Group Selection
Priced as of May 5, 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>
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<tr>
<td>Energy</td>
<td>42% / 44% / 50%</td>
<td>-17% / -22% / -3%</td>
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<tr>
<td>Materials</td>
<td>51% / 50% / 60%</td>
<td>-10% / -12% / 6%</td>
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<tr>
<td>Industrials</td>
<td>54% / 55% / 62%</td>
<td>11% / 5% / 28%</td>
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<tr>
<td>CMR Disc</td>
<td>48% / 49% / 56%</td>
<td>10% / 6% / 26%</td>
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<td>CMR Stap</td>
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<td>8% / 3% / 27%</td>
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<td>Hlth Care</td>
<td>46% / 47% / 55%</td>
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<td>Financials</td>
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<td>Telecom</td>
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<td>4% / 2% / 20%</td>
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<tr>
<td>Utilities</td>
<td>48% / 50% / 55%</td>
<td>6% / 0% / 21%</td>
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<tr>
<td>Real Estate</td>
<td>44% / 44% / 59%</td>
<td>-5% / -10% / 15%</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.
Momentum

Strength

May 5, 2017

Mark Steele (416) 359-4641

Materials

PaperPkg
17 stocks; $116bn

IndusGas
8 stocks; $165bn

IndusGas
8 stocks; $165bn

PaperPkg
17 stocks; $116bn

SpecChm
64 stocks; $492bn

DiversChm
20 stocks; $358bn

DiversChm
20 stocks; $358bn

ComdChm
39 stocks; $320bn

ComdChm
39 stocks; $320bn

CstrMat
27 stocks; $254bn

CstrMat
27 stocks; $254bn

Copper
14 stocks; $81bn

Copper
14 stocks; $81bn

FrstPrd
12 stocks; $20bn

FrstPrd
12 stocks; $20bn

Alumin
11 stocks; $44bn

Alumin
11 stocks; $44bn

MtGlsCnt
14 stocks; $60bn

MtGlsCnt
14 stocks; $60bn

PapProd
28 stocks; $69bn

PapProd
28 stocks; $69bn

CstrMat
27 stocks; $254bn

CstrMat
27 stocks; $254bn

CstrMat
27 stocks; $254bn

CstrMat
27 stocks; $254bn

Fert&Ag
23 stocks; $227bn

Fert&Ag
23 stocks; $227bn

Steel
59 stocks; $329bn

Steel
59 stocks; $329bn

Steel
59 stocks; $329bn

Steel
59 stocks; $329bn

PrecMet
22 stocks; $57bn

PrecMet
22 stocks; $57bn

PrecMet
22 stocks; $57bn

PrecMet
22 stocks; $57bn

Silver
9 stocks; $20bn

Silver
9 stocks; $20bn

Silver
9 stocks; $20bn

Silver
9 stocks; $20bn

DvrsMng
47 stocks; $321bn

DvrsMng
47 stocks; $321bn

DvrsMng
47 stocks; $321bn

DvrsMng
47 stocks; $321bn

Gold
61 stocks; $168bn

Gold
61 stocks; $168bn

Gold
61 stocks; $168bn

Gold
61 stocks; $168bn

Fert&Ag
23 stocks; $227bn

Fert&Ag
23 stocks; $227bn

Fert&Ag
23 stocks; $227bn

Fert&Ag
23 stocks; $227bn

DvrsMng
47 stocks; $321bn

DvrsMng
47 stocks; $321bn

DvrsMng
47 stocks; $321bn

DvrsMng
47 stocks; $321bn

DvrsMng
47 stocks; $321bn

DvrsMng
47 stocks; $321bn
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<td>HvyElcEq</td>
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<tr>
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<td>BldPrdcts</td>
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<td>$62bn</td>
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<tr>
<td>Railroads</td>
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<td>OfficeServ</td>
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<td>$23bn</td>
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<td>Trucking</td>
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<tr>
<td>CnstMch&amp;Tr</td>
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<td>OfficeServ</td>
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<td>$23bn</td>
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<tr>
<td>Trucking</td>
<td>27</td>
<td>$63bn</td>
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<tr>
<td>Cns&amp;Eng</td>
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<td>$326bn</td>
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<tr>
<td>Ag&amp;Farm</td>
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<td>$88bn</td>
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</table>
May 5, 2017

Utilities

Mark Steele (416) 359-4641

Momentum

Strength

Utilities

MultiUtil 37 stocks; $461bn
ElecUtil 90 stocks; $1,085bn
IPPTrad 25 stocks; $99bn

Utilities

GasUtil 33 stocks; $194bn
RenewElec 24 stocks; $54bn
WaterUtil 24 stocks; $85bn
May 5, 2017

**Real Estate**

**Mark Steele (416) 359-4641**

- **ResidREIT**
  - 26 stocks: $152bn

- **REstSrv**
  - 17 stocks: $33bn

- **IndusREIT**
  - 20 stocks: $190bn

- **HotelREIT**
  - 18 stocks: $50bn

- **REstOpCo**
  - 17 stocks: $190bn

- **REstDvAct**
  - 34 stocks: $324bn

- **IndusREIT**
  - 34 stocks: $324bn

- **HCareREIT**
  - 19 stocks: $105bn

- **SpecREIT**
  - 31 stocks: $305bn

- **DiversREIT**
  - 41 stocks: $157bn

- **REstDevl**
  - 37 stocks: $205bn

- **OfficeREIT**
  - 41 stocks: $157bn

- **RetailREIT**
  - 40 stocks: $114bn

- **HotelREIT**
  - 40 stocks: $114bn

- **REstSrv**
  - 40 stocks: $114bn

- **IndusREIT**
  - 40 stocks: $114bn

- **ShedREIT**
  - 40 stocks: $114bn

- **SpecREIT**
  - 40 stocks: $114bn

- **DiversREIT**
  - 40 stocks: $114bn

- **REstDevl**
  - 40 stocks: $114bn

- **OfficeREIT**
  - 40 stocks: $114bn

- **RetailREIT**
  - 40 stocks: $114bn
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).
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>Hold</td>
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<td>Sell</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.
**** Reflects rating distribution of all companies from which BMO Capital Markets has received compensation for Investment Banking services as percentage of Investment Banking clients.
***** Reflects rating distribution of all companies covered by BMO Capital Markets equity research analysts.

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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;
Spd = Suspended - Coverage and rating suspended until coverage is reinstated;
NR = No Rated - No rating at this time; and
R = Restricted - Dissemination of research is currently restricted.

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(April 2013 – October 2016)
(January 2010 – April 2013)

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