Group Selection

Priced as of February 19, 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 (ranked 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.
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February 19, 2016

Consumer Staples

AgriProd
30 stocks; $95bn

HhldPrdct
16 stocks; $552bn

PkgFdMt
120 stocks; $1110bn

Tobacco
13 stocks; $636bn

SoftDrinks
17 stocks; $459bn

FdDistri
11 stocks; $42bn

Tobacco
13 stocks; $636bn

DrugRetail
4 stocks; $24bn

Dist&Vnt
12 stocks; $202bn

Brewers
14 stocks; $490bn

PersPrdct
27 stocks; $320bn

SprCntrs
16 stocks; $412bn

PkgFdMt
120 stocks; $1110bn

FdRetail
49 stocks; $327bn

DrugRetail
4 stocks; $24bn

Tobacco
13 stocks; $636bn

FdDistri
11 stocks; $42bn

Tobacco
13 stocks; $636bn

PkgFdMt
120 stocks; $1110bn

AgriProd
30 stocks; $95bn
## Financials

**Momentum**
- DiversREIT: up, 44 stocks, $148bn
- SpecREIT: up, 27 stocks, $220bn
- InsurBrkrs: down, 6 stocks, $55bn

**Strength**
- ConsmrFin: 27 stocks, $190bn
- HotelREIT: down, 16 stocks, $37bn
- OthrDivFS: up, 5 stocks, $52bn
- REstSrv: 17 stocks, $26bn
- MitSecHld: down, 24 stocks, $272bn
- LifeHthIns: down, 47 stocks, $578bn

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**DiversREIT**
- HCareREIT: up, 14 stocks, $78bn
- P&C Insur: up, 63 stocks, $413bn
- Reinsuran: down, 13 stocks, $124bn
- IndusREIT: 19 stocks, $56bn
- ResidREIT: 26 stocks, $132bn
- RetailREIT: 49 stocks, $225bn

**SpecREIT**
- SpecialFin: down, 33 stocks, $251bn
- Thrft&Mtg: down, 45 stocks, $93bn

**InsurBrkrs**
- InvBnkBrk: up, 36 stocks, $259bn
- AssMgmt: 83 stocks, $371bn
- DivCpMkt: 8 stocks, $121bn

**RegionBnk**
- RegionBnk: 140 stocks, $403bn
- OfficeREIT: down, 30 stocks, $124bn
- OfficeREIT: up, 30 stocks, $124bn

**SpecialFin**
- SpecialFin: 45 stocks, $93bn

**Thrf&Mtg**
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**OfficeREIT**
- OfficeREIT: 30 stocks, $124bn

**REstOpCo**
- REstOpCo: 26 stocks, $132bn

**REstDevl**
- REstDevl: 33 stocks, $174bn

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**ResidREIT**
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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.
IMPORTANT DISCLOSURES

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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>
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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.
*** 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.
**** Reflects rating distribution of all companies covered by BMO Capital Markets equity research analysts.
***** Reflects rating distribution of all companies from which BMO Capital Markets has received compensation for Investment Banking services as percentage of Investment Banking clients.

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OP = Outperform - Forecast to outperform the analyst's coverage universe on a total return basis;
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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