Group Selection
Priced as of September 29, 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*

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<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy</td>
<td>53% / 55% / 50%</td>
<td>8% / 5% / 8%</td>
<td></td>
</tr>
<tr>
<td>Materials</td>
<td>63% / 63% / 58%</td>
<td>6% / 1% / 5%</td>
<td></td>
</tr>
<tr>
<td>Industrials</td>
<td>48% / 49% / 39%</td>
<td>8% / 3% / 6%</td>
<td></td>
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<tr>
<td>CMR Disc</td>
<td>39% / 41% / 34%</td>
<td>4% / 0% / 2%</td>
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</tr>
<tr>
<td>CMR Stap</td>
<td>46% / 50% / 39%</td>
<td>7% / -2% / 4%</td>
<td></td>
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<tr>
<td>Hlth Care</td>
<td>54% / 55% / 48%</td>
<td>3% / -3% / -2%</td>
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<tr>
<td>Financials</td>
<td>49% / 48% / 42%</td>
<td>7% / 1% / 4%</td>
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</tr>
<tr>
<td>Info Tech</td>
<td>57% / 58% / 51%</td>
<td>14% / 9% / 9%</td>
<td></td>
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<tr>
<td>Telecom</td>
<td>38% / 42% / 32%</td>
<td>2% / -1% / 1%</td>
<td></td>
</tr>
<tr>
<td>Utilities</td>
<td>52% / 53% / 39%</td>
<td>0% / -7% / -2%</td>
<td></td>
</tr>
<tr>
<td>Real Estate</td>
<td>69% / 69% / 60%</td>
<td>-4% / -8% / -4%</td>
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</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
### Momentum

- **DiversChm**
  - 19 stocks, $272bn
- **ComdChm**
  - 40 stocks, $286bn
- **SpecChm**
  - 64 stocks, $434bn

### Strength

- **Steel**
  - 59 stocks, $279bn
- **DvrsMng**
  - 46 stocks, $293bn
- **PrecMet**
  - 22 stocks, $66bn

### Materials

<table>
<thead>
<tr>
<th>Sector</th>
<th>Stocks</th>
<th>Market Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>DiversChm</td>
<td>19</td>
<td>$272bn</td>
</tr>
<tr>
<td>ComdChm</td>
<td>40</td>
<td>$286bn</td>
</tr>
<tr>
<td>SpecChm</td>
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</tr>
<tr>
<td>DvrsMng</td>
<td>46</td>
<td>$293bn</td>
</tr>
<tr>
<td>PrecMet</td>
<td>22</td>
<td>$66bn</td>
</tr>
</tbody>
</table>

### Trades

- **CstrMat**
  - 27 stocks, $221bn
- **Copper**
  - 14 stocks, $63bn
- **MtGisCnt**
  - 14 stocks, $350bn

### Sector

- **PaperPkg**
  - 19 stocks, $110bn
- **IndusGas**
  - 9 stocks, $26bn
- **Gold**
  - 12 stocks, $203bn

### Commodity

- **Silver**
  - 9 stocks, $26bn
- **IndusGas**
  - 9 stocks, $26bn
- **PapProd**
  - 26 stocks, $72bn
- **FrstPrd**
  - 12 stocks, $17bn
- **Gold**
  - 12 stocks, $50bn
- **Fert&Ag**
  - 24 stocks, $295bn

### Market Values

- **DiversChm**: $272bn
- **CstrMat**: $221bn
- **Copper**: $63bn
- **MtGisCnt**: $350bn
- **PaperPkg**: $110bn
- **IndusGas**: $26bn
- **Gold**: $203bn
- **Silver**: $26bn
- **PapProd**: $72bn
- **FrstPrd**: $17bn
- **Fert&Ag**: $295bn

**Note**: The above information is a snapshot of the market values and stock counts as of September 29, 2016.
Momentum

Strength

Consumer Staples

Dist&Vnt
12 stocks; $241bn

FdDistri
12 stocks; $48bn

PkgFdMt
16 stocks; $1204bn

HhdlPrdct
18 stocks; $574bn

Brewers
14 stocks; $557bn

DrugRetail
7 stocks; $201bn

Tobacco
13 stocks; $675bn

SprCntrs
16 stocks; $434bn

AgriProd
26 stocks; $106bn

PersPrdct
28 stocks; $373bn

SoftDrnks
17 stocks; $473bn

FdRetail
37 stocks; $353bn

Mark Steele (416) 359-4641
Telecommunication Services

Momentum

Strength

September 29, 2016

Mark Steele (416) 359-4641

IntgTelSrv ➔ 47 stocks; $736bn

WlsTelSrv ➔ 42 stocks; $918bn

AltCar ➔ 15 stocks; $48bn
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.
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>
<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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</thead>
<tbody>
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<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>
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<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.
** 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 clients.
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(S) = Speculative investment;
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