Group Selection

Priced as of October 7, 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*

---|---|---|---
Energy | 51% / 52% / 50% | 17% / 16% / 28% |
Materials | 62% / 62% / 59% | -7% / -9% / 0% |
Industrials | 49% / 48% / 43% | 3% / 1% / 17% |
CMR Disc | 40% / 40% / 35% | 4% / 4% / 16% |
CMR Stap | 47% / 49% / 43% | -4% / -6% / 10% |
Hlth Care | 53% / 55% / 50% | 0% / -1% / 8% |
Financials | 48% / 49% / 45% | 11% / 10% / 26% |
Info Tech | 59% / 60% / 57% | 10% / 6% / 16% |
Telecom | 37% / 41% / 33% | -6% / -13% / 4% |
Utilities | 50% / 50% / 39% | -27% / -28% / -2% |
Real Estate | 66% / 67% / 60% | -39% / -42% / -11% |

*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 are 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 7, 2016

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Momentum

Strength

Energy

OG E&P → OG Equip
124 stocks; $820bn

OG Equip → Int O&G
45 stocks; $313bn

Int O&G → OG Drill
31 stocks; $155bn

OG Drill → OG RfMkt
19 stocks; $35bn

OG RfMkt → OG StTr
44 stocks; $364bn

OG StTr → Coal&Uran
94 stocks; $593bn

Coal&Uran

23 stocks; $73bn

OG E&P

124 stocks; $820bn

OG Equip

45 stocks; $313bn

Int O&G

31 stocks; $155bn

OG Drill

19 stocks; $35bn

OG RfMkt

44 stocks; $364bn

OG StTr

94 stocks; $593bn

Energy
October 7, 2016

Momentum

Strength

ComdChm
40 stocks; $282bn

CstrMat
26 stocks; $227bn

Fert&Ag
34 stocks; $205bn

DiversChm
19 stocks; $280bn

PapProd
26 stocks; $72bn

Alumin
12 stocks; $51bn

Silver
9 stocks; $22bn

IndusGas
8 stocks; $140bn

Steel
89 stocks; $287bn

DvrsMng
47 stocks; $293bn

Gold
62 stocks; $176bn

FrsPrd
12 stocks; $17bn

SpecChm
33 stocks; $428bn

Copper
14 stocks; $17bn

PrecMet
22 stocks; $51bn

MtGlsCnt
14 stocks; $54bn

PaperPkg
19 stocks; $109bn

Copper
14 stocks; $62bn
Information Technology

Momentum

Strength

SemiEqp
89 stocks; $174bn

Semi
87 stocks; $96bn

HdwrSt&P
67 stocks; $171bn

TechDist
18 stocks; $39bn

ApplicSwr
69 stocks; $50bn

ElecInstr
41 stocks; $170bn

EMS
19 stocks; $119bn

HmEntSwr
14 stocks; $136bn

ComEquip
46 stocks; $338bn

InetSftSrv
98 stocks; $148bn

ElecComp
98 stocks; $225bn

SystmSwr
73 stocks; $737bn

DataProc
26 stocks; $392bn

ITConsult
51 stocks; $597bn

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Momentum

Strength

Telecommunication Services

WlsTelSrv
43 stocks; $905bn

IntgTelSrv
63 stocks; $1327bn

AltCar
11 stocks; $48bn

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Momentum
Strength

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Utilities

RenewElec
24 stocks; $52bn

IPPTrad
25 stocks; $94bn

WaterUtil
23 stocks; $81bn

MultiUtil
37 stocks; $409bn

GasUtil
36 stocks; $207bn

ElecUtil
89 stocks; $1002bn
**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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<table>
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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>
<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>
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<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>
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<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>
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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;
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