Group Selection

Priced as of January 21, 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*

---|---|---|---
Energy | 11% / 15% / 31% | / / / | -25% / -21% / -24%
Materials | 24% / 33% / 52% | / / / | -10% / -5% / -8%
Industrials | 32% / 42% / 67% | / / / | -14% / -7% / -7%
CMR Disc | 36% / 44% / 64% | / / / | -5% / -1% / -1%
CMR Stap | 47% / 59% / 75% | / / / | 6% / 14% / 5%
Hlth Care | 47% / 54% / 70% | / / / | -7% / -1% / -3%
Financials | 35% / 48% / 76% | / / / | -21% / -11% / -15%
Info Tech | 46% / 52% / 72% | / / / | -6% / -2% / -5%
Telecom | 33% / 40% / 70% | / / / | 1% / 8% / 1%
Utilities | 39% / 52% / 73% | / / / | 15% / 23% / 10%

*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

<table>
<thead>
<tr>
<th>Strength</th>
<th>Momentum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hsware</td>
<td>SemiEqp</td>
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<tr>
<td>Rstaurnt</td>
<td>HREmpl</td>
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<td>Sec&amp;Alm</td>
<td>Brewers</td>
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<tr>
<td>PaperPkg</td>
<td>P&amp;C Insur</td>
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<td>DiversREIT</td>
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<td>Semi</td>
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<td>WaterUtil</td>
<td>DrugRetail</td>
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<tr>
<td>IndusREIT</td>
<td>AirprtSrv</td>
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<td>HCSupplsl</td>
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<td>ElcEq</td>
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<td>FdDistri</td>
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<tr>
<td>FdDistri</td>
<td>Fert&amp;Ag</td>
</tr>
<tr>
<td>Fert&amp;Ag</td>
<td>Silver</td>
</tr>
</tbody>
</table>

**Mark Steele (416) 359-4641**
Momentum

Strength

January 21, 2016

Mark Steele (416) 359-4641

Financials

InsurBrkrs
8 stocks; $79bn

P&C Insur
92 stocks; $397bn

MltSecHld
24 stocks; $262bn

DiversREIT
42 stocks; $158bn

REstDvAct
42 stocks; $290bn

REstSrv
13 stocks; $30bn

IndusREIT
19 stocks; $54bn

RegionBnk
140 stocks; $409bn

REstOpCo
27 stocks; $129bn

OfficeREIT
91 stocks; $129bn

LifeHthIns
47 stocks; $534bn

Reinsuran
13 stocks; $113bn

AsstMgmt
63 stocks; $367bn

HCareREIT
14 stocks; $64bn

OtherDivFS
6 stocks; $48bn

ResidREIT
26 stocks; $137bn

HotelREIT
16 stocks; $33bn

RetailREIT
46 stocks; $307bn

DivCpMkt
8 stocks; $135bn

SpecREIT
27 stocks; $213bn

ResidREIT
26 stocks; $137bn

RetailREIT
46 stocks; $307bn

SpecREIT
27 stocks; $213bn

REstDevl
33 stocks; $160bn

ConsmrFin
28 stocks; $207bn

MortgREIT
30 stocks; $45bn

Multi-LnIns
81 stocks; $452bn

InvBnkBrk
33 stocks; $160bn

SpecialFin
33 stocks; $238bn

Thrift&Mtg
46 stocks; $94bn

DiversBnk
168 stocks; $363bn
Momentum

Strength

Utilities

January 21, 2016

Mark Steele (416) 359-4641

Utilities

WaterUtil
23 stocks; $69bn

IPPTrad
26 stocks; $93bn

MultiUtil
39 stocks; $424bn

GasUtil
37 stocks; $169bn

ElecUtil
28 stocks; $547bn

RenewElec
24 stocks; $47bn

88 stocks; $847bn

23 stocks; $69bn

26 stocks; $93bn

39 stocks; $424bn

37 stocks; $169bn

28 stocks; $547bn

24 stocks; $47bn
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).
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>
</tr>
</thead>
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<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>
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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>
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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>
</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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(S) = Speculative investment;
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