Group Selection
Priced as of January 11, 2017

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

DivCpMkt → InetSftSrv ← WlsTelSrv ← PrecMet →
InvBnkBrk ← Airline →
Alumin ← DvrsMng ←
LifeHthIns ← MngHCare ← DiversChm ←
TrdgDist ← ElecInstr ← AutoRtl ←
Semi ← Htl&Rsrt ← Thrft&Mtg ←
TechDist ← DvSpSrv ← SpecChm ← CstrMat ← E1cCmpEq←
EnviroServ ← Reinsuran ← HotelREIT ← Trucking ←
MgtHCare ← HCEquip ← SystmSwr ← Railroads ←
SystmSwr ← Railroads ←
IPPTrad ← ElecUtil ← Pharma ↓
ElecUtil ← Pharma ↓
CmpEIRtl ← HomeBld ← HCDistrib ← Hwy&Rail ↓
Broadcast ↓
PaperPkg ← ApplicSwr ← HCareTec ← HhldApl ↑
ITConsult ↑

Momentum

Strength

January 11, 2017
Mark Steele (416) 359-4641
**Consumer Discretionary**

**Momentum**

- **AutoMfg**
  - 36 stocks; $955bn

- **GMrchStrs**
  - 14 stocks; $124bn

- **Cabl&Sat**
  - 23 stocks, $464bn

- **MotcyMfg**
  - 4 stocks; $38bn

- **Mov&Ent**
  - 23 stocks, $355bn

- **Tire&Rub**
  - 10 stocks, $87bn

- **CmrElec**
  - 12 stocks; $117bn

- **AutoRtl**
  - 14 stocks, $101bn

- **CmpElRtl**
  - 14 stocks, $101bn

- **Htlt&Rsrt**
  - 24 stocks, $189bn

- **Footwear**
  - 14 stocks, $111bn

- **AutoParts**
  - 46 stocks, $321bn

- **Educat**
  - 19 stocks, $44bn

- **LeisFcil**
  - 11 stocks, $49bn

**Strength**

- **Hsware**
  - 4 stocks, $26bn

- **SpCmSr**
  - 9 stocks, $21bn

- **InetDmRtl**
  - 31 stocks, $657bn

- **Cas&Gam**
  - 37 stocks, $249bn

- **Advert**
  - 18 stocks, $134bn

- **CmrPrc**
  - 24 stocks, $189bn

- **AutoRtl**
  - 14 stocks, $101bn

- **CompRtl**
  - 14 stocks, $101bn

- **Hlt&Rsrt**
  - 24 stocks, $189bn

- **Footwear**
  - 14 stocks, $111bn

- **AutoParts**
  - 46 stocks, $321bn

- **Educat**
  - 19 stocks, $44bn

- **LeisFcil**
  - 11 stocks, $49bn

- **Rstaurnt**
  - 59 stocks, $397bn

- **HmImpRtl**
  - 8 stocks, $51bn

- **HmFrnsh**
  - 11 stocks, $37bn

- **DeptStrs**
  - 22 stocks, $395bn

- **SpecStors**
  - 28 stocks, $101bn

- **HhldApI**
  - 14 stocks, $62bn

- **Pblshng**
  - 17 stocks, $53bn

- **Distrb**
  - 7 stocks, $24bn

- **April&Gds**
  - 43 stocks, $461bn

- **ApparlRtl**
  - 35 stocks, $335bn

- **HomeFurn**
  - 8 stocks, $57bn

**January 11, 2017**
Momentum

Strength

January 11, 2017

Mark Steele (416) 359-4641

Consumer Staples

AgriProd
26 stocks;$109bn

SprCntrs
15 stocks;$420bn

Brewers
13 stocks;$434bn

PersPrdct
29 stocks;$362bn

Tobacco
14 stocks;$661bn

DrugRetail
7 stocks;$198bn

HhldPrdct
18 stocks;$532bn

SoftDrinks
17 stocks;$445bn

PkgFdMt
115 stocks;$1146bn

FdRetail
38 stocks;$351bn

Dist&Vnt
12 stocks;$232bn

FdDistri
12 stocks;$56bn
January 11, 2017

**Financials**

Mark Steele (416) 359-4641

**Momentum**

- **DivCpMkt**: 9 stocks; $162bn
- **InvBnkBrk**: 38 stocks; $377bn
- **OthrDivFS**: 9 stocks; $66bn
- **AsstMgmt**: 23 stocks; $484bn
- **LifeHthIns**: 47 stocks; $773bn
- **RegionBnk**: 147 stocks; $620bn
- **Multi-LnIns**: 30 stocks; $488bn
- **Thrif&Mtg**: 45 stocks; $125bn
- **Reinsuran**: 12 stocks; $126bn

**Strength**

- **MortgREIT**: 26 stocks; $348bn
- **DiversBnk**: 162 stocks; $4706bn
- **InvBnkBrk**: 38 stocks; $377bn
- **AsstMgmt**: 23 stocks; $484bn
- **LifeHthIns**: 47 stocks; $773bn
- **RegionBnk**: 147 stocks; $620bn
- **Multi-LnIns**: 30 stocks; $488bn
- **Thrif&Mtg**: 45 stocks; $125bn
- **Reinsuran**: 12 stocks; $126bn

**FnlExchDt**

- **MtSecHld**: 26 stocks; $349bn
- **SpecialFin**: 26 stocks; $349bn
- **InsurBrkrs**: 7 stocks; $100bn
- **P&C Insur**: 62 stocks; $465bn
- **ConsmrFin**: 28 stocks; $252bn
Momentum

Strength

January 11, 2017

Mark Steele (416) 359-4641

Telecommunication Services

WlsTelSrv ←
42 stocks; $887bn

AltCar →
11 stocks; $53bn

IntgTelSrv ←
63 stocks; $1349bn

BMO Capital Markets
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”
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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Distribution of Ratings (September 30, 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>Starmine Universe</th>
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<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>31.8%</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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(S) = Speculative investment;
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