Group Selection

Priced as of September 22, 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
**Sector View**

**Sector Relative Strength Profiles**

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
</tr>
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<tbody>
<tr>
<td>Energy</td>
<td>55% / 57% / 49%</td>
<td>5% / 1% / 3%</td>
<td></td>
</tr>
<tr>
<td>Materials</td>
<td>64% / 63% / 56%</td>
<td>5% / 2% / 5%</td>
<td></td>
</tr>
<tr>
<td>Industrials</td>
<td>48% / 50% / 39%</td>
<td>9% / 3% / 7%</td>
<td></td>
</tr>
<tr>
<td>CMR Disc</td>
<td>39% / 41% / 32%</td>
<td>9% / 2% / 10%</td>
<td></td>
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<tr>
<td>CMR Stap</td>
<td>46% / 50% / 36%</td>
<td>4% / 0% / 7%</td>
<td></td>
</tr>
<tr>
<td>Hlth Care</td>
<td>55% / 57% / 47%</td>
<td>11% / 9% / 11%</td>
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</tr>
<tr>
<td>Financials</td>
<td>47% / 48% / 38%</td>
<td>15% / 7% / 12%</td>
<td></td>
</tr>
<tr>
<td>Info Tech</td>
<td>55% / 57% / 49%</td>
<td>18% / 10% / 16%</td>
<td></td>
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<tr>
<td>Telecom</td>
<td>36% / 42% / 29%</td>
<td>3% / -3% / -1%</td>
<td></td>
</tr>
<tr>
<td>Utilities</td>
<td>51% / 54% / 38%</td>
<td>7% / 2% / 6%</td>
<td></td>
</tr>
<tr>
<td>Real Estate</td>
<td>69% / 69% / 56%</td>
<td>-1% / -6% / -2%</td>
<td></td>
</tr>
</tbody>
</table>

*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
Momentum

September 22, 2016

Materials

[Diagram showing momentum and strength with various sectors and their stock counts and market values]

- ComdChm: 40 stocks, $279bn
- MtGlsCnt: 14 stocks, $56bn
- Steel: 59 stocks, $277bn
- IndusGas: 8 stocks, $144bn
- DiversChm: 19 stocks, $273bn
- PrecMet: 22 stocks, $66bn
- Gold: 62 stocks, $211bn
- PaperPkg: 19 stocks, $112bn
- Silver: 3 stocks, $27bn
- Copper: 14 stocks, $64bn
- DvrsMng: 46 stocks, $283bn
- SpecChm: 64 stocks, $435bn
- CstrMat: 27 stocks, $222bn
- PapProd: 26 stocks, $73bn
- Fert&Ag: 34 stocks, $208bn

Mark Steele (416) 359-4641

ComdChm 
Materials
á
40 stocks; $279bn

MtGlsCnt 
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14 stocks; $56bn

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PapProd 
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26 stocks; $73bn

Fert&Ag 
á
34 stocks; $208bn
### Consumer Staples

**Momentum**

**Strength**

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<th>Industry</th>
<th>Momentum</th>
<th>Strength</th>
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<tbody>
<tr>
<td>Consumer Staples</td>
<td>37 stocks: $359bn</td>
<td>16 stocks: $442bn</td>
</tr>
<tr>
<td>SprCntrs</td>
<td>↑</td>
<td>↓</td>
</tr>
<tr>
<td>FdRetail</td>
<td>↑</td>
<td>↑</td>
</tr>
<tr>
<td>PkgFdMt</td>
<td>↑</td>
<td>↑</td>
</tr>
<tr>
<td>Tobacco</td>
<td>↑</td>
<td>↑</td>
</tr>
<tr>
<td>Dist&amp;Vnt</td>
<td>↓</td>
<td>↓</td>
</tr>
<tr>
<td>HhldPrdct</td>
<td>↓</td>
<td>↓</td>
</tr>
<tr>
<td>Brewers</td>
<td>↓</td>
<td>↓</td>
</tr>
<tr>
<td>PersPrdct</td>
<td>↑</td>
<td>↑</td>
</tr>
<tr>
<td>AgriProd</td>
<td>↑</td>
<td>↑</td>
</tr>
<tr>
<td>SoftDrnks</td>
<td>↓</td>
<td>↓</td>
</tr>
<tr>
<td>FdDistri</td>
<td>↑</td>
<td>↑</td>
</tr>
</tbody>
</table>

**Market Caps:**

- DrugRetail: 7 stocks: $200bn
- FdRetail: 37 stocks: $359bn
- SprCntrs: 16 stocks: $442bn
- Tobacco: 13 stocks: $687bn
- Dist&Vnt: 12 stocks: $243bn
- HhldPrdct: 18 stocks: $583bn
- Brewers: 14 stocks: $557bn
- PersPrdct: 28 stocks: $378bn
- AgriProd: 26 stocks: $108bn
- SoftDrnks: 17 stocks: $479bn
- FdDistri: 12 stocks: $48bn

**Date:** September 22, 2016

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<table>
<thead>
<tr>
<th>Category</th>
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<th>Market Value</th>
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<tr>
<td><strong>Momentum</strong></td>
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<tr>
<td>MortgREIT</td>
<td>28</td>
<td>$56bn</td>
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<tr>
<td>OtherDivFS</td>
<td>6</td>
<td>$75bn</td>
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<td>RegionBnk</td>
<td>157</td>
<td>$475bn</td>
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<tr>
<td>Thrft&amp;Mtg</td>
<td>62</td>
<td>$113bn</td>
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<td>MitSecHld</td>
<td>25</td>
<td>$321bn</td>
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<td>DiversBnk</td>
<td>167</td>
<td>$4254bn</td>
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<tr>
<td><strong>Strength</strong></td>
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<tr>
<td>FnlExchDt</td>
<td>22</td>
<td>$290bn</td>
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<tr>
<td>LifeHthIns</td>
<td>46</td>
<td>$720bn</td>
</tr>
<tr>
<td>InsurBrkrs</td>
<td>7</td>
<td>$101bn</td>
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<tr>
<td>SpecialFin</td>
<td>9</td>
<td>$21bn</td>
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<tr>
<td>P&amp;C Insur</td>
<td>62</td>
<td>$452bn</td>
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<tr>
<td>InvBnkBrk</td>
<td>38</td>
<td>$220bn</td>
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<tr>
<td>Multi-Lns</td>
<td>31</td>
<td>$457bn</td>
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<tr>
<td>Reinusu</td>
<td>13</td>
<td>$124bn</td>
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<tr>
<td>Reinsuran</td>
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<td>$215bn</td>
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<tr>
<td>ConsMrFin</td>
<td>27</td>
<td>$462bn</td>
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<tr>
<td>AsstMgmt</td>
<td>35</td>
<td>$113bn</td>
</tr>
<tr>
<td>DivCpMkt</td>
<td>7</td>
<td>$720bn</td>
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</tbody>
</table>
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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<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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<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>
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<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>
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<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>
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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.
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***** 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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