Relative Strength Filter
Global Summary

Group Selection

Priced as of February 1, 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
February 1, 2016

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Int O&G
34 stocks; $1318bn

Coal&Uran
22 stocks; $53bn

OG StTr
47 stocks; $420bn

OG E&P
135 stocks; $557bn

OG RfMkt
37 stocks; $340bn

OG Equip
68 stocks; $257bn

OG Drill
20 stocks; $27bn
February 1, 2016

**Consumer Discretionary**

**Momentum**
- Advert: 18 stocks; $118bn
- GMrchStrs: 19 stocks; $128bn
- LeisFcil: 11 stocks; $47bn

**Strength**
- Tire&Rub: 9 stocks; $74bn
- Publishing: 23 stocks; $134bn
- Distr: 10 stocks; $46bn
- ApparRtl: 26 stocks; $142bn
- Footwear: 15 stocks; $125bn
- Cas&Gam: 29 stocks; $205bn
- DeptStrs: 23 stocks; $113bn
- Hsware: 5 stocks; $25bn
- Broadcast: 33 stocks; $144bn
- LeisPrd: 21 stocks; $63bn
- CmpElRtl: 10 stocks; $39bn
- SpecStors: 29 stocks; $100bn

**Other Categories**
- Textiles: 3 stocks; $9bn
- CatalgRtl: 24 stocks; $198bn
- SpCmSrv: 7 stocks; $25bn
- InetRtl: 29 stocks; $494bn
- CmrElec: 24 stocks; $198bn
- AutoRtl: 16 stocks; $96bn

**Sales & Revenue**
- Total stocks: 127
- Total sales: $3,414bn
February 1, 2016

Consumer Staples

Momentum

Strength

SoftDrinks
17 stocks; $460bn

PkgFdMt
19 stocks; $112bn

AgriProd
30 stocks; $97bn

FdDistri
11 stocks; $41bn

SprCntrs
16 stocks; $427bn

DtlPrdct
27 stocks; $327bn

HhldPrdct
18 stocks; $544bn

Dist&Bnt
12 stocks; $210bn

PersPrdct
13 stocks; $639bn

Tobacco
13 stocks; $639bn

Brewers
14 stocks; $517bn

DrugRetail
9 stocks; $211bn

FdRetail
39 stocks; $335bn

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February 1, 2016

**Health Care**

- **Momentum**
  - HCFacility → 32 stocks; $131bn
  - HCSupplls ← 30 stocks; $115bn
  - HCDistrib ← 18 stocks; $131bn
  - HCareTec 17 stocks; $57bn
  - HCEquip 71 stocks; $566bn
  - LfSciSrv 31 stocks; $778bn
  - MngHCare 14 stocks; $264bn

- **Strength**
  - HCSupplls 30 stocks; $115bn
  - HCDistrib 18 stocks; $131bn
  - HCareTec 17 stocks; $57bn
  - HCEquip 71 stocks; $566bn
  - LfSciSrv 31 stocks; $778bn
  - MngHCare 14 stocks; $264bn
  - Phmra 96 stocks; $2458bn
  - Biotech 127 stocks; $815bn

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**Biotech**
- 127 stocks; $815bn
Telecommunication Services

February 1, 2016

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AltCar
14 stocks; $56bn

IntgTelSrv
39 stocks; $129bn

WlsTelSrv
44 stocks; $850bn

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 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).
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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<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>
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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>
<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>
</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.

** 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;
NR = No rating at this time; and
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