Group Selection

Priced as of July 10, 2015

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>
<tbody>
<tr>
<td>Energy</td>
<td>44% / 41% / 51%</td>
<td>/ / -22%</td>
<td>-18% / -8%</td>
</tr>
<tr>
<td>Materials</td>
<td>50% / 46% / 60%</td>
<td>/ / -16%</td>
<td>-13% / -3%</td>
</tr>
<tr>
<td>Industrials</td>
<td>52% / 51% / 62%</td>
<td>/ / -11%</td>
<td>-6% / 8%</td>
</tr>
<tr>
<td>CMR Disc</td>
<td>57% / 55% / 64%</td>
<td>/ / -2%</td>
<td>4% / 16%</td>
</tr>
<tr>
<td>CMR Stap</td>
<td>47% / 48% / 61%</td>
<td>/ / 2%</td>
<td>8% / 20%</td>
</tr>
<tr>
<td>Health Care</td>
<td>67% / 64% / 72%</td>
<td>/ / 8%</td>
<td>10% / 20%</td>
</tr>
<tr>
<td>Financials</td>
<td>52% / 50% / 66%</td>
<td>/ / 4%</td>
<td>11% / 27%</td>
</tr>
<tr>
<td>Info Tech</td>
<td>57% / 55% / 67%</td>
<td>/ / -15%</td>
<td>-9% / 4%</td>
</tr>
<tr>
<td>Telecom</td>
<td>41% / 43% / 57%</td>
<td>/ / 2%</td>
<td>5% / 18%</td>
</tr>
<tr>
<td>Utilities</td>
<td>36% / 34% / 44%</td>
<td>/ / -1%</td>
<td>6% / 30%</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
Information Technology

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Momentum

Strength

ApplicSwr
80 stocks; $465bn

DataProc
47 stocks; $549bn

SystmSwr
38 stocks; $684bn

HmEntSwr
47 stocks; $101bn

ITConsult
25 stocks; $576bn

EMS
20 stocks; $119bn

ElecInstr
40 stocks; $149bn

Semi
97 stocks; $774bn

InetSftSrv
102 stocks; $1205bn

SemiEqp
38 stocks; $177bn

ComEquip
52 stocks; $431bn

TechDist
15 stocks; $37bn

ElecComp
49 stocks; $213bn

HdwrSt&P
49 stocks; $1228bn

38 stocks; $684bn

20 stocks; $119bn

25 stocks; $576bn

40 stocks; $149bn

97 stocks; $774bn

38 stocks; $684bn

20 stocks; $119bn

40 stocks; $149bn

97 stocks; $774bn
July 10, 2015

Telecommunication Services

WlsTelSrv
47 stocks; $981bn

AltCar
16 stocks; $61bn

IntgTelSrv
59 stocks; $1295bn

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BMO Capital Markets
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 groups members are outperforming
2. How consistent that outperformance is
3. How the are 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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<table>
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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>Stamina Universe</th>
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<tbody>
<tr>
<td>Buy</td>
<td>Outperform</td>
<td>43.7%</td>
<td>18.6%</td>
<td>58.2%</td>
<td>42.7%</td>
<td>55.5%</td>
<td>54.1%</td>
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<tr>
<td>Hold</td>
<td>Market Perform</td>
<td>51.4%</td>
<td>10.4%</td>
<td>38.5%</td>
<td>52.1%</td>
<td>41.9%</td>
<td>40.5%</td>
</tr>
<tr>
<td>Sell</td>
<td>Underperform</td>
<td>4.9%</td>
<td>9.4%</td>
<td>3.3%</td>
<td>5.2%</td>
<td>2.6%</td>
<td>5.5%</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.

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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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