Group Selection

Priced as of February 23, 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*

<table>
<thead>
<tr>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy</td>
<td>60% / 64% / 62%</td>
<td>/ / /</td>
<td>-18% / -18% / -15%</td>
</tr>
<tr>
<td>Materials</td>
<td>56% / 58% / 58%</td>
<td>/ / /</td>
<td>-1% / -2% / 6%</td>
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<tr>
<td>Industrials</td>
<td>53% / 57% / 53%</td>
<td>/ / /</td>
<td>-5% / -4% / 3%</td>
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<tr>
<td>CMR Disc</td>
<td>40% / 43% / 41%</td>
<td>/ / /</td>
<td>-4% / -3% / 3%</td>
</tr>
<tr>
<td>CMR Stap</td>
<td>29% / 31% / 26%</td>
<td>/ / /</td>
<td>3% / 4% / 14%</td>
</tr>
<tr>
<td>Hlth Care</td>
<td>36% / 37% / 32%</td>
<td>/ / /</td>
<td>5% / 7% / 12%</td>
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<tr>
<td>Financials</td>
<td>66% / 70% / 67%</td>
<td>/ / /</td>
<td>-4% / -1% / 5%</td>
</tr>
<tr>
<td>Info Tech</td>
<td>51% / 54% / 48%</td>
<td>/ / /</td>
<td>0% / 0% / 8%</td>
</tr>
<tr>
<td>Telecom</td>
<td>30% / 33% / 30%</td>
<td>/ / /</td>
<td>3% / 3% / 11%</td>
</tr>
<tr>
<td>Utilities</td>
<td>29% / 35% / 32%</td>
<td>/ / /</td>
<td>2% / 3% / 11%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>21% / 28% / 20%</td>
<td>/ / /</td>
<td>14% / 15% / 25%</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.
February 23, 2017

Mark Steele (416) 359-4641

**Energy**

- **Int O&G**: 29 stocks; $158.1bn
- **OG RfMkt**: 46 stocks; $402bn
- **Coal&Uran**: 21 stocks; $78bn
- **OG Drill**: 18 stocks; $41bn
- **OG Equip**: 63 stocks; $333bn
- **OG StTr**: 94 stocks; $678bn
- **OG E&P**: 120 stocks; $827bn
<table>
<thead>
<tr>
<th>Sector</th>
<th>Momentum</th>
<th>Strength</th>
<th>Stocks</th>
<th>Market Cap</th>
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<tr>
<td>CmclPrt</td>
<td></td>
<td></td>
<td>12</td>
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<tr>
<td>Marine</td>
<td></td>
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<td>18</td>
<td>$68bn</td>
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<tr>
<td>Airline</td>
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<td>37</td>
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<td>CnstMch&amp;Tr</td>
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<td>44</td>
<td>$256bn</td>
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<td>IndCongl</td>
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<td>43</td>
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<td>Ag&amp;Farm</td>
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<td>$83bn</td>
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<tr>
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<td>$256bn</td>
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<td>Ind Mach</td>
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<td></td>
<td></td>
<td>69</td>
<td>$299bn</td>
</tr>
<tr>
<td>AirprSrv</td>
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<td>$34bn</td>
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<td>Cns&amp;Eng</td>
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<tr>
<td>AirprSrv</td>
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<td>RsrcCslt</td>
<td></td>
<td></td>
<td>29</td>
<td>$203bn</td>
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</table>
Consumer Staples

February 23, 2017

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13 stocks; $464bn

Brewers

17 stocks; $467bn

SoftDrinks

18 stocks; $573bn

HhldPrdct

29 stocks; $383bn

PersPrdct

38 stocks; $357bn

FdRetail

125 stocks; $1,170bn

DrugRetail

7 stocks; $194bn

12 stocks; $249bn

Dist&Vnt

15 stocks; $446bn

SprCntrs

12 stocks; $55bn

PkgFdMt

14 stocks; $748bn

Tobacco

15 stocks; $466bn

FdDistri

25 stocks; $110bn

AgriProd

22 stocks; $110bn

FdRetail
Financials

Momentum

Strength

- OthrDivFS (3 stocks; $87bn)
- DivCpMkt (7 stocks; $163bn)
- RegionBnk (142 stocks; $647bn)
- AsstMgmt (83 stocks; $500bn)
- Thrft&Mtg (46 stocks; $132bn)
- InvBnkBrk (35 stocks; $388bn)

- SpecialFin (9 stocks; $220bn)
- ConsmrFin (30 stocks; $264bn)
- P&C Insur (51 stocks; $467bn)
- DiversBnk (162 stocks; $4927bn)
- Reinsuran (12 stocks; $128bn)
- LifeHthIns (47 stocks; $164bn)

- InsurBrkrs (7 stocks; $105bn)
- P&G Insur (26 stocks; $597bn)
- MortgREIT (20 stocks; $57bn)
- InvBnkBrk (30 stocks; $487bn)
- Multi-LnIns (26 stocks; $363bn)
- FnlExchDt (22 stocks; $298bn)
- MitSecHld (26 stocks; $363bn)

- 8 stocks; $87bn
- 9 stocks; $264bn
- 142 stocks; $647bn
- 83 stocks; $500bn
- 46 stocks; $132bn
- 35 stocks; $388bn
Momentum

Utilities

February 23, 2017

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Utilities

ElecUtil
90 stocks; $1058bn

RenewElec
24 stocks; $54bn

MultiUtil
17 stocks; $417bn

WaterUtil
24 stocks; $54bn

IPPTrad
25 stocks; $100bn

GasUtil
24 stocks; $191bn

Utilities
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.
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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Distribution of Ratings (December 31, 2014)

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<th>Rating Category</th>
<th>BMO Rating</th>
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<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>43.4%</td>
<td>16.2%</td>
<td>60.6%</td>
<td>42.6%</td>
<td>51.7%</td>
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<tr>
<td>Hold</td>
<td>Market Perform</td>
<td>52.6%</td>
<td>8.1%</td>
<td>36.6%</td>
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<td>45.8%</td>
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<tr>
<td>Sell</td>
<td>Underperform</td>
<td>3.9%</td>
<td>8.3%</td>
<td>2.8%</td>
<td>4.5%</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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***** 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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We use the following ratings system definitions:

OP = Outperform - Forecast to outperform the analyst’s coverage universe on a total return basis;
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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