Group Selection

Priced as of July 4, 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 (up/down 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.
### Materials

**DvrsMng**
- 67 stocks: $263bn

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

**MtGlscnt**
- 14 stocks: $52bn

**Steel**
- 61 stocks: $263bn

**Gold**
- 62 stocks: $222bn

**PrecMet**
- 20 stocks: $66bn

**Silver**
- 9 stocks: $24bn

**CstrMat**
- 27 stocks: $194bn

**Fert&Ag**
- 34 stocks: $198bn

**ComdChm**
- 41 stocks: $269bn

**IndusGas**
- 8 stocks: $134bn

**Alumin**
- 12 stocks: $45bn

**SpecChm**
- 63 stocks: $406bn

**DiversChm**
- 19 stocks: $250bn

**PaperPkg**
- 19 stocks: $551bn

**PapProd**
- 19 stocks: $66bn
# Consumer Discretionary

- **MotcyMfg**: 4 stocks, $36bn
- **HmFrnsh**: 13 stocks, $35bn
- **Footwear**: 15 stocks, $114bn
- **SpecStors**: 30 stocks, $106bn
- **AutoRtl**: 16 stocks, $99bn
- **InetRtl**: 31 stocks, $574bn
- **LeisFcil**: 12 stocks, $50bn
- **Cabl&Sat**: 25 stocks, $420bn
- **SpecStors**: 30 stocks, $106bn
- **Footwear**: 15 stocks, $114bn
- **HmFrnsh**: 13 stocks, $35bn
- **MotcyMfg**: 4 stocks, $36bn

## Additional Industry Groups

- **Educat**: 19 stocks, $39bn
- **AutoRtl**: 16 stocks, $99bn
- **InetRtl**: 31 stocks, $574bn
- **LeisFcil**: 12 stocks, $50bn
- **Cabl&Sat**: 25 stocks, $420bn
- **Footwear**: 15 stocks, $114bn
- **SpecStors**: 30 stocks, $106bn
- **AutoRtl**: 16 stocks, $99bn
- **InetRtl**: 31 stocks, $574bn
- **LeisFcil**: 12 stocks, $50bn
- **Cabl&Sat**: 25 stocks, $420bn

## Additional Industry Groups

- **Distrib**: 10 stocks, $52bn
- **HhldApl**: 14 stocks, $65bn
- **SpCmSrv**: 10 stocks, $23bn
- **ApparRtl**: 36 stocks, $331bn
- **CmpElRtl**: 3 stocks, $26bn
- **Tire&Rub**: 9 stocks, $71bn
- **CatalgRtl**: 5 stocks, $18bn
- **DeptStrs**: 23 stocks, $99bn
- **Rstaumt**: 19 stocks, $134bn
- **April&Gds**: 23 stocks, $267bn
- **Broadcast**: 22 stocks, $136bn
- **CmrElec**: 12 stocks, $95bn
- **Mov&Ent**: 21 stocks, $321bn
- **Publishing**: 22 stocks, $136bn
- **HomeBld**: 23 stocks, $114bn
- **Htl&Rst**: 27 stocks, $176bn
- **Cas&Gam**: 35 stocks, $206bn
- **HomeFurn**: 7 stocks, $29bn
- **Advert**: 18 stocks, $120bn
- **CmpElRtl**: 18 stocks, $246bn
- **AutoMfg**: 38 stocks, $836bn
- **AutoParts**: 43 stocks, $284bn
Consumer Staples

Tobacco
13 stocks; $710bn

Dist&Vnt
12 stocks; $238bn

Brewers
14 stocks; $555bn

PkgFdMt
17 stocks; $1224bn

DrugRetail
9 stocks; $312bn

HhldPrdct
18 stocks; $375bn

FdDistri
12 stocks; $49bn

SprCntrs
17 stocks; $450bn

FdRetail
28 stocks; $342bn

PersPrdct
28 stocks; $383bn

AgriProd
28 stocks; $107bn

SoftDrnks
17 stocks; $490bn

July 4, 2016

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July 4, 2016

Health Care

BMO Capital Markets
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Momentum

Strength

HCDistrib
18 stocks; $146bn

MngHCare
13 stocks; $296bn

HCSupplis
30 stocks; $128bn

HCareTec
18 stocks; $66bn

HCService
33 stocks; $202bn

Pharma
95 stocks; $250bn

Biotech
129 stocks; $872bn

LfSciSrv
29 stocks; $191bn

HCSupplis
30 stocks; $128bn

HCareTec
18 stocks; $66bn

HCService
33 stocks; $202bn

Pharma
95 stocks; $250bn

Biotech
129 stocks; $872bn

LfSciSrv
29 stocks; $191bn

HCEquip
72 stocks; $66bn

HCFacility
33 stocks; $135bn

HCEquip
72 stocks; $66bn

HCFacility
33 stocks; $135bn
July 4, 2016

Telecommunication Services

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- WTelSrv: 42 stocks, $908bn
- IntgTelSrv: 51 stocks, $1413bn
- AltCar: 12 stocks, $52bn

BMO Capital Markets
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.
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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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<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>
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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>31.8%</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>
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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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