Group Selection

Priced as of January 4, 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>Sector</th>
<th>2017-01-04</th>
<th>% Outperforming</th>
<th>Reward/Risk</th>
<th>Trend Psn</th>
</tr>
</thead>
<tbody>
<tr>
<td>% Outperforming</td>
<td>Reward/Risk</td>
<td>Trend Psn US/GBL/CDA</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Energy</td>
<td>64% / 65% / 66%</td>
<td>15% / 16% / 9%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Materials</td>
<td>58% / 57% / 58%</td>
<td>3% / 5% / -1%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Industrials</td>
<td>56% / 57% / 56%</td>
<td>4% / 4% / -1%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CMR Disc</td>
<td>46% / 47% / 48%</td>
<td>3% / 3% / -3%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CMR Stap</td>
<td>35% / 35% / 31%</td>
<td>-3% / -2% / -8%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hlth Care</td>
<td>41% / 43% / 41%</td>
<td>2% / 4% / -2%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financials</td>
<td>65% / 69% / 71%</td>
<td>12% / 14% / -3%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Info Tech</td>
<td>56% / 57% / 56%</td>
<td>-1% / 0% / -4%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Telecom</td>
<td>22% / 25% / 25%</td>
<td>14% / 12% / 5%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Utilities</td>
<td>25% / 28% / 29%</td>
<td>3% / 3% / -3%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Real Estate</td>
<td>27% / 30% / 23%</td>
<td>12% / 17% / 5%</td>
<td></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**

- **GMrchStrs**: 14 stocks; $122bn
- **Broadcast**: 14 stocks; $144bn
- **Distrib**: 10 stocks; $52bn
- **Advert**: 18 stocks; $121bn
- **Broadcast**: 14 stocks; $144bn
- **HhldApl**: 14 stocks; $62bn
- **AutoMfg**: 36 stocks; $944bn
- **CmrElec**: 12 stocks; $113bn
- **AutoParts**: 46 stocks; $318bn
- **Hsware**: 4 stocks; $26bn
- **Cable&Sat**: 23 stocks; $448bn
- **HhldApl**: 14 stocks; $62bn
- **Tire&Rub**: 10 stocks; $56bn
- **Cabl&Sat**: 23 stocks; $448bn
- **MotcyMfg**: 4 stocks; $38bn
- **AutoRtl**: 14 stocks; $101bn
- **Ht&Rsrt**: 24 stocks; $229bn
- **AutoRtl**: 14 stocks; $101bn
- **HmFrnsh**: 11 stocks; $32bn
- **MotcyMfg**: 4 stocks; $38bn
- **AutoParts**: 46 stocks; $318bn
- **Momentum**: 14 stocks; $101bn
- **DeptStrs**: 22 stocks; $700bn
- **SpCmSrv**: 9 stocks; $21bn
- **Ht&Rsrt**: 24 stocks; $229bn
- **CmrElec**: 12 stocks; $113bn
- **HmImpRtl**: 7 stocks; $241bn
- **MotcyMfg**: 4 stocks; $38bn
- **CmrElec**: 12 stocks; $113bn
- **DeptStrs**: 22 stocks; $700bn
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January 4, 2017

Consumer Staples

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Momentum

Strength

AgriProd
26 stocks; $110bn

Dist&Vnt
12 stocks; $235bn

FdRetail
38 stocks; $353bn

PkgFdMt
115 stocks; $1142bn

Tobacco
14 stocks; $676bn

DrugRetail
7 stocks; $193bn

SprCntrs
15 stocks; $422bn

SoftDrnks
17 stocks; $454bn

Brewers
12 stocks; $433bn

PersPrdct
29 stocks; $359bn

FdDistri
12 stocks; $56bn

HhdPrdct
18 stocks; $536bn

Consumer Staples

38 stocks; $353bn

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FdDistri
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HhdPrdct
18 stocks; $536bn
Financials

Momentum

Strength

DivCpMkt
9 stocks; $163bn

InvBnkBrk
36 stocks; $373bn

AsstMgmt
84 stocks; $488bn

SpecialFin
9 stocks; $20bn

DiversBnk
163 stocks; $468bn

Multi-LnIns
30 stocks; $491bn

ConsmrFin
28 stocks; $255bn

MitSecHld
26 stocks; $350bn

RegionBnk
139 stocks; $622bn

Thrft&Mtg
45 stocks; $136bn

FnlExchDt
22 stocks; $279bn

Reinsuran
12 stocks; $127bn

MortgREIT
27 stocks; $56bn

P&C Insur
62 stocks; $469bn

OthrDivFS
1 stocks; $87bn

LifeHthIns
17 stocks; $767bn

InsurBrkers
7 stocks; $101bn
Telecommunication Services

Strength

Momentum

AltCar
11 stocks; $54bn

IntgTelSrv
63 stocks; $1362bn

WsTelSrv
42 stocks; $865bn

January 4, 2017

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January 4, 2017

Utilities

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- **RenewElec**
  - 23 stocks; $49bn

- **IPPTrad**
  - 25 stocks; $94bn

- **ElecUtil**
  - 89 stocks; $100bn

- **MultiUtil**
  - 37 stocks; $408bn

- **WaterUtil**
  - 23 stocks; $78bn

- **GasUtil**
  - 35 stocks; $188bn
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 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).
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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<tr>
<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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We use the following ratings system definitions:

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;
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