Group Selection

Priced as of May 22, 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*

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy</td>
<td>33% / 30% / 44%</td>
<td>/ / /</td>
<td>4% / 0% / 4%</td>
</tr>
<tr>
<td>Materials</td>
<td>50% / 46% / 62%</td>
<td>/ / /</td>
<td>0% / -3% / 2%</td>
</tr>
<tr>
<td>Industrials</td>
<td>54% / 49% / 66%</td>
<td>/ / /</td>
<td>3% / 0% / 6%</td>
</tr>
<tr>
<td>CMR Disc</td>
<td>48% / 46% / 60%</td>
<td>/ / /</td>
<td>5% / 2% / 12%</td>
</tr>
<tr>
<td>CMR Stap</td>
<td>50% / 45% / 62%</td>
<td>/ / /</td>
<td>13% / 9% / 18%</td>
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<tr>
<td>Health Care</td>
<td>52% / 48% / 62%</td>
<td>/ / /</td>
<td>7% / 2% / 8%</td>
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<tr>
<td>Financials</td>
<td>46% / 43% / 64%</td>
<td>/ / /</td>
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<tr>
<td>Info Tech</td>
<td>60% / 58% / 70%</td>
<td>/ / /</td>
<td>12% / 7% / 15%</td>
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<tr>
<td>Telecom</td>
<td>52% / 45% / 63%</td>
<td>/ / /</td>
<td>15% / 9% / 17%</td>
</tr>
<tr>
<td>Utilities</td>
<td>58% / 52% / 68%</td>
<td>/ / /</td>
<td>11% / 3% / 12%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>46% / 41% / 65%</td>
<td>/ / /</td>
<td>7% / 1% / 9%</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
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<thead>
<tr>
<th>Sector</th>
<th>Companies</th>
<th>Market Value</th>
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<tbody>
<tr>
<td>Int O&amp;G</td>
<td>29</td>
<td>$159.6bn</td>
</tr>
<tr>
<td>CstrMat</td>
<td>27</td>
<td>$25.6bn</td>
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<tr>
<td>Copper</td>
<td>14</td>
<td>$6.4bn</td>
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<tr>
<td>PapProd</td>
<td>26</td>
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<tr>
<td>ComdChm</td>
<td>19</td>
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<tr>
<td>SpecChm</td>
<td>14</td>
<td>$4.6bn</td>
</tr>
<tr>
<td>Alumin</td>
<td>11</td>
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<tr>
<td>DiversChm</td>
<td>20</td>
<td>$3.6bn</td>
</tr>
<tr>
<td>OG StTr</td>
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<tr>
<td>PaperPkg</td>
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<td>$1.1bn</td>
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<tr>
<td>IndusGas</td>
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<td>OG RfMkt</td>
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<tr>
<td>FrstPrd</td>
<td>12</td>
<td>$1.9bn</td>
</tr>
<tr>
<td>OG Equip</td>
<td>60</td>
<td>$3.7bn</td>
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<tr>
<td>DvrsMng</td>
<td>37</td>
<td>$3.3bn</td>
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<tr>
<td>OG Drill</td>
<td>16</td>
<td>$1.2bn</td>
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<tr>
<td>Fert&amp;Ag</td>
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<td>MtGlScnt</td>
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<tr>
<td>OG Drill</td>
<td>16</td>
<td>$1.2bn</td>
</tr>
</tbody>
</table>
**Momentum**

**Strength**

- **Int O&G**: 29 stocks; $159.6bn
- **OG E&P**: 13 stocks; $77.5bn
- **Coal&Uran**: 22 stocks; $7.3bn
- **OG StTr**: 93 stocks; $67.4bn
- **OG RfMkt**: 45 stocks; $42.2bn
- **OG Equip**: 50 stocks; $34.7bn
- **OG Drill**: 16 stocks; $3.2bn

Energy

May 22, 2017

Mark Steele (416) 359-4641

BMO Capital Markets
Momentum

Strength

Health Care

May 22, 2017

Mark Steele (416) 359-4641

Health Care

19 stocks; $131bn

HCDistrib

LifSciSrv

12 stocks; $251bn

19 stocks; $131bn

102 stocks; $2459bn

Pharma

Biotech

126 stocks; $938bn

102 stocks; $2459bn

126 stocks; $938bn

HCEquip

HCareTec

72 stocks; $764bn

18 stocks; $65bn

72 stocks; $764bn

18 stocks; $65bn

MngHCare

HCSuppls

HCService

29 stocks; $197bn

27 stocks; $141bn

29 stocks; $197bn

27 stocks; $141bn

28 stocks; $197bn

28 stocks; $197bn

HCFacility

HCService

HCSuppls

MngHCare

HCareTec

LifSciSrv

HCDistrib
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.
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”
- 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.
Disclosures

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<th>Rating Category</th>
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<th>BMOCM Universe****</th>
<th>BMOCM IB Clients*****</th>
<th>StarMine Universe</th>
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<td>Buy</td>
<td>41.8%</td>
<td>20.0%</td>
<td>53.3%</td>
<td>42.7%</td>
<td>54.1%</td>
<td>52.9%</td>
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<td>Hold</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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<td>Sell</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.
*** 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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(S) = Speculative investment;
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NR = No Rated - No rating at this time; and
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(January 2010 – April 2013)

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