Group Selection

Priced as of March 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 Relative Strength Profiles*

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<thead>
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<tbody>
<tr>
<td>Energy</td>
<td>52% / 58% / 56%</td>
<td>-10% / -20% / -2%</td>
<td></td>
</tr>
<tr>
<td>Materials</td>
<td>52% / 57% / 59%</td>
<td>4% / 0% / 15%</td>
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<tr>
<td>Industrials</td>
<td>51% / 55% / 57%</td>
<td>6% / 0% / 24%</td>
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<tr>
<td>CMR Disc</td>
<td>39% / 46% / 46%</td>
<td>9% / 1% / 21%</td>
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<tr>
<td>CMR Stap</td>
<td>24% / 29% / 26%</td>
<td>18% / 9% / 31%</td>
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<tr>
<td>Hlth Care</td>
<td>31% / 36% / 37%</td>
<td>12% / 6% / 25%</td>
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<tr>
<td>Financials</td>
<td>64% / 68% / 70%</td>
<td>-6% / -8% / 16%</td>
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<tr>
<td>Info Tech</td>
<td>47% / 51% / 53%</td>
<td>11% / 5% / 24%</td>
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<tr>
<td>Telecom</td>
<td>25% / 28% / 30%</td>
<td>16% / 20% / 42%</td>
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<tr>
<td>Utilities</td>
<td>27% / 33% / 36%</td>
<td>12% / 7% / 28%</td>
<td></td>
</tr>
<tr>
<td>Real Estate</td>
<td>23% / 28% / 26%</td>
<td>6% / 2% / 20%</td>
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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 (anchored 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

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<tr>
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<th>Strength</th>
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<td>Ind Mach</td>
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<tr>
<td>LifeHthIns</td>
<td>Dist&amp;Vnt</td>
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<td>IPPTrad</td>
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<td>HmEntSwr</td>
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<tr>
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<td>Aprl&amp;Gds</td>
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<tr>
<td>CstrMat</td>
<td>HCSuppl</td>
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<tr>
<td>HCServ</td>
<td>Tobacco</td>
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<tr>
<td>Fert&amp;Ag</td>
<td>MotcyMfg</td>
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<tr>
<td>FrstPrd</td>
<td>Alumin</td>
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<tr>
<td>HDwrSt&amp;P</td>
<td>HvyElcEq</td>
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<tr>
<td>AirprtSrv</td>
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**Mark Steele (416) 359-4641**
March 20, 2017

**Consumer Staples**

- **Dist&Vnt** ➔ 12 stocks; $256bn
- **PersPrdct** ➔ 29 stocks; $395bn
- **SoftDrnks** ➔ 17 stocks; $477bn
- **PkgFdMt** ➔ 176 stocks; $1183bn
- **HhldPrdct** ➔ 18 stocks; $580bn
- **Brewers** ➔ 13 stocks; $472bn
- **SprCntrs** ➔ 15 stocks; $441bn
- **DrugRetail** ➔ 7 stocks; $190bn
- **Tobacco** ➔ 14 stocks; $767bn
- **AgriProd** ➔ 26 stocks; $110bn

Additional categories:
- **FdRetail** ➔ 18 stocks; $351bn
- **FdDistri** ➔ 12 stocks; $54bn
- **AgriProd** ➔ 14 stocks; $767bn
March 20, 2017

Utilities

IPP Trad
25 stocks; $101bn

Water Util
24 stocks; $84bn

Multi Util
37 stocks; $426bn

Elec Util
90 stocks; $1065bn

Renew Elec
24 stocks; $53bn

Gas Util
33 stocks; $190bn

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March 20, 2017

Real Estate

Momentum

Strength

REstDvAct
33 stocks; $320bn

REstDevl
31 stocks; $207bn

HotelREIT
17 stocks; $48bn

DiversREIT
38 stocks; $146bn

REstOpCo
30 stocks; $175bn

IndusREIT
20 stocks; $83bn

HCareREIT
16 stocks; $95bn

RetailREIT
19 stocks; $116bn

OfficeREIT
31 stocks; $157bn

REstSrv
17 stocks; $31bn

ResidREIT
26 stocks; $149bn

SpecREIT
31 stocks; $291bn
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 groups members are outperforming
2. How consistent that outperformance is
3. How the are 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).
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.
Disclosures

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<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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<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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<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.
*** 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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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;
Spd = Suspended - Coverage and rating suspended until coverage is reinstated;
NR = No Rated - No rating at this time; and
R = Restricted - Dissemination of research is currently restricted.

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