Group Selection
Priced as of January 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 Relative Strength Profiles*

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy</td>
<td>65% / 67% / 67%</td>
<td>7% / 5% / -5%</td>
<td></td>
</tr>
<tr>
<td>Materials</td>
<td>58% / 58% / 56%</td>
<td>13% / 11% / 4%</td>
<td></td>
</tr>
<tr>
<td>Industrials</td>
<td>56% / 58% / 56%</td>
<td>1% / 1% / -8%</td>
<td></td>
</tr>
<tr>
<td>CMR Disc</td>
<td>44% / 46% / 45%</td>
<td>2% / 0% / -8%</td>
<td></td>
</tr>
<tr>
<td>CMR Stap</td>
<td>33% / 34% / 29%</td>
<td>3% / 2% / -6%</td>
<td></td>
</tr>
<tr>
<td>Hlth Care</td>
<td>39% / 41% / 37%</td>
<td>0% / 0% / -7%</td>
<td></td>
</tr>
<tr>
<td>Financials</td>
<td>66% / 69% / 69%</td>
<td>-1% / 0% / -15%</td>
<td></td>
</tr>
<tr>
<td>Info Tech</td>
<td>53% / 54% / 52%</td>
<td>0% / -2% / -8%</td>
<td></td>
</tr>
<tr>
<td>Telecom</td>
<td>26% / 27% / 24%</td>
<td>16% / 18% / 4%</td>
<td></td>
</tr>
<tr>
<td>Utilities</td>
<td>25% / 28% / 28%</td>
<td>12% / 13% / 3%</td>
<td></td>
</tr>
<tr>
<td>Real Estate</td>
<td>24% / 26% / 20%</td>
<td>9% / 8% / -2%</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.
**Momentum**

**Strength**

- **Alumin**
  - 12 stocks; $46bn
- **DvrsMng**
  - 47 stocks; $353bn
- **Steel**
  - 59 stocks; $364bn

- **CstrMat**
  - 28 stocks; $228bn
- **IndusGas**
  - 8 stocks; $149bn

- **DvrsChm**
  - 28 stocks; $327bn
- **SpecChm**
  - 64 stocks; $433bn

- **Int O&G**
  - 20 stocks; $166bn
- **ComdChm**
  - 40 stocks; $312bn
- **Coal&Uran**
  - 21 stocks; $75bn
- **Copper**
  - 14 stocks; $87bn

- **Fert&Ag**
  - 33 stocks; $226bn
- **OG Drill**
  - 18 stocks; $44bn
- **OG Equip**
  - 69 stocks; $350bn
- **OG StTr**
  - 87 stocks; $661bn

- **OG RfMkt**
  - 25 stocks; $382bn
- **OG E&P**
  - 120 stocks; $866bn

- **PrecMet**
  - 23 stocks; $650bn
- **OG RfMkt**
  - 25 stocks; $382bn

- **Gold**
  - 61 stocks; $181bn
- **PaperPkg**
  - 93 stocks; $661bn

- **FrstPrd**
  - 12 stocks; $17bn
Consumer Staples

January 17, 2017

Mark Steele (416) 359-4641

Momentum

Strength

AgriProd ↓ 26 stocks; $110bn

Tobacco ↓ 14 stocks; $687bn

DrugRetail ↓ 7 stocks; $199bn

SprCntrs ↑ 15 stocks; $422bn

FdRetail ↑ 38 stocks; $358bn

Dist&Vnt ↑ 12 stocks; $236bn

PkgFdMt ↑ 115 stocks; $1146bn

Brewers ↑ 13 stocks; $439bn

SoftDrinks ↑ 17 stocks; $448bn

HhldPrdct ↑ 18 stocks; $540bn

PersPrdct ↑ 29 stocks; $368bn

FdDistri ↑ 12 stocks; $55bn

FdRetail

38 stocks; $358bn

Tobacco

14 stocks; $687bn

DrugRetail

7 stocks; $199bn

SprCntrs

15 stocks; $422bn

AgriProd

26 stocks; $110bn

Dist&Vnt

12 stocks; $236bn

PkgFdMt

115 stocks; $1146bn

Brewers

13 stocks; $439bn

SoftDrinks

17 stocks; $448bn

HhldPrdct

18 stocks; $540bn

PersPrdct

29 stocks; $368bn

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Telecommunication Services

January 17, 2017

Mark Steele (416) 359-4641

IntgTelSrv
67 stocks; $1358bn

WlsTelSrv
42 stocks; $888bn

AltCar
11 stocks; $53bn

BMO Capital Markets
Utilities

Momentum

Strength

January 17, 2017

Mark Steele (416) 359-4641

IPP Trad
25 stocks; $99bn

Water Util
23 stocks; $79bn

Multi Util
37 stocks; $414bn

Elec Util
89 stocks; $1024bn

Gas Util
35 stocks; $192bn

Renew Elec
24 stocks; $51bn
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).
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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<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>
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<td>Buy</td>
<td>Outperform</td>
<td>42.2%</td>
<td>44.3%</td>
<td>56.9%</td>
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<tr>
<td>Hold</td>
<td>Market Perform</td>
<td>54.3%</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>2.7%</td>
<td>2.2%</td>
<td>5.0%</td>
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<td></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.
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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
R = Restricted - Dissemination of research is currently restricted.

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