Group Selection

Priced as of January 28, 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
Resources

- **Gold**: 37 stocks, $101bn
- **Int O&G**: 34 stocks, $1323bn
- **Alumin**: 12 stocks, $35bn
- **PrecMet**: 21 stocks, $34bn
- **OG StTr**: 87 stocks, $422bn
- **Steel**: 31 stocks, $190bn
- **Silver**: 12 stocks, $3bn
- **DvrsMng**: 57 stocks, $222bn
- **OG Equip**: 59 stocks, $522bn
- **OG E&P**: 136 stocks, $549bn
- **Coal&Uran**: 22 stocks, $50bn
- **FrstPrd**: 12 stocks, $14bn
- **OG Drill**: 20 stocks, $27bn
- **CstrMat**: 26 stocks, $161bn
- **SpecChm**: 63 stocks, $358bn
- **ComdChm**: 38 stocks, $243bn
- **DiversChm**: 19 stocks, $217bn
- **MtGlsCnt**: 15 stocks, $49bn
- **PaperPkg**: 18 stocks, $66bn
- **Fert&Ag**: 25 stocks, $784bn

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January 28, 2016
<table>
<thead>
<tr>
<th>Sector</th>
<th>Num. Stocks</th>
<th>Market Cap (bn)</th>
</tr>
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<tbody>
<tr>
<td>Industrials</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sec&amp;Alm</td>
<td>7</td>
<td>$49bn</td>
</tr>
<tr>
<td>BldPrdcts</td>
<td>42</td>
<td>$170bn</td>
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<tr>
<td>AirprtSvc</td>
<td>15</td>
<td>$88bn</td>
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<tr>
<td>EnviroServ</td>
<td>24</td>
<td>$56bn</td>
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<tr>
<td>DvSpSvc</td>
<td>27</td>
<td>$69bn</td>
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<tr>
<td>MarineSvc</td>
<td>12</td>
<td>$62bn</td>
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<tr>
<td>Airline</td>
<td>33</td>
<td>$239bn</td>
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<tr>
<td>Ag&amp;Farm</td>
<td>12</td>
<td>$61bn</td>
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<tr>
<td>Hvy&amp;Rsl</td>
<td>125</td>
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<tr>
<td>IncMch&amp;Tr</td>
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<td>$84bn</td>
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<td>27</td>
<td>$69bn</td>
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<tr>
<td>ElcCmpEq</td>
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<td>$234bn</td>
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<tr>
<td>Marine</td>
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<td>$62bn</td>
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<tr>
<td>OfficeSvc</td>
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<td>$26bn</td>
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<tr>
<td>Hvy&amp;Rsl</td>
<td>27</td>
<td>$126bn</td>
</tr>
<tr>
<td>Cnst&amp;Eng</td>
<td>68</td>
<td>$244bn</td>
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<tr>
<td>AirFrght</td>
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<td>$60bn</td>
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<td>CmclPrf</td>
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<td>Marine</td>
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<td>IndCongl</td>
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<td>Hvy&amp;Rsl</td>
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<tr>
<td>Sector</td>
<td>Stocks</td>
<td>Market Cap (bn)</td>
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<tr>
<td>---------------</td>
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<td>-----------------</td>
</tr>
<tr>
<td>Semi</td>
<td>40</td>
<td>$152bn</td>
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<tr>
<td>SemiEqp</td>
<td>40</td>
<td>$176bn</td>
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<tr>
<td>TechDist</td>
<td>76</td>
<td>$35bn</td>
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<tr>
<td>HmEntSwr</td>
<td>40</td>
<td>$100bn</td>
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<tr>
<td>ITConsult</td>
<td>47</td>
<td>$525bn</td>
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<tr>
<td>ElecInstr</td>
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<td>$138bn</td>
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<tr>
<td>DataProc</td>
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<td>ApplicSwr</td>
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<td>$423bn</td>
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<td>EMS</td>
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<td>$95bn</td>
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<tr>
<td>InetStSrv</td>
<td>100</td>
<td>$1154bn</td>
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<tr>
<td>HdwrSt&amp;P</td>
<td>45</td>
<td>$920bn</td>
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<tr>
<td>ComEquip</td>
<td>52</td>
<td>$363bn</td>
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<tr>
<td>SystmSwr</td>
<td>38</td>
<td>$683bn</td>
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</tbody>
</table>

*Information Technology*

January 28, 2016

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Momentum

Strength

Utilities

January 28, 2016

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MultiUtil 9 stocks: $442bn
GasUtil 37 stocks: $198bn
ElecUtil 68 stocks: $881bn
WaterUtil 23 stocks: $72bn
RenewElec 24 stocks: $50bn
IPPTrad 26 stocks: $97bn
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.
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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<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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<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>
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</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.
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(S) = Speculative investment;
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