Group Selection

Priced as of April 15, 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>16% / 19% / 27%</td>
<td></td>
<td>29% / 24% / 9%</td>
</tr>
<tr>
<td>Materials</td>
<td>34% / 41% / 53%</td>
<td></td>
<td>38% / 31% / 9%</td>
</tr>
<tr>
<td>Industrials</td>
<td>37% / 46% / 56%</td>
<td></td>
<td>20% / 13% / -9%</td>
</tr>
<tr>
<td>CMR Disc</td>
<td>35% / 45% / 55%</td>
<td></td>
<td>9% / 1% / -18%</td>
</tr>
<tr>
<td>CMR Stap</td>
<td>57% / 66% / 68%</td>
<td></td>
<td>3% / -5% / -27%</td>
</tr>
<tr>
<td>Hlth Care</td>
<td>35% / 43% / 50%</td>
<td></td>
<td>12% / 7% / -9%</td>
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<tr>
<td>Financials</td>
<td>33% / 45% / 61%</td>
<td></td>
<td>16% / 6% / -24%</td>
</tr>
<tr>
<td>Info Tech</td>
<td>42% / 49% / 58%</td>
<td></td>
<td>5% / -3% / -19%</td>
</tr>
<tr>
<td>Telecom</td>
<td>42% / 52% / 61%</td>
<td></td>
<td>10% / -1% / -18%</td>
</tr>
<tr>
<td>Utilities</td>
<td>49% / 62% / 67%</td>
<td></td>
<td>16% / 7% / -22%</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
Strength Changes Last Session

Momentum

Tire&Rub →  AltCar →  OG RfMkt →
Distrib  →  CmrElec →  OG Drill ←
Ag&Farm →  ElecComp ←  Int O&G →

ComdChm  →  AutoParts →  IPPTrad  ↓
REstDevl ←  OG E&P  ←  CmpElRnl ←

Cas&Gam  ←  SemEqp  ←  LifeHthIns ←

DrugRetail ←  HCSuppls  →  Thrt&Mtg  ←

Cns&Eng ←  InetRtl  ←

WaterUtil ←  RegBnk  ←

Hwy&Rail →  BldPrdcts  →  ConsmrFin ↑
MtGlsCnt  →  HldPrdct  ↓

Brewers  →  AirprtSrv  ↓

AgriProd  →  EMS  →  Htl&Rsr →

IndusREIT ←  BldPrdcts  →

SpecialFin  ←

LeisFcil  ↓

HCService  ←

DataProc  ↑

OfficeREIT ←

LfSciSrv  ←

PaperPkg  ↓

Advert  ↓

FdRetail  ↓

FrstPrd  →

ApparlRtl ←

AirFrght ←

HmImpRtl ↓

HmEntSwr ←

FrstPrd  →

TechDist  →

HomeBld  ↓

BldPrdcts  ↓

Railroads  ↓

Biotech  ←

HcareTec  ←

HomeFurn  ↓
Utilities

April 15, 2016

Mark Steele (416) 359-4641

GasUtil
38 stocks; $220bn

RenewElec
24 stocks; $47bn

WaterUtil
23 stocks; $80bn

IPPTrad
26 stocks; $107bn

ElecUtil
29 stocks; $994bn

MultiUtil
39 stocks; $446bn
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.
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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</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.
**** 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
Und = Underperform - Forecast to underperform the analyst’s coverage universe on a total return basis
(S) = Speculative investment;
NR = No rating at this time; and
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