Group Selection

Priced as of February 5, 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*

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<thead>
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</tr>
</thead>
<tbody>
<tr>
<td>Energy</td>
<td>12% / 16% / 31%</td>
<td>/ / /</td>
<td>12% / 9% / -14%</td>
</tr>
<tr>
<td>Materials</td>
<td>25% / 33% / 53%</td>
<td>/ / /</td>
<td>26% / 22% / -8%</td>
</tr>
<tr>
<td>Industrials</td>
<td>31% / 40% / 67%</td>
<td>/ / /</td>
<td>12% / 7% / -25%</td>
</tr>
<tr>
<td>CMR Disc</td>
<td>35% / 44% / 63%</td>
<td>/ / /</td>
<td>0% / -4% / -33%</td>
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<tr>
<td>CMR Stap</td>
<td>50% / 60% / 77%</td>
<td>/ / /</td>
<td>27% / 23% / -15%</td>
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<tr>
<td>Hlth Care</td>
<td>42% / 50% / 68%</td>
<td>/ / /</td>
<td>-11% / -14% / -39%</td>
</tr>
<tr>
<td>Financials</td>
<td>34% / 47% / 75%</td>
<td>/ / /</td>
<td>5% / -2% / -41%</td>
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<tr>
<td>Info Tech</td>
<td>45% / 52% / 72%</td>
<td>/ / /</td>
<td>-9% / -13% / -41%</td>
</tr>
<tr>
<td>Telecom</td>
<td>34% / 38% / 66%</td>
<td>/ / /</td>
<td>32% / 26% / -17%</td>
</tr>
<tr>
<td>Utilities</td>
<td>45% / 54% / 73%</td>
<td>/ / /</td>
<td>53% / 45% / 1%</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
February 5, 2016

**Industrials**

- **Momentum**
  - Hwy&Rail: 14 stocks, $78bn
  - Railroads: 23 stocks, $365bn
  - CmclPrt: 12 stocks, $23bn
  - CnctMch&Tr: 48 stocks, $202bn
  - Sec&Alm: 7 stocks, $50bn
  - RsrcCslt: 27 stocks, $125bn
  - AirprtSrv: 19 stocks, $90bn
  - Airline: 33 stocks, $234bn
  - BldrPrcts: 42 stocks, $168bn
  - EnviroServ: 24 stocks, $88bn
  - Aero&Def: 55 stocks, $681bn

- **Strength**
  - AirFrght: 21 stocks, $198bn
  - Ag&Farm: 12 stocks, $62bn
  - Cns&Eng: 67 stocks, $246bn
  - Ind Mach: 114 stocks, $457bn
  - ElcCmpEq: 37 stocks, $243bn
  - Trucking: 27 stocks, $67bn
  - TrdgDist: 46 stocks, $217bn
  - OfficeServ: 13 stocks, $20bn
  - MarineSrv: 12 stocks, $47bn
  - CnstMch&Tr: 27 stocks, $202bn
  - TrdgDist: 46 stocks, $217bn
  - OfficeServ: 13 stocks, $20bn
  - MarineSrv: 12 stocks, $47bn
  - CnstMch&Tr: 27 stocks, $202bn
  - TrdgDist: 46 stocks, $217bn
  - OfficeServ: 13 stocks, $20bn
  - MarineSrv: 12 stocks, $47bn
  - CnstMch&Tr: 27 stocks, $202bn
  - TrdgDist: 46 stocks, $217bn
  - OfficeServ: 13 stocks, $20bn
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  - OfficeServ: 13 stocks, $20bn
  - MarineSrv: 12 stocks, $47bn
  - CnstMch&Tr: 27 stocks, $202bn

**BMO Capital Markets**
Mark Steele (416) 359-4641
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>
<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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<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>
</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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***** 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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Und = Underperform - Forecast to underperform the analyst’s coverage universe on a total return basis;
(S) = Speculative investment;
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