Group Selection

Priced as of June 6, 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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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy</td>
<td>39% / 42% / 29%</td>
<td>/ /</td>
<td>27% / 26% / 19%</td>
</tr>
<tr>
<td>Materials</td>
<td>53% / 57% / 45%</td>
<td>/ /</td>
<td>11% / 10% / 0%</td>
</tr>
<tr>
<td>Industrials</td>
<td>49% / 54% / 32%</td>
<td>/ /</td>
<td>8% / 4% / -5%</td>
</tr>
<tr>
<td>CMR Disc</td>
<td>39% / 45% / 24%</td>
<td>/ /</td>
<td>2% / 1% / -7%</td>
</tr>
<tr>
<td>CMR Stap</td>
<td>62% / 68% / 36%</td>
<td>/ /</td>
<td>4% / -1% / -9%</td>
</tr>
<tr>
<td>Hlth Care</td>
<td>35% / 38% / 23%</td>
<td>/ /</td>
<td>19% / 17% / 6%</td>
</tr>
<tr>
<td>Financials</td>
<td>40% / 46% / 27%</td>
<td>/ /</td>
<td>9% / 5% / -6%</td>
</tr>
<tr>
<td>Info Tech</td>
<td>39% / 44% / 25%</td>
<td>/ /</td>
<td>16% / 14% / 2%</td>
</tr>
<tr>
<td>Telecom</td>
<td>46% / 51% / 35%</td>
<td>/ /</td>
<td>1% / -2% / -18%</td>
</tr>
<tr>
<td>Utilities</td>
<td>61% / 67% / 51%</td>
<td>/ /</td>
<td>4% / 0% / -16%</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.
June 6, 2016

**Materials**

- **Gold**: 63 stocks; $192bn
- **Steel**: 59 stocks; $260bn
- **DiversChm**: 19 stocks; $266bn
- **MtGlsCnt**: 15 stocks; $58bn
- **Alumin**: 12 stocks; $46bn
- **DvrsMng**: 59 stocks; $302bn
- **FrstPrd**: 12 stocks; $16bn
- **ComdChm**: 40 stocks; $277bn
- **IndusGas**: 8 stocks; $137bn
- **Silver**: 9 stocks; $20bn
- **SpecChm**: 63 stocks; $415bn
- **PrecMet**: 20 stocks; $52bn
- **Fert&Ag**: 34 stocks; $211bn
- **PapProd**: 25 stocks; $77bn
- **PaperPkg**: 19 stocks; $615bn
- **CstrMat**: 27 stocks; $199bn
Health Care

- HCDistrib ➔ 18 stocks; $141bn
- HCSuppls ➔ 30 stocks; $126bn
- HCFacility ➔ 33 stocks; $138bn
- HCTec ➔ 33 stocks; $138bn
- HCSuppl ➔ 29 stocks; $197bn
- HCEquip ➔ 72 stocks; $652bn
- HCEquip ➔ 72 stocks; $652bn
- HCService ➔ 33 stocks; $202bn
- LfSciSrv ➔ 29 stocks; $197bn
- MngHCare ➔ 13 stocks; $96bn
- Pharma ➔ 96 stocks; $2517bn

June 6, 2016

Mark Steele (416) 359-4641
Telecommunication Services

Momentum

Strength

June 6, 2016

Mark Steele (416) 359-4641

Telecommunication Services

WlsTelSrv
41 stocks; $868bn

IntgTelSrv
61 stocks; $1373bn

AltCar
12 stocks; $53bn
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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<tr>
<th>Rating Category</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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<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>
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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>
</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>
</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.
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**** 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;
NR = No rating at this time; and
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