Group Selection

Priced as of February 12, 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*

<table>
<thead>
<tr>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy</td>
<td>12% / 15% / 30%</td>
<td>/ / /</td>
<td>-11% / -7% / -29%</td>
</tr>
<tr>
<td>Materials</td>
<td>27% / 34% / 53%</td>
<td>/ / /</td>
<td>14% / 19% / -1%</td>
</tr>
<tr>
<td>Industrials</td>
<td>31% / 40% / 66%</td>
<td>/ / /</td>
<td>-4% / 2% / -27%</td>
</tr>
<tr>
<td>CMR Disc</td>
<td>34% / 43% / 63%</td>
<td>/ / /</td>
<td>-5% / 0% / -27%</td>
</tr>
<tr>
<td>CMR Stap</td>
<td>51% / 60% / 76%</td>
<td>/ / /</td>
<td>14% / 19% / -15%</td>
</tr>
<tr>
<td>Hlth Care</td>
<td>41% / 49% / 65%</td>
<td>/ / /</td>
<td>-13% / -7% / -30%</td>
</tr>
<tr>
<td>Financials</td>
<td>33% / 47% / 74%</td>
<td>/ / /</td>
<td>-11% / -4% / -36%</td>
</tr>
<tr>
<td>Info Tech</td>
<td>45% / 51% / 72%</td>
<td>/ / /</td>
<td>-20% / -16% / -36%</td>
</tr>
<tr>
<td>Telecom</td>
<td>32% / 42% / 66%</td>
<td>/ / /</td>
<td>15% / 23% / -9%</td>
</tr>
<tr>
<td>Utilities</td>
<td>44% / 53% / 73%</td>
<td>/ / /</td>
<td>28% / 33% / -7%</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.
<table>
<thead>
<tr>
<th>Industry</th>
<th>Strength</th>
<th>Momentum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hwy&amp;Rail</td>
<td>14 stocks; $75bn</td>
<td>23 stocks; $156bn</td>
</tr>
<tr>
<td>Airprtsrv</td>
<td>19 stocks; $96bn</td>
<td>28 stocks; $73bn</td>
</tr>
<tr>
<td>DvSpSrV</td>
<td>24 stocks; $88bn</td>
<td>20 stocks; $65bn</td>
</tr>
<tr>
<td>Trucking</td>
<td>27 stocks; $65bn</td>
<td>28 stocks; $73bn</td>
</tr>
<tr>
<td>CnstMch&amp;Tr</td>
<td>115 stocks; $444bn</td>
<td>38 stocks; $196bn</td>
</tr>
<tr>
<td>EnviroServ</td>
<td>24 stocks; $88bn</td>
<td>20 stocks; $65bn</td>
</tr>
<tr>
<td>Ind Mach</td>
<td>115 stocks; $444bn</td>
<td>20 stocks; $65bn</td>
</tr>
<tr>
<td>Ag&amp;Farm</td>
<td>12 stocks; $59bn</td>
<td>39 stocks; $866bn</td>
</tr>
<tr>
<td>IndCongl</td>
<td>39 stocks; $866bn</td>
<td>24 stocks; $77bn</td>
</tr>
<tr>
<td>HRempl</td>
<td>37 stocks; $230bn</td>
<td>24 stocks; $196bn</td>
</tr>
<tr>
<td>ElcCmpEq</td>
<td>37 stocks; $230bn</td>
<td>24 stocks; $196bn</td>
</tr>
<tr>
<td>OfficeServ</td>
<td>13 stocks; $25bn</td>
<td>38 stocks; $196bn</td>
</tr>
<tr>
<td>Marine</td>
<td>30 stocks; $57bn</td>
<td>28 stocks; $196bn</td>
</tr>
<tr>
<td>TrdgDist</td>
<td>46 stocks; $202bn</td>
<td>28 stocks; $196bn</td>
</tr>
<tr>
<td>MarineSrV</td>
<td>12 stocks; $43bn</td>
<td>28 stocks; $196bn</td>
</tr>
<tr>
<td>Sec&amp;Alm</td>
<td>7 stocks; $48bn</td>
<td>3 stocks; $234bn</td>
</tr>
<tr>
<td>RsrcCslt</td>
<td>27 stocks; $122bn</td>
<td>3 stocks; $234bn</td>
</tr>
<tr>
<td>BldPrdcts</td>
<td>42 stocks; $160bn</td>
<td>3 stocks; $234bn</td>
</tr>
<tr>
<td>CmclPrt</td>
<td>12 stocks; $22bn</td>
<td>3 stocks; $234bn</td>
</tr>
<tr>
<td>Aero&amp;Def</td>
<td>55 stocks; $660bn</td>
<td>67 stocks; $236bn</td>
</tr>
<tr>
<td>Cns&amp;Eng</td>
<td>67 stocks; $236bn</td>
<td>3 stocks; $234bn</td>
</tr>
<tr>
<td>HvyElcEq</td>
<td>19 stocks; $56bn</td>
<td>3 stocks; $234bn</td>
</tr>
</tbody>
</table>
Consumer Discretionary

- **LeisPrd**: 21 stocks, $62bn
- **HmlImpRtl**: 4 stocks, $22bn
- **CmpElRtl**: 10 stocks, $29bn
- **Distrib**: 10 stocks, $45bn
- **Hts**: 10 stocks, $45bn
- **Htl&Rsrt**: 30 stocks, $167bn
- **AutoRtl**: 16 stocks, $81bn
- **AutoParts**: 39 stocks, $260bn
- **Hsware**: 5 stocks, $2bn
- **HhldApl**: 14 stocks, $69bn
- **Textiles**: 3 stocks, $9bn
- **MotcyMfg**: 2 stocks, $9bn
- **MotcyMfg**: 4 stocks, $9bn
- **Mov&Ent**: 22 stocks, $294bn
- **InetRtl**: 6 stocks, $18bn
- **SpecStors**: 29 stocks, $94bn
- **ApparRtl**: 37 stocks, $125bn
- **AutoMfg**: 37 stocks, $796bn
- **GMrchStrs**: 15 stocks, $118bn
- **Advert**: 18 stocks, $109bn
- **CmrElec**: 12 stocks, $79bn
- **DeptStrs**: 23 stocks, $107bn
- **Cas&Gam**: 36 stocks, $192bn
- **Footwear**: 15 stocks, $115bn
- **Publishing**: 23 stocks, $125bn
- **Aprl&Gds**: 43 stocks, $430bn
- **Tire&Rub**: 9 stocks, $69bn
- **Cabl&Sat**: 25 stocks, $407bn
- **HomeBld**: 32 stocks, $110bn
- **Broadcast**: 33 stocks, $131bn
- **CmrStrs**: 18 stocks, $109bn
- **Footwear**: 15 stocks, $115bn

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<table>
<thead>
<tr>
<th>Industry</th>
<th>Momentum</th>
<th>Strength</th>
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<tr>
<td>Tobacco</td>
<td>↑</td>
<td></td>
</tr>
<tr>
<td>HhldPrdct</td>
<td>↑</td>
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</tr>
<tr>
<td>SoftDrinks</td>
<td>↑</td>
<td></td>
</tr>
<tr>
<td>Brewers</td>
<td></td>
<td>↓</td>
</tr>
<tr>
<td>Dist&amp;Vnt</td>
<td>↓</td>
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<tr>
<td>DrugRetail</td>
<td></td>
<td>↓</td>
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<tr>
<td>PersPrdct</td>
<td></td>
<td>↓</td>
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<tr>
<td>PkgFdMt</td>
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<tr>
<td>FdRetail</td>
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<tr>
<td>AgriProd</td>
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<td>FdDistri</td>
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<tr>
<td>SprCntrs</td>
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<tr>
<td>Tobacco</td>
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<td>DrugRetail</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PersPrdct</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- Tobacco: 13 stocks, $618bn
- HhldPrdct: 18 stocks, $537bn
- SoftDrinks: 17 stocks, $450bn
- Brewers: 14 stocks, $496bn
- Dist&Vnt: 12 stocks, $198bn
- DrugRetail: 14 stocks, $211bn
- PersPrdct: 27 stocks, $312bn

- SprCntrs: 16 stocks, $415bn
- AgriProd: 30 stocks, $93bn
- FdDistri: 11 stocks, $40bn
- PkgFdMt: 120 stocks, $1090bn
- FdRetail: 39 stocks, $775bn
Telecommunication Services

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Telecommunication Services

Momentum

Strength

WlsTelSrv
43 stocks; $798bn

IntgTelSrv
40 stocks; $1273bn

AltCar
14 stocks; $51bn
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Utilities

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Momentum

Strength

GasUtil
39 stocks; $203bn

ElecUtil
89 stocks; $895bn

MultiUtil
40 stocks; $439bn

WaterUtil
23 stocks; $72bn

RenewElec
26 stocks; $48bn

IPPTrad
25 stocks; $92bn
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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<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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</thead>
<tbody>
<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>
</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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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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