Group Selection

Priced as of May 25, 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**

*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)*

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<tbody>
<tr>
<td>Energy</td>
<td>31% / 27% / 44%</td>
<td>-11% / -9% / -6%</td>
<td></td>
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<tr>
<td>Materials</td>
<td>50% / 45% / 62%</td>
<td>-3% / -5% / 4%</td>
<td></td>
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<tr>
<td>Industrials</td>
<td>54% / 49% / 67%</td>
<td>-1% / -1% / 12%</td>
<td></td>
</tr>
<tr>
<td>CMR Disc</td>
<td>48% / 45% / 61%</td>
<td>0% / -3% / 10%</td>
<td></td>
</tr>
<tr>
<td>CMR Stap</td>
<td>51% / 47% / 63%</td>
<td>9% / 5% / 20%</td>
<td></td>
</tr>
<tr>
<td>Health Care</td>
<td>52% / 48% / 64%</td>
<td>3% / 1% / 12%</td>
<td></td>
</tr>
<tr>
<td>Financials</td>
<td>45% / 42% / 63%</td>
<td>-1% / -3% / 7%</td>
<td></td>
</tr>
<tr>
<td>Info Tech</td>
<td>61% / 57% / 71%</td>
<td>11% / 10% / 22%</td>
<td></td>
</tr>
<tr>
<td>Telecom</td>
<td>51% / 46% / 65%</td>
<td>11% / 5% / 18%</td>
<td></td>
</tr>
<tr>
<td>Utilities</td>
<td>58% / 52% / 70%</td>
<td>14% / 11% / 25%</td>
<td></td>
</tr>
<tr>
<td>Real Estate</td>
<td>46% / 41% / 66%</td>
<td>4% / 2% / 14%</td>
<td></td>
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(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**

- Copper: 14 stocks, $84bn
- PaperPkg: 17 stocks, $115bn
- PapProd: 26 stocks, $92bn
- CstrMat: 27 stocks, $249bn
- ComdChm: 39 stocks, $324bn
- MtGlsCnt: 14 stocks, $61bn
- Alumin: 11 stocks, $45bn
- SpecChm: 64 stocks, $496bn
- DiversChm: 20 stocks, $345bn
- OG E&P: 113 stocks, $752bn
- OG StTr: 93 stocks, $669bn
- OG S1Tr: 59 stocks, $332bn
- Steel: 6 stocks, $21bn
- Silver: 8 stocks, $21bn
- PrecMet: 11 stocks, $59bn
- ComdChm: 39 stocks, $324bn
- MtGlsCnt: 14 stocks, $61bn
- Alumin: 11 stocks, $45bn
- SpecChm: 64 stocks, $496bn
- DiversChm: 20 stocks, $345bn
- OG RfMkt: 45 stocks, $421bn
- OG RfMkt: 45 stocks, $421bn
- FrstPrd: 12 stocks, $19bn
- FrstPrd: 12 stocks, $19bn
- OG Equip: 60 stocks, $293bn
- IndusGas: 8 stocks, $163bn
- Int O&G: 29 stocks, $158bn
- Fert&Ag: 33 stocks, $228bn
- Gold: 61 stocks, $174bn
- DvrsMng: 47 stocks, $330bn
- Coal&Uran: 16 stocks, $72bn
- OG Drill: 16 stocks, $72bn
- DvrsMng: 47 stocks, $330bn

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Momentum

Strength

OG E&P
113 stocks; $752bn

OG StTr
93 stocks; $668bn

Coal&Uran
22 stocks; $72bn

OG Drill
16 stocks; $29bn

Int O&G
29 stocks; $1588bn

OG Equip
60 stocks; $293bn

OG RfMkt
45 stocks; $421bn
Copper
14 stocks; $84bn

PaperPkg
17 stocks; $115bn

CstrMat
27 stocks; $249bn

ComdChm
39 stocks; $324bn

MtGlsCnt
14 stocks; $61bn

Alumin
11 stocks; $45bn

SpecChm
64 stocks; $490bn

DiversChm
20 stocks; $345bn

DvrsMng
47 stocks; $330bn

Steel
59 stocks; $332bn

Silver
9 stocks; $21bn

PrecMet
22 stocks; $99bn

Fert&Ag
32 stocks; $228bn

Gold
61 stocks; $174bn

IndusGas
8 stocks; $163bn

FrstPrd
12 stocks; $19bn

Momentum

Materials

Strength

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Health Care

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Strength

Momentum

HCDistrib
19 stocks; $133bn

LfSciSrv
32 stocks; $254bn

HCareTec
18 stocks; $658bn

HCEquip
72 stocks; $775bn

MngHCare
72 stocks; $374bn

HCFacility
28 stocks; $107bn

Biotech
126 stocks; $939bn

HCService
29 stocks; $136bn

HCService
27 stocks; $142bn

HCSuppls
102 stocks; $2468bn

Pharma
102 stocks; $2468bn

19 stocks; $133bn

32 stocks; $254bn

18 stocks; $658bn

72 stocks; $775bn

72 stocks; $374bn

28 stocks; $107bn

126 stocks; $939bn

29 stocks; $136bn

27 stocks; $142bn

102 stocks; $2468bn

Pharma
102 stocks; $2468bn
May 25, 2017

Information Technology

Momentum

Strength

ITConsult 49 stocks; $632bn

ApplicSwr 68 stocks; $600bn

HmEntSwr 14 stocks; $176bn

InetStfSrv 23 stocks; $1784bn

DataProc 47 stocks; $716bn

ElecInstr 44 stocks; $272bn

SystmSwr 34 stocks; $888bn

Semi 78 stocks; $1084bn

EMS 17 stocks; $143bn

SemiEqp 39 stocks; $247bn

TechDist 16 stocks; $46bn

ElecComp 38 stocks; $259bn

HdwrSt&P 45 stocks; $1384bn

ComEquip 44 stocks; $352bn

INetSftSrv

DataProc

InetStfSrv

HmEntSwr

ApplicSwr

ElecInstr

Semi

EMS

EMS

SemiEqp

SystmSwr

SystmSwr

SystmSwr
<table>
<thead>
<tr>
<th>Momentum</th>
<th>Strength</th>
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<tr>
<td><strong>IntgTelSrv</strong></td>
<td>63 stocks; $1354bn</td>
</tr>
<tr>
<td><strong>AltCar</strong></td>
<td>10 stocks; $59bn</td>
</tr>
<tr>
<td><strong>WlsTelSrv</strong></td>
<td>42 stocks; $947bn</td>
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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 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).
**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>43.2%</td>
<td>22.8%</td>
<td>57.4%</td>
<td>44.1%</td>
<td>57.0%</td>
<td>52.8%</td>
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<tr>
<td>Hold</td>
<td>Market Perform</td>
<td>53.2%</td>
<td>13.1%</td>
<td>40.6%</td>
<td>52.6%</td>
<td>41.1%</td>
<td>41.6%</td>
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<tr>
<td>Sell</td>
<td>Underperform</td>
<td>3.7%</td>
<td>9.5%</td>
<td>2.0%</td>
<td>3.2%</td>
<td>1.6%</td>
<td>5.5%</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.
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(S) = Speculative investment;
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(January 2010 - April 2013)

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