Group Selection

Priced as of February 25, 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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14. Telecom
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Sector Relative Strength Profiles*

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy</td>
<td>11% / 16% / 29%</td>
<td>-4% / -2% / -20%</td>
<td></td>
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<tr>
<td>Materials</td>
<td>26% / 34% / 52%</td>
<td>19% / 23% / 2%</td>
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<tr>
<td>Industrials</td>
<td>30% / 39% / 64%</td>
<td>4% / 9% / -16%</td>
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<tr>
<td>CMR Disc</td>
<td>34% / 43% / 62%</td>
<td>6% / 9% / -11%</td>
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<td>CMR Stap</td>
<td>51% / 62% / 75%</td>
<td>6% / 11% / -15%</td>
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<tr>
<td>Hlth Care</td>
<td>39% / 47% / 61%</td>
<td>-7% / -3% / -22%</td>
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<tr>
<td>Financials</td>
<td>33% / 48% / 73%</td>
<td>-5% / 1% / -31%</td>
<td></td>
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<tr>
<td>Info Tech</td>
<td>44% / 51% / 70%</td>
<td>1% / 6% / -17%</td>
<td></td>
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<tr>
<td>Telecom</td>
<td>33% / 41% / 66%</td>
<td>9% / 15% / -13%</td>
<td></td>
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<tr>
<td>Utilities</td>
<td>45% / 55% / 71%</td>
<td>14% / 14% / -14%</td>
<td></td>
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</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

- AutoRtl
- ElecInstr
- Htl&Rsr
- MortgREIT
- REstOpCo
- HomeFurn
- DiversChm

- HhldApl
- MngHCare
- Broadcast
- MotcyMfg
- Hsware
- REstOpCo

- Dist&Vnt
- EnviroServ
- PersPrdct
- HdwrSt&P
- HhldApl
- HCService
- Broadcast

- Sec&Alm
- HCDistrib
- Railroads
- ITConsult
- DrugRetail
- Aprl&Gds

- MtGlsCnt
- SpecialFin
- Multi-LnIns
- InvBnkBrk
- WaterUtil
- SpCmSrv
- IntgTelSrv

- HCSupplis
- Textiles
- Publishing
- HCareTec
- Tobacco
- FdRetail
- Thrft&Mtg

- HhldApl
- MngHCare
- Semi
- Broadcast
- Hsware
- REstOpCo

- Dist&Vnt
- EnviroServ
- PersPrdct
- HdwrSt&P
- HhldApl
- HCService
- Broadcast

- Sec&Alm
- HCDistrib
- Railroads
- ITConsult
- DrugRetail
- Aprl&Gds

- MtGlsCnt
- SpecialFin
- Multi-LnIns
- InvBnkBrk
- WaterUtil
- SpCmSrv
- IntgTelSrv

- HCSupplis
- Textiles
- Publishing
- HCareTec
- Tobacco
- FdRetail
- Thrft&Mtg
Momentum

February 25, 2016

Industrials

Mark Steele (416) 359-4641

42 stocks; $173bn

BldPrdcts

Ag&Farm

12 stocks; $62bn

12 stocks; $23bn

CmclPrt

DvSpSrv

20 stocks; $78bn

12 stocks; $62bn

33 stocks; $257bn

Airline

Railroads

19 stocks; $102bn

19 stocks; $77bn

AirprtSrv

Hwy&Rail

115 stocks; $469bn

14 stocks; $77bn

14 stocks; $77bn

Hwy&Rail

AirFrght

21 stocks; $203bn

21 stocks; $203bn

Ind Mach

RsrcCslt

27 stocks; $128bn

27 stocks; $128bn

TrdgDist

TruckIng

46 stocks; $225bn

46 stocks; $225bn

27 stocks; $68bn

27 stocks; $68bn

Hvy&Elec

Marine

MarineSrv

29 stocks; $80bn

29 stocks; $80bn

29 stocks; $80bn

Ind Congl

Cons&Eng

ConstrMch&Tr

24 stocks; $897bn

24 stocks; $897bn

24 stocks; $897bn

27 stocks; $251bn

67 stocks; $251bn

67 stocks; $251bn

55 stocks; $706bn

55 stocks; $706bn

55 stocks; $706bn

37 stocks; $246bn

37 stocks; $246bn

37 stocks; $246bn

23 stocks; $377bn

23 stocks; $377bn

23 stocks; $377bn

12 stocks; $45bn

12 stocks; $45bn

12 stocks; $45bn

48 stocks; $203bn

48 stocks; $203bn

48 stocks; $203bn

19 stocks; $61bn

19 stocks; $61bn

19 stocks; $61bn

12 stocks; $52bn

12 stocks; $52bn

12 stocks; $52bn

24 stocks; $359bn

24 stocks; $359bn

24 stocks; $359bn

7 stocks; $52bn

7 stocks; $52bn

7 stocks; $52bn

28 stocks; $78bn

28 stocks; $78bn

28 stocks; $78bn

5 stocks; $257bn

5 stocks; $257bn

5 stocks; $257bn

25 stocks; $257bn

25 stocks; $257bn

25 stocks; $257bn

5 stocks; $173bn

5 stocks; $173bn

5 stocks; $173bn

12 stocks; $23bn

12 stocks; $23bn

12 stocks; $23bn

3 stocks; $173bn

3 stocks; $173bn

3 stocks; $173bn

12 stocks; $62bn

12 stocks; $62bn

12 stocks; $62bn

6 stocks; $62bn

6 stocks; $62bn

6 stocks; $62bn

12 stocks; $23bn

12 stocks; $23bn

12 stocks; $23bn

3 stocks; $23bn

3 stocks; $23bn

3 stocks; $23bn

24 stocks; $173bn

24 stocks; $173bn

24 stocks; $173bn

12 stocks; $62bn

12 stocks; $62bn

12 stocks; $62bn

6 stocks; $62bn

6 stocks; $62bn

6 stocks; $62bn
**Consumer Staples**

- **Dist&Vnt**: 17 stocks; $206bn
- **PersPrdct**: 27 stocks; $322bn
- **HhldPrdct**: 18 stocks; $555bn
- **DrugRetail**: 8 stocks; $218bn
- **SoftDrinks**: 8 stocks; $218bn
- **PkgFdMt**: 120 stocks; $1123bn
- **Tobacco**: 13 stocks; $639bn
- **FdRetail**: 19 stocks; $327bn
- **Brewers**: 14 stocks; $461bn
- **SprCntrs**: 16 stocks; $423bn

- **AgriProd**: 30 stocks; $95bn
- **FdDistri**: 11 stocks; $41bn
- **Tobacco**: 13 stocks; $639bn
- **FdsPrdct**: 27 stocks; $322bn
- **HhldPrdct**: 18 stocks; $555bn
- **DrugRetail**: 8 stocks; $218bn
- **SoftDrinks**: 8 stocks; $218bn
- **PkgFdMt**: 120 stocks; $1123bn
- **Tobacco**: 13 stocks; $639bn
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- **SprCntrs**: 16 stocks; $423bn

**Momentum**

February 25, 2016

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<table>
<thead>
<tr>
<th>Sector</th>
<th>Number of Stocks</th>
<th>Market Cap</th>
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<tbody>
<tr>
<td>OfficeREIT</td>
<td>30</td>
<td>$122 bn</td>
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<tr>
<td>HCareREIT</td>
<td>14</td>
<td>$82 bn</td>
</tr>
<tr>
<td>DiversREIT</td>
<td>42</td>
<td>$149 bn</td>
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<tr>
<td>SpecREIT</td>
<td>26</td>
<td>$226 bn</td>
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<tr>
<td>Reinsuran</td>
<td>13</td>
<td>$124 bn</td>
</tr>
<tr>
<td>IndusREIT</td>
<td>26</td>
<td>$134 bn</td>
</tr>
<tr>
<td>ResidREIT</td>
<td>26</td>
<td>$134 bn</td>
</tr>
<tr>
<td>RetailREIT</td>
<td>49</td>
<td>$322 bn</td>
</tr>
<tr>
<td>P&amp;C Insur</td>
<td>63</td>
<td>$426 bn</td>
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<tr>
<td>SpecialFin</td>
<td>33</td>
<td>$254 bn</td>
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<tr>
<td>RegionBnk</td>
<td>140</td>
<td>$402 bn</td>
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<tr>
<td>MItSecHld</td>
<td>24</td>
<td>$274 bn</td>
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<tr>
<td>InsurBkrks</td>
<td>8</td>
<td>$86 bn</td>
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<tr>
<td>LifeHthIns</td>
<td>47</td>
<td>$377 bn</td>
</tr>
<tr>
<td>InvBnkBrk</td>
<td>36</td>
<td>$378 bn</td>
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<tr>
<td>OthrDivFS</td>
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<td>$53 bn</td>
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<tr>
<td>ReStDev</td>
<td>33</td>
<td>$167 bn</td>
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<tr>
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<td>33</td>
<td>$167 bn</td>
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<td>DivCpMkt</td>
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<td>$152 bn</td>
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<tr>
<td>Multi-LnIns</td>
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<td>$428 bn</td>
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<tr>
<td>RegBnk</td>
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<td>$402 bn</td>
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<tr>
<td>Thrft&amp;Mtg</td>
<td>45</td>
<td>$93 bn</td>
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<tr>
<td>DiversBnk</td>
<td>168</td>
<td>$363 bn</td>
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</table>
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).
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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<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>
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<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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* 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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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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