Relative Strength Filter
Global Summary

Group Selection
Priced as of June 30, 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
*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.
**Momentum vs. Strength**

**Materials**

- **CstrMat**
  - 27 stocks; $193bn

- **FrstPrd**
  - 12 stocks; $16bn

- **PrecMet**
  - 20 stocks; $88bn

- **IndusGas**
  - 8 stocks; $133bn

- **Silver**
  - 60 stocks; $304bn

- **ComdChm**
  - 42 stocks; $266bn

- **Gold**
  - 61 stocks; $255bn

- **PapProd**
  - 26 stocks; $266bn

- **Steel**
  - 9 stocks; $22bn

- **DiversMng**
  - 60 stocks; $304bn

- **IndusGas**
  - 8 stocks; $133bn

- **MtGlsCnt**
  - 15 stocks; $56bn

- **Fert&Ag**
  - 34 stocks; $197bn

- **Alumin**
  - 12 stocks; $44bn

- **DiversChm**
  - 19 stocks; $251bn

- **SpecChm**
  - 63 stocks; $402bn

- **PaperPkg**
  - 19 stocks; $530bn
Momentum

Strength

Health Care

June 30, 2016

Mark Steele (416) 359-4641

HCDistrib | 18 stocks; $136bn
HCService ↓ | 33 stocks; $207bn
HCSuppl ↑ | 30 stocks; $126bn
MngHCare ↑ | 12 stocks; $204bn
HCareTec ↓ | 18 stocks; $66bn
HCFacility ↓ | 33 stocks; $135bn
HCEquip ↑ | 72 stocks; $661bn
Pharma ➔ | 95 stocks; $2482bn
Biotech | 129 stocks; $855bn
LSciSrv ➔ | 22 stocks; $189bn

18 stocks; $136bn
33 stocks; $207bn
95 stocks; $2482bn

12 stocks; $204bn
18 stocks; $66bn
33 stocks; $135bn
72 stocks; $661bn

30 stocks; $126bn
Information Technology

June 30, 2016

Momentum

Strength

Mark Steele (416) 359-4641

Semi
63 stocks; $833bn

DataProc
48 stocks; $602bn

SemiEqp
40 stocks; $154bn

833 stocks; $833bn

ElecInstr
44 stocks; $157bn

48 stocks; $602bn

EMS
20 stocks; $107bn

4 stocks; $16bn

ElecComp
39 stocks; $191bn

38 stocks; $698bn

HdwrSt&P
46 stocks; $997bn

14 stocks; $112bn

InetSftSrv
96 stocks; $1272bn

74 stocks; $466bn

HmEntSwr
14 stocks; $112bn

ApplicSwr
74 stocks; $466bn

ComEquip
48 stocks; $312bn

TechDist
15 stocks; $35bn

ITConsult
50 stocks; $594bn

44 stocks; $157bn

38 stocks; $157bn

30 stocks; $157bn

20 stocks; $157bn

10 stocks; $157bn

5 stocks; $157bn

3 stocks; $157bn
June 30, 2016

Telecommunication Services

Mark Steele (416) 359-4641

WlsTelSrv →
121 stocks; $1408bn

IntgTelSrv
61 stocks; $428bn

WlsTelSrv
42 stocks; $899bn

AltCar
12 stocks; $52bn
Utilities

GasUtil 37 stocks; $219bn
WaterUtil 23 stocks; $86bn
RenewElec 25 stocks; $101bn
MultiUtil 30 stocks; $50bn
ElecUtil 90 stocks; $1054bn
IPPTrad 25 stocks; $101bn

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 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”
- 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.
IMPORTANT DISCLOSURES

Analyst's Certification
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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>
</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.
** 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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