Group Selection

Priced as of March 17, 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*

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<tr>
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<tbody>
<tr>
<td>Energy</td>
<td>53% / 59% / 57%</td>
<td>-14% / -22% / -6%</td>
<td></td>
</tr>
<tr>
<td>Materials</td>
<td>52% / 57% / 58%</td>
<td>2% / -2% / 14%</td>
<td></td>
</tr>
<tr>
<td>Industrials</td>
<td>51% / 55% / 57%</td>
<td>9% / 3% / 23%</td>
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<tr>
<td>CMR Disc</td>
<td>39% / 46% / 46%</td>
<td>11% / 4% / 22%</td>
<td></td>
</tr>
<tr>
<td>CMR Stap</td>
<td>24% / 29% / 27%</td>
<td>13% / 9% / 31%</td>
<td></td>
</tr>
<tr>
<td>Hlth Care</td>
<td>31% / 36% / 37%</td>
<td>10% / 6% / 22%</td>
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<tr>
<td>Financials</td>
<td>64% / 68% / 70%</td>
<td>-1% / -5% / 15%</td>
<td></td>
</tr>
<tr>
<td>Info Tech</td>
<td>47% / 51% / 52%</td>
<td>10% / 5% / 20%</td>
<td></td>
</tr>
<tr>
<td>Telecom</td>
<td>25% / 28% / 30%</td>
<td>19% / 20% / 38%</td>
<td></td>
</tr>
<tr>
<td>Utilities</td>
<td>27% / 33% / 35%</td>
<td>11% / 8% / 33%</td>
<td></td>
</tr>
<tr>
<td>Real Estate</td>
<td>23% / 28% / 26%</td>
<td>6% / 5% / 18%</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 (-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

Cas&Gam  ↠  MortgREIT  ↠  InsurBrkr  ↠  HldAp  ↠  MitSecHld  ↠  Hlndl
Airline  ↠  Copper  ↠  Dist&Vnt  ↠  InvBnkBrk  ↠  HCareTec  ↠  Distr
Ind Mach  ↠  HCServ  ↠  BldPrdct  ↠  P&C Insur  ↠  LeisPrd  ↠  Gold

Strength

Steel  ↠  Aero&Def  ↠  CmclPrt  ↠  Pharma  ↠  AutoRtl  ↠  Mov&Ent
ElecComp  ↠  EnviroServ  ↠  MarineSrv  ↠  FrstPrd  ↠  Tobacco  ↠  Advert

ComdChm  ↠  TrdgDist  ↠  SpCmSrv  ↠  IndCongl  ↠  ElcCmpEq  ↠  IndusREIT

Marine  ↠  WaterUtil  ↠  MngHCare  ↠  BioTech  ↠  SpecREIT  ↠  OfficeREIT

March 17, 2017
Mark Steele (416) 359-4641
March 17, 2017

**Materials**

**Momentum**
- Copper: 14 stocks; $88bn
- PapProd: 26 stocks; $85bn
- DiversChm: 30 stocks; $349bn
- SpecChm: 64 stocks; $470bn
- Steel: 69 stocks; $370bn
- Alumin: 12 stocks; $54bn
- ComdChm: 39 stocks; $324bn
- FrstPrd: 12 stocks; $19bn
- CstrMat: 27 stocks; $244bn
- Fert&Ag: 33 stocks; $229bn

**Strength**
- MtGlsCnt: 14 stocks; $57bn
- Gold: 21 stocks; $178bn
- PrecMet: 64 stocks; $470bn
- Silver: 47 stocks; $360bn
- PapProd: 22 stocks; $59bn
- PaperPkg: 17 stocks; $112bn
- Alumin: 12 stocks; $54bn
- ComdChm: 39 stocks; $324bn
- FrstPrd: 12 stocks; $19bn
- CstrMat: 27 stocks; $244bn
- Fert&Ag: 33 stocks; $229bn

*Source: BMO Capital Markets*
March 17, 2017

**Financials**

- **Momentum**
  - SpecialFin: 9 stocks, $22bn
  - MortgREIT: 26 stocks, $58bn
  - InsurBrkrs: 7 stocks, $107bn
  - MltSecHld: 26 stocks, $173bn
  - ConsmrFin: 30 stocks, $257bn
  - InvBnkBrk: 35 stocks, $386bn
  - OthrDivFS: 8 stocks, $89bn
  - Multi-LnIns: 30 stocks, $499bn
  - DivCpMkt: 9 stocks, $166bn
  - DiversBnk: 62 stocks, $499bn
  - LifeHthIns: 67 stocks, $523bn
  - RegionBnk: 142 stocks, $633bn
  - Thrft&Mtg: 46 stocks, $134bn

- **Strength**
  - P&C Insur: 61 stocks, $487bn
  - Reinsuran: 12 stocks, $129bn
  - 30 stocks, $257bn
  - 35 stocks, $386bn
  - 8 stocks, $89bn
  - 30 stocks, $499bn
  - 62 stocks, $499bn
  - 67 stocks, $523bn
  - 142 stocks, $633bn
  - 46 stocks, $134bn
  - 26 stocks, $173bn
  - 26 stocks, $58bn
  - 7 stocks, $107bn
  - 30 stocks, $257bn
  - 35 stocks, $386bn
  - 8 stocks, $89bn
  - 30 stocks, $499bn
  - 62 stocks, $499bn
  - 67 stocks, $523bn
  - 142 stocks, $633bn
  - 46 stocks, $134bn
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 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).
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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<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>
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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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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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(April 2013 – October 2016)
(January 2010 – April 2013)

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