Group Selection

Priced as of July 21, 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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Equipment

Momentum

2016-07-21

Strength

Energy

Materials

Utilities

CMR Disc

CMR Stap

Industrials

Info Tech

Telecom

Health Care

Financials

*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

July 21, 2016
Momentum

Strength

July 21, 2016

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Energy

OG SITr
26 stocks; $576bn

Coal & Uran
23 stocks; $69bn

OG E&P
129 stocks; $736bn

Int O&G
23 stocks; $1578bn

OG RfMkt
44 stocks; $331bn

OG Equip
64 stocks; $293bn

OG Drill
19 stocks; $36bn

OG Equip
64 stocks; $293bn

OG Drill
19 stocks; $36bn
## Materials

**July 21, 2016**

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<table>
<thead>
<tr>
<th>Sector</th>
<th>Momentum</th>
<th>Strength</th>
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<tbody>
<tr>
<td>DiversChm</td>
<td>↓</td>
<td>◀</td>
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<tr>
<td>FrstPrd</td>
<td></td>
<td>◀</td>
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<tr>
<td>ComdChm</td>
<td>↑</td>
<td></td>
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<tr>
<td>SpecChm</td>
<td></td>
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<tr>
<td>PaperPkg</td>
<td>↑</td>
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<tr>
<td>DvrsMng</td>
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<tr>
<td>IndusGas</td>
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<tr>
<td>Fert&amp;Ag</td>
<td></td>
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<tr>
<td>Silver</td>
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<tr>
<td>CstrMat</td>
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<tr>
<td>PrecMet</td>
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<td>Steel</td>
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<tr>
<td>Alumin</td>
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<tr>
<td>MtGsCnt</td>
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<tr>
<td>Gold</td>
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<tr>
<td>Alumin</td>
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<tr>
<td>PapProd</td>
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</tbody>
</table>

### Sector Performance

- **DiversChm**: 62 stocks, $327bn
- **FrstPrd**: 12 stocks, $18bn
- **ComdChm**: 41 stocks, $277bn
- **SpecChm**: 63 stocks, $418bn
- **PaperPkg**: 19 stocks, $573bn
- **DvrsMng**: 60 stocks, $327bn
- **IndusGas**: 8 stocks, $137bn
- **Fert&Ag**: 24 stocks, $204bn
- **Silver**: 8 stocks, $217bn
- **CstrMat**: 27 stocks, $205bn
- **PrecMet**: 20 stocks, $210bn
- **Steel**: 60 stocks, $267bn
- **Alumin**: 12 stocks, $49bn
- **MtGsCnt**: 14 stocks, $53bn
- **Gold**: 62 stocks, $217bn
- **Alumin**: 12 stocks, $49bn
- **PapProd**: 26 stocks, $69bn
<table>
<thead>
<tr>
<th>Momentum</th>
<th>Strength</th>
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</thead>
<tbody>
<tr>
<td>BldPrdcts</td>
<td>ElCmpEq</td>
</tr>
<tr>
<td>42 stocks; $196bn</td>
<td>39 stocks; $283bn</td>
</tr>
<tr>
<td>OffceServ</td>
<td>Marine</td>
</tr>
<tr>
<td>13 stocks; $38bn</td>
<td>18 stocks; $60bn</td>
</tr>
<tr>
<td>Ind Mach</td>
<td>CnstMch&amp;</td>
</tr>
<tr>
<td>42 stocks; $227bn</td>
<td>13 stocks; $28bn</td>
</tr>
<tr>
<td>Railroads</td>
<td>MarineSrv</td>
</tr>
<tr>
<td>26 stocks; $422bn</td>
<td>12 stocks; $47bn</td>
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<tr>
<td>Aero&amp;Def</td>
<td>HvyElcEq</td>
</tr>
<tr>
<td>118 stocks; $539bn</td>
<td>26 stocks; $422bn</td>
</tr>
<tr>
<td>CmclPrt</td>
<td>EnviroServ</td>
</tr>
<tr>
<td>12 stocks; $288bn</td>
<td>23 stocks; $108bn</td>
</tr>
<tr>
<td>AirprtSrv</td>
<td>Cns&amp;Eng</td>
</tr>
<tr>
<td>18 stocks; $113bn</td>
<td>67 stocks; $278bn</td>
</tr>
<tr>
<td>RsrCsit</td>
<td>Sec&amp;Alm</td>
</tr>
<tr>
<td>27 stocks; $156bn</td>
<td>6 stocks; $51bn</td>
</tr>
<tr>
<td>RsrcCslt</td>
<td>HREmpl</td>
</tr>
<tr>
<td>28 stocks; $91bn</td>
<td>23 stocks; $85bn</td>
</tr>
<tr>
<td>DvSpSrv</td>
<td>AirFrght</td>
</tr>
<tr>
<td>28 stocks; $78bn</td>
<td>22 stocks; $223bn</td>
</tr>
<tr>
<td>CmclPrt</td>
<td>Airline</td>
</tr>
<tr>
<td>12 stocks; $66bn</td>
<td>32 stocks; $217bn</td>
</tr>
<tr>
<td>DvSpSrv</td>
<td>Hwy&amp;Rail</td>
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<tr>
<td>28 stocks; $78bn</td>
<td>47 stocks; $245bn</td>
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Consumer Staples

SprCntrs
17 stocks;$458bn

FdDistri
12 stocks;$50bn

PkgFdMkt
117 stocks;$1229bn

PersPrdt
28 stocks;$377bn

HhldPrdt
18 stocks;$570bn

AgriProd
28 stocks;$107bn

SoftDrnks
17 stocks;$497bn

DrugRetail
2 stocks;$212bn

Tobacco
13 stocks;$696bn

Dist&Vnt
12 stocks;$241bn

Brewers
14 stocks;$543bn

FdRetail
38 stocks;$346bn

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Momentum
Strength
Health Care

- **Momentum**
  - MngHCare: 13 stocks; $303bn
  - HCEquip: 77 stocks; $718bn

- **Strength**
  - Biotech: 129 stocks; $918bn
  - HCFacility: 33 stocks; $740bn
  - HCSuppls: 30 stocks; $129bn
  - HCareTec: 18 stocks; $68bn
  - HCServ: 34 stocks; $208bn
  - LfSciSrv: 29 stocks; $201bn
  - Pharma: 95 stocks; $2536bn
  - HCDistrib: 18 stocks; $148bn

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<table>
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<tr>
<th>Category</th>
<th>Momentum</th>
<th>Strength</th>
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<tbody>
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<td>TechDist</td>
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<tr>
<td>EMS</td>
<td>↓</td>
<td></td>
</tr>
<tr>
<td>ElecComp</td>
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<tr>
<td>Semi</td>
<td></td>
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<tr>
<td>SemiEqp</td>
<td></td>
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<tr>
<td>ApplicSwr</td>
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<td>InetSftSrv</td>
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<tr>
<td>HmEntSwr</td>
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</tbody>
</table>

- TechDist: 12 stocks, $372bn
- EMS: 20 stocks, $115bn
- ElecComp: 39 stocks, $205bn
- Semi: 23 stocks, $887bn
- SemiEqp: 40 stocks, $164bn
- ApplicSwr: 74 stocks, $489bn
- ComEquip: 48 stocks, $327bn
- ElecInstr: 44 stocks, $164bn
- DataProc: 48 stocks, $633bn
- ITConsult: 60 stocks, $593bn
- SystmSwr: 18 stocks, $742bn
- InetSftSrv: 95 stocks, $1,330bn
- HmEntSwr: 14 stocks, $1,32bn
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.
IMPORTANT DISCLOSURES

Analyst's Certification
I, Mark Steele, hereby certify that the views expressed in this report accurately reflect my personal views about the subject securities or issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in this report.

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For Important Disclosures on the stocks discussed in this report, please go to http://researchglobal.bmocapitalmarkets.com/Public/Company_Disclosure_Public.aspx

Distribution of Ratings (September 30, 2015)

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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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<tr>
<td>Buy</td>
<td>Outperform</td>
<td>42.2%</td>
<td>18.6%</td>
<td>54.7%</td>
<td>44.3%</td>
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<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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<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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</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.
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Rating and Sector Key (as of April 5, 2013)
We use the following ratings system definitions:
OP = Outperform - Forecast to outperform the analyst’s coverage universe on a total return basis;
Mkt = Market Perform - Forecast to perform roughly in line with the analyst’s coverage universe on a total return basis;
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
R = Restricted - Dissemination of research is currently restricted.

BMO Capital Markets' seven Top 15 lists guide investors to our best ideas according to different objectives (CDN Large Cap, CDN Small Cap, US Large Cap, US Small Cap, Income, CDN Quant, and US Quant have replaced the Top Pick rating).

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