Group Selection

Priced as of February 9, 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 View

Sector Relative Strength Profiles*

<table>
<thead>
<tr>
<th>Hyperlink</th>
<th>% Outperforming</th>
<th>Reward/Risk</th>
<th>Trend Psn</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>US/GBL/CDA</td>
<td>US/GBL/CDA</td>
<td>US/GBL/CDA</td>
</tr>
<tr>
<td>Energy</td>
<td>63% / 67% / 65%</td>
<td>-6% / -6% / -11%</td>
<td></td>
</tr>
<tr>
<td>Materials</td>
<td>54% / 56% / 56%</td>
<td>9% / 9% / 7%</td>
<td></td>
</tr>
<tr>
<td>Industrials</td>
<td>53% / 58% / 54%</td>
<td>1% / 2% / 0%</td>
<td></td>
</tr>
<tr>
<td>CMR Disc</td>
<td>41% / 43% / 41%</td>
<td>-3% / -2% / -3%</td>
<td></td>
</tr>
<tr>
<td>CMR Stap</td>
<td>28% / 32% / 27%</td>
<td>6% / 8% / 6%</td>
<td></td>
</tr>
<tr>
<td>Health Care</td>
<td>37% / 37% / 34%</td>
<td>8% / 9% / 8%</td>
<td></td>
</tr>
<tr>
<td>Financials</td>
<td>66% / 70% / 68%</td>
<td>-1% / 2% / -4%</td>
<td></td>
</tr>
<tr>
<td>Info Tech</td>
<td>51% / 54% / 50%</td>
<td>3% / 4% / 3%</td>
<td></td>
</tr>
<tr>
<td>Telecom</td>
<td>27% / 32% / 28%</td>
<td>6% / 7% / 8%</td>
<td></td>
</tr>
<tr>
<td>Utilities</td>
<td>30% / 35% / 32%</td>
<td>0% / 2% / 0%</td>
<td></td>
</tr>
<tr>
<td>Real Estate</td>
<td>25% / 26% / 21%</td>
<td>13% / 16% / 13%</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
**Consumer Staples**

- **Dist&Vnt**: 12 stocks; $242bn
- **Tobacco**: 14 stocks; $733bn
- **SoftDrinks**: 17 stocks; $457bn
- **Brewers**: 13 stocks; $446bn
- **HhdPrdct**: 18 stocks; $553bn
- **SprCntrs**: 15 stocks; $432bn
- **AgriProd**: 25 stocks; $109bn
- **FdRetail**: 38 stocks; $354bn
- **PkgFdMt**: 115 stocks; $1158bn
- **PersPrdct**: 29 stocks; $371bn
- **FdDistri**: 12 stocks; $54bn
- **DrugRetail**: 7 stocks; $189bn
February 9, 2017

Health Care

Momentum

Strength

Biotech 126 stocks; $906bn

Pharma 98 stocks; $2315bn

LfSciSrv 31 stocks; $222bn

HCServ 31 stocks; $197bn

HCEquip 73 stocks; $693bn

HCEquip 73 stocks; $693bn

HCFacility 30 stocks; $116bn

HCFacility 30 stocks; $116bn

HCService 37 stocks; $197bn

MngHCare 37 stocks; $197bn

HCSuppls 28 stocks; $126bn

HCSuppls 28 stocks; $126bn

HcareTec 17 stocks; $52bn

HcareTec 17 stocks; $52bn

Health Care

Biotech 126 stocks; $906bn

Pharma 98 stocks; $2315bn

LfSciSrv 31 stocks; $222bn

HCServ 31 stocks; $197bn

HCEquip 73 stocks; $693bn

HCEquip 73 stocks; $693bn

HCFacility 30 stocks; $116bn

HCFacility 30 stocks; $116bn

HCService 37 stocks; $197bn

MngHCare 37 stocks; $197bn

HCSuppls 28 stocks; $126bn

HCSuppls 28 stocks; $126bn

HcareTec 17 stocks; $52bn

HcareTec 17 stocks; $52bn
**Financials**

- **AsstMgmt**: 33 stocks; $486bn
- **LifeHthIns**: 47 stocks; $794bn
- **ConsmrFin**: 30 stocks; $258bn
- **P&C Insur**: 61 stocks; $471bn
- **InvBnkBrk**: 35 stocks; $378bn
- **DiversBnk**: 162 stocks; $480bn
- **DivCpMkt**: 9 stocks; $161bn
- **Reinsuran**: 12 stocks; $128bn
- **RegionBnk**: 142 stocks; $622bn
- **Thrift&Mtg**: 46 stocks; $142bn
- **FnlExchDt**: 22 stocks; $291bn
- **MortgREIT**: 26 stocks; $55bn
- **InsurBrkrs**: 2 stocks; $102bn
- **Multi-LnIns**: 30 stocks; $486bn
- **OthrDivFS**: 8 stocks; $85bn
- **SpecialFin**: 9 stocks; $20bn
- **MltSecHld**: 26 stocks; $354bn

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**Mark Steele**
(416) 359-4641
Telecommunication Services

February 9, 2017

Mark Steele (416) 359-4641

WlsTelSrv
42 stocks; $912bn

IntgTelSrv
65 stocks; $1333bn

AltCar
11 stocks; $52bn
February 9, 2017

Utilities

Mark Steele (416) 359-4641

WaterUtil  
24 stocks; $82bn

GasUtil  
34 stocks; $189bn

MultiUtil  
37 stocks; $410bn

IPPTrad  
25 stocks; $98bn

ElecUtil  
90 stocks; $1036bn

RenewElec  
24 stocks; $52bn
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 four 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”
- 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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</thead>
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<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>
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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>
</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.
*** 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.
**** Reflects rating distribution of all companies covered by BMO Capital Markets equity research analysts.
***** 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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