Group Selection
Priced as of September 20, 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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Sector Relative Strength Profiles*

*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 (gridline 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.
Industrials

September 20, 2016
Mark Steele (416) 359-4641

- ElcCmpEq: 37 stocks, $288bn
- Trucking: 28 stocks, $79bn
- RsrcCslt: 30 stocks, $210bn
- MarineSrv: 12 stocks, $51bn
- Ag&Farm: 12 stocks, $87bn
- AirprtSrv: 17 stocks, $110bn
- HvyElcEq: 17 stocks, $77bn
- Sec&Alm: 3 stocks, $54bn
- DvSpSrv: 26 stocks, $66bn
- Cns&Eng: 22 stocks, $276bn
- CnlPrt: 12 stocks, $27bn
- EnviroServ: 23 stocks, $101bn
- Ind Mach: 119 stocks, $556bn
- BldPrdcts: 41 stocks, $199bn
- AirFrght: 17 stocks, $110bn
- Marine: 18 stocks, $51bn
- HREmpl: 23 stocks, $83bn
- Railroads: 12 stocks, $36bn
- OfficeServ: 13 stocks, $41bn
- Airline: 31 stocks, $110bn
- TrdgDist: 48 stocks, $250bn
- BldPrdcts: 41 stocks, $199bn
- IndCongl: 38 stocks, $97bn
- Hvy&Rail: 14 stocks, $95bn
- Aero&Def: 56 stocks, $660bn
September 20, 2016

Information Technology

Momentum

Strength

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Semi
52 stocks; $922bn

TechDist
15 stocks; $368bn

ElecComp
82 stocks; $123bn

EMS
18 stocks; $118bn

HmEntSwr
14 stocks; $138bn

SemiEqp
38 stocks; $166bn

HdwrSt&P
47 stocks; $1087bn

DataProc
48 stocks; $640bn

SystmSwr
34 stocks; $731bn

ElecInstr
41 stocks; $166bn

ApplicSwr
72 stocks; $499bn

ComEquip
47 stocks; $332bn

InetSftSrv
94 stocks; $1461bn

SystmSft
94 stocks; $373bn

ITConsult
51 stocks; $585bn

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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.
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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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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(S) = Speculative investment;
NR = No rating at this time; and
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