Group Selection

Priced as of October 11, 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>52% / 52% / 51%</td>
<td>20% / 19% / 26%</td>
<td></td>
</tr>
<tr>
<td>Materials</td>
<td>62% / 62% / 59%</td>
<td>-7% / -9% / -2%</td>
<td></td>
</tr>
<tr>
<td>Industrials</td>
<td>48% / 48% / 44%</td>
<td>4% / 3% / 9%</td>
<td></td>
</tr>
<tr>
<td>CMR Disc</td>
<td>40% / 40% / 37%</td>
<td>6% / 6% / 10%</td>
<td></td>
</tr>
<tr>
<td>CMR Stap</td>
<td>46% / 49% / 42%</td>
<td>3% / 1% / 10%</td>
<td></td>
</tr>
<tr>
<td>Health Care</td>
<td>54% / 56% / 51%</td>
<td>-3% / -5% / 0%</td>
<td></td>
</tr>
<tr>
<td>Financials</td>
<td>49% / 49% / 45%</td>
<td>14% / 11% / 15%</td>
<td></td>
</tr>
<tr>
<td>Info Tech</td>
<td>59% / 60% / 58%</td>
<td>5% / 4% / 7%</td>
<td></td>
</tr>
<tr>
<td>Telecom</td>
<td>37% / 42% / 33%</td>
<td>0% / -3% / 0%</td>
<td></td>
</tr>
<tr>
<td>Utilities</td>
<td>49% / 49% / 41%</td>
<td>-18% / -18% / -4%</td>
<td></td>
</tr>
<tr>
<td>Real Estate</td>
<td>63% / 66% / 60%</td>
<td>-31% / -34% / -17%</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.
October 11, 2016

Momentum

Strength

Energy

OG E&P
124 stocks; $352bn

OG Equip
45 stocks; $714bn

Int O&G
31 stocks; $156bn

OG RfMkt
44 stocks; $36bn

OG StTr
94 stocks; $595bn

OG Drill
19 stocks; $36bn

Coal & Uran
23 stocks; $73bn
October 11, 2016

Consumer Discretionary

Momentum

Strength

Mark Steele (416) 359-4641

21 stocks; $311 bn

4 stocks; $39 bn

12 stocks; $111 bn

33 stocks; $114 bn

3 stocks; $88 bn

25 stocks; $438 bn

25 stocks; $177 bn

12 stocks; $47 bn

37 stocks; $920 bn

48 stocks; $350 bn

14 stocks; $94 bn

10 stocks; $22 bn

15 stocks; $112 bn

10 stocks; $52 bn

14 stocks; $62 bn

14 stocks; $88 bn

8 stocks; $52 bn

36 stocks; $672 bn

34 stocks; $94 bn

14 stocks; $94 bn

10 stocks; $112 bn

34 stocks; $672 bn

14 stocks; $94 bn

10 stocks; $112 bn

21 stocks; $311 bn

4 stocks; $39 bn

12 stocks; $111 bn

33 stocks; $114 bn

3 stocks; $88 bn

25 stocks; $438 bn

25 stocks; $177 bn

12 stocks; $47 bn
Consumer Staples

October 11, 2016

Mark Steele (416) 359-4641

Momentum

Strength

FdDistri
11 stocks; $45bn

SoftDrnks
17 stocks; $466bn

PkgFdMt
116 stocks; $1190bn

HhldPrdct
18 stocks; $571bn

PersPrdct
30 stocks; $400bn

SprCntrs
16 stocks; $424bn

AgriProd
26 stocks; $107bn

Dist&Vnt
12 stocks; $240bn

FdRetail
36 stocks; $346bn

DrugRetail
7 stocks; $190bn

Brewers
14 stocks; $544bn

Tobacco
14 stocks; $691bn

FdRetail
36 stocks; $346bn

DrugRetail
7 stocks; $190bn

Brewers
14 stocks; $544bn

Tobacco
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AgriProd
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SprCntrs
16 stocks; $424bn

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HhldPrdct
18 stocks; $571bn

PkgFdMt
116 stocks; $1190bn

SoftDrnks
17 stocks; $466bn

FdDistri
11 stocks; $45bn

Momentum

Strength
October 11, 2016

Telecommunication Services

Strength

Momentum

WlsTelSrv ↓
43 stocks; $902bn

IntgTelSrv ←
63 stocks; $1326bn

AltCar ↑
11 stocks; $48bn
October 11, 2016

**Utilities**

**Momentum**

- **RenewElec** ↓
  - 24 stocks; $51bn

- **GasUtil** ↑
  - 36 stocks; $207bn

- **WaterUtil** ↓
  - 23 stocks; $81bn

- **ElecUtil** ↓
  - 89 stocks; $997bn

**Strength**

- **IPPTrad**
  - 25 stocks; $93bn

- **MultiUtil**
  - 37 stocks; $407bn

**Utilities**

- **GasUtil**
  - 36 stocks; $207bn

- **RenewElec**
  - 24 stocks; $51bn

- **WaterUtil**
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- **IPPTrad**
  - 25 stocks; $93bn

- **MultiUtil**
  - 37 stocks; $407bn
October 11, 2016

Real Estate

Momentum

Strength

REstDvAct ↑
33 stocks; $299bn

REstDevl ↑
31 stocks; $190bn

OfficeREIT ▲
31 stocks; $145bn

REstSrv ▼
28 stocks; $249bn

IndusREIT ▲
28 stocks; $78bn

DiversREIT ▲
20 stocks; $145bn

SpecREIT
20 stocks; $135bn

ResidREIT ▼
25 stocks; $135bn

RetailREIT ▼
49 stocks; $344bn

OfficeREIT ▲
31 stocks; $145bn

HotelREIT
16 stocks; $38bn

IndusREIT ▲
28 stocks; $78bn

DiversREIT ▲
20 stocks; $145bn

SpecREIT
20 stocks; $135bn

ResidREIT ▼
25 stocks; $135bn

RetailREIT ▼
49 stocks; $344bn

HotelREIT
16 stocks; $38bn
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 the members are 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>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>
</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>
<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.

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- 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
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