Group Selection

Priced as of February 2, 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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<thead>
<tr>
<th></th>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy</td>
<td>65% / 67% / 66%</td>
<td>1% / -2% / -4%</td>
<td></td>
</tr>
<tr>
<td>Materials</td>
<td>55% / 57% / 55%</td>
<td>23% / 20% / 18%</td>
<td></td>
</tr>
<tr>
<td>Industrials</td>
<td>54% / 58% / 55%</td>
<td>3% / 1% / -1%</td>
<td></td>
</tr>
<tr>
<td>CMR Disc</td>
<td>42% / 45% / 43%</td>
<td>1% / -2% / -5%</td>
<td></td>
</tr>
<tr>
<td>CMR Stap</td>
<td>30% / 33% / 27%</td>
<td>7% / 5% / 5%</td>
<td></td>
</tr>
<tr>
<td>Hlth Care</td>
<td>36% / 38% / 33%</td>
<td>7% / 6% / 4%</td>
<td></td>
</tr>
<tr>
<td>Financials</td>
<td>66% / 69% / 68%</td>
<td>-1% / 0% / -8%</td>
<td></td>
</tr>
<tr>
<td>Info Tech</td>
<td>52% / 55% / 50%</td>
<td>4% / 4% / 0%</td>
<td></td>
</tr>
<tr>
<td>Telecom</td>
<td>27% / 30% / 28%</td>
<td>9% / 9% / 3%</td>
<td></td>
</tr>
<tr>
<td>Utilities</td>
<td>29% / 34% / 31%</td>
<td>5% / 5% / 2%</td>
<td></td>
</tr>
<tr>
<td>Real Estate</td>
<td>25% / 27% / 20%</td>
<td>9% / 11% / 4%</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
### Consumer Discretionary

<table>
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<tr>
<th>Sector</th>
<th>Momentum</th>
<th>Strength</th>
</tr>
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<tbody>
<tr>
<td>Broadcast</td>
<td>33 stocks; $145bn</td>
<td>18 stocks; $43bn</td>
</tr>
<tr>
<td>HomeBld</td>
<td>34 stocks; $124bn</td>
<td>16 stocks; $43bn</td>
</tr>
<tr>
<td>Tire&amp;Rub</td>
<td>10 stocks; $86bn</td>
<td>14 stocks; $21bn</td>
</tr>
<tr>
<td>Cbl&amp;Sat</td>
<td>33 stocks; $483bn</td>
<td>17 stocks; $52bn</td>
</tr>
<tr>
<td>Htl&amp;Rsr</td>
<td>34 stocks; $194bn</td>
<td>10 stocks; $58bn</td>
</tr>
<tr>
<td>CmpElRtl</td>
<td>9 stocks; $35bn</td>
<td>3 stocks; $12bn</td>
</tr>
<tr>
<td>LeisFcil</td>
<td>11 stocks; $49bn</td>
<td>4 stocks; $19bn</td>
</tr>
<tr>
<td>MotcyMfg</td>
<td>4 stocks; $39bn</td>
<td>1 stocks; $21bn</td>
</tr>
<tr>
<td>SpCmSrV</td>
<td>9 stocks; $21bn</td>
<td>2 stocks; $10bn</td>
</tr>
<tr>
<td>CmrElec</td>
<td>12 stocks; $72bn</td>
<td>12 stocks; $32bn</td>
</tr>
<tr>
<td>AutoMfg</td>
<td>36 stocks; $938bn</td>
<td>32 stocks; $938bn</td>
</tr>
<tr>
<td>Footwear</td>
<td>14 stocks; $113bn</td>
<td>14 stocks; $60bn</td>
</tr>
<tr>
<td>AutoRtl</td>
<td>14 stocks; $96bn</td>
<td>14 stocks; $52bn</td>
</tr>
<tr>
<td>HmFrmsh</td>
<td>11 stocks; $30bn</td>
<td>11 stocks; $27bn</td>
</tr>
<tr>
<td>Rstaurnt</td>
<td>22 stocks; $350bn</td>
<td>22 stocks; $350bn</td>
</tr>
<tr>
<td>InetDmRtl</td>
<td>31 stocks; $562bn</td>
<td>17 stocks; $52bn</td>
</tr>
<tr>
<td>Distrib</td>
<td>10 stocks; $52bn</td>
<td>6 stocks; $17bn</td>
</tr>
<tr>
<td>HmlImpRtl</td>
<td>7 stocks; $242bn</td>
<td>5 stocks; $27bn</td>
</tr>
<tr>
<td>DeptStrs</td>
<td>21 stocks; $94bn</td>
<td>19 stocks; $79bn</td>
</tr>
<tr>
<td>ApparRtl</td>
<td>35 stocks; $330bn</td>
<td>35 stocks; $115bn</td>
</tr>
<tr>
<td>SpecStrs</td>
<td>28 stocks; $242bn</td>
<td>28 stocks; $242bn</td>
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<td>28 stocks; $242bn</td>
<td>28 stocks; $242bn</td>
</tr>
</tbody>
</table>

**Footnotes:**
- **Momentum:** Stocks with green bars are expected to outperform, while stocks with red bars are expected to underperform.
- **Strength:** stocks with black bars are expected to outperform, while stocks with red bars are expected to underperform.
Telecommunication Services

February 2, 2017

Mark Steele (416) 359-4641

Telecommunication Services

Momentum

Strength

AltCar
11 stocks; $53bn

WlsTelSrv
42 stocks; $906bn

IntgTelSrv
63 stocks; $1320bn
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 consistant 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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<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>
</tr>
</thead>
<tbody>
<tr>
<td>Buy</td>
<td>Outperform</td>
<td>42.2%</td>
<td>18.6%</td>
<td>54.7%</td>
<td>44.3%</td>
<td>56.9%</td>
<td>56.3%</td>
</tr>
<tr>
<td>Hold</td>
<td>Market Perform</td>
<td>54.3%</td>
<td>11.3%</td>
<td>42.7%</td>
<td>51.8%</td>
<td>40.9%</td>
<td>38.7%</td>
</tr>
<tr>
<td>Sell</td>
<td>Underperform</td>
<td>3.5%</td>
<td>11.1%</td>
<td>2.7%</td>
<td>3.9%</td>
<td>2.2%</td>
<td>5.0%</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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