Group Selection

Priced as of April 26, 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>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy</td>
<td>18% / 21% / 27%</td>
<td>/ / /</td>
<td>47% / 44% / 22%</td>
</tr>
<tr>
<td>Materials</td>
<td>40% / 45% / 53%</td>
<td>/ / /</td>
<td>33% / 29% / 6%</td>
</tr>
<tr>
<td>Industrials</td>
<td>40% / 47% / 50%</td>
<td>/ / /</td>
<td>19% / 11% / -13%</td>
</tr>
<tr>
<td>CMR Disc</td>
<td>37% / 46% / 48%</td>
<td>/ / /</td>
<td>11% / 5% / -22%</td>
</tr>
<tr>
<td>CMR Stap</td>
<td>56% / 66% / 66%</td>
<td>/ / /</td>
<td>0% / -8% / -36%</td>
</tr>
<tr>
<td>Hlth Care</td>
<td>36% / 44% / 45%</td>
<td>/ / /</td>
<td>11% / 6% / -14%</td>
</tr>
<tr>
<td>Financials</td>
<td>34% / 44% / 51%</td>
<td>/ / /</td>
<td>20% / 11% / -22%</td>
</tr>
<tr>
<td>Info Tech</td>
<td>41% / 47% / 51%</td>
<td>/ / /</td>
<td>5% / 0% / -21%</td>
</tr>
<tr>
<td>Telecom</td>
<td>47% / 50% / 57%</td>
<td>/ / /</td>
<td>2% / -2% / -30%</td>
</tr>
<tr>
<td>Utilities</td>
<td>52% / 63% / 66%</td>
<td>/ / /</td>
<td>4% / -9% / -37%</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

Strength

Industrials

April 26, 2016

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Ag&Farm
12 stocks; $69bn

Cns&Eng
48 stocks; $284bn

AirFrgt
21 stocks; $227bn

Railroads
24 stocks; $407bn

RsrcCslt
27 stocks; $142bn

Hwy&Rail
14 stocks; $88bn

Ind Mach
716 stocks; $522bn

Aero&Def
56 stocks; $756bn

TrdgDist
46 stocks; $249bn

CmdPrts
12 stocks; $25bn

EnviroServ
24 stocks; $97bn

BldPrdcts
44 stocks; $194bn

Sec&Alm
7 stocks; $57bn

Trucking
12 stocks; $56bn

Hvy&Elec
20 stocks; $86bn

ElcCmpEq
38 stocks; $285bn

DvSpSrv
28 stocks; $86bn

Officesrv
13 stocks; $29bn

CnstMch&Tr
38 stocks; $285bn

IndCongl
29 stocks; $959bn

AirprtSrv
18 stocks; $111bn

Airline
33 stocks; $250bn

Hvy&Elec
17 stocks; $67bn

HREmpl
23 stocks; $87bn
Consumer Staples

- **Dist&Vnt**: 12 stocks, $219bn
- **SoftDrnks**: 17 stocks, $469bn
- **Tobacco**: 13 stocks, $667bn
- **PkgFdMt**: 117 stocks, $1169bn
- **HhldPrdct**: 17 stocks, $544bn
- **SprCntrs**: 16 stocks, $437bn
- **PersPrdct**: 27 stocks, $358bn
- **Brewers**: 14 stocks, $544bn
- **FdDistri**: 12 stocks, $46bn
- **AgriProd**: 29 stocks, $107bn
- **DrugRetail**: 8 stocks, $226bn
- **FdRetail**: 38 stocks, $346bn

April 26, 2016

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**Health Care**

- **Momentum**
  - HCService: 33 stocks; $199bn
  - HCFacility: 32 stocks; $130bn

- **Strength**
  - HCSupps: 30 stocks; $165bn
  - HCEquip: 71 stocks; $611bn
  - MngHCare: 13 stocks; $295bn

- **Pharma**
  - HCareTec: 18 stocks; $60bn
  - HCFacility: 32 stocks; $130bn

- **Biotech**
  - HCDistrib: 18 stocks; $143bn
  - LfSciSrv: 29 stocks; $189bn

- **Pharma**
  - 95 stocks; $2492bn

- **Biotech**
  - 129 stocks; $880bn

- **Health Care**
  - 33 stocks; $199bn
  - 18 stocks; $60bn
  - 32 stocks; $130bn
  - 95 stocks; $2492bn
  - 30 stocks; $165bn
  - 71 stocks; $611bn
  - 13 stocks; $295bn
  - 18 stocks; $143bn
  - 29 stocks; $189bn
Utilities

- WaterUtil: 23 stocks; $80bn
- ElecUtil: 88 stocks; $986bn
- MultiUtil: 39 stocks; $439bn
- RenewElec: 24 stocks; $47bn
- IPPTrad: 26 stocks; $106bn
- GasUtil: 38 stocks; $217bn
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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<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>
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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>
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</tbody>
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* 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.
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NR = No rating at this time; and
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