Group Selection

Priced as of November 4, 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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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

- Alumin → LeisPrd
- SpecChm ← Footwear
- P&C Insur ← HmFrnsh
- AirFrght ← Tobacco
- TrdgDist ← Aprl&Gds → Rstaurnt
- CmclPrt ← Railroads
- FdRetail
- MarineSrv ← Silver
- Cabl&Sat → HhdlAppl
- ElcCmpEq ← PrecMet
- Airline ← InvBnkBrk → ApparRtl
- Cas&Gam ← Copper → DiversBnk
- REstOpCo
- Multi-LnIns → Pharma
- ReneuwElec ← CnstMch&TR
- LfSciSrv ← PapProd
- SprCntrs → IntgTelSrv
- Dist&Vnt
- AirprtSrv ← HCareREIT
- HCEquip
- SystmSwr
- Biotech ← SpecStors
- MngHCare ← Hsware
- Hwyl&Rail
- ApplicSwr
- SpCmSrv
- DivCpMkt
- Mortgage REIT ← IndusREIT
- Dist&Vnt
- OG E&P
- MngHCare
- Cns&Eng
- Brewers
- Mark Steele (416) 359-4641
November 4, 2016

Strength

Momentum

Energy

Coal&Uran
22 stocks; $75bn

OG RfMkt
45 stocks; $555bn

Int O&G
31 stocks; $151bn

OG E&P
120 stocks; $762bn

OG Equip
63 stocks; $298bn

OG StTr
93 stocks; $556bn

OG Drill
19 stocks; $32bn
November 4, 2016

Consumer Staples

Momentum

Strength

AgriProd
20 stocks; $108bn

Tobacco
14 stocks; $694bn

FdRetail
18 stocks; $350bn

SprCntrs
16 stocks; $421bn

PkgFdMt
16 stocks; $1147bn

HhldPrdct
18 stocks; $547bn

Dist&Vnt
12 stocks; $233bn

HhldPrdct
7 stocks; $194bn

SoftDrnks
17 stocks; $464bn

Brewers
13 stocks; $462bn

PersPrdct
30 stocks; $382bn
Telecommunication Services

November 4, 2016

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IntgTelSrv
63 stocks; $1280bn

WlsTelSrv
43 stocks; $864bn

AltCar
11 stocks; $50bn
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:
  ...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.
User Guide 2 - Momentum

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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<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>Starmine Universe</th>
</tr>
</thead>
<tbody>
<tr>
<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>
</tr>
<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>
</tr>
<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.
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