Group Selection

Priced as of February 1, 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
*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

Strength

February 1, 2017

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Energy

OG StTr 94 stocks; $670bn
OG RfMkt 46 stocks; $384bn
OG Equip 52 stocks; $346bn
Coal&Uran 21 stocks; $75bn
OG E&P 120 stocks; $846bn
OG Drill 18 stocks; $41bn
Int O&G 29 stocks; $160bn
February 1, 2017

Consumer Discretionary

HomeBld: 34 stocks; $125bn
Broadcast: 33 stocks; $145bn
Educ: 18 stocks; $43bn
LeisPrd: 21 stocks; $78bn
Cas&Gam: 37 stocks; $245bn
GMrchStrs: 14 stocks; $119bn
Cabl&Sat: 23 stocks; $458bn
CmpEIRtl: 9 stocks; $35bn
LeisFcil: 11 stocks; $49bn
Htl&Rsrt: 24 stocks; $194bn
Publishing: 17 stocks; $51bn
Mov&Ent: 23 stocks; $361bn
InetDmRtl: 37 stocks; $680bn
Rstaurnt: 59 stocks; $379bn
DeptStrs: 21 stocks; $93bn
ApprIRtl: 25 stocks; $130bn
SpecStors: 28 stocks; $100bn
HmImpRtl: 7 stocks; $243bn
Distrib: 10 stocks; $52bn
AutoParts: 12 stocks; $320bn
SpCmSrv: 9 stocks; $21bn
MotcyMfg: 14 stocks; $39bn
Tire&Rub: 10 stocks; $87bn
AutoMfg: 26 stocks; $394bn

HhldApl: 14 stocks; $62bn
Advert: 17 stocks; $121bn
HhldFurn: 6 stocks; $51bn
Footwear: 14 stocks; $113bn
CmrElec: 12 stocks; $117bn
AutoRtl: 14 stocks; $95bn
Hsware: 7 stocks; $26bn
April&Gds: 43 stocks; $494bn
HmFrnsh: 11 stocks; $30bn
Telecommunication Services

- AltCar: 11 stocks, $54bn
- WsTelSrv: 42 stocks, $91bn
- IntgTelSrv: 63 stocks, $132bn

Momentum vs. Strength

February 1, 2017
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February 1, 2017

Utilities

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- GasUtil: 33 stocks, $182bn
- ElecUtil: 89 stocks, $1014bn
- WaterUtil: 23 stocks, $60bn
- RenewElec: 24 stocks, $52bn
- IPPTrad: 25 stocks, $97bn
- MultiUtil: 27 stocks, $404bn
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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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>
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<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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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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