Group Selection

Priced as of March 3, 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
Sector View

Sector Relative Strength Profiles*

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Energy</td>
<td>10% / 15% / 29%</td>
<td>/</td>
<td>32% / 28% / 11%</td>
</tr>
<tr>
<td>Materials</td>
<td>27% / 35% / 52%</td>
<td>/</td>
<td>37% / 33% / 9%</td>
</tr>
<tr>
<td>Industrials</td>
<td>31% / 39% / 63%</td>
<td>/</td>
<td>19% / 16% / -15%</td>
</tr>
<tr>
<td>CMR Disc</td>
<td>33% / 43% / 60%</td>
<td>/</td>
<td>14% / 10% / -15%</td>
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<tr>
<td>CMR Stap</td>
<td>52% / 63% / 75%</td>
<td>/</td>
<td>6% / 1% / -28%</td>
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<tr>
<td>Hlth Care</td>
<td>38% / 47% / 60%</td>
<td>/</td>
<td>-3% / -6% / -24%</td>
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<tr>
<td>Financials</td>
<td>33% / 48% / 72%</td>
<td>/</td>
<td>15% / 9% / -22%</td>
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<tr>
<td>Info Tech</td>
<td>44% / 52% / 70%</td>
<td>/</td>
<td>8% / 4% / -16%</td>
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<tr>
<td>Telecom</td>
<td>35% / 43% / 68%</td>
<td>/</td>
<td>18% / 11% / -18%</td>
</tr>
<tr>
<td>Utilities</td>
<td>45% / 55% / 72%</td>
<td>/</td>
<td>14% / 9% / -27%</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
March 3, 2016

**Financials**

**Momentum**

- **SpecialFin**
  - 83 stocks: $262bn

- **OfficeREIT**
  - 30 stocks: $132bn

- **DiversREIT**
  - 42 stocks: $158bn

- **SpecREIT**
  - 26 stocks: $235bn

- **IndusREIT**
  - 19 stocks: $60bn

- **ResidREIT**
  - 24 stocks: $130bn

- **RetailREIT**
  - 46 stocks: $330bn

- **HCareREIT**
  - 14 stocks: $85bn

- **Reinsuran**
  - 13 stocks: $125bn

- **P&C Insur**
  - 63 stocks: $429bn

- **Reinsur**
  - 63 stocks: $29bn

**Strength**

- **Thrift&Mtg**
  - 14 stocks: $101bn

- **REstOpCo**
  - 26 stocks: $138bn

- **ConsmrFin**
  - 27 stocks: $207bn

- **REstDevl**
  - 31 stocks: $163bn

- **RegionBnk**
  - 139 stocks: $427bn

- **MortgREIT**
  - 63 stocks: $50bn

- **LifeHthIns**
  - 47 stocks: $609bn

- **HotelREIT**
  - 16 stocks: $40bn

- **OthrDivFS**
  - 5 stocks: $56bn

- **REstSrv**
  - 12 stocks: $29bn

**AsstMgmt**

- 63 stocks: $395bn

**InvBnkBrk**

- 26 stocks: $590bn

**OfficeREIT**

- 30 stocks: $132bn

**REstOpCo**

- 26 stocks: $138bn

**ConsmrFin**

- 27 stocks: $207bn

**REstDevl**

- 31 stocks: $163bn

**RegionBnk**

- 139 stocks: $427bn

**MortgREIT**

- 63 stocks: $50bn

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**HotelREIT**

- 16 stocks: $40bn

**OthrDivFS**

- 5 stocks: $56bn

**REstSrv**

- 12 stocks: $29bn

**Mark Steele (416) 359-4641**
March 3, 2016

Utilities

ElecUtil
26 stocks; $918bn

WaterUtil
23 stocks; $75bn

MultiUtil
40 stocks; $448bn

GasUtil
36 stocks; $208bn

RenewElec
26 stocks; $53bn

IPPTrad
26 stocks; $101bn

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Markets
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).
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>
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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>
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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.
*** Reflects rating distribution of all companies from which BMO Capital Markets Corp. has received compensation for 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;
NR = No rating at this time; and
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