Group Selection

Priced as of October 22, 2015

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.
# Strength Changes Last Session

<table>
<thead>
<tr>
<th>Momentum</th>
<th>Strength</th>
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</thead>
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<tr>
<td>DiversREIT ↔ Brewers → Semi ↔ OfficeServ →</td>
<td>AltCar ↔ Advert → InetRtl ↔</td>
</tr>
<tr>
<td>AirprtSrv ↔ IntgTelSrv ↔ FrstPrd ↔ Textiles ↔ HCServ →</td>
<td>Fert&amp;Ag ↔ CatalgRtl →</td>
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<tr>
<td>Bakers →</td>
<td>WlsTelSrv ↔ HvyElecEq ↔ ElecComp ↔ DiversBnk →</td>
</tr>
<tr>
<td>IndusREIT ← DiversChm ← FdDistri ← HCEquip → DrugRetail ↓</td>
<td>Htl&amp;Rsrt ← REstDvAct ↓</td>
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<tr>
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<td>ElecInstr ← HCFacility ← RenewElec ↓ Broadcast ↓</td>
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<td>InetSftSrv ↓ Marine ↓ IPPTrad ↓</td>
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<td>HREmpl ↓ MortgREIT ↓ Coal&amp;Uran ↓</td>
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<td>Hsware ↓ ConsmrFin → SystmSwr ↓ HmFrnsh ↓ Alumin ↓ Rstaurn ↓</td>
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<td>Ag&amp;Farm ↓ PersPrdct ↓ SprCntrs ↓ Trucking ↓</td>
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<td>Airline ← Distrib ← Dist&amp;Vnt ↔</td>
<td>Publishing ↓ ElcCmpEq ↓ Ag&amp;Farm ↓</td>
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<td></td>
<td>Tire&amp;Rub ↓ Silver ↓ TrdgDist ← DvrsMng ↓</td>
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<tr>
<td></td>
<td>Cns&amp;Eng ↓ OG E&amp;P ↓ MotcyMfg ↓</td>
</tr>
</tbody>
</table>
October 22, 2015

**Industrials**

Mark Steele (416) 359-4641

**BldPrdcts** 41 stocks; $179bn

**AirprtSrv** 18 stocks; $91bn

**HvyElcEq** 19 stocks; $77bn

**IndCongl** 37 stocks; $948bn

**Railroads** 22 stocks; $396bn

**DvSpSrv** 26 stocks; $72bn

**Marine** 27 stocks; $77bn

**CmclPrt** 12 stocks; $26bn

**DvSpSrv** 26 stocks; $72bn

**Aero&Def** 57 stocks; $787bn

**HREmpl** 25 stocks; $99bn

**Trucking** 12 stocks; $58bn

**Railroads** 22 stocks; $396bn

**IndCongl** 37 stocks; $948bn

**Railroads** 22 stocks; $396bn

**Aero&Def** 57 stocks; $787bn

**CmclPrt** 12 stocks; $26bn

**HREmpl** 25 stocks; $99bn

**Trucking** 12 stocks; $58bn

**Railroads** 22 stocks; $396bn

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**Railroads** 22 stocks; $396bn

**IndCongl** 37 stocks; $948bn

**Railroads** 22 stocks; $396bn
Momentum

Strength

October 22, 2015

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Consumer Staples

Brewers → 14 stocks; $506bn

FdDistri → 11 stocks; $44bn

DrugRetail ↓ 8 stocks; $233bn

14 stocks; $647bn

17 stocks; $470bn

SoftDrinks

17 stocks; $529bn

11 stocks; $44bn

17 stocks; $529bn

14 stocks; $647bn

Tobacco

HhldPrdct ↓ 17 stocks; $529bn

17 stocks; $529bn

PkgFdMt

PersPrdct ← 27 stocks; $340bn

40 stocks; $353bn

17 stocks; $271bn

Dist&Vnt

40 stocks; $353bn

PersPrdct ← 27 stocks; $340bn

SprCntrs → 17 stocks; $415bn

AgriProd ↓ 30 stocks; $109bn

120 stocks; $1059bn

27 stocks; $340bn

12 stocks; $213bn

12 stocks; $213bn

30 stocks; $109bn

27 stocks; $340bn

17 stocks; $415bn

120 stocks; $1059bn

BMO Capital Markets

MOMENTUM

STRENGTH

Health Care

HCService
33 stocks; $198bn

HCDistrib
15 stocks; $173bn

HCSupplies
30 stocks; $110bn

HCEquip
68 stocks; $546bn

Biotech
120 stocks; $398bn

HCEquipment
68 stocks; $546bn

LfSciSrv
30 stocks; $175bn

MngHCare
14 stocks; $262bn

Pharma
95 stocks; $250bn

HCFacility
31 stocks; $128bn

HCareTec
15 stocks; $56bn

October 22, 2015

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HCService, HCSupplies, HCEquip, Biotech, HCEquipment, LfSciSrv, MngHCare, Pharma, HCFacility, HCareTec.

Total stocks: 333
Total market value: $1.26 trillion
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 the are 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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<th>Rating Category</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>
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<tbody>
<tr>
<td>Buy</td>
<td>Outperform</td>
<td>43.7%</td>
<td>18.6%</td>
<td>38.2%</td>
<td>42.7%</td>
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<tr>
<td>Hold</td>
<td>Market Perform</td>
<td>51.4%</td>
<td>10.4%</td>
<td>38.5%</td>
<td>52.1%</td>
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<tr>
<td>Sell</td>
<td>Underperform</td>
<td>4.9%</td>
<td>9.4%</td>
<td>3.3%</td>
<td>5.2%</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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(S) = Speculative investment;
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