Group Selection

Priced as of March 28, 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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14. Telecom
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### Sector View

**Momentum**

**Strength**

**Hyperlink**

<table>
<thead>
<tr>
<th>Sector</th>
<th>Outperforming</th>
<th>Trend Psn</th>
<th>Outperforming</th>
<th>Trend Psn</th>
</tr>
</thead>
<tbody>
<tr>
<td>US/GBL/CDA</td>
<td>31%</td>
<td>-13%</td>
<td>36%</td>
<td>0%</td>
</tr>
<tr>
<td>CMR Disc</td>
<td>33%</td>
<td>-14%</td>
<td>33%</td>
<td>0%</td>
</tr>
<tr>
<td>CMR Stap</td>
<td>52%</td>
<td>6%</td>
<td>52%</td>
<td>0%</td>
</tr>
<tr>
<td>Hlth Care</td>
<td>36%</td>
<td>-12%</td>
<td>36%</td>
<td>0%</td>
</tr>
<tr>
<td>Financials</td>
<td>32%</td>
<td>6%</td>
<td>32%</td>
<td>0%</td>
</tr>
<tr>
<td>Info Tech</td>
<td>44%</td>
<td>0%</td>
<td>44%</td>
<td>0%</td>
</tr>
<tr>
<td>Telecom</td>
<td>43%</td>
<td>6%</td>
<td>43%</td>
<td>0%</td>
</tr>
<tr>
<td>Utilities</td>
<td>45%</td>
<td>7%</td>
<td>45%</td>
<td>0%</td>
</tr>
<tr>
<td>Energy</td>
<td>45%</td>
<td>14%</td>
<td>45%</td>
<td>0%</td>
</tr>
</tbody>
</table>

**Sector Relative Strength Profiles**

- **CMR Disc**: Outperforming 45%, Trend Psn -14%
- **CMR Stap**: Outperforming 52%, Trend Psn 6%
- **Hlth Care**: Outperforming 36%, Trend Psn -12%
- **Financials**: Outperforming 32%, Trend Psn 6%
- **Info Tech**: Outperforming 44%, Trend Psn 0%
- **Telecom**: Outperforming 43%, Trend Psn 6%
- **Utilities**: Outperforming 45%, Trend Psn 7%
- **Energy**: Outperforming 45%, Trend Psn 14%

**Notes**

- Trend Psn - what is the net percentage of the sector members which are breaking above/below relative strength channels.
- RewardRisk - how consistent is the median relative strength with the trend positions (reversals of trends) and 40% parameters. (Outperforming and rewardrisk ratios) and 40% placed at 0.5 increments.

See Help Pages for further details.
<table>
<thead>
<tr>
<th>Sector</th>
<th>Number of Stocks</th>
<th>Market Capitalization</th>
</tr>
</thead>
<tbody>
<tr>
<td>MtGlsCnt</td>
<td>15</td>
<td>$55bn</td>
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<tr>
<td>IndusGas</td>
<td></td>
<td></td>
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<tr>
<td>PapProd</td>
<td>26</td>
<td>$70bn</td>
</tr>
<tr>
<td>CstrMat</td>
<td>26</td>
<td>$185bn</td>
</tr>
<tr>
<td>SpecChm</td>
<td>23</td>
<td>$390bn</td>
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<tr>
<td>Silver</td>
<td>10</td>
<td>$14bn</td>
</tr>
<tr>
<td>ComdChm</td>
<td>39</td>
<td>$271bn</td>
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<tr>
<td>FrstPrd</td>
<td>12</td>
<td>$68bn</td>
</tr>
<tr>
<td>Coal&amp;Uran</td>
<td>22</td>
<td>$53bn</td>
</tr>
<tr>
<td>OG E&amp;P</td>
<td>134</td>
<td>$628bn</td>
</tr>
<tr>
<td>Int O&amp;G</td>
<td>33</td>
<td>$1412bn</td>
</tr>
<tr>
<td>OG RfMkt</td>
<td>47</td>
<td>$349bn</td>
</tr>
<tr>
<td>Gold</td>
<td>63</td>
<td>$143bn</td>
</tr>
<tr>
<td>PrecMet</td>
<td>21</td>
<td>$46bn</td>
</tr>
<tr>
<td>Steel</td>
<td>58</td>
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</tr>
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<td>DvrsMng</td>
<td>57</td>
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<td>58</td>
<td>$242bn</td>
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<tr>
<td>DvrsMng</td>
<td>57</td>
<td>$282bn</td>
</tr>
<tr>
<td>OG StTr</td>
<td>87</td>
<td>$456bn</td>
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<tr>
<td>OG Equip</td>
<td>68</td>
<td>$269bn</td>
</tr>
<tr>
<td>Alumin</td>
<td>12</td>
<td>$45bn</td>
</tr>
<tr>
<td>OG Drill</td>
<td>19</td>
<td>$32bn</td>
</tr>
<tr>
<td>OG RfMkt</td>
<td>47</td>
<td>$349bn</td>
</tr>
</tbody>
</table>
March 28, 2016

**Consumer Staples**

- **HhldPrdct** (17 stocks, $552bn)
- **AgriProd** (29 stocks, $103bn)
- **SoftDrinks** (17 stocks, $474bn)
- **Dist&Vnt** (12 stocks, $218bn)
- **PkgFdMt** (118 stocks, $1139bn)
- **PersPrdct** (27 stocks, $347bn)
- **Brewers** (14 stocks, $520bn)
- **SprCntrs** (16 stocks, $497bn)
- **DrugRetail** (8 stocks, $327bn)
- **PersPrdct** (27 stocks, $347bn)
- **Tobacco** (13 stocks, $666bn)
- **FdRetail** (40 stocks, $366bn)
- **FdDistri** (11 stocks, $43bn)
- **Tobacco** (13 stocks, $666bn)
- **DrugRetail** (8 stocks, $327bn)
March 28, 2016

Telecommunication Services

Mark Steele (416) 359-4641

Strength

Momentum

WlsTelSrv
43 stocks; $862bn

AltCar
14 stocks; $56bn

IntgTelSrv
60 stocks; $1365bn
March 28, 2016

**Utilities**

- **Momentum**
  - **Strength**

- **ElecUtil**
  - 88 stocks; $951bn

- **GasUtil**
  - 38 stocks; $215bn

- **MultiUtil**
  - 40 stocks; $463bn

- **RenewElec**
  - 25 stocks; $56bn

- **WaterUtil**
  - 23 stocks; $76bn

- **IPPTrad**
  - 26 stocks; $104bn

**Utilities**

- **GasUtil**
  - 38 stocks; $215bn

- **MultiUtil**
  - 40 stocks; $463bn

- **RenewElec**
  - 25 stocks; $56bn

- **WaterUtil**
  - 23 stocks; $76bn

**Utilities**

- **ElecUtil**
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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.
IMPORTANT DISCLOSURES

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I, Mark Steele, hereby certify that the views expressed in this report accurately reflect my personal views about the subject securities or issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in this report.

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For Important Disclosures on the stocks discussed in this report, please go to http://researchglobal.bmocapitalmarkets.com/Public/Company_Disclosure_Public.aspx

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<th>Rating Category</th>
<th>BMO Rating</th>
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<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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<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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<td>Market Perform</td>
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<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 as percentage of Investment Banking clients.
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We use the following ratings system definitions:
OP = Outperform - Forecast to outperform the analyst’s coverage universe on a total return basis;
Mkt = Market Perform - Forecast to perform roughly in line with the analyst’s coverage universe on a total return basis;
Und = Underperform - Forecast to underperform the analyst’s coverage universe on a total return basis;
(S) = Speculative investment;
NR = No rating at this time; and
R = Restricted - Dissemination of research is currently restricted.

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Prior BMO Capital Markets Rating System (January 4, 2010 - April 4, 2013)

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