Group Selection

Priced as of January 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>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy</td>
<td>11% / 16% / 31%</td>
<td>/ /</td>
<td>-9% / -10% / -15%</td>
</tr>
<tr>
<td>Materials</td>
<td>25% / 33% / 52%</td>
<td>/ /</td>
<td>-3% / -3% / -12%</td>
</tr>
<tr>
<td>Industrials</td>
<td>31% / 41% / 67%</td>
<td>/ /</td>
<td>-5% / -4% / -11%</td>
</tr>
<tr>
<td>CMR Disc</td>
<td>35% / 44% / 65%</td>
<td>/ /</td>
<td>1% / 1% / -8%</td>
</tr>
<tr>
<td>CMR Stap</td>
<td>47% / 57% / 75%</td>
<td>/ /</td>
<td>11% / 12% / -2%</td>
</tr>
<tr>
<td>Hlth Care</td>
<td>47% / 53% / 69%</td>
<td>/ /</td>
<td>-3% / -2% / -9%</td>
</tr>
<tr>
<td>Financials</td>
<td>35% / 48% / 76%</td>
<td>/ /</td>
<td>-14% / -12% / -24%</td>
</tr>
<tr>
<td>Info Tech</td>
<td>47% / 53% / 73%</td>
<td>/ /</td>
<td>-4% / -4% / -12%</td>
</tr>
<tr>
<td>Telecom</td>
<td>35% / 39% / 69%</td>
<td>/ /</td>
<td>10% / 11% / 2%</td>
</tr>
<tr>
<td>Utilities</td>
<td>41% / 51% / 73%</td>
<td>/ /</td>
<td>17% / 18% / 3%</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.
Strength Changes Last Session

Momentum

DiversREIT → InetRtl → AltCar → HREmpl → Trucking

Hsware ← HCEquip ← Footwear ← EMS ← EtcMfgEq ← OG StTr ← ConsrFin

Distrib ← ApparRtl ← PrecMet ← Steel ←

Gold ← TechDist ← GMrchStrs ← RsrcCsit ←

HCEquip ← Footwear ← EMS ← EtcMfgEq ← OG StTr ← ConsrFin

LeisFcil ← HCSuppls ← WaterUtil ←

HCEquip ← Footwear ← EMS ← EtcMfgEq ← OG StTr ← ConsrFin

Aero&Def ← DrugRetail ←

HhldApl → Pharma → ComEq ← LifeHlth ← AirFrgt

SpecialFin ← Publishing ← PersPrdct ← MltSecHld ← MotcyMfg ← DiversChm ← SprCntrs

CmclPrt ← HCDistrib ← PkgFdMt ← MtGlsCnt ← MultiLnIns ← Railroads ←

Hwy&Rail ← MortgREIT ← REstDev ← HomeFurn ← ComdChm ←

Mark Steele (416) 359-4641
Momentum

Strength

January 26, 2016

Mark Steele (416) 359-4641

Energy

Int O&G
24 stocks; $1283bn

OG StTr
37 stocks; $414bn

OG Drill
20 stocks; $26bn

OG Equip
69 stocks; $240bn

OG E&P
139 stocks; $520bn

Coal&Uran
22 stocks; $49bn

OG RfMkt
48 stocks; $355bn

BMO Capital Markets

17 stocks; $335bn
Momentum
Strength

January 26, 2016

Mark Steele (416) 359-4641

Consumer Staples

Dist&Vnt
12 stocks; $205bn

Brewers
4 stocks; $492bn

FdDistri
11 stocks; $38bn

Tobacco
13 stocks; $608bn

SoftDrinks
17 stocks; $447bn

DrugRetail
8 stocks; $212bn

FdRetail
39 stocks; $314bn

Tobacco
13 stocks; $608bn

DrugRetail
8 stocks; $212bn

FdRetail
39 stocks; $314bn

HhldPrdct
18 stocks; $527bn

PkgFdMt
119 stocks; $1077bn

PersPrdct
27 stocks; $313bn

AgriProd
30 stocks; $91bn

SprCntrs
16 stocks; $409bn

Dist&Vnt
12 stocks; $205bn

Brewers
4 stocks; $492bn

FdDistri
11 stocks; $38bn

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PersPrdct
27 stocks; $313bn

AgriProd
30 stocks; $91bn

SprCntrs
16 stocks; $409bn
January 26, 2016

Health Care

Momentum

Strength

HCService
32 stocks; $126bn

HCFacility

HCareTec
19 stocks; $57bn

HCEquip
71 stocks; $562bn

HCSupplis
30 stocks; $111bn

LfSciSrv
91 stocks; $163bn

Biotech
171 stocks; $853bn

Pharma
97 stocks; $249bn

HCDistrib
18 stocks; $134bn

MngHCare
74 stocks; $264bn

HCFacility
32 stocks; $126bn
Momentum

Strength

January 26, 2016

Telecommunication Services

Mark Steele (416) 359-4641

AltCar
14 stocks; $54bn

IntgTelSrv
49 stocks; $1236bn

WlsTelSrv
44 stocks; $806bn
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.
User Guide 2 - Momentum

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”
- 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>
<thead>
<tr>
<th>Rating Category</th>
<th>BMO Rating</th>
<th>BMOCM US Universe*</th>
<th>BMOCM 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;
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