Group Selection

Priced as of May 20, 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>
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</tr>
</thead>
<tbody>
<tr>
<td>Energy</td>
<td>27% / 29% / 26%</td>
<td>27% / 27% / 16%</td>
<td></td>
</tr>
<tr>
<td>Materials</td>
<td>49% / 55% / 48%</td>
<td>6% / 6% / 0%</td>
<td></td>
</tr>
<tr>
<td>Industrials</td>
<td>46% / 50% / 37%</td>
<td>7% / 6% / 0%</td>
<td></td>
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<tr>
<td>CMR Disc</td>
<td>39% / 45% / 33%</td>
<td>-3% / -4% / -10%</td>
<td></td>
</tr>
<tr>
<td>CMR Stap</td>
<td>61% / 68% / 52%</td>
<td>0% / -2% / -9%</td>
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<tr>
<td>Hlth Care</td>
<td>36% / 39% / 32%</td>
<td>14% / 10% / 3%</td>
<td></td>
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<tr>
<td>Financials</td>
<td>38% / 45% / 38%</td>
<td>8% / 8% / -2%</td>
<td></td>
</tr>
<tr>
<td>Info Tech</td>
<td>39% / 45% / 31%</td>
<td>7% / 7% / 0%</td>
<td></td>
</tr>
<tr>
<td>Telecom</td>
<td>48% / 50% / 42%</td>
<td>1% / 1% / -9%</td>
<td></td>
</tr>
<tr>
<td>Utilities</td>
<td>60% / 68% / 65%</td>
<td>-4% / -4% / -14%</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
Momentum vs. Strength

**May 20, 2016**

Mark Steele (416) 359-4641

**Energy**

- **OG Equip**: 66 stocks, $278bn
- **Coal&Uran**: 21 stocks, $52bn
- **Int O&G**: 33 stocks, $148bn
- **OG StTr**: 88 stocks, $536bn
- **OG RfMkt**: 46 stocks, $326bn
- **OG E&P**: 129 stocks, $707bn
- **OG Drill**: 18 stocks, $33bn
## Materials

<table>
<thead>
<tr>
<th>Sector</th>
<th>Momentum</th>
<th>Strength</th>
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<tbody>
<tr>
<td>PrecMet</td>
<td>20 stocks; $50bn</td>
<td></td>
</tr>
<tr>
<td>SpecChm</td>
<td>42 stocks; $403bn</td>
<td></td>
</tr>
<tr>
<td>Alumin</td>
<td>12 stocks; $43bn</td>
<td></td>
</tr>
<tr>
<td>DiversChm</td>
<td>19 stocks; $257bn</td>
<td></td>
</tr>
<tr>
<td>Steel</td>
<td>39 stocks; $287bn</td>
<td></td>
</tr>
<tr>
<td>Fert&amp;Ag</td>
<td>59 stocks; $287bn</td>
<td></td>
</tr>
<tr>
<td>Gold</td>
<td>63 stocks; $181bn</td>
<td></td>
</tr>
<tr>
<td>Silver</td>
<td>10 stocks; $20bn</td>
<td></td>
</tr>
<tr>
<td>PaperPkg</td>
<td>19 stocks; $592bn</td>
<td></td>
</tr>
<tr>
<td>ComdChm</td>
<td>40 stocks; $268bn</td>
<td></td>
</tr>
<tr>
<td>IndusGas</td>
<td>3 stocks; $145bn</td>
<td></td>
</tr>
<tr>
<td>MtGlsCnt</td>
<td>15 stocks; $56bn</td>
<td></td>
</tr>
<tr>
<td>CstrMat</td>
<td>27 stocks; $194bn</td>
<td></td>
</tr>
<tr>
<td>FrstPrd</td>
<td>12 stocks; $76bn</td>
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</tr>
</tbody>
</table>
Consumer Staples

- FdDistri: 12 stocks, $47bn
- PersPrdct: 28 stocks, $356bn
- AgriProd: 29 stocks, $103bn
- Dist&Vnt: 12 stocks, $220bn
- Tobacco: 13 stocks, $667bn
- DrugRetail: 7 stocks, $208bn
- PkgFdMt: 117 stocks, $1164bn
- Brewers: 14 stocks, $532bn
- HhdlPrdct: 16 stocks, $544bn
- FdRetail: 38 stocks, $339bn
- SprCntrs: 16 stocks, $430bn
- SoftDrnks: 17 stocks, $466bn

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Utilities

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Utilities

- RenewElec
  - 24 stocks; $46bn

- GasUtil
  - 37 stocks; $208bn

- MultiUtil
  - 38 stocks; $427bn

- WaterUtil
  - 23 stocks; $79bn

- IPPTrad
  - 26 stocks; $100bn

- ElecUtil
  - 89 stocks; $987bn

- ElecUtil
  - 89 stocks; $987bn
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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<tr>
<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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</thead>
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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>
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</tbody>
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* 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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(S) = Speculative investment;

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