Group Selection
Priced as of September 29, 2015

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
Strength Changes Last Session

Momentum

Strength

- ElecUtil
- RetailREIT
- EnviroServ
- ResidREIT
- LeisFcil
- ConsmrFin
- Distrib
- InsurBrkrs
- SpecialFin
- IndusGas
- SpecREIT
- Footwear
- GasUtil
- HREmpl
- ApparlRtl
- MotcyMfg
- SprCntrs
- Silver
- MarineSrv
- REstDvAct
- RetailREIT
- EnviroServ
- ResidREIT
- Distrib
- InsurBrkrs
- SpecREIT
- Footwear
- ConsmrFin
- IndusGas
- SpecialFin
- ResidREIT
- Distrib
- InsurBrkrs
- SpecREIT
- Footwear
- ResidREIT
- Distrib
- InsurBrkrs
- SpecREIT
- Footwear
Resources

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PapProd
30 stocks; $87bn

IndusGas
10 stocks; $14bn

ComdChm
38 stocks; $252bn

FirstPrd
12 stocks; $14bn

Silver
10 stocks; $9bn

FrstPrd
12 stocks; $14bn

Int O&G
34 stocks; $132bn

DiversChm
18 stocks; $217bn

OG RfMkt
48 stocks; $325bn

SpecChm
65 stocks; $369bn

DvrsMng
9 stocks; $273bn

PrecMet
22 stocks; $37bn

Steel
87 stocks; $215bn

Coal&Uran
23 stocks; $55bn

OG Drill
26 stocks; $38bn

OG E&P
157 stocks; $318bn

OG StTr
89 stocks; $491bn

OG Equip
72 stocks; $275bn

MtGlsCnt
15 stocks; $47bn

PaperPkg
16 stocks; $66bn

MtGlsCnt
15 stocks; $47bn

CstrMat
30 stocks; $199bn

Fert&Ag
36 stocks; $204bn

CstrMat
30 stocks; $199bn

Alumin
71 stocks; $36bn
September 29, 2015

**Consumer Staples**

- **Dist&Vnt**: 12 stocks; $194bn
- **Tobacco**: 14 stocks; $585bn
- **SoftDrnks**: 16 stocks; $426bn
- **HhldPrdct**: 17 stocks; $496bn
- **PkgFdMt**: 120 stocks; $984bn

- **SprCntrs**: 17 stocks; $410bn
- **AgriProd**: 12 stocks; $95bn
- **PersPrdct**: 26 stocks; $392bn
- **DrugRetail**: 8 stocks; $215bn
- **FdDistri**: 11 stocks; $41bn
- **Brewers**: 14 stocks; $461bn

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Health Care

September 29, 2015

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Momentum

Strength

HCFacility
33 stocks; $133bn

MngHCare
14 stocks; $266bn

HCService
33 stocks; $195bn

HCSupplls
17 stocks; $54bn

HCEquip
71 stocks; $523bn

HCSupplls
29 stocks; $99bn

HCSupplls
29 stocks; $99bn

HCSupplls
29 stocks; $99bn

Pharma
97 stocks; $252bn

Biotech
122 stocks; $740bn

LfSciSrv
31 stocks; $173bn

HCDistrib
15 stocks; $131bn

Biotech
122 stocks; $740bn

Biotech
122 stocks; $740bn

Biotech
122 stocks; $740bn
Utilities

- **ElecUtil**: 82 stocks; $807bn
- **WaterUtil**: 27 stocks; $66bn
- **MultiUtil**: 39 stocks; $425bn
- **GasUtil**: 37 stocks; $189bn
- **RenewElec**: 23 stocks; $47bn
- **IPPTrad**: 25 stocks; $101bn
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 the are 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”
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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<td>Buy</td>
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<td>43.7%</td>
<td>18.6%</td>
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<td>Market Perform</td>
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<tr>
<td>Sell</td>
<td>Underperform</td>
<td>4.9%</td>
<td>9.4%</td>
<td>3.3%</td>
<td>5.2%</td>
<td>2.6%</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.
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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
R = Restricted - Dissemination of research is currently restricted.

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