Group Selection

Priced as of April 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 Relative Strength Profiles*

<table>
<thead>
<tr>
<th>Hyperlink</th>
<th>Reward/Risk US/GBL/CDA</th>
<th>Trend Psn US/GBL/CDA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy</td>
<td>15% / 18% / 27%</td>
<td>30% / 27% / 7%</td>
</tr>
<tr>
<td>Materials</td>
<td>32% / 39% / 55%</td>
<td>33% / 29% / 1%</td>
</tr>
<tr>
<td>Industrials</td>
<td>35% / 45% / 57%</td>
<td>19% / 13% / -17%</td>
</tr>
<tr>
<td>CMR Disc</td>
<td>35% / 45% / 57%</td>
<td>6% / 1% / -28%</td>
</tr>
<tr>
<td>CMR Stap</td>
<td>56% / 66% / 70%</td>
<td>13% / 6% / -26%</td>
</tr>
<tr>
<td>Hlth Care</td>
<td>36% / 44% / 52%</td>
<td>8% / 4% / -15%</td>
</tr>
<tr>
<td>Financials</td>
<td>33% / 45% / 64%</td>
<td>11% / 5% / -35%</td>
</tr>
<tr>
<td>Info Tech</td>
<td>42% / 51% / 61%</td>
<td>4% / 0% / -22%</td>
</tr>
<tr>
<td>Telecom</td>
<td>41% / 50% / 63%</td>
<td>15% / 7% / -22%</td>
</tr>
<tr>
<td>Utilities</td>
<td>49% / 61% / 68%</td>
<td>18% / 14% / -26%</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 (up / down 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.
Information Technology

- **SemiEqp**: 41 stocks, $147bn (Green)
- **DataProc**: 36 stocks, $595bn (Green)
- **EleComp**: 39 stocks, $187bn (Red)
- **InetSftSrv**: 39 stocks, $723bn (Red)
- **SystmSwr**: 39 stocks, $721bn (Red)
- **ComEquip**: 39 stocks, $317bn (Red)
- **ITConsult**: 48 stocks, $583bn (Green)
- **EMS**: 21 stocks, $108bn (Green)
- **ApplicSwr**: 75 stocks, $457bn (Green)
- **HdwrSt&P**: 39 stocks, $1047bn (Red)
- **ElecInstr**: 45 stocks, $153bn (Green)
- **TechDist**: 15 stocks, $36bn (Green)
- **Semi**: 83 stocks, $910bn (Red)
- **HmEntSwr**: 14 stocks, $104bn (Red)

April 11, 2016
Momentum

Strength

April 11, 2016

Mark Steele (416) 359-4641

Utilities

WaterUtil
23 stocks; $78bn

IPPTrad
26 stocks; $106bn

RenewElec
24 stocks; $46bn

MultiUtil
39 stocks; $442bn

GasUtil
38 stocks; $217bn

ElecUtil
49 stocks; $986bn
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.
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<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>
</tr>
</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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(S) = Speculative investment;
NR = No rating at this time; and
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