Group Selection

Priced as of April 3, 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*

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<tbody>
<tr>
<td>Energy</td>
<td>48% / 51% / 53%</td>
<td>/ / /</td>
<td>3% / 0% / 3%</td>
</tr>
<tr>
<td>Materials</td>
<td>52% / 57% / 60%</td>
<td>/ / /</td>
<td>2% / -2% / 5%</td>
</tr>
<tr>
<td>Industrials</td>
<td>52% / 56% / 59%</td>
<td>/ / /</td>
<td>4% / 1% / 8%</td>
</tr>
<tr>
<td>CMR Disc</td>
<td>39% / 46% / 49%</td>
<td>/ / /</td>
<td>7% / 4% / 10%</td>
</tr>
<tr>
<td>CMR Stap</td>
<td>25% / 30% / 29%</td>
<td>/ / /</td>
<td>10% / 9% / 16%</td>
</tr>
<tr>
<td>Hlth Care</td>
<td>32% / 37% / 40%</td>
<td>/ / /</td>
<td>8% / 7% / 10%</td>
</tr>
<tr>
<td>Financials</td>
<td>65% / 69% / 72%</td>
<td>/ / /</td>
<td>-4% / -5% / -1%</td>
</tr>
<tr>
<td>Info Tech</td>
<td>49% / 52% / 54%</td>
<td>/ / /</td>
<td>3% / 0% / 7%</td>
</tr>
<tr>
<td>Telecom</td>
<td>24% / 30% / 35%</td>
<td>/ / /</td>
<td>16% / 15% / 23%</td>
</tr>
<tr>
<td>Utilities</td>
<td>29% / 38% / 41%</td>
<td>/ / /</td>
<td>16% / 14% / 18%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>24% / 29% / 31%</td>
<td>/ / /</td>
<td>12% / 10% / 14%</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
Momentum

Strength

April 3, 2017

Mark Steele (416) 359-4641

Materials

FrstPrd
12 stocks; $19bn

CstrMat
27 stocks; $244bn

Fert&Ag
33 stocks; $266bn

ComdChm
39 stocks; $227bn

Alumin
17 stocks; $46bn

SpecChm
64 stocks; $477bn

Copper
14 stocks; $37bn

DiversChm
20 stocks; $351bn

DvrsMng
46 stocks; $343bn

MtgMng
14 stocks; $350bn

MtGisCnt
14 stocks; $56bn

PrecMet
22 stocks; $352bn

PaperPkg
17 stocks; $111bn

Gold
81 stocks; $781bn

IndusGas
8 stocks; $156bn

Silver
9 stocks; $21bn

PapProd
26 stocks; $84bn

ComdChm
39 stocks; $327bn

CstrMat
27 stocks; $244bn

Fert&Ag
33 stocks; $266bn

ComdChm
39 stocks; $227bn

Alumin
17 stocks; $46bn

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8 stocks; $156bn

Silver
9 stocks; $21bn

PapProd
26 stocks; $84bn
**Consumer Staples**

- **SprCntrs**: 15 stocks, $450bn
- **Tobacco**: 14 stocks, $761bn
- **SoftDrinks**: 17 stocks, $482bn
- **FdRetail**: 38 stocks, $353bn
- **DrugRetail**: 8 stocks, $192bn
- **FdDistri**: 12 stocks, $54bn
- **AgriProd**: 25 stocks, $110bn
- **Brewers**: 13 stocks, $472bn
- **HhldPrdct**: 18 stocks, $574bn
- **Dist&Vnt**: 12 stocks, $255bn
- **PersPrdct**: 29 stocks, $394bn
- **PkgFdMt**: 116 stocks, $1181bn
Utilities

April 3, 2017

Mark Steele (416) 359-4641

Strength

Momentum

Utilities

RenewElec
24 stocks; $54bn

ElecUtil
90 stocks; $1087bn

MultiUtil
37 stocks; $435bn

IPPTrad
25 stocks; $101bn

GasUtil
33 stocks; $193bn

WaterUtil
24 stocks; $86bn

37 stocks; $435bn

25 stocks; $101bn

24 stocks; $86bn

90 stocks; $1087bn

54 stocks; $54bn
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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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;
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(January 2010 – April 2013)

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