Group Selection

Priced as of June 7, 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
Table of Contents

3. Sector View
4. Strength Changes Last Session
5. Resource Summary
6. Energy
7. Materials
8. Industrials
9. Consumer Discretionary
10. Consumer Staples
11. Health Care
12. Financials
13. Information Technology
14. Telecom
15. Utilities
16. User Guide
<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy</td>
<td>39% / 42% / 30%</td>
<td>/ / /</td>
<td>35% / 30% / 21%</td>
</tr>
<tr>
<td>Materials</td>
<td>53% / 57% / 44%</td>
<td>/ / /</td>
<td>14% / 10% / 0%</td>
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<tr>
<td>Industrials</td>
<td>50% / 55% / 30%</td>
<td>/ / /</td>
<td>13% / 7% / -4%</td>
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<tr>
<td>CMR Disc</td>
<td>39% / 45% / 24%</td>
<td>/ / /</td>
<td>6% / 2% / -7%</td>
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<tr>
<td>CMR Stap</td>
<td>62% / 68% / 35%</td>
<td>/ / /</td>
<td>4% / -1% / -6%</td>
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<tr>
<td>Hlth Care</td>
<td>35% / 38% / 22%</td>
<td>/ / /</td>
<td>17% / 12% / 1%</td>
</tr>
<tr>
<td>Financials</td>
<td>41% / 46% / 26%</td>
<td>/ / /</td>
<td>9% / 4% / -7%</td>
</tr>
<tr>
<td>Info Tech</td>
<td>40% / 44% / 25%</td>
<td>/ / /</td>
<td>18% / 13% / 1%</td>
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<tr>
<td>Telecom</td>
<td>46% / 50% / 33%</td>
<td>/ / /</td>
<td>5% / 0% / -16%</td>
</tr>
<tr>
<td>Utilities</td>
<td>61% / 68% / 49%</td>
<td>/ / /</td>
<td>4% / -3% / -13%</td>
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*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 (reward/risk 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
Momentum

Strength

June 7, 2016

Materials

Mark Steele (416) 359-4641

Gold 62 stocks; $190bn
Steel 59 stocks; $263bn
DvrsMng 59 stocks; $309bn
FrstPrd 12 stocks; $17bn
SpecChm 43 stocks; $418bn
Alumin 12 stocks; $46bn
DiversChm 19 stocks; $269bn
ComdChm 40 stocks; $275bn
PrecMet 20 stocks; $53bn
Silver 9 stocks; $20bn
MtGlsCnt 15 stocks; $58bn
PaperPkg 19 stocks; $60bn
CstrMat 27 stocks; $202bn
Fert&Ag 34 stocks; $212bn
IndusGas 8 stocks; $137bn
PapProd 26 stocks; $71bn

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Fert&Ag 34 stocks; $212bn
IndusGas 8 stocks; $137bn
PapProd 26 stocks; $71bn
Momentum

Strength

June 7, 2016

Mark Steele (416) 359-4641

Health Care

HCareTec
18 stocks; $63bn

HCDistrib
18 stocks; $140bn

HCSupplis
20 stocks; $127bn

HCFacility
33 stocks; $138bn

HCServic
33 stocks; $202bn

HCEquip
72 stocks; $633bn

LiSciSrv
29 stocks; $196bn

Biotech
129 stocks; $909bn

MngHCare
13 stocks; $294bn

Pharma
85 stocks; $2486bn

18 stocks; $63bn

HCDistrib
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33 stocks; $202bn

HCEquip
72 stocks; $633bn

LiSciSrv
29 stocks; $196bn

Biotech
129 stocks; $909bn

MngHCare
13 stocks; $294bn

Pharma
85 stocks; $2486bn
Telecommunication Services

Mark Steele (416) 359-4641

WlsTelSrv
41 stocks; $898bn

IntgTelSrv
61 stocks; $1387bn

AltCar
12 stocks; $53bn
Mark Steele (416) 359-4641

Utilities

RenewElec
25 stocks; $49bn

MultiUtil
38 stocks; $442bn

GasUtil
37 stocks; $217bn

IPPTrad
25 stocks; $105bn

WaterUtil
23 stocks; $82bn

ElecUtil
69 stocks; $1022bn

GasUtil
37 stocks; $217bn

WaterUtil
23 stocks; $82bn

ElecUtil
69 stocks; $1022bn

IPPTrad
25 stocks; $105bn

MultiUtil
38 stocks; $442bn

RenewElec
25 stocks; $49bn

June 7, 2016
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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<th>BMOCM US IB Clients**</th>
<th>BMOCM US IB Clients***</th>
<th>BMOCM Universe****</th>
<th>BMOCM IB Clients*****</th>
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<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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<td>Hold</td>
<td>Market Perform</td>
<td>54.3%</td>
<td>11.3%</td>
<td>49.7%</td>
<td>51.8%</td>
<td>40.9%</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>
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* 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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(S) = Speculative investment;
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