Group Selection

Priced as of December 2, 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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*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.
December 2, 2016

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IndusGas → 8 stocks; $146bn
CstrMat ↓ 28 stocks; $223bn
Fert&Ag → 33 stocks; $211bn

ComdChm ↑ 40 stocks; $303bn
PapProd ↓ 26 stocks; $76bn
SpecChm ↑ 54 stocks; $414bn

Alumin ↓ 12 stocks; $46bn
Copper ↓ 14 stocks; $82bn
Silver ↑ 9 stocks; $21bn

PrecMet ↓ 23 stocks; $54bn
FrstPrd ↑ 12 stocks; $16bn

DvrsMng ↓ 47 stocks; $337bn
DiversChm ↓ 20 stocks; $305bn
Steel ↓ 59 stocks; $327bn

Gold ↓ 23 stocks; $164bn

Materials

BMO Capital Markets

Momentum

Strength
December 2, 2016

**Industrials**

- **Aero&Def**: 56 stocks; $727bn
- **CnstrMch&T**: 64 stocks; $960bn
- **DvSpSrv**: 24 stocks; $83bn
- **HvyElcEq**: 17 stocks; $76bn
- **Railroads**: 28 stocks; $420bn
- **IndCongl**: 43 stocks; $1197bn
- **Ag&Farm**: 12 stocks; $78bn
- **HREmpl**: 23 stocks; $367bn
- **Marine**: 17 stocks; $60bn
- **TrdgDist**: 49 stocks; $279bn
- **Trucking**: 28 stocks; $82bn
- **ElcCmpEq**: 36 stocks; $291bn
- **Ind Mach**: 117 stocks; $571bn
- **AirFrght**: 21 stocks; $237bn
- **RsrcCslt**: 30 stocks; $109bn
- **Hwy&Rail**: 14 stocks; $74bn
- **EnviroServ**: 23 stocks; $107bn
- **Airline**: 31 stocks; $243bn
- **BldPrdcts**: 42 stocks; $238bn
- **CmclPrt**: 12 stocks; $24bn
- **OfficeServ**: 13 stocks; $26bn

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Consumer Staples

Strength

Momentum

Brewers
13 stocks; $417bn

SprCntrs
15 stocks; $421bn

Tobacco
14 stocks; $660bn

DrugRetail
7 stocks; $162bn

Dist&Vnt
12 stocks; $223bn

PkgFdMt
115 stocks; $1092bn

FdRetail
36 stocks; $345bn

SoftDrinks
17 stocks; $446bn

HhlPrdct
18 stocks; $302bn

PersPrdct
29 stocks; $346bn

AgriProd
26 stocks; $107bn

FdDistri
12 stocks; $53bn
December 2, 2016

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Financials

- **Momentum**
  - **OthDivFS** → 7 stocks; $81bn
  - **P&C Insur** → 165 stocks; $456bn
  - **InvBnkBrk** → 38 stocks; $384bn
  - **RegionBnk** → 138 stocks; $583bn
  - **Thrift&Mtg** → 44 stocks; $129bn
  - **Reinsuran** → 12 stocks; $121bn
  - **MortgREIT** → 27 stocks; $54bn

- **Strength**
  - **InsurBrkrs** ↑ 7 stocks; $99bn
  - **Multi-LnIns** ↑ 30 stocks; $458bn
  - **FnlExchDt** ↑ 22 stocks; $379bn
  - **DivCpMkt** ↑ 7 stocks; $124bn
  - **ConsmrFin** ↑ 28 stocks; $341bn
  - **MltSecHld** ↑ 26 stocks; $337bn
  - **AsstMgmt** ↓ 55 stocks; $470bn
  - **LifeHthIns** ↓ 47 stocks; $759bn

- **Regions**
  - **P&C Insur**
  - **OthDivFS**
  - **InvBnkBrk**
  - **RegionBnk**
  - **Thrift&Mtg**
  - **Reinsuran**
  - **MortgREIT**

- **Sizes**
  - 7 stocks; $81bn
  - 165 stocks; $456bn
  - 38 stocks; $384bn
  - 138 stocks; $583bn
  - 44 stocks; $129bn
  - 12 stocks; $121bn
  - 27 stocks; $54bn
  - 7 stocks; $99bn
  - 30 stocks; $458bn
  - 22 stocks; $379bn
  - 7 stocks; $124bn
  - 28 stocks; $341bn
  - 26 stocks; $337bn
  - 55 stocks; $470bn
  - 47 stocks; $759bn

- **Values**
  - $99bn
  - $458bn
  - $379bn
  - $124bn
  - $341bn
  - $337bn
  - $470bn
  - $759bn

- **Categories**
  - **P&C Insur**
  - **OthDivFS**
  - **InvBnkBrk**
  - **RegionBnk**
  - **Thrift&Mtg**
  - **Reinsuran**
  - **MortgREIT**
Telecommunication Services

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Strength

Momentum

AltCar
11 stocks; $51bn

IntgTelSrv
63 stocks; $127bn

WlsTelSrv
42 stocks; $83.9bn
December 2, 2016

Utilities

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IPPTrad 25 stocks, $392bn

ElecUtil 38 stocks, $957bn

MultiUtil 37 stocks, $391bn

WaterUtil 23 stocks, $80bn

RenewElec 23 stocks, $47bn

GasUtil 35 stocks, $183bn

Momentum

Strength
December 2, 2016

Real Estate

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**Momentum**

- **REstDev** 31 stocks, $185bn
- **HotelREIT** 17 stocks, $44bn
- **IndusREIT** 20 stocks, $78bn
- **OfficeREIT** 37 stocks, $147bn
- **REstDvAct** 33 stocks, $295bn
- **ResidREIT** 26 stocks, $137bn
- **ResidREIT** 30 stocks, $157bn
- **DiversREIT** 40 stocks, $140bn
- **HCareREIT** 16 stocks, $89bn
- **SpecREIT** 29 stocks, $245bn
- **RetailREIT** 39 stocks, $322bn

**Strength**

- **REstSrv** 11 stocks, $27bn
- **OfficeREIT** 37 stocks, $27bn
- **REstSrv** 31 stocks, $118bn
- **REstSrv** 30 stocks, $147bn
- **REstSrv** 33 stocks, $295bn
- **REstSrv** 26 stocks, $137bn
- **REstSrv** 30 stocks, $157bn
- **REstSrv** 40 stocks, $140bn
- **REstSrv** 29 stocks, $245bn
- **REstSrv** 39 stocks, $322bn
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.
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).
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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<th>Rating Category</th>
<th>BMO Rating</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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<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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<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>
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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>
</tr>
</tbody>
</table>

* Reflects rating distribution of all companies covered by BMO Capital Markets Corp. equity research analysts.
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