Group Selection
Priced as of February 27, 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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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 (\[\bar{\mu}\] / \[\bar{\sigma}\] 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.
February 27, 2017

**Materials**

- MtGlsCnt: 14 stocks, $57bn
- PaperPkg: 17 stocks, $113bn
- FrstPrd: 12 stocks, $19bn
- PapProd: 16 stocks, $83bn
- SpecChm: 24 stocks, $455bn
- DiversChm: 20 stocks, $342bn
- ComdChm: 40 stocks, $324bn
- Steel: 59 stocks, $369bn
- Alumin: 12 stocks, $53bn
- CstrMat: 27 stocks, $237bn
- DvrsMng: 47 stocks, $353bn
- Copper: 14 stocks, $89bn
- Fert&Ag: 33 stocks, $524bn
- Gold: 61 stocks, $179bn
- Silver: 49 stocks, $21bn
- IndusGas: 8 stocks, $147bn
- PrecMet: 22 stocks, $59bn
Information Technology

February 27, 2017

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Semi
79 stocks; $1003bn

ElecComp
37 stocks; $245bn

EMS
16 stocks; $138bn

SemiEquip
46 stocks; $219bn

DataProc
47 stocks; $665bn

ElecInstr
44 stocks; $183bn

ComEquip
47 stocks; $359bn

TechDist
15 stocks; $45bn

ApplicSwr
71 stocks; $543bn

ITConsult
50 stocks; $631bn

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ComEquip
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TechDist
15 stocks; $45bn

ApplicSwr
71 stocks; $543bn

ITConsult
50 stocks; $631bn

HdwrSt&P
47 stocks; $1258bn

HmEntSwr
14 stocks; $135bn

SystmSwr
34 stocks; $824bn

InetSftSrv
96 stocks; $1522bn
Real Estate

Momentum vs. Strength

- SpecREIT: 30 stocks, $278bn
- OfficeREIT: 31 stocks, $162bn
- HCareREIT: 16 stocks, $100bn
- ResidREIT: 26 stocks, $151bn
- IndusREIT: 20 stocks, $84bn
- DiversREIT: 38 stocks, $148bn
- RetailREIT: 33 stocks, $150bn
- HotelREIT: 17 stocks, $46bn
- REstSrv: 14 stocks, $37bn
- REstDvAct: 33 stocks, $313bn
- REstDev: 27 stocks, $198bn
- REstOpCo: 30 stocks, $172bn

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BMO Capital Markets
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.
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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Distribution of Ratings (December 31, 2014)

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<thead>
<tr>
<th>Rating Category</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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</thead>
<tbody>
<tr>
<td>Buy</td>
<td>Outperform</td>
<td>43.4%</td>
<td>16.2%</td>
<td>60.6%</td>
<td>42.6%</td>
<td>51.7%</td>
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<tr>
<td>Hold</td>
<td>Market Perform</td>
<td>52.6%</td>
<td>8.1%</td>
<td>36.6%</td>
<td>53.0%</td>
<td>45.8%</td>
</tr>
<tr>
<td>Sell</td>
<td>Underperform</td>
<td>3.9%</td>
<td>8.3%</td>
<td>2.8%</td>
<td>4.5%</td>
<td>2.5%</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.
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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
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