Group Selection

Priced as of October 28, 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**

*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

- AutoRtl
- SpCmSrv
- Biotech
- Ind Mach
- EtcMmpEq
- FrstPrd
- AltCar
- IntgTelSrv
- CmrElec
- Htl&Rrsr
- Hsware
- Mov&Ent
- Dist&Vnt
- Broadcast
- Silver
- Ag&Farm
- MarineSrv
- Textiles
- PkgFdMt
- DvSpSrv
- SemEqp
- REstDev
- DiversREIT
- Tire&Rub
- REstDvAct
- OthrDivFS
- Multi-LnIns
- Advert
- IndCongl
- CstrMat
- SpecChm
- SpecREIT
- WaterUtil
- WaterUtil
- ElecUtil
- SpecREIT
- RegnBnk
- ComEmp
- Mov&Ent
- REstOpCo
- AgriProd
- AutoMfg
- IndusREIT
- Dist&Vnt
- Htl&Rsrt
- Sec&Alm
- ITConsult
- LeisFcil
- PkgFdMt
- DvSpSrv
- Cas&Gam
- DataProc
- Hwy&Rail
- InetRtl
- REstDvAct
- REstSrv
- SpecialFin
- REstDevl
- OthDivFS
- HTCare
- Pharma
- PersPrdct
- OutHld
- HCDistrib
- HCEquip
- CmpEqp
- MltSecHld
- ApplicSwr
- BldPrdcts
- Gold
- OGDrill
- ResidREIT
- RsrcCslt
- HvyElcEq
- HmImpRtl
- MotcyMfg
- OfficeServ
- ResidREIT
- HvyElcEq
- Rstaurnt
- MtGlScnt
- DivCpMkt
- CmpElRtl
- Marine
- Cmmplt
- DrugRetail
- LhIsPrd
- ResedReit
- Hsware
- Int O&G
- MotcyMfg
- Advrt
- RhIsPrd
- OG E&P
- AirFrght
- Marinen
October 28, 2015

Momentum

Strength

OG RfMkt
47 stocks; $554bn

OG Drill
24 stocks; $43bn

OG StTr
67 stocks; $550bn

Coal & Uran
23 stocks; $60bn

OG E&P
44 stocks; $70bn

OG Equip
59 stocks; $30bn

Int O&G
34 stocks; $149bn

Energy

BMO Capital Markets
Mark Steele (416) 359-4641
**Momentum**

**Strength**

DiversChm
- 19 stocks; $261bn

SpecChm
- 63 stocks; $410bn

ComdChm
- 58 stocks; $276bn

IndusGas
- 10 stocks; $155bn

Fert&Ag
- 35 stocks; $217bn

CstrMat
- 27 stocks; $190bn

Gold
- 60 stocks; $119bn

DvrsMng
- 57 stocks; $314bn

MtGisCnt
- 15 stocks; $52bn

PapProd
- 28 stocks; $97bn

PapProd
- 16 stocks; $75bn

PaperPkg
- 16 stocks; $75bn

Silver
- 10 stocks; $110bn

FrsPrd
- 12 stocks; $140bn

Silver
- 10 stocks; $110bn

IndusGas
- 10 stocks; $155bn

Fert&Ag
- 35 stocks; $217bn

CstrMat
- 27 stocks; $190bn

Gold
- 60 stocks; $119bn

DvrsMng
- 57 stocks; $314bn

PrecMet
- 23 stocks; $42bn

Alumin
- 12 stocks; $41bn

**Materials**

October 28, 2015

Mark Steele (416) 359-4641
October 28, 2015

**Industrials**

Momentum

- **Strength**
  - **Aero&Def**
    - 57 stocks; $794bn
  - **Ind Mach**
    - 115 stocks; $514bn
  - **ElecEq**
    - 37 stocks; $263bn
  - **Ag&Farm**
    - 12 stocks; $67bn
  - **Sec&Alm**
    - 8 stocks; $56bn
  - **MarineSrv**
    - 12 stocks; $57bn

- **Momentum**
  - **Airline**
    - 33 stocks; $275bn
  - **Hwy&Rail**
    - 9 stocks; $74bn
  - **DvSpSrv**
    - 26 stocks; $72bn
  - **CmclPrt**
    - 12 stocks; $26bn
  - **BldPrdcts**
    - 47 stocks; $161bn
  - **Railroads**
    - 22 stocks; $383bn
  - **AirprtSrv**
    - 15 stocks; $91bn
  - **IndCongl**
    - 37 stocks; $951bn
  - **TrdgDist**
    - 44 stocks; $243bn
  - **CnstMch&Tr**
    - 41 stocks; $181bn
  - **AirFrght**
    - 23 stocks; $229bn
  - **Trucking**
    - 28 stocks; $83bn
  - **OffceServ**
    - 12 stocks; $29bn
  - **RsrcCslt**
    - 24 stocks; $94bn
  - **HvyElcEq**
    - 19 stocks; $78bn
  - **Cns&Eng**
    - 68 stocks; $265bn
  - **Cnst&Srv**
    - 27 stocks; $75bn
October 28, 2015

Information Technology

Momentum

Strength

ITConsult
46 stocks; $573bn

DataProc
48 stocks; $565bn

ComEquip
52 stocks; $434bn

Semi
93 stocks; $790bn

SystmSwr
37 stocks; $733bn

TechDist
15 stocks; $41bn

ApplicSwr
79 stocks; $451bn

HmEntSwr
15 stocks; $114bn

InetSftSrv
100 stocks; $1246bn

EMS
20 stocks; $118bn

ElecInstr
43 stocks; $148bn

ElecComp
39 stocks; $194bn

HdwrSt&P
46 stocks; $1187bn

46 stocks; $434bn

39 stocks; $194bn

37 stocks; $733bn

15 stocks; $41bn

79 stocks; $451bn

15 stocks; $114bn

100 stocks; $1246bn

20 stocks; $118bn
Utilities

October 28, 2015

GasUtil
37 stocks; $208bn

ElecUtil
82 stocks; $852bn

MultiUtil
WaterUtil
39 stocks; $451bn
21 stocks; $72bn

IPPTrad
24 stocks; $106bn

RenewElec
23 stocks; $51bn

Momentum

Strength
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”
- 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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Distribution of Ratings (March 31, 2015)

<table>
<thead>
<tr>
<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>Stamina Universe</th>
</tr>
</thead>
<tbody>
<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>
<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.
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(S) = Speculative investment;
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