Group Selection

Priced as of June 23, 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 Relative Strength Profiles**

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<th></th>
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<tbody>
<tr>
<td>Energy</td>
<td>52% / 52% / 34%</td>
<td>19% / 16% / 19%</td>
<td></td>
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<tr>
<td>Materials</td>
<td>58% / 60% / 42%</td>
<td>5% / 1% / 2%</td>
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<tr>
<td>Industrials</td>
<td>53% / 56% / 24%</td>
<td>6% / 0% / 8%</td>
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<tr>
<td>CMR Disc</td>
<td>39% / 44% / 21%</td>
<td>5% / 0% / 4%</td>
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<tr>
<td>CMR Stap</td>
<td>62% / 66% / 32%</td>
<td>-1% / -8% / 1%</td>
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<tr>
<td>Hlth Care</td>
<td>37% / 40% / 20%</td>
<td>6% / 1% / 3%</td>
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<tr>
<td>Financials</td>
<td>43% / 46% / 22%</td>
<td>9% / 4% / 5%</td>
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<tr>
<td>Info Tech</td>
<td>42% / 47% / 23%</td>
<td>9% / 4% / 9%</td>
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<tr>
<td>Telecom</td>
<td>47% / 49% / 23%</td>
<td>7% / 2% / 6%</td>
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<tr>
<td>Utilities</td>
<td>61% / 68% / 32%</td>
<td>3% / -5% / 2%</td>
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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.
Momentum

Strength

June 23, 2016

PersPrdct
28 stocks; $372bn

SprCntrs
16 stocks; $445bn

SoftDrnks
17 stocks; $490bn

HhidPrdct
18 stocks; $570bn

FdRetail
38 stocks; $341bn

FdDistri
12 stocks; $50bn

Dist&Vnt
12 stocks; $230bn

PkgFdMt
118 stocks; $1187bn

AgriProd
29 stocks; $109bn

Brewers
14 stocks; $554bn

Tobacco
13 stocks; $693bn

DrugRetail
7 stocks; $212bn

Consumer Staples

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<table>
<thead>
<tr>
<th>Sector</th>
<th>Momentum</th>
<th>Strength</th>
<th>Stocks</th>
<th>Market Cap</th>
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<tr>
<td>EMS</td>
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<td>20</td>
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<td>ApplicSwr</td>
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<td>SemiEqp</td>
<td>↑</td>
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<td>$157bn</td>
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<td>ElecInstr</td>
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<tr>
<td>InetStsrv</td>
<td>↑</td>
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<td>$1285bn</td>
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<td>SystmSwr</td>
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<td>36</td>
<td>$710bn</td>
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<tr>
<td>ElecComp</td>
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<td>39</td>
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<tr>
<td>ITConsult</td>
<td>↑</td>
<td></td>
<td>50</td>
<td>$610bn</td>
</tr>
<tr>
<td>HdwrtSt&amp;P</td>
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<td>46</td>
<td>$1013bn</td>
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<tr>
<td>ComEquip</td>
<td>↓</td>
<td></td>
<td>48</td>
<td>$321bn</td>
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<td>DataProc</td>
<td>↓</td>
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<td>48</td>
<td>$622bn</td>
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<td>Semi</td>
<td>↓</td>
<td></td>
<td>83</td>
<td>$654bn</td>
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<tr>
<td>HmEntSwr</td>
<td>↓</td>
<td></td>
<td>14</td>
<td>$112bn</td>
</tr>
</tbody>
</table>

June 23, 2016

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Information Technology

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Telecommunication Services

June 23, 2016

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Momentum

Strength

AltCar
12 stocks; $53bn

WisTelSrv
41 stocks; $892bn

IntgTelSrv
61 stocks; $1401bn

12 stocks; $53bn

41 stocks; $892bn

61 stocks; $1401bn
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 groups 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”
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>
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<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.
*** 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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(S) = Speculative investment;
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