Group Selection

Priced as of March 15, 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 (\(\uparrow\) \(\uparrow\) / \(\downarrow\) \(\downarrow\) 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.
Consumer Staples

March 15, 2016

Momentum

Strength

DrugRetail
8 stocks; $224bn

FdRetail
39 stocks; $345bn

AgriProd
29 stocks; $102bn

Brewers
14 stocks; $50bn

SoftDrinks
17 stocks; $468bn

PkgFdMt
118 stocks; $113bn

PersPrdct
27 stocks; $342bn

Dist&Vnt
12 stocks; $214bn

Tobacco
13 stocks; $658bn

HhldPrdct
17 stocks; $546bn

FdDistri
11 stocks; $43bn

SprCntrs
16 stocks; $42bn

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March 15, 2016

Momentum

Strength

Health Care

MngHCare → 14 stocks, $285bn
HCEquip → 69 stocks, $569bn
Pharma → 95 stocks, $337bn

HCSupplls → 30 stocks, $121bn
HCareTec → 17 stocks, $55bn

LfSciSrv → 29 stocks, $167bn
HCDistrib → 17 stocks, $130bn

Biotech → 128 stocks, $787bn
HCFacility → 31 stocks, $123bn

HCSupplls

14 stocks; $285bn
69 stocks; $569bn
95 stocks; $2397bn
30 stocks; $121bn
17 stocks; $55bn
29 stocks; $167bn
17 stocks; $130bn

Biotech

128 stocks; $787bn
31 stocks; $123bn

HCFacility

HCSupplls

March 15, 2016

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March 15, 2016

Information Technology

Momentum

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Strength

SemiEqp
41 stocks; $164bn

HmEntSwr
14 stocks; $102bn

TechDist
16 stocks; $41bn

InetSftSrv
39 stocks; $1203bn

Semi
85 stocks; $805bn

ITConsult
47 stocks; $560bn

SystmSwr
38 stocks; $708bn

ComEquip
49 stocks; $316bn

ElecInstr
45 stocks; $151bn

DataProc
46 stocks; $570bn

EMS
21 stocks; $107bn

ElecComp
39 stocks; $186bn

ApplicSwr
75 stocks; $440bn

HdwrSt&P
44 stocks; $1017bn
Telecommunication Services

Momentum

Strength

IntgTelSrv
60 stocks; $1356bn

AltCar
14 stocks; $55bn

WlsTelSrv
43 stocks; $856bn
March 15, 2016

Utilities

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Momentum

Strength

- MultiUtil 40 stocks $458bn
- ElecUtil 88 stocks $936bn
- WaterUtil 23 stocks $75bn
- GasUtil 38 stocks $209bn
- RenewElec 25 stocks $55bn
- IPPTrad 26 stocks $103bn

MultiUtil

ElecUtil

WaterUtil

GasUtil

RenewElec

IPPTrad

Utilities

BMO Capital Markets

Utilities
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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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.
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Und = Underperform - Forecast to underperform the analyst’s coverage universe on a total return basis
(S) = Speculative investment;
NR = No rating at this time; and
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