Group Selection

Priced as of May 18, 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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<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Energy</td>
<td>26% / 27% / 25%</td>
<td>/ /</td>
<td>25% / 27% / 14%</td>
</tr>
<tr>
<td>Materials</td>
<td>48% / 54% / 48%</td>
<td>/ /</td>
<td>6% / 6% / -3%</td>
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<tr>
<td>Industrials</td>
<td>44% / 49% / 39%</td>
<td>/ /</td>
<td>8% / 6% / -4%</td>
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<tr>
<td>CMR Disc</td>
<td>40% / 46% / 35%</td>
<td>/ /</td>
<td>-6% / -8% / -15%</td>
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<tr>
<td>CMR Stap</td>
<td>61% / 68% / 55%</td>
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<td>-4% / -5% / -13%</td>
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<tr>
<td>Hlth Care</td>
<td>36% / 40% / 32%</td>
<td>/ /</td>
<td>9% / 7% / -1%</td>
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<tr>
<td>Financials</td>
<td>38% / 45% / 39%</td>
<td>/ /</td>
<td>12% / 11% / -2%</td>
</tr>
<tr>
<td>Info Tech</td>
<td>39% / 45% / 33%</td>
<td>/ /</td>
<td>3% / 1% / -4%</td>
</tr>
<tr>
<td>Telecom</td>
<td>49% / 50% / 45%</td>
<td>/ /</td>
<td>3% / 1% / -10%</td>
</tr>
<tr>
<td>Utilities</td>
<td>59% / 68% / 66%</td>
<td>/ /</td>
<td>-7% / -7% / -15%</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

Strength

May 18, 2016

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### May 18, 2016

**Momentum**

- **Strength**
  - **Industrials**
    - **CnstMch&Tr**
      - 49 stocks; $228bn
    - **ElcCmpEq**
      - 37 stocks; $271bn
    - **Ind Mach**
      - 117 stocks; $514bn
    - **AirprtSrv**
      - 18 stocks; $111bn
    - **BldPrdcts**
      - 42 stocks; $189bn
    - **DvSpSrv**
      - 26 stocks; $66bn
    - **CmclPrf**
      - 12 stocks; $26bn
    - **Sec&Alm**
      - 5 stocks; $50bn
    - **Aero&Def**
      - 57 stocks; $746bn
    - **Ag&Farm**
      - 12 stocks; $67bn
    - **Ind Mach**
      - 117 stocks; $514bn
    - **HREmpl**
      - 23 stocks; $86bn
    - **AirFrght**
      - 21 stocks; $219bn
    - **TrdgDist**
      - 47 stocks; $249bn
    - **Cns&Eng**
      - 67 stocks; $274bn
    - **EnviroServ**
      - 24 stocks; $96bn
    - **Railroads**
      - 24 stocks; $184bn
    - **HvyElcEq**
      - 17 stocks; $68bn
    - **Marine**
      - 19 stocks; $86bn
    - **MarineSrv**
      - 12 stocks; $47bn
    - **IndCongl**
      - 39 stocks; $920bn
    - **Airline**
      - 32 stocks; $236bn
    - **OfficeServ**
      - 13 stocks; $27bn
    - **Trucking**
      - 27 stocks; $72bn

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Note: The image contains a network diagram with labels for different sectors and their respective stocks and market capitalization.
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**Consumer Staples**

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- **Momentum**
  - FdDistri: 12 stocks; $47bn
  - Tobacco: 12 stocks; $672bn
  - DrugRetail: 7 stocks; $206bn
  - PkgFdMt: 17 stocks; $1169bn
- **Strength**
  - AgriProd: 29 stocks; $102bn
  - SprCntrs: 16 stocks; $408bn
  - FdRetail: 38 stocks; $338bn
  - Dist&Vnt: 12 stocks; $220bn
  - PersPrdct: 28 stocks; $356bn
  - HhldPrdct: 18 stocks; $545bn
  - Brewers: 14 stocks; $531bn
  - SoftDrnks: 17 stocks; $470bn
Information Technology

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HmEntSwr
14 stocks; $112bn

SystmSwr
38 stocks; $689bn

EMS
20 stocks; $102bn

TechDist
15 stocks; $34bn

ElecInstr
44 stocks; $157bn

EMS
20 stocks; $102bn

Semi
83 stocks; $774bn

ComEquip
49 stocks; $296bn

ElecComp
39 stocks; $183bn

InetSftSrv
96 stocks; $1247bn

SemiEqp
40 stocks; $142bn

DataProc
47 stocks; $610bn

ITConsult
40 stocks; $586bn

ApplicSwr
74 stocks; $456bn

HdwrSt&P
96 stocks; $655bn
# Telecommunication Services

<table>
<thead>
<tr>
<th>Momentum</th>
<th>Strength</th>
</tr>
</thead>
<tbody>
<tr>
<td>AltCar</td>
<td>13 stocks: $54bn</td>
</tr>
<tr>
<td>IntgTelSrv</td>
<td>61 stocks: $1360bn</td>
</tr>
<tr>
<td>WlsTelSrv</td>
<td>41 stocks: $854bn</td>
</tr>
</tbody>
</table>

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Utilities

- **ElecUtil**
  - 89 stocks; $986bn

- **GasUtil**
  - 37 stocks; $207bn

- **MultiUtil**
  - 38 stocks; $425bn

- **WaterUtil**
  - 23 stocks; $79bn

- **RenewElec**
  - 24 stocks; $46bn

- **IPPTrad**
  - 26 stocks; $100bn

Momentum

Strength
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 groups 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”
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>
<th>Starmine Universe</th>
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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>
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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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