Group Selection

Priced as of March 4, 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

*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
<table>
<thead>
<tr>
<th>Industry</th>
<th>Momentum</th>
<th>Strength</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hwy&amp;Rail</td>
<td>14 stocks; $81bn</td>
<td>14 stocks; $81bn</td>
</tr>
<tr>
<td>BldPrdcts</td>
<td>42 stocks; $178bn</td>
<td>42 stocks; $178bn</td>
</tr>
<tr>
<td>Sec&amp;Alm</td>
<td>7 stocks; $55bn</td>
<td>7 stocks; $55bn</td>
</tr>
<tr>
<td>CmclPrt</td>
<td>12 stocks; $24bn</td>
<td>12 stocks; $24bn</td>
</tr>
<tr>
<td>Ind Mach</td>
<td>115 stocks; $497bn</td>
<td>115 stocks; $497bn</td>
</tr>
<tr>
<td>RsrcCslt</td>
<td>27 stocks; $133bn</td>
<td>27 stocks; $133bn</td>
</tr>
<tr>
<td>EnviroServ</td>
<td>24 stocks; $95bn</td>
<td>24 stocks; $95bn</td>
</tr>
<tr>
<td>Airline</td>
<td>33 stocks; $267bn</td>
<td>33 stocks; $267bn</td>
</tr>
<tr>
<td>Ag&amp;Farm</td>
<td>12 stocks; $67bn</td>
<td>12 stocks; $67bn</td>
</tr>
<tr>
<td>DvSpSrv</td>
<td>28 stocks; $82bn</td>
<td>28 stocks; $82bn</td>
</tr>
<tr>
<td>AirprtSrv</td>
<td>19 stocks; $105bn</td>
<td>19 stocks; $105bn</td>
</tr>
<tr>
<td>AirFrht</td>
<td>21 stocks; $209bn</td>
<td>21 stocks; $209bn</td>
</tr>
<tr>
<td>Railroads</td>
<td>23 stocks; $379bn</td>
<td>23 stocks; $379bn</td>
</tr>
<tr>
<td>Cns&amp;Eng</td>
<td>67 stocks; $264bn</td>
<td>67 stocks; $264bn</td>
</tr>
<tr>
<td>TrdgDist</td>
<td>46 stocks; $240bn</td>
<td>46 stocks; $240bn</td>
</tr>
<tr>
<td>CnstMch&amp;Tr</td>
<td>26 stocks; $216bn</td>
<td>26 stocks; $216bn</td>
</tr>
<tr>
<td>HREmpl</td>
<td>23 stocks; $84bn</td>
<td>23 stocks; $84bn</td>
</tr>
<tr>
<td>IndCongl</td>
<td>39 stocks; $934bn</td>
<td>39 stocks; $934bn</td>
</tr>
<tr>
<td>CmclPrt</td>
<td>115 stocks; $497bn</td>
<td>115 stocks; $497bn</td>
</tr>
<tr>
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<tr>
<td>IndCongl</td>
<td>39 stocks; $934bn</td>
<td>39 stocks; $934bn</td>
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</table>
March 4, 2016

**Consumer Staples**

<table>
<thead>
<tr>
<th>Category</th>
<th>Stocks</th>
<th>Market Value (bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tobacco</td>
<td>13</td>
<td>$657bn</td>
</tr>
<tr>
<td>PersPrdct</td>
<td>27</td>
<td>$337bn</td>
</tr>
<tr>
<td>DrugRetail</td>
<td>39</td>
<td>$337bn</td>
</tr>
<tr>
<td>FdRetail</td>
<td>20</td>
<td>$292bn</td>
</tr>
<tr>
<td>FdDistri</td>
<td>17</td>
<td>$420bn</td>
</tr>
<tr>
<td>SprCntrs</td>
<td>18</td>
<td>$426bn</td>
</tr>
<tr>
<td>Dist&amp;Vnt</td>
<td>12</td>
<td>$214bn</td>
</tr>
<tr>
<td>Brewers</td>
<td>14</td>
<td>$502bn</td>
</tr>
<tr>
<td>AgriProd</td>
<td>29</td>
<td>$102bn</td>
</tr>
<tr>
<td>SoftDrinks</td>
<td>17</td>
<td>$452bn</td>
</tr>
<tr>
<td>PkgFdMt</td>
<td>118</td>
<td>$1134bn</td>
</tr>
<tr>
<td>HhldPrdct</td>
<td>17</td>
<td>$551bn</td>
</tr>
</tbody>
</table>
March 4, 2016

Momentum

Strength

Health Care

Mark Steele (416) 359-4641

LfSciSrv
29 stocks; $163bn

MngHCare
14 stocks; $276bn

HCSuppls
30 stocks; $177bn

HCEquip
69 stocks; $563bn

HCDistrib
17 stocks; $138bn

HCService
31 stocks; $188bn

HCareTec
17 stocks; $56bn

HCFacility
31 stocks; $128bn

Pharma
95 stocks; $2403bn

Biotech
127 stocks; $812bn

127 stocks; $812bn

17 stocks; $138bn

HCSuppls
30 stocks; $177bn

HCEquip
69 stocks; $563bn

MngHCare
14 stocks; $276bn

LfSciSrv
29 stocks; $163bn

HCEquip
69 stocks; $563bn

HCDistrib
17 stocks; $138bn

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29 stocks; $163bn
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 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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<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>Starmine Universe</th>
</tr>
</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.
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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
R = Restricted - Dissemination of research is currently restricted.

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