Group Selection

Priced as of May 30, 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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<tr>
<td>Energy</td>
<td>29% / 26% / 41%</td>
<td>-14% / -15% / -10%</td>
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<tr>
<td>Materials</td>
<td>50% / 44% / 63%</td>
<td>-2% / -4% / 5%</td>
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<tr>
<td>Industrials</td>
<td>54% / 49% / 68%</td>
<td>0% / 0% / 9%</td>
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<tr>
<td>CMR Disc</td>
<td>48% / 46% / 62%</td>
<td>1% / 1% / 10%</td>
<td></td>
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<tr>
<td>CMR Stap</td>
<td>53% / 48% / 65%</td>
<td>8% / 7% / 15%</td>
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<tr>
<td>Hlth Care</td>
<td>53% / 49% / 66%</td>
<td>-2% / -2% / 7%</td>
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<tr>
<td>Financials</td>
<td>45% / 42% / 64%</td>
<td>-5% / -6% / 3%</td>
<td></td>
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<tr>
<td>Info Tech</td>
<td>63% / 58% / 73%</td>
<td>10% / 9% / 15%</td>
<td></td>
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<tr>
<td>Telecom</td>
<td>50% / 49% / 71%</td>
<td>7% / 7% / 12%</td>
<td></td>
</tr>
<tr>
<td>Utilities</td>
<td>60% / 52% / 72%</td>
<td>13% / 12% / 18%</td>
<td></td>
</tr>
<tr>
<td>Real Estate</td>
<td>46% / 41% / 68%</td>
<td>-3% / -3% / 6%</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.
Consumer Staples

- **SoftDrinks**: 17 stocks; $511bn
- **Brewers**: 13 stocks; $499bn
- **HhdPrdct**: 18 stocks; $589bn
- **AgriProd**: 25 stocks; $108bn
- **Dist&Vnt**: 12 stocks; $280bn
- **DrugRetail**: 8 stocks; $189bn
- **PkgFdMt**: 12 stocks; $285bn
- **FdDistri**: 12 stocks; $56bn
- **Tobacco**: 14 stocks; $810bn
- **PersPrdct**: 29 stocks; $441bn
- **SprCntrs**: 15 stocks; $471bn
- **FdRetail**: 37 stocks; $369bn

Momentum

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May 30, 2017
**Health Care**

- **HCEquip** (72 stocks, $778bn)
- **HCSupps** (27 stocks, $141bn)
- **HCFacility** (29 stocks, $106bn)
- **HCService** (29 stocks, $196bn)
- **HCareTec** (18 stocks, $65bn)
- **MngHCare** (12 stocks, $372bn)
- **HCDistrib** (19 stocks, $133bn)
- **Pharma** (102 stocks, $2459bn)
- **Biotech** (72 stocks, $921bn)

**Momentum**

- **Strength**

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Financials

Momentum

Strength

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MortgREIT
25 stocks; $59bn

InsurBrkrs
7 stocks; $114bn

LifeHthIns
46 stocks; $80bn

SpecialFin
10 stocks; $33bn

P&C Insur
61 stocks; $49bn

RegionBnk
141 stocks; $592bn

InveBrkrs
12 stocks; $126bn

InvBnkBrk
35 stocks; $354bn

Reinsuran
12 stocks; $126bn

FnlExchDt
23 stocks; $324bn

LifeHthIns
46 stocks; $80bn

P&C Insur
61 stocks; $49bn

MltSecHld
32 stocks; $373bn

Multi-LnIns
26 stocks; $373bn

MltSecHld
26 stocks; $373bn

AsstMgmt
84 stocks; $553bn

ConsmrFin
30 stocks; $239bn

DivCpMkt
9 stocks; $174bn

DivCpMkt
9 stocks; $174bn

OthrDivFS
3 stocks; $64bn

DiversBnk
161 stocks; $497bn

Multi-LnIns
26 stocks; $373bn

AsstMgmt
84 stocks; $553bn

ConsmrFin
30 stocks; $239bn

DivCpMkt
9 stocks; $174bn

OthrDivFS
3 stocks; $64bn
Information Technology

Momentum

Strength

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- SystmSwr 34 stocks; $895bn
- ApplicSwr 68 stocks; $598bn
- Semi 76 stocks; $1092bn
- InetSftSr 33 stocks; $1781bn
- DataProc 47 stocks; $714bn
- ComEquip 44 stocks; $353bn
- TechDist 16 stocks; $46bn
- HmEntSwr 14 stocks; $178bn
- SemiEqp 39 stocks; $247bn
- ITConsult 49 stocks; $628bn
- TechDist 16 stocks; $46bn
- ElecInstr 44 stocks; $214bn
- EMS 17 stocks; $142bn
- ElecComp 58 stocks; $260bn
- HdwrSt&P 45 stocks; $1379bn

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- EMS 17 stocks; $142bn
- ElecComp 58 stocks; $260bn
- HdwrSt&P 45 stocks; $1379bn

ElecInstr → ElecComp → HmEntSwr → Semi → InetSftSr → DataProc → ComEquip → TechDist → EMS → ElecInstr
Telecommunication Services

Momentum

Strength

AltCar
10 stocks; $58bn

IntgTelSrv
63 stocks; $136bn

WlsTelSrv
42 stocks; $948bn

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Momentum

Utilities

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Utilities

- WaterUtil
  - 24 stocks; $86bn

- GasUtil
  - 24 stocks; $54bn

- RenewableElec
  - 33 stocks; $200bn

- GasUtil
  - 24 stocks; $54bn

- MultiUtil
  - 37 stocks; $474bn

- IPP Trad
  - 25 stocks; $104bn

- ElecUtil
  - 90 stocks; $1136bn

Utilities

- WaterUtil
  - 24 stocks; $86bn

- GasUtil
  - 24 stocks; $54bn

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  - 37 stocks; $474bn

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- ElecUtil
  - 90 stocks; $1136bn
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 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>43.2%</td>
<td>22.8%</td>
<td>57.4%</td>
<td>44.1%</td>
<td>57.0%</td>
<td>52.8%</td>
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<tr>
<td>Hold</td>
<td>Market Perform</td>
<td>53.2%</td>
<td>13.1%</td>
<td>40.6%</td>
<td>52.6%</td>
<td>41.1%</td>
<td>41.8%</td>
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<tr>
<td>Sell</td>
<td>Underperform</td>
<td>3.7%</td>
<td>9.5%</td>
<td>2.0%</td>
<td>3.2%</td>
<td>1.6%</td>
<td>5.5%</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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Und = Underperform - Forecast to underperform the analyst’s coverage universe on a total return basis;
(S) = Speculative investment;
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