Group Selection

Priced as of October 18, 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 Relative Strength Profiles

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<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><em>Energy</em></td>
<td>53% / 53% / 53%</td>
<td>/ / /</td>
<td>13% / 12% / 7%</td>
</tr>
<tr>
<td><em>Materials</em></td>
<td>62% / 61% / 59%</td>
<td>/ / /</td>
<td>5% / 2% / -3%</td>
</tr>
<tr>
<td><em>Industrials</em></td>
<td>48% / 48% / 44%</td>
<td>/ / /</td>
<td>4% / 0% / -5%</td>
</tr>
<tr>
<td><em>CMR Disc</em></td>
<td>41% / 42% / 39%</td>
<td>/ / /</td>
<td>2% / 0% / -4%</td>
</tr>
<tr>
<td><em>CMR Stap</em></td>
<td>48% / 49% / 43%</td>
<td>/ / /</td>
<td>8% / 5% / -2%</td>
</tr>
<tr>
<td><em>Healthcare</em></td>
<td>54% / 55% / 53%</td>
<td>/ / /</td>
<td>-5% / -8% / -10%</td>
</tr>
<tr>
<td><em>Financials</em></td>
<td>50% / 50% / 49%</td>
<td>/ / /</td>
<td>12% / 10% / 1%</td>
</tr>
<tr>
<td><em>Info Tech</em></td>
<td>60% / 62% / 60%</td>
<td>/ / /</td>
<td>0% / -3% / -9%</td>
</tr>
<tr>
<td><em>Telecom</em></td>
<td>38% / 42% / 34%</td>
<td>/ / /</td>
<td>3% / 1% / -8%</td>
</tr>
<tr>
<td><em>Utilities</em></td>
<td>48% / 48% / 42%</td>
<td>/ / /</td>
<td>0% / -2% / -6%</td>
</tr>
<tr>
<td><em>Real Estate</em></td>
<td>63% / 64% / 60%</td>
<td>/ / /</td>
<td>-6% / -10% / -15%</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 (\(\uparrow\) / \(\downarrow\) 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

October 18, 2016

Momentum

Strength

CstrMat GasUtil OG RfMkt LeisPrd P&C Insur

Copper Brewers HCFacility

IndusREIT EnviroServ

MarineSrv HCDistrib

IndusGas SpecialFin

MtGisCnt

OG RfMkt HCService

SpCmSrv

OG Drill HotelREIT

HCFacility

ApparI RtI

InetDmRtl WaterUtil

ElecUtil MultiUtil

DvrsMng

TechDist

FDistri

IndCongl

Fdistri

SpecStors HREmpl

GMrchStrs DataProc

DvSpSrv MitSecHld OfficeREIT CmclPrt

HlmdPrf HlmImpRtl

HhldApl

RESTDevl

Cabl&Sat

PrecMet CmrElec Cas&Gam

Alumin Footwear AutoRtl DivCpMkt

AutoParts

HumBld

FrstPrd

Cns&Eng Educat

HomeFurn RestSrv

HmImpRtl

REstDvAct PersPrdct

RestSrv

Tobacco

EMS

HdwrSt&P

Biotech AutoMfg MngHCare CmpEIRtl

Ind Mach EleCmpEq BldPrdcts TrdgDist

BMO Capital Markets
Mark Steele (416) 359-4641
October 18, 2016

**Momentum**

**Strength**

**Energy**

OG RfMkt
- 15 stocks
- $366bn

OG Drill
- 19 stocks
- $33bn

OG E&P
- 124 stocks
- $808bn

Int O&G
- 31 stocks
- $155bn

OG Equip
- 65 stocks
- $313bn

Coal & Uran
- 23 stocks
- $73bn

OG StTr
- 24 stocks
- $598bn

[Image of a chart with various categories and their associated stocks and market values.]
Consumer Discretionary

Strength

Momentum

October 18, 2016

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LeisPrd
23 stocks; $82bn

Hsware
4 stocks; $23bn

SpCmSrv
10 stocks; $22bn

ApprRtl
18 stocks; $34bn

Aprl&Gds
42 stocks; $470bn

Distrib
10 stocks; $52bn

SpecStors
29 stocks; $101bn

DeptStrs
23 stocks; $104bn

Aprl&Gds
42 stocks; $470bn

MotcyMfg
4 stocks; $36bn

HhdlApl
14 stocks; $62bn

Cabl&Sat
26 stocks; $449bn

Rstaurnt
60 stocks; $375bn

Mov&Ent
23 stocks; $312bn

Cases&Gam
36 stocks; $237bn

Advert
18 stocks; $121bn

CmrElec
12 stocks; $112bn

CmpElRtl
37 stocks; $34bn

Footwear
15 stocks; $110bn

AutoMfg
37 stocks; $918bn

HomeBld
13 stocks; $171bn

Tire&Rub
10 stocks; $86bn

AutoParts
46 stocks; $341bn

AutoRtl
14 stocks; $93bn

Educat
19 stocks; $42bn

CmpElRtl
3 stocks; $34bn

HomeFurn
8 stocks; $51bn

Broadcast
32 stocks; $134bn

Htl&Rsrt
25 stocks; $172bn

HmImpRtl
11 stocks; $30bn

HmFrnsh
11 stocks; $30bn

Publishing
18 stocks; $48bn

Broadcast
32 stocks; $134bn
October 18, 2016

Consumer Staples

Strength

Momentum

PkgFdMt ↓ 116 stocks; $1192bn
SprCntrs ↑ 16 stocks; $430bn
HhldPrdct ↓ 18 stocks; $567bn
PersPrdct ↓ 30 stocks; $398bn
Dist&Vnt ↑ 12 stocks; $238bn
SoftDrnks ↑ 17 stocks; $472bn
AgriProd ↓ 26 stocks; $107bn
FdDistri ↑ 11 stocks; $45bn
DrugRetail ↑ 7 stocks; $198bn
Brewers ↑ 13 stocks; $510bn
FdRetail ↓ 38 stocks; $360bn
Tobacco ↑ 14 stocks; $691bn

17 stocks; $472bn
13 stocks; $510bn
11 stocks; $45bn
7 stocks; $198bn

116 stocks; $1192bn
16 stocks; $430bn
18 stocks; $567bn
30 stocks; $398bn

October 18, 2016

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Utilities

GasUtil
20 stocks; $210bn

RenewElec
24 stocks; $53bn

WaterUtil
23 stocks; $82bn

ElecUtil
88 stocks; $1017bn

MultiUtil
37 stocks; $416bn

IPPTrad
25 stocks; $95bn
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.
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).
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>
<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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</thead>
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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>
</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>
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</tbody>
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* 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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