Group Selection

Priced as of October 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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Sector View

**Sector Relative Strength Profiles**

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<tbody>
<tr>
<td>Energy</td>
<td>54% / 54% / 53%</td>
<td>/</td>
<td>14% / 13% / 11%</td>
</tr>
<tr>
<td>Materials</td>
<td>61% / 60% / 59%</td>
<td>/</td>
<td>5% / 5% / 0%</td>
</tr>
<tr>
<td>Industrials</td>
<td>49% / 49% / 45%</td>
<td>/</td>
<td>2% / 0% / -1%</td>
</tr>
<tr>
<td>CMR Disc</td>
<td>42% / 42% / 40%</td>
<td>/</td>
<td>4% / 2% / -1%</td>
</tr>
<tr>
<td>CMR Stap</td>
<td>48% / 47% / 44%</td>
<td>/</td>
<td>3% / 1% / -1%</td>
</tr>
<tr>
<td>Hlth Care</td>
<td>53% / 55% / 53%</td>
<td>/</td>
<td>-7% / -9% / -9%</td>
</tr>
<tr>
<td>Financials</td>
<td>51% / 50% / 50%</td>
<td>/</td>
<td>12% / 11% / 8%</td>
</tr>
<tr>
<td>Info Tech</td>
<td>60% / 62% / 61%</td>
<td>/</td>
<td>0% / -3% / -5%</td>
</tr>
<tr>
<td>Telecom</td>
<td>38% / 40% / 34%</td>
<td>/</td>
<td>-2% / -6% / -6%</td>
</tr>
<tr>
<td>Utilities</td>
<td>47% / 49% / 41%</td>
<td>/</td>
<td>0% / -2% / -2%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>61% / 62% / 58%</td>
<td>/</td>
<td>-8% / -10% / -11%</td>
</tr>
</tbody>
</table>

*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.
October 21, 2016

**Consumer Staples**

- **SprCntrs** 16 stocks; $428bn
- **SoftDrnks** 17 stocks; $471bn
- **AgriProd** 26 stocks; $107bn
- **PkgFdMt** 16 stocks; $119bn
- **PersPrdct** 30 stocks; $394bn
- **HhldPrdct** 18 stocks; $554bn
- **FdDistri** 11 stocks; $45bn
- **Dist&Vnt** 12 stocks; $238bn
- **Brewers** 13 stocks; $510bn
- **Tobacco** 14 stocks; $695bn
- **FdRetail** 18 stocks; $360bn
- **DrugRetail** 7 stocks; $201bn

**Momentum**

**Strength**
Information Technology

- **ElecComp**: 39 stocks; $220bn
- **HmEntSwr**: 14 stocks; $135bn
- **EMS**: 71 stocks; $500bn
- **ApplicSwr**: 47 stocks; $1096bn
- **TechDist**: 15 stocks; $38bn
- **HdwrSt&P**: 47 stocks; $1096bn
- **InetSftSrv**: 35 stocks; $147bn
- **SystmSwr**: 33 stocks; $745bn
- **Semi**: 31 stocks; $938bn
- **SemiEqp**: 49 stocks; $169bn
- **ComEquip**: 46 stocks; $317bn
- **ITConsult**: 51 stocks; $583bn
- **ElecInstr**: 41 stocks; $168bn
- **DataProc**: 48 stocks; $641bn
October 21, 2016

Telecommunication Services

Mark Steele (416) 359-4641

Momentum

Strength

AltCar
11 stocks; $48bn

WlsTelSrv
10 stocks; $88bn

IntgTelSrv
53 stocks; $131bn
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”
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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<tr>
<td>Buy</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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<td>Hold</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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<tr>
<td>Sell</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.
*** 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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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.

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