Group Selection

Priced as of May 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 Relative Strength Profiles**

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</thead>
<tbody>
<tr>
<td>Energy</td>
<td>21% / 24% / 25%</td>
<td>29% / 33% / 17%</td>
<td></td>
</tr>
<tr>
<td>Materials</td>
<td>45% / 49% / 49%</td>
<td>19% / 22% / 10%</td>
<td></td>
</tr>
<tr>
<td>Industrials</td>
<td>43% / 49% / 44%</td>
<td>10% / 11% / -5%</td>
<td></td>
</tr>
<tr>
<td>CMR Disc</td>
<td>39% / 46% / 41%</td>
<td>0% / 2% / -11%</td>
<td></td>
</tr>
<tr>
<td>CMR Stap</td>
<td>60% / 67% / 59%</td>
<td>4% / 3% / -8%</td>
<td></td>
</tr>
<tr>
<td>Hlth Care</td>
<td>36% / 42% / 38%</td>
<td>0% / -1% / -12%</td>
<td></td>
</tr>
<tr>
<td>Financials</td>
<td>36% / 44% / 43%</td>
<td>10% / 11% / -6%</td>
<td></td>
</tr>
<tr>
<td>Info Tech</td>
<td>41% / 46% / 40%</td>
<td>-6% / -5% / -15%</td>
<td></td>
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<tr>
<td>Telecom</td>
<td>47% / 49% / 50%</td>
<td>-5% / -3% / -18%</td>
<td></td>
</tr>
<tr>
<td>Utilities</td>
<td>57% / 65% / 67%</td>
<td>10% / 11% / -4%</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 (green/yellow/red 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.
May 6, 2016

Resources

**Momentum**

**Strength**

- **FrstPrd**: 12 stocks; $16bn
- **SpecChm**: 52 stocks; $403bn
- **Steel**: 59 stocks; $265bn
- **Gold**: 61 stocks; $189bn
- **Silver**: 66 stocks; $281bn
- **PrecMet**: 60 stocks; $563bn
- **Alumin**: 12 stocks; $46bn
- **ComdChm**: 40 stocks; $274bn
- **OG StTr**: 88 stocks; $515bn
- **DiversChm**: 49 stocks; $259bn
- **DvrsMng**: 59 stocks; $302bn
- **Fert&Ag**: 34 stocks; $199bn
- **Int O&G**: 33 stocks; $1507bn
- **OG E&P**: 129 stocks; $668bn
- **OG Drill**: 18 stocks; $35bn
- **OG Equip**: 66 stocks; $281bn
- **PapProd**: 26 stocks; $69bn
- **OG RfMkt**: 46 stocks; $332bn
- **IndusGas**: 9 stocks; $147bn

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Energy

- Int O&G
  - 33 stocks: $150.7bn
- Coal&Uran
  - 21 stocks: $5.4bn
- OG StTr
  - 88 stocks: $51.6bn
- OG E&P
  - 129 stocks: $688bn
- OG Drill
  - 18 stocks: $35bn
- OG Equip
  - 66 stocks: $281bn
- OG RfMkt
  - 46 stocks: $33.2bn

BMO Capital Markets
Health Care

Momentum

Strength

May 6, 2016

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Health Care

LfSciSrv
29 stocks; $187bn

HCareTec
18 stocks; $59bn

HCService
33 stocks; $196bn

HCEquip
71 stocks; $668bn

HCFacility
33 stocks; $176bn

HCSupplies
30 stocks; $154bn

MngHCare
13 stocks; $283bn

Biotech
128 stocks; $826bn

HCDistrib
18 stocks; $132bn

Pharma
94 stocks; $2396bn

HCSrvS
18 stocks; $59bn

Health Care
Momentum

Strength

May 6, 2016

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Financials

MortgREIT
30 stocks; $33bn

P&C Insur
12 stocks; $430bn

Multi-LnIns
31 stocks; $453bn

ResidREIT
24 stocks; $144bn

SpecREIT
20 stocks; $260bn

ConsmrFin
28 stocks; $217bn

InsurBrkers
7 stocks; $94bn

REstOpCo
28 stocks; $153bn

Thrft&Mtg
46 stocks; $104bn

HotelREIT
17 stocks; $40bn

DivCpMkt
52 stocks; $330bn

HCareREIT
16 stocks; $97bn

REstOpCo
28 stocks; $153bn

REstSrv
11 stocks; $29bn

OfficeREIT
30 stocks; $144bn

REstDvAct
32 stocks; $126bn

IndusREIT
19 stocks; $66bn

REstDvAct
32 stocks; $126bn

DiversREIT
42 stocks; $158bn

REstDvAct
32 stocks; $126bn

Reinsuran
13 stocks; $122bn

SpecialFin
33 stocks; $270bn

OthrDivFS
5 stocks; $64bn

DiversBnk
168 stocks; $393bn

LifeHthIns
47 stocks; $692bn

InvBnkBrk
190 stocks; $285bn

REstDevl
30 stocks; $170bn

AsstMgmt
65 stocks; $409bn

RegionBnk
142 stocks; $436bn

OthrDivFS
5 stocks; $64bn

DiversBnk
168 stocks; $393bn

LifeHthIns
47 stocks; $692bn

DiversREIT
42 stocks; $158bn
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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<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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<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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* Reflects rating distribution of all companies covered by BMO Capital Markets Corp. equity research analysts.
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