Group Selection

Priced as of November 1, 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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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.
November 1, 2016

Resources

Momentum

Strength

Alumin
12 stocks; $6bn

IndusGas
3 stocks; $142bn

DvrsMng
46 stocks; $303bn

FrstPrd
12 stocks; $17bn

MtGlsCnt
14 stocks; $54bn

PrecMet
22 stocks; $62bn

PapProd
26 stocks; $73bn

Govt
14 stocks; $54bn

Coal&Uran
22 stocks; $77bn

Steel
59 stocks; $293bn

ComdChm
46 stocks; $296bn

SpecChm
25 stocks; $168bn

CstrMat
28 stocks; $226bn

DiversChm
19 stocks; $262bn

Silver
9 stocks; $24bn

OG RfMkt
45 stocks; $368bn

Gold
22 stocks; $193bn

OG E&P
120 stocks; $778bn

Int O&G
31 stocks; $155bn

OG Equip
63 stocks; $309bn

PaperPkg
19 stocks; $109bn

OG Drill
19 stocks; $33bn

OG StTr
93 stocks; $572bn

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63 stocks; $309bn

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OG Equip
63 stocks; $309bn

PaperPkg
19 stocks; $109bn

OG Drill
19 stocks; $33bn

OG StTr
93 stocks; $572bn
coal & uranium
22 stocks; $77bn

offshore renewable
25 stocks; $368bn

integrated oil & gas
31 stocks; $153bn

onshore e&p
120 stocks; $778bn

offshore e&p
63 stocks; $300bn

offshore equipment
93 stocks; $572bn

 oil & gas services
33 stocks; $33bn

offshore drill
19 stocks; $33bn
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Utilities

Momentum

Strength

November 1, 2016

Mark Steele (416) 359-4641

Utilities

- MultiUtil: 37 stocks; $415bn
- WaterUtil: 23 stocks; $83bn
- GasUtil: 36 stocks; $212bn
- ElecUtil: 88 stocks; $1022bn
- IPPTrad: 25 stocks; $94bn
- RenewElec: 24 stocks; $51bn

BMO Capital Markets
November 1, 2016

Real Estate

Mark Steele (416) 359-4641

Momentum

Strength

REstDevl
31 stocks; $190bn

REstDvAct
33 stocks; $313bn

IndusREIT
20 stocks; $79bn

ResidREIT
25 stocks; $139bn

HCaraREIT
16 stocks; $65bn

OfficeREIT
37 stocks; $142bn

DiversREIT
40 stocks; $146bn

REstOpCo
20 stocks; $164bn

SpecREIT
17 stocks; $38bn

HotelREIT
11 stocks; $24bn

RetaiREEIT
21 stocks; $24bn

RetailREIT
19 stocks; $42bn

IndusREIT
20 stocks; $79bn

ResidREIT
25 stocks; $139bn

HCaraREIT
16 stocks; $65bn

OfficeREIT
37 stocks; $142bn

DiversREIT
40 stocks; $146bn

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20 stocks; $164bn

SpecREIT
17 stocks; $38bn

HotelREIT
11 stocks; $24bn

RetaiREEIT
21 stocks; $24bn

RetailREIT
19 stocks; $42bn
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”
- 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.
IMPORTANT DISCLOSURES

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Distribution of Ratings (September 30, 2015)

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<th>Rating Category</th>
<th>BMO Rating</th>
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<th>BMOCM US IB Clients**</th>
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<th>BMOCM Universe****</th>
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<td>Buy</td>
<td>Outperform</td>
<td>42.2%</td>
<td>18.6%</td>
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<td>Market Perform</td>
<td>54.3%</td>
<td>11.3%</td>
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<td>31.8%</td>
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<td>Sell</td>
<td>Underperform</td>
<td>3.5%</td>
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<td>2.7%</td>
<td>3.9%</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.
*** 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.
**** Reflects rating distribution of all companies covered by BMO Capital Markets equity research analysts.
***** Reflects rating distribution of all companies from which BMO Capital Markets has received compensation for Investment Banking services as percentage of Investment Banking clients.

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OP = Outperform - Forecast to outperform the analyst’s coverage universe on a total return basis;
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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