Group Selection

Priced as of May 12, 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>
<td>Energy</td>
<td>38% / 37% / 48%</td>
<td>/ / /</td>
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<tr>
<td>Materials</td>
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<td>/ / /</td>
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<tr>
<td>Industrials</td>
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<tr>
<td>CMR Disc</td>
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<tr>
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<td>14% / 8% / 28%</td>
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<td>Telecom</td>
<td>49% / 47% / 56%</td>
<td>/ / /</td>
<td>8% / 2% / 20%</td>
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<tr>
<td>Utilities</td>
<td>57% / 53% / 67%</td>
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<tr>
<td>Real Estate</td>
<td>46% / 41% / 63%</td>
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<tr>
<td>Energy</td>
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<td>/ / /</td>
<td>-5% / -14% / 7%</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

May 12, 2017

Mark Steele (416) 359-4641

Resources

IndusGas
8 stocks; $162bn

FrstPrd
12 stocks; $19bn

Int O&G
29 stocks; $156bn

PaperPkg
17 stocks; $114bn

Gold
61 stocks; $177bn

Fert&Ag
33 stocks; $225bn

OG RfMkt
45 stocks; $429bn

DiversChm
20 stocks; $353bn

OG StTr
93 stocks; $674bn

PapProd
26 stocks; $88bn

Alumin
11 stocks; $45bn

SpecChm
64 stocks; $487bn

ComdChm
39 stocks; $320bn

MtGisCnt
14 stocks; $60bn

MtGisCnt
14 stocks; $60bn

OG Equip
60 stocks; $299bn

DvrsMng
47 stocks; $320bn

OG Drill
16 stocks; $31bn

OG E&P
113 stocks; $771bn

Copper
14 stocks; $81bn

Coal&Uran
22 stocks; $73bn

CstrMat
27 stocks; $251bn

Steel
59 stocks; $323bn

PrecMet
22 stocks; $59bn

Silver
9 stocks; $27bn

OG Drill
16 stocks; $31bn

OG E&P
113 stocks; $771bn

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14 stocks; $81bn

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Copper
14 stocks; $81bn

Coal&Uran
22 stocks; $73bn

CstrMat
27 stocks; $251bn

Steel
59 stocks; $323bn
Consumer Staples

Brewers: 14 stocks; $508bn
Tobacco: 14 stocks; $772bn
PersPrdct: 29 stocks; $429bn
HhdPrdct: 28 stocks; $571bn

Dist&Vnt: 12 stocks; $271bn
SoftDrinks: 17 stocks; $491bn

PkgFdMt: 173 stocks; $1223bn
FdRetail: 37 stocks; $364bn

DrugRetail: 8 stocks; $198bn
AgriProd: 25 stocks; $107bn

SprCntrs: 15 stocks; $459bn
FdDistri: 12 stocks; $55bn

May 12, 2017
Financials

Momentum

Strength

May 12, 2017

Mark Steele (416) 359-4641

InsurBrkrs ➔
7 stocks; $109bn

SpecialFin ➔
10 stocks; $24bn

DiversBnk ➔
161 stocks; $5015bn

MltSecHld ➔
26 stocks; $372bn

Multi-LnIns ➔
30 stocks; $506bn

DivCpMkt ➔
9 stocks; $180bn

AsstMgmt ➔
63 stocks; $3590bn

FnlExchDt ➔
23 stocks; $321bn

MortgREIT ➔
25 stocks; $57bn

LifeHthIns ➔
46 stocks; $810bn

P&C Insur ➔
61 stocks; $452bn

RegionBnk ➔
141 stocks; $605bn

InvBnkBrk ➔
38 stocks; $578bn

Thrft&Mtg ➔
46 stocks; $135bn

OthrDivFS ➔
8 stocks; $84bn

Reinsuran ➔
12 stocks; $125bn
Telecommunication Services

May 12, 2017

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WlsTelSrv ↑
42 stocks; $925bn

IntgTelSrv ↓
63 stocks; $1333bn

AltCar ↓
10 stocks; $58bn
Momentum

Strength

Utilities

May 12, 2017

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MultiUtil
32 stocks; $460bn

RenewElec
24 stocks; $54bn

ElecUtil
90 stocks; $1106bn

IPPTrad
25 stocks; $101bn

WaterUtil
24 stocks; $99bn

GasUtil
33 stocks; $194bn

Utilities
Momentum

Strength

May 12, 2017

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Real Estate

REstOpCo
31 stocks; $192bn

HCareREIT
19 stocks; $108bn

IndusREIT
20 stocks; $88bn

REstDvAct
34 stocks; $327bn

REstDevI
31 stocks; $209bn

SpecREIT
31 stocks; $302bn

REstSrv
11 stocks; $31bn

ResidREIT
26 stocks; $152bn

OfficREIT
13 stocks; $154bn

RetailREIT
50 stocks; $308bn

DiversREIT
41 stocks; $156bn

HotelREIT
18 stocks; $48bn

OfficeREIT
33 stocks; $154bn

RetailREIT
50 stocks; $308bn

DiversREIT
41 stocks; $156bn

HotelREIT
18 stocks; $48bn
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.
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>
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<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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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;
Spd = Suspended - Coverage and rating suspended until coverage is reinstated;
NR = No Rated - No rating at this time; and
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(April 2013 – October 2016)

(January 2010 – April 2013)

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