Group Selection
Priced as of August 8, 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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*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.
<table>
<thead>
<tr>
<th>Industry</th>
<th>Stocks</th>
<th>Market Cap</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aerospace &amp; Defense</td>
<td>56</td>
<td>$766bn</td>
</tr>
<tr>
<td>Trading &amp; Distribution</td>
<td>47</td>
<td>$248bn</td>
</tr>
<tr>
<td>Trucks</td>
<td>28</td>
<td>$81bn</td>
</tr>
<tr>
<td>Retail</td>
<td>28</td>
<td>$538bn</td>
</tr>
<tr>
<td>Agriculture &amp; Farming</td>
<td>17</td>
<td>$72bn</td>
</tr>
<tr>
<td>Highway &amp; Rail</td>
<td>14</td>
<td>$89bn</td>
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<tr>
<td>Industrials</td>
<td>28</td>
<td>$387bn</td>
</tr>
<tr>
<td>Air Freight</td>
<td>22</td>
<td>$228bn</td>
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<tr>
<td>Transportation</td>
<td>56</td>
<td>$766bn</td>
</tr>
<tr>
<td>Trucking</td>
<td>28</td>
<td>$81bn</td>
</tr>
<tr>
<td>Mining &amp; Resource</td>
<td>30</td>
<td>$206bn</td>
</tr>
<tr>
<td>Marine Services</td>
<td>12</td>
<td>$49bn</td>
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<tr>
<td>Environmental Services</td>
<td>23</td>
<td>$102bn</td>
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<tr>
<td>Electric Components &amp; Equipment</td>
<td>38</td>
<td>$291bn</td>
</tr>
<tr>
<td>Railroads</td>
<td>25</td>
<td>$408bn</td>
</tr>
<tr>
<td>Building Products</td>
<td>69</td>
<td>$280bn</td>
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<tr>
<td>Construction &amp; Engineering</td>
<td>69</td>
<td>$280bn</td>
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<tr>
<td>Diversified Services</td>
<td>27</td>
<td>$87bn</td>
</tr>
<tr>
<td>Industrial Machinery</td>
<td>18</td>
<td>$555bn</td>
</tr>
<tr>
<td>Commercial &amp; Industrial</td>
<td>18</td>
<td>$555bn</td>
</tr>
<tr>
<td>Airports &amp; Services</td>
<td>12</td>
<td>$118bn</td>
</tr>
<tr>
<td>Marine</td>
<td>18</td>
<td>$211bn</td>
</tr>
<tr>
<td>Airlines</td>
<td>118</td>
<td>$555bn</td>
</tr>
<tr>
<td>Marine Services</td>
<td>12</td>
<td>$49bn</td>
</tr>
<tr>
<td>Office Services</td>
<td>13</td>
<td>$298bn</td>
</tr>
<tr>
<td>Real Estate</td>
<td>25</td>
<td>$408bn</td>
</tr>
</tbody>
</table>
Consumer Staples

- AgriProd: 27 stocks, $109bn
- Dist&Vnt: 12 stocks, $242bn
- HhldPrdct: 18 stocks, $574bn
- DrugRetail: 7 stocks, $210bn
- Brewers: 14 stocks, $540bn
- PersPrdct: 28 stocks, $371bn
- PkgFdMt: 116 stocks, $1215bn
- FdRetail: 37 stocks, $348bn
- SoftDrnks: 17 stocks, $492bn
- Tobacco: 13 stocks, $682bn
- FdDistri: 12 stocks, $354bn
- SprCntrs: 17 stocks, $456bn

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August 8, 2016

Health Care

Momentum

Strength

[Diagram with sections labeled as follows:
- HCEquip: 11 stocks; $721bn
- Biotech: 129 stocks; $947bn
- Pharma: 93 stocks; $2498bn
- HCSuppl s: 30 stocks; $130bn
- LfSciSrv: 29 stocks; $207bn
- HCDistrib: 18 stocks; $145bn
- HCareTec: 17 stocks; $68bn
- HCFacility: 13 stocks; $134bn
- MngHCare: 13 stocks; $297bn
- HCService: 33 stocks; $203bn]
**Utilities**

**Momentum**

**Strength**

- **RenewElec**
  - 24 stocks; $53bn

- **ElecUtil**
  - 68 stocks; $105bn

- **GasUtil**
  - 36 stocks; $214bn

- **WaterUtil**
  - 23 stocks; $83bn

- **MultiUtil**
  - 37 stocks; $443bn

- **IPPTrad**
  - 25 stocks; $101bn

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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.
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 IB Clients*</th>
<th>BMOCM US IB Clients**</th>
<th>BMOCM US IB Clients***</th>
<th>BMOCM Universe***</th>
<th>BMOCM IB Clients****</th>
<th>BMOCM Universe****</th>
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</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>
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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.
*** Reflects rating distribution of all companies from which BMO Capital Markets Corp. has received compensation for Investment Banking services.
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