**Group Selection**

Priced as of September 14, 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**

- **Hyperlink**: Clickable hyperlinks for more details.

- **% Outperforming**
  - US = S&P 500
  - GBL = MSCI AC World
  - CDA = S&P/TSX Composite

- **Reward/Risk**
  - How consistent is the median relative strength performance of the sector membership (versus the market).

- **Trend Psn**
  - What is the net percentage of the sector members which are breaking above/below relative strength channels.

The relative performance Z-Score rating 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.
September 14, 2016

**Consumer Staples**

Momentum

- **PersPrdct**
  - 22 stocks; $368bn

- **SoftDrnks**
  - 17 stocks; $468bn

- **AgriProd**
  - 26 stocks; $106bn

Strength

- **DrugRetail**
  - 7 stocks; $201bn

- **PkgFdMt**
  - 116 stocks; $1189bn

- **FdDistri**
  - 12 stocks; $48bn

- **Brewers**
  - 14 stocks; $540bn

- **SprCntrs**
  - 16 stocks; $431bn

- **Dist&Vnt**
  - 12 stocks; $237bn

- **HhldPrdct**
  - 18 stocks; $570bn

- **Toacco**
  - 13 stocks; $669bn

- **FdRetail**
  - 37 stocks; $343bn

Mark Steele (416) 359-4641
**Real Estate**

- **REstDvAct**
  - 32 stocks; $292bn

- **IndusREIT**
  - 20 stocks; $80bn

- **SpecREIT**
  - 28 stocks; $252bn

- **REstOpCo**
  - 29 stocks; $167bn

- **OfficeREIT**
  - 31 stocks; $150bn

- **ResidREIT**
  - 26 stocks; $141bn

- **RetailREIT**
  - 49 stocks; $361bn

- **REstDevl**
  - 31 stocks; $196bn

- **HCareREIT**
  - 16 stocks; $103bn

- **DiversREIT**
  - 30 stocks; $152bn

- **REstSrv**
  - 11 stocks; $27bn

- **HotelREIT**
  - 16 stocks; $39bn
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 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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Distribution of Ratings (September 30, 2015)

<table>
<thead>
<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>
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<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>
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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>
</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.
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(S) = Speculative investment;
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