Group Selection
Priced as of May 12, 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 (\( \uparrow \uparrow \) / \( \uparrow \) 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

Brewers ← HmEntSwr ← MotcyMfg
Distrib Mod
Aero&Def Mod
PaperPkg ← P&C Insur ← ApplicSwr
Ind Mach ← PersPrdct ← SpecChm
MitSecHld Mod
Tobacco ← HCFacility ← Rstaurnt
CstrMat ← IntgTelSrv
HmImpRtl Mod
HumeBld ← HotelREIT ← Htl&Rsr
HotelREIT Mod
HREmpl Mod
FrstPrd ← REstSrve ← InetRtl
Tire&Rub ← HvyElcEq Mod
Thrft&Mtg ← TechDist ← AsstMgmt
OffceServ Mod
IPPTrad ← HCareTec ← SpCmSrve
PapProd Mod
P&C Insur ← ApplicSwr ← SpecChm
Ind Mach ← PersPrdct ← SpecChm
P&C Insur ← ApplicSwr ← SpecChm
OffceServ Mod
Tobacco ← HCFacility ← Rstaurnt
CstrMat ← IntgTelSrv
HmImpRtl Mod
Alumin ← AltCar ← CatalgRtl
Broadcast ← HmFnrsh
May 12, 2016

**Consumer Discretionary**

**Momentum**
- **Distrib**: 10 stocks; $49bn
- **HomeFurn**: 7 stocks; $28bn
- **Cas&Gam**: 35 stocks; $270bn
- **Mov&Ent**: 22 stocks; $333bn
- **Advert**: 17 stocks; $123bn
- **HhldApl**: 14 stocks; $62bn

**Strength**
- **MotcyMfg**: 4 stocks; $34bn
- **Cabl&Sat**: 27 stocks; $441bn
- **HomeBld**: 33 stocks; $122bn
- **Tire&Rub**: 9 stocks; $77bn
- **InetRtl**: 33 stocks; $57bn
- **AutoRtl**: 16 stocks; $97bn
- **SpCmSrv**: 10 stocks; $21bn
- **AppariRtl**: 27 stocks; $33bn
- **Footwear**: 15 stocks; $117bn
- **DeptStrs**: 12 stocks; $164bn
- **AutoMfg**: 38 stocks; $97bn

**Distrib**
- **Hsware**: 7 stocks; $27bn
- **Publishing**: 21 stocks; $139bn
- **GMrchStrs**: 15 stocks; $132bn
- **Rstaurnt**: 80 stocks; $396bn

**Hsware**
- **LeisFcil**: 12 stocks; $50bn
- **LeisPrd**: 21 stocks; $67bn
- **Educat**: 20 stocks; $38bn
- **CmpElRtl**: 9 stocks; $31bn

**Hsware**
- **Footwear**: 15 stocks; $117bn
- **DeptStrs**: 12 stocks; $164bn
- **AutoMfg**: 38 stocks; $97bn

**Hsware**
- **AutoParts**: 42 stocks; $206bn
- **CmrElec**: 12 stocks; $97bn
- **SpecStors**: 30 stocks; $106bn
- **Appri&Gds**: 43 stocks; $443bn

**Hsware**
- **CatalgRtl**: 5 stocks; $19bn
- **Broadcast**: 32 stocks; $14bn
- **HmFrnsh**: 12 stocks; $31bn
Health Care

May 12, 2016

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Strength

Momentum

LfSciSrv
29 stocks; $189bn

HCareTec
18 stocks; $59bn

HCEquip
71 stocks; $615bn

HCFacility
23 stocks; $135bn

HCService
33 stocks; $195bn

HCDistrib
18 stocks; $131bn

HCSuppls
30 stocks; $121bn

Biotech
128 stocks; $817bn

Pharma
96 stocks; $5409bn

MngHCare
13 stocks; $277bn

Health Care

29 stocks; $189bn

18 stocks; $59bn

71 stocks; $615bn

23 stocks; $135bn

33 stocks; $195bn

18 stocks; $131bn

30 stocks; $121bn

128 stocks; $817bn

96 stocks; $5409bn

13 stocks; $277bn
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<td>REstDv</td>
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May 12, 2016

Telecommunication Services

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WlsTelSrv
41 stocks; $878bn

IntgTelSrv
52 stocks; $1395bn

AltCar
13 stocks; $54bn
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).
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>BMO Rating</th>
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<th>BMOCM US IB Clients**</th>
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<th>BMOCM Universe****</th>
<th>BMOCM IB Clients*****</th>
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<td>18.6%</td>
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<td>Market Perform</td>
<td>54.3%</td>
<td>11.3%</td>
<td>42.7%</td>
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<td>Sell</td>
<td>Underperform</td>
<td>3.5%</td>
<td>11.1%</td>
<td>2.7%</td>
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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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