Group Selection

Priced as of September 1, 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
**Sector Relative Strength Profiles**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy</td>
<td>56% / 58% / 49%</td>
<td>/ / /</td>
<td>1% / -2% / 1%</td>
</tr>
<tr>
<td>Materials</td>
<td>62% / 64% / 54%</td>
<td>/ / /</td>
<td>1% / -2% / 6%</td>
</tr>
<tr>
<td>Industrials</td>
<td>49% / 51% / 38%</td>
<td>/ / /</td>
<td>6% / 5% / 12%</td>
</tr>
<tr>
<td>CMR Disc</td>
<td>37% / 40% / 28%</td>
<td>/ / /</td>
<td>6% / 4% / 14%</td>
</tr>
<tr>
<td>CMR Stap</td>
<td>50% / 55% / 36%</td>
<td>/ / /</td>
<td>-2% / -4% / 9%</td>
</tr>
<tr>
<td>Hlth Care</td>
<td>51% / 54% / 44%</td>
<td>/ / /</td>
<td>-4% / -6% / 2%</td>
</tr>
<tr>
<td>Financials</td>
<td>42% / 45% / 31%</td>
<td>/ / /</td>
<td>22% / 18% / 27%</td>
</tr>
<tr>
<td>Info Tech</td>
<td>53% / 55% / 42%</td>
<td>/ / /</td>
<td>15% / 12% / 21%</td>
</tr>
<tr>
<td>Telecom</td>
<td>42% / 46% / 32%</td>
<td>/ / /</td>
<td>-9% / -11% / -2%</td>
</tr>
<tr>
<td>Utilities</td>
<td>55% / 57% / 39%</td>
<td>/ / /</td>
<td>-12% / -14% / -1%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>69% / 70% / 53%</td>
<td>/ / /</td>
<td>-6% / -9% / 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
Strength Changes Last Session

Momentum

InetSftSrv → HomeBld → REstSrv ←
PaperPkg ←
Semi ← HhidApl ← PapProd ← MtGlsCnt ← Alumin ← OfficeServ ↓
HCEquip ← HhidApl → PapProd ← MtGlsCnt ← Alumin ← OfficeServ ↓
ApplicSwr ← FnlExchDt ← ElecUtil ← IndusGas ← OG RfMkt ← HCService ↓
Coal&Uran ← RsrcCslt ← MltSecHld ← Hwy&Rail ← InetDmRtl ← Pharma ← AsstMgmt ← Marine ↓
SystmSwr ← Steel ←
PrecMet ← OG E&P ← CmclPrt ← Distrib ← ElcCmpEq ← Int O&G ← Publishing ↓
DiversREIT ← SpecChm ← ElecComp ←
HomeFurn ← CnstMch&Tr ← SemiEqp ← REstDvAct ← Cas&Gam ← Footwear ← FdRetail ← Aprl&Gds ← ApparlRtl ↓
AirprtSrv ← Ag&Farm ← CmrElec ←

September 1, 2016

Mark Steele (416) 359-4641
Momentum

September 1, 2016

Mark Steele (416) 359-4641

Energy

- OG RfMkt
  - 44 stocks; $345bn

- Int O&G
  - 31 stocks; $1498bn

- OG Drill
  - 19 stocks; $31bn

- OG Equip
  - 65 stocks; $295bn

- OG StTr
  - 95 stocks; $580bn

- OG E&P
  - 127 stocks; $762bn

- Coal&Uran
  - 23 stocks; $70bn

- OG Mkt
  - 44 stocks; $345bn

- Int O&G
  - 31 stocks; $1498bn

- OG Drill
  - 19 stocks; $31bn

- OG Equip
  - 65 stocks; $295bn

- OG StTr
  - 95 stocks; $580bn

- OG E&P
  - 127 stocks; $762bn

- Coal&Uran
  - 23 stocks; $70bn
Consumer Staples

September 1, 2016
Mark Steele (416) 359-4641

HhldPrdct
18 stocks; $584bn

PersPrdct
28 stocks; $371bn

PkgFdMt
116 stocks; $1212bn

Dist&Vnt
12 stocks; $243bn

FdDistri
12 stocks; $50bn

SoftDrnks
17 stocks; $480bn

DrugRetail
7 stocks; $206bn

Tobacco
13 stocks; $687bn

AgriProd
26 stocks; $107bn

SprCntrs
16 stocks; $442bn

Brewers
14 stocks; $546bn

FdRetail
37 stocks; $355bn
Momentum

Strength

Utilities

September 1, 2016

Mark Steele (416) 359-4641

ElecUtil
18 stocks; $1022bn

IPPTrad
25 stocks; $97bn

RenewElec
124 stocks; $53bn

GasUtil
36 stocks; $212bn

WaterUtil
23 stocks; $63bn

MultiUtil
37 stocks; $429bn

WaterUtil
23 stocks; $63bn

MultiUtil
37 stocks; $429bn
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”
- 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>Starline 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.
***** 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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Und = Underperform - Forecast to underperform the analyst’s coverage universe on a total return basis;
(S) = Speculative investment;
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