Group Selection

Priced as of January 20, 2017

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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Sector View

Sector Relative Strength Profiles*

--- | --- | --- | ---
Energy | 66% / 69% / 67% | 0% / 0% / 0% | 3% / 0% / 0%
Materials | 57% / 59% / 56% | 8% / 7% / 10% | 3% / 3% / 4%
Industrials | 55% / 58% / 55% | 3% / 3% / 4% | 1% / -2% / 0%
CMR Disc | 44% / 46% / 43% | 1% / 3% / 3% | 1% / -2% / 0%
CMR Stap | 32% / 34% / 28% | 0% / 0% / 0% | 0% / 0% / 0%
Hlth Care | 38% / 39% / 35% | -3% / -2% / -2% | -3% / -2% / -2%
Financials | 66% / 69% / 69% | 1% / 1% / 0% | 1% / 1% / 0%
Info Tech | 53% / 53% / 51% | 0% / 0% / 0% | 0% / 0% / 0%
Telecom | 27% / 28% / 25% | 11% / 15% / 12% | 11% / 15% / 12%
Utilities | 27% / 30% / 28% | 5% / 6% / 6% | 5% / 6% / 6%
Real Estate | 24% / 26% / 20% | 3% / 2% / 4% | 3% / 2% / 4%

*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
January 20, 2017

Consumer Staples

Mark Steele (416) 359-4641

Momentum

Strength

AgriProd
12 stocks; $111bn

Dist&Vnt
12 stocks; $237bn

Tobacco
14 stocks; $697bn

HhlPrdct
10 stocks; $548bn

PkgFdMt
115 stocks; $1146bn

Brewers
13 stocks; $440bn

SprCntrs
15 stocks; $450bn

SoftDrnks
17 stocks; $419bn

PersPrdct
29 stocks; $367bn

DrugRetail
7 stocks; $193bn

FdDistri
12 stocks; $55bn
Information Technology

Momentum

Strength

EMS
18 stocks; $124bn

Semi
38 stocks; $965bn

InetSftSrv
64 stocks; $1431bn

HdwrSt&P
47 stocks; $1142bn

EM
18 stocks; $124bn

Semi
38 stocks; $965bn

InetSftSrv
64 stocks; $1431bn

HdwrSt&P
47 stocks; $1142bn

ElecComp
36 stocks; $230bn

SemiEqp
39 stocks; $197bn

TechDist
15 stocks; $43bn

DataProc
47 stocks; $645bn

ApplicSwr
71 stocks; $512bn

SystmSwr
92 stocks; $781bn

ElecInstr
42 stocks; $175bn

ComEquip
47 stocks; $326bn

ITConsult
51 stocks; $600bn

HmEntSwr
14 stocks; $124bn
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>
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</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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Mkt = Market Perform - Forecast to perform roughly in line with the analyst’s coverage universe on a total return basis;
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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