Group Selection

Priced as of October 6, 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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14. Telecom
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Sector View

Sector Relative Strength Profiles*

<table>
<thead>
<tr>
<th>Hyperlink</th>
<th>% Outperforming</th>
<th>Reward/Risk</th>
<th>Trend Psn</th>
</tr>
</thead>
<tbody>
<tr>
<td>US/GBL/CDA</td>
<td>US/GBL/CDA</td>
<td>US/GBL/CDA</td>
<td></td>
</tr>
<tr>
<td>Energy</td>
<td>13% / 15% / 27%</td>
<td>/ / /</td>
<td>35% / 31% / 21%</td>
</tr>
<tr>
<td>Materials</td>
<td>29% / 35% / 51%</td>
<td>/ / /</td>
<td>8% / 5% / -6%</td>
</tr>
<tr>
<td>Industrials</td>
<td>36% / 43% / 64%</td>
<td>/ / /</td>
<td>3% / 1% / -13%</td>
</tr>
<tr>
<td>CMR Disc</td>
<td>43% / 49% / 69%</td>
<td>/ / /</td>
<td>-2% / -5% / -19%</td>
</tr>
<tr>
<td>CMR Stap</td>
<td>47% / 52% / 71%</td>
<td>/ / /</td>
<td>10% / 10% / -6%</td>
</tr>
<tr>
<td>Hlth Care</td>
<td>59% / 64% / 78%</td>
<td>/ / /</td>
<td>-36% / -37% / -47%</td>
</tr>
<tr>
<td>Financials</td>
<td>44% / 53% / 76%</td>
<td>/ / /</td>
<td>3% / -2% / -17%</td>
</tr>
<tr>
<td>Info Tech</td>
<td>42% / 48% / 67%</td>
<td>/ / /</td>
<td>6% / 5% / -8%</td>
</tr>
<tr>
<td>Telecom</td>
<td>35% / 45% / 69%</td>
<td>/ / /</td>
<td>0% / -3% / -20%</td>
</tr>
<tr>
<td>Utilities</td>
<td>39% / 51% / 69%</td>
<td>/ / /</td>
<td>15% / 14% / -2%</td>
</tr>
</tbody>
</table>

*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

HmlImpRtl → PersPrdct →
OG RfMkt → CmclPrt → PapProd → ComdChm →
Tire&Rub → ElecUtil → SpecChm → Aprl&Gds →
Hwy&Rail →
Dist&Vnt →
OG RfMkt → CmclPrt → PapProd → ComdChm →
Tire&Rub → ElecUtil → SpecChm → Aprl&Gds →
Hwy&Rail →
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OG RfMkt → CmclPrt → PapProd → ComdChm →
Tire&Rub → ElecUtil → SpecChm → Aprl&Gds →
Hwy&Rail →
Dist&Vnt →
Momentum
October 6, 2015
Mark Steele (416) 359-4641

Energy
OG E&P
144 stocks; $723bn
OG RfMkt
47 stocks; $353bn
OG Drill
24 stocks; $45bn
OG Equip
68 stocks; $303bn
OG StTr
87 stocks; $582bn
Int O&G
34 stocks; $1472bn
OG RfMkt
47 stocks; $353bn
OG Drill
24 stocks; $45bn
OG Equip
68 stocks; $303bn
OG StTr
87 stocks; $582bn
Coal&Uran
23 stocks; $62bn
October 6, 2015

**Industrials**

- **Railroads**
  - 22 stocks, $387bn
- **Airline**
  - 12 stocks, $25bn
- **Hwy&Rail**
  - 9 stocks, $74bn
- **CmclPrts**
  - 12 stocks, $25bn
- **Ind Mach**
  - 115 stocks, $497bn
- **ElcCmpEq**
  - 37 stocks, $256bn
- **IndCongl**
  - 37 stocks, $895bn
- **BldPrdcts**
  - 41 stocks, $175bn
- **RsrcCslt**
  - 26 stocks, $127bn
- **OfficeServ**
  - 12 stocks, $28bn
- **HREmpl**
  - 25 stocks, $100bn
- **AirFrigh**
  - 23 stocks, $226bn
- **Cns&Eng**
  - 68 stocks, $264bn
- **Sec&Alm**
  - 7 stocks, $49bn
- **CnstMch&Tr**
  - 46 stocks, $218bn
- **AirFrgt**
  - 23 stocks, $226bn
- **Marine**
  - 27 stocks, $75bn
- **Aero&Def**
  - 57 stocks, $765bn
- **Ag&Farm**
  - 12 stocks, $66bn
- **DvSpSrv**
  - 26 stocks, $71bn
- **EnviroServ**
  - 24 stocks, $93bn
- **HvyElcEq**
  - 19 stocks, $74bn
- **Trucking**
  - 28 stocks, $82bn
- **TrdgDist**
  - 44 stocks, $235bn
October 6, 2015

Consumer Staples

Momentum

Strength

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FdRetail
39 stocks; $345bn

PersPrdct ➔
26 stocks; $325bn

Dist&Vnt
12 stocks; $255bn

HhldPrdct ➔
17 stocks; $512bn

DrugRetail ➔
8 stocks; $223bn

AgriProd
30 stocks; $102bn

SprCntrs ➔
17 stocks; $429bn

SoftDrnks
17 stocks; $444bn

Tobacco
14 stocks; $564bn

PkgFdMt
120 stocks; $1038bn

FdDistri ➔
11 stocks; $42bn

Brewers ➔
14 stocks; $480bn

Dist&Vnt ➔
12 stocks; $255bn

AgriProd ➔
30 stocks; $102bn

SprCntrs ➔
17 stocks; $429bn

HhldPrdct ➔
17 stocks; $512bn

DrugRetail ➔
8 stocks; $223bn

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14 stocks; $564bn

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120 stocks; $1038bn

FdDistri ➔
11 stocks; $42bn

Brewers ➔
14 stocks; $480bn
October 6, 2015

Utilities

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Momentum

Strength

IPPTrad
24 stocks; $107bn

MultiUtil
39 stocks; $441bn

ElecUtil
27 stocks; $359bn

GasUtil
37 stocks; $198bn

WaterUtil
21 stocks; $70bn

RenewElec
23 stocks; $51bn

Utilities

82 stocks; $839bn

MultiUtil
39 stocks; $441bn

ElecUtil
27 stocks; $359bn

GasUtil
37 stocks; $198bn

WaterUtil
21 stocks; $70bn

RenewElec
23 stocks; $51bn

Utilities

441 stocks; $1,107bn

Utilities

82 stocks; $839bn

Utilities

Utilities

Utilities

Utilities

Utilities
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>
<td>Outperform</td>
<td>43.7%</td>
<td>18.6%</td>
<td>58.2%</td>
<td>42.7%</td>
<td>55.5%</td>
<td>54.1%</td>
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<tr>
<td>Hold</td>
<td>Market Perform</td>
<td>51.4%</td>
<td>10.4%</td>
<td>38.5%</td>
<td>52.1%</td>
<td>41.9%</td>
<td>40.5%</td>
</tr>
<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>
<td>5.5%</td>
</tr>
</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.
*** 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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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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