroads → Rstaurnt → Ind Mach → IPPTrad →

SpCmSrv ← RsrcCsit ← Textiles ← REstDevl ← Aprl&Gds ← HvyElcEq ←

CmrElec ← HmlImpRtl ← Pharma ← AutoParts ← WlsTelSrv ←

HCareTec ← HhldApl ← Airline ← Multi-LnIns ← InetRtl ← EMS ←

HCEquip ← LfSciSrv ← Pharma ← ElecInstr ← HREmpl ← SystmSwr ←

Hsware ← AutoParts ← WlsTelSrv ← Mov&Ent ←

February 2, 2016

Mark Steele (416) 359-4641
<table>
<thead>
<tr>
<th>Resources</th>
<th>Strength</th>
<th>Momentum</th>
</tr>
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<tbody>
<tr>
<td>PrecMet</td>
<td>21 stocks; $35bn</td>
<td></td>
</tr>
<tr>
<td>Silver</td>
<td>19 stocks; $59bn</td>
<td></td>
</tr>
<tr>
<td>Coal&amp;Uran</td>
<td>22 stocks; $52bn</td>
<td></td>
</tr>
<tr>
<td>Int O&amp;G</td>
<td>34 stocks; $126bn</td>
<td></td>
</tr>
<tr>
<td>OG E&amp;P</td>
<td>135 stocks; $536bn</td>
<td></td>
</tr>
<tr>
<td>Gold</td>
<td>66 stocks; $104bn</td>
<td></td>
</tr>
<tr>
<td>OG RfMkt</td>
<td>47 stocks; $236bn</td>
<td></td>
</tr>
<tr>
<td>ComdChm</td>
<td>38 stocks; $241bn</td>
<td></td>
</tr>
<tr>
<td>OG StTr</td>
<td>37 stocks; $406bn</td>
<td></td>
</tr>
<tr>
<td>DvrsMng</td>
<td>87 stocks; $214bn</td>
<td></td>
</tr>
<tr>
<td>IndusGas</td>
<td>10 stocks; $155bn</td>
<td></td>
</tr>
<tr>
<td>OG RfMkt</td>
<td>47 stocks; $236bn</td>
<td></td>
</tr>
<tr>
<td>SpecChm</td>
<td>63 stocks; $359bn</td>
<td></td>
</tr>
<tr>
<td>PapProd</td>
<td>26 stocks; $66bn</td>
<td></td>
</tr>
<tr>
<td>FrstPrd</td>
<td>12 stocks; $13bn</td>
<td></td>
</tr>
<tr>
<td>Fert&amp;Ag</td>
<td>35 stocks; $150bn</td>
<td></td>
</tr>
<tr>
<td>OG Drill</td>
<td>20 stocks; $350bn</td>
<td></td>
</tr>
<tr>
<td>MtGlsCnt</td>
<td>15 stocks; $49bn</td>
<td></td>
</tr>
<tr>
<td>PaperPkg</td>
<td>18 stocks; $88bn</td>
<td></td>
</tr>
<tr>
<td>Alumin</td>
<td>12 stocks; $35bn</td>
<td></td>
</tr>
<tr>
<td>DiversChm</td>
<td>19 stocks; $220bn</td>
<td></td>
</tr>
</tbody>
</table>
### Materials

#### Overview
- **Gold**
  - 66 stocks; $104bn
- **IndusGas**
  - 10 stocks; $15bn
- **SpecChm**
  - 63 stocks; $35bn
- **PapProd**
  - 26 stocks; $66bn

#### PrecMet
- 21 stocks; $35bn

#### Silver
- 10 stocks; $50bn

#### ComdChm
- 38 stocks; $241bn

#### DvrsMng
- 97 stocks; $214bn

#### FrstPrd
- 12 stocks; $13bn

#### Fert&Ag
- 35 stocks; $184bn

#### CstrMat
- 26 stocks; $150bn

#### Steel
- 48 stocks; $187bn

#### MtGlsCnt
- 15 stocks; $49bn

#### Alumin
- 12 stocks; $35bn

#### DiversChm
- 19 stocks; $220bn

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**February 2, 2016**

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**PrecMet**

**Silver**

---

**ComdChm**

**DvrsMng**

---

**FrstPrd**

**Fert&Ag**

---

**CstrMat**

**Steel**

---

**MtGlsCnt**

**Alumin**

---

**DiversChm**

---

**Momentum**

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**Strength**
Telecommunication Services

Momentum

Strength

February 2, 2016

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Telecommunication Services

AltCar
14 stocks; $55bn

IntgTelSrv
30 stocks; $72bn

WlsTelSrv
42 stocks; $82bn

14 stocks; $55bn

60 stocks; $72bn

42 stocks; $82bn
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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<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.
*** 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.
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