Group Selection

Priced as of May 3, 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 Relative Strength Profiles*

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<tbody>
<tr>
<td>Energy</td>
<td>43% / 46% / 51%</td>
<td>-18% / -23% / -2%</td>
<td></td>
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<tr>
<td>Materials</td>
<td>51% / 52% / 60%</td>
<td>-8% / -11% / 10%</td>
<td></td>
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<tr>
<td>Industrials</td>
<td>54% / 56% / 62%</td>
<td>8% / 4% / 33%</td>
<td></td>
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<tr>
<td>CMR Disc</td>
<td>48% / 48% / 56%</td>
<td>10% / 8% / 31%</td>
<td></td>
</tr>
<tr>
<td>CMR Stap</td>
<td>34% / 37% / 39%</td>
<td>7% / 1% / 36%</td>
<td></td>
</tr>
<tr>
<td>Hlth Care</td>
<td>45% / 46% / 55%</td>
<td>9% / 7% / 25%</td>
<td></td>
</tr>
<tr>
<td>Financials</td>
<td>60% / 62% / 71%</td>
<td>3% / -1% / 24%</td>
<td></td>
</tr>
<tr>
<td>Info Tech</td>
<td>53% / 55% / 64%</td>
<td>9% / 4% / 30%</td>
<td></td>
</tr>
<tr>
<td>Telecom</td>
<td>36% / 42% / 45%</td>
<td>9% / 3% / 28%</td>
<td></td>
</tr>
<tr>
<td>Utilities</td>
<td>45% / 46% / 52%</td>
<td>5% / 0% / 27%</td>
<td></td>
</tr>
<tr>
<td>Real Estate</td>
<td>42% / 42% / 57%</td>
<td>-1% / -6% / 23%</td>
<td></td>
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</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
Strength Changes Last Session

Momentum

CmclPrt ← DivCpMkt → ResidREIT ← IndusGas → InetSftSrv ← ITConsult →
HCareTec ←

Distrib ← SpCmSrv ← Publishing ←

HmImpRtl ← Dist&Vnt ←

REstDvAct ←

HmEntSwr ←

Semi ←

Cns&Eng ←

CstrMat ← IndusREIT ← ElecUtil ←

Cabl&Sat ←

HCareREIT ← FnlExchDt ← ApplicSwr ← P&C Insur ←

Multi-LnIns ← REstSrv ← Copper ← LifeHthIns ←

EMS ← TrdgDist ← Steel ←

PapProd ← MortgREIT ←

HmFrnsh ←

SpecREIT ←

AltCar ←

Footwear ←

FrstPrd ←

Airline ←

HhldPrdct ← SoftDrnks ← LeisFcl ← Mov&Ent ←

FdDistri ←

Reinsuran ←

DvSpSrv ←

Broadcast ←

SpecialFin ←

Advert ←

Int O&G ←

Tobacco ←

GasUtil ←

AirFrght ←

Biotech ←

DataProc ←

RsrcCslt ←

Pharma ←

MultiUtil ←

RenewElec ←

HCFacility ←

HCSuppls ← Dist&Vnt ←

REstOpCo ←

Semi ←

Fert&Ag ←

HCFacility ←

HmImpRtl ← Dist&Vnt ←

REstDvAct ←

HmEntSwr ←

Semi ←

Cns&Eng ←

CstrMat ← IndusREIT ← ElecUtil ←

Cabl&Sat ←
May 3, 2017

Materials

Mark Steele (416) 359-4641

IndusGas
- 8 stocks, $150bn

SpecChm
- 64 stocks, $488bn

ComdChm
- 14 stocks, $332bn

MtGlsCnt
- 14 stocks, $59bn

Fert&Ag
- 33 stocks, $225bn

CstrMat
- 9 stocks, $322bn

PapProd
- 14 stocks, $82bn

Copper
- 14 stocks, $82bn

Steel
- 59 stocks, $332bn

PaperPkg
- 17 stocks, $115bn

DvrsMng
- 47 stocks, $324bn

Gold
- 61 stocks, $769bn

PrecMet
- 22 stocks, $56bn

Silver
- 6 stocks, $20bn

Alumin
- 11 stocks, $45bn

FrstPrd
- 12 stocks, $20bn

DiversChm
- 10 stocks, $351bn

CstrMat
- 27 stocks, $251bn

DvrsMng
- 47 stocks, $324bn
Momentum

Strength

Telecommunication Services

Mark Steele (416) 359-4641

WlsTelSrv
42 stocks; $910bn

IntgTelSrv
63 stocks; $1315bn

AltCar
10 stocks; $59bn
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 the members are 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”
- 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.
Disclosures

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<tr>
<td>Buy</td>
<td>Outperform</td>
<td>41.8%</td>
<td>20.0%</td>
<td>53.3%</td>
<td>42.7%</td>
<td>54.1%</td>
<td>52.9%</td>
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<tr>
<td>Hold</td>
<td>Market Perform</td>
<td>54.4%</td>
<td>13.1%</td>
<td>45.6%</td>
<td>53.8%</td>
<td>43.8%</td>
<td>41.4%</td>
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<tr>
<td>Sell</td>
<td>Underperform</td>
<td>3.7%</td>
<td>4.8%</td>
<td>1.1%</td>
<td>3.0%</td>
<td>1.6%</td>
<td>5.7%</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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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;
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(January 2010 – April 2013)

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