Group Selection

Priced as of April 21, 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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*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.
Momentum
Strength

April 21, 2016

Mark Steele (416) 359-4641

Energy

Coal&Uran
22 stocks; $56bn

OG Equip
66 stocks; $293bn

OG E&P
134 stocks; $715bn

OG Drill
18 stocks; $36bn

Int O&G
33 stocks; $152bn

OG StTr
87 stocks; $521bn

OG RfMkt
47 stocks; $358bn
Momentum

April 21, 2016
Mark Steele (416) 359-4641

Consumer Staples

Brewers
14 stocks; $545bn

Dist&Vnt
12 stocks; $545bn

SprCntrs
16 stocks; $436bn

16 stocks; $436bn

17 stocks; $436bn

16 stocks; $436bn

14 stocks; $545bn

PersPrdct
27 stocks; $362bn

HhdlPrdct
17 stocks; $553bn

DrugRetail
8 stocks; $226bn

Tobacco
13 stocks; $662bn

PkgFdMt
117 stocks; $1166bn

SoftDrnks
17 stocks; $463bn

AgriProd
29 stocks; $107bn

FdDistri
12 stocks; $468bn

FdRetail
38 stocks; $352bn

PersPrdct
27 stocks; $362bn

HhdlPrdct
17 stocks; $553bn

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FdDistri
12 stocks; $468bn

FdRetail
38 stocks; $352bn
Momentum

Health Care

Strength

HCFacility
32 stocks; $138bn

HCEquip
71 stocks; $617bn

MngHCare
13 stocks; $290bn

HCService
33 stocks; $198bn

HCFacility
129 stocks; $892bn

HCEquip
18 stocks; $61bn

MngHCare
18 stocks; $61bn

HCSuppls
39 stocks; $126bn

HCDistrib
78 stocks; $144bn

Pharma
95 stocks; $252bn

HCareTec
18 stocks; $51bn

HCSuppls
8 stocks; $191bn

HCDistrib
28 stocks; $191bn

Pharma
28 stocks; $191bn

Biotech

Health Care

MngHCare

HCFacility

HCEquip

HCSuppls

HCDistrib

Pharma

Biotech

HCareTec
April 21, 2016

Telecommunication Services

Momentum

Strength

Mark Steele (416) 359-4641

WlsTelSrv

42 stocks; $898bn

AltCar

13 stocks; $55bn

IntgTelSrv

61 stocks; $1369bn

Telecommunication Services

[Diagram showing the relationship between momentum and strength with data points for WlsTelSrv, AltCar, and IntgTelSrv]
Utilities

WaterUtil
22 stocks; $79bn

RenewElec
24 stocks; $47bn

ElecUtil
86 stocks; $980bn

GasUtil
58 stocks; $217bn

MultiUtil
39 stocks; $435bn

IPPTrad
26 stocks; $107bn

Momentum

Strength
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 groups 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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**Distribution of Ratings (September 30, 2015)**

<table>
<thead>
<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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</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>
</tr>
<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.
*** 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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We use the following ratings system definitions:

OP = Outperform - Forecast to outperform the analyst’s coverage universe on a total return basis;

Mkt = Market Perform - Forecast to perform roughly in line with the analyst’s coverage universe on a total return basis;

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(S) = Speculative investment;

NR = No rating at this time; and

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