Group Selection
Priced as of October 15, 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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### Sector Relative Strength Profiles*

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy</td>
<td>14% / 16% / 28%</td>
<td>/ / /</td>
<td>25% / 23% / 12%</td>
</tr>
<tr>
<td>Materials</td>
<td>29% / 34% / 50%</td>
<td>/ / /</td>
<td>18% / 15% / 6%</td>
</tr>
<tr>
<td>Industrials</td>
<td>35% / 43% / 63%</td>
<td>/ / /</td>
<td>5% / 3% / -11%</td>
</tr>
<tr>
<td>CMR Disc</td>
<td>42% / 49% / 68%</td>
<td>/ / /</td>
<td>-6% / -7% / -20%</td>
</tr>
<tr>
<td>CMR Stap</td>
<td>49% / 55% / 72%</td>
<td>/ / /</td>
<td>10% / 9% / -9%</td>
</tr>
<tr>
<td>Hlth Care</td>
<td>57% / 62% / 75%</td>
<td>/ / /</td>
<td>-19% / -18% / -24%</td>
</tr>
<tr>
<td>Financials</td>
<td>44% / 54% / 75%</td>
<td>/ / /</td>
<td>1% / -3% / -16%</td>
</tr>
<tr>
<td>Info Tech</td>
<td>41% / 47% / 66%</td>
<td>/ / /</td>
<td>12% / 9% / -4%</td>
</tr>
<tr>
<td>Telecom</td>
<td>35% / 45% / 69%</td>
<td>/ / /</td>
<td>-3% / 1% / -17%</td>
</tr>
<tr>
<td>Utilities</td>
<td>41% / 52% / 71%</td>
<td>/ / /</td>
<td>19% / 15% / 1%</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
- MotcyMfg → PaperPkg → HREmpl → ElecUtil → IndusREIT → FdDistri → Steel → FrstPrd → Trucking
- AirprtSrv → OfficeServ → HCDistrib → HCService → AirFrght → LeisPrd → ElecCmpEq → RenewElec
- HmImpRlt → DivCpMkt → SpecChm → PkgFdMt → ComdChm → Multi-LnIns → LifeHthIns → IndusGas → Pharma → InetStfSrv → ConsmrFin
- CmclPrt → DivCpMkt → SpecChm → PkgFdMt → ComdChm → Multi-LnIns → LifeHthIns → IndusGas → Pharma → InetStfSrv → ConsmrFin

#### Strength
- PaperPkg → HREmpl → ElecUtil → IndusREIT → FdDistri → Steel → FrstPrd → Trucking
- OfficeServ → HCDistrib → HCService → AirFrght → LeisPrd → ElecCmpEq → RenewElec
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#### October 15, 2015

Mark Steele (416) 359-4641
October 15, 2015

**Resources**

- **Strength**
  - PaperPkg: 16 stocks, $72bn
  - PapProd: 20 stocks, $97bn
  - Gold: 20 stocks, $126bn
  - SpecChm: 54 stocks, $404bn

- **Momentum**
  - Steel: 66 stocks, $250bn
  - DvrsMng: 57 stocks, $333bn
  - FrstPrd: 12 stocks, $146bn
  - Coal&Uran: 23 stocks, $665bn
  - DiversChm: 19 stocks, $253bn
  - OG Equip: 68 stocks, $311bn
  - Silver: 10 stocks, $12bn
  - Fert&Ag: 35 stocks, $218bn
  - Int O&G: 24 stocks, $152bn

- **Resources**
  - PrecMet: 23 stocks, $49bn
  - PapProd: 57 stocks, $333bn
  - OG Equip: 68 stocks, $311bn
  - DvrsMng: 57 stocks, $333bn
  - Coal&Uran: 23 stocks, $665bn
  - Gold: 20 stocks, $126bn
  - DiversChm: 19 stocks, $253bn
  - Silver: 10 stocks, $12bn
  - OG Equip: 68 stocks, $311bn
  - Coal&Uran: 23 stocks, $665bn

- **Valuation**
  - 16 stocks, $72bn
  - 20 stocks, $97bn
  - 29 stocks, $97bn
  - 60 stocks, $126bn
  - 23 stocks, $49bn
  - 57 stocks, $333bn
  - 12 stocks, $146bn
  - 23 stocks, $665bn
  - 20 stocks, $126bn
  - 19 stocks, $253bn
  - 10 stocks, $12bn
  - 35 stocks, $218bn
  - 24 stocks, $152bn

- **Other**
  - 66 stocks, $250bn
  - 57 stocks, $333bn
  - 12 stocks, $146bn
  - 23 stocks, $665bn
  - 19 stocks, $253bn
  - 68 stocks, $311bn
  - 10 stocks, $12bn
  - 35 stocks, $218bn
  - 24 stocks, $152bn
  - 23 stocks, $49bn

- **Markets**
  - 16 stocks, $72bn
  - 20 stocks, $97bn
  - 29 stocks, $97bn
  - 60 stocks, $126bn
  - 23 stocks, $49bn
  - 57 stocks, $333bn
  - 12 stocks, $146bn
  - 23 stocks, $665bn
  - 20 stocks, $126bn
  - 19 stocks, $253bn
  - 10 stocks, $12bn
  - 35 stocks, $218bn
  - 24 stocks, $152bn
  - 23 stocks, $49bn
Telecommunication Services

October 15, 2015

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Momentum

Strength

IntgTelSrv
60 stocks, $1259bn

WlsTelSrv
46 stocks, $915bn

AltCar
15 stocks, $51bn
Momentum

October 15, 2015

Strength

Utilities

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ElecUtil → 62 stocks, $865bn

RenewElec ← 23 stocks, $52bn

MultiUtil → 39 stocks, $454bn

WaterUtil ↓ 21 stocks, $73bn

GasUtil → 37 stocks, $207bn

IPPTrad ↓ 24 stocks, $109bn
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 members are 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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<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>
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<tr>
<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>
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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>
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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>
</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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