Group Selection

Priced as of June 29, 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>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy</td>
<td>55% / 56% / 36%</td>
<td>/ / /</td>
<td>13% / 14% / 15%</td>
</tr>
<tr>
<td>Materials</td>
<td>57% / 60% / 43%</td>
<td>/ / /</td>
<td>-1% / 0% / -2%</td>
</tr>
<tr>
<td>Industrials</td>
<td>52% / 56% / 23%</td>
<td>/ / /</td>
<td>-9% / -9% / -7%</td>
</tr>
<tr>
<td>CMR Disc</td>
<td>39% / 44% / 21%</td>
<td>/ / /</td>
<td>-7% / -6% / -3%</td>
</tr>
<tr>
<td>CMR Stap</td>
<td>61% / 67% / 28%</td>
<td>/ / /</td>
<td>2% / -1% / 4%</td>
</tr>
<tr>
<td>Health Care</td>
<td>38% / 41% / 20%</td>
<td>/ / /</td>
<td>8% / 8% / 9%</td>
</tr>
<tr>
<td>Financials</td>
<td>43% / 47% / 22%</td>
<td>/ / /</td>
<td>-2% / 0% / -2%</td>
</tr>
<tr>
<td>Info Tech</td>
<td>44% / 48% / 22%</td>
<td>/ / /</td>
<td>-3% / -1% / -1%</td>
</tr>
<tr>
<td>Telecom</td>
<td>47% / 49% / 22%</td>
<td>/ / /</td>
<td>8% / 11% / 3%</td>
</tr>
<tr>
<td>Utilities</td>
<td>62% / 69% / 31%</td>
<td>/ / /</td>
<td>6% / 5% / 8%</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.
Momentum

Information Technology

June 29, 2016

Mark Steele (416) 359-4641

SemiEqp ➔ 40 stocks; $151bn
Semi ➔ 83 stocks; $619bn
ElecInstr ➔ 44 stocks; $156bn

EMS ➔ 29 stocks; $106bn

ApplicSwr ➔ 74 stocks; $461bn
ElecComp ➔ 39 stocks; $199bn

SystmSwr ➔ 38 stocks; $690bn
HdwrSt&P ➔ 46 stocks; $982bn

TechDist ➔ 15 stocks; $34bn
HmEntSwr ➔ 46 stocks; $110bn

InetSftSrv ➔ 96 stocks; $1257bn
DataProc ➔ 48 stocks; $604bn

Com Equip ➔ 48 stocks; $307bn
ITConsult ➔ 50 stocks; $577bn

40 stocks; $151bn
83 stocks; $619bn
44 stocks; $156bn
29 stocks; $106bn
74 stocks; $461bn
39 stocks; $199bn
38 stocks; $690bn
46 stocks; $982bn
15 stocks; $34bn
46 stocks; $110bn
96 stocks; $1257bn
48 stocks; $604bn
48 stocks; $307bn
50 stocks; $577bn
Utilities

Momentum

WaterUtil 23 stocks; $84bn
GasUtil 17 stocks; $215bn

ElecUtil 90 stocks; $1036bn
RenewElec 25 stocks; $49bn
MultiUtil 38 stocks; $446bn

IPPTrad 25 stocks; $99bn

Utilities

June 29, 2016
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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”
- 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.
**IMPORTANT DISCLOSURES**

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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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<td>Buy</td>
<td>Outperform</td>
<td>42.2%</td>
<td>54.7%</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.
**** Reflects rating distribution of all companies covered by BMO Capital Markets equity research analysts.
***** Reflects rating distribution of all companies from which BMO Capital Markets 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;

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(S) = Speculative investment;

NR = No rating at this time; and

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