Group Selection

Priced as of February 7, 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>% Outperforming</th>
<th>Reward/Risk</th>
<th>Trend Psn</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>US/GBL/CDA</td>
<td>US/GBL/CDA</td>
<td>US/GBL/CDA</td>
</tr>
<tr>
<td>Energy</td>
<td>63% / 68% / 65%</td>
<td>-13% / -15% / -14%</td>
<td></td>
</tr>
<tr>
<td>Materials</td>
<td>54% / 56% / 56%</td>
<td>15% / 15% / 16%</td>
<td></td>
</tr>
<tr>
<td>Industrials</td>
<td>54% / 58% / 55%</td>
<td>0% / 1% / 2%</td>
<td></td>
</tr>
<tr>
<td>CMR Disc</td>
<td>41% / 43% / 41%</td>
<td>-7% / -6% / -3%</td>
<td></td>
</tr>
<tr>
<td>CMR Stap</td>
<td>29% / 32% / 27%</td>
<td>6% / 8% / 10%</td>
<td></td>
</tr>
<tr>
<td>Hlth Care</td>
<td>36% / 38% / 34%</td>
<td>7% / 8% / 9%</td>
<td></td>
</tr>
<tr>
<td>Financials</td>
<td>66% / 69% / 68%</td>
<td>0% / 3% / 1%</td>
<td></td>
</tr>
<tr>
<td>Info Tech</td>
<td>52% / 54% / 50%</td>
<td>5% / 6% / 7%</td>
<td></td>
</tr>
<tr>
<td>Telecom</td>
<td>27% / 32% / 29%</td>
<td>-1% / 2% / 10%</td>
<td></td>
</tr>
<tr>
<td>Utilities</td>
<td>29% / 34% / 32%</td>
<td>0% / 3% / 6%</td>
<td></td>
</tr>
<tr>
<td>Real Estate</td>
<td>25% / 27% / 21%</td>
<td>8% / 9% / 13%</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
February 7, 2017

**Momentum**

**Strength**

OG StTr
9 stocks; $671bn

OG RfMkt
45 stocks; $384bn

Int O&G
29 stocks; $1592bn

Coal&Uran
27 stocks; $75bn

OG Equip
63 stocks; $339bn

OG Drill
16 stocks; $36bn

OG E&P
120 stocks; $828bn

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OG Drill
16 stocks; $36bn

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63 stocks; $339bn

Coal&Uran
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Int O&G
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OG StTr
9 stocks; $671bn

Energy

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Materials

Momentum

Strength

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PrecMet
22 stocks; $63bn

Silver
9 stocks; $24bn

Fert&Ag
33 stocks; $227bn

FrstPrd
12 stocks; $17bn

Gold
61 stocks; $196bn

Alumin
12 stocks; $56bn

DiversChm
20 stocks; $334bn

Silver
9 stocks; $24bn

DvrsMng
47 stocks; $363bn

Copper
14 stocks; $93bn

Steel
59 stocks; $352bn

ComdChm
40 stocks; $327bn

ComdChm
40 stocks; $327bn

SpecChm
64 stocks; $449bn

PaperPkg
17 stocks; $114bn

PapProd
26 stocks; $82bn

CstrMat
27 stocks; $235bn

IndusGas
8 stocks; $145bn

MtGlsCnt
14 stocks; $56bn

IndusGas
8 stocks; $145bn
Momentum

Strength

February 7, 2017

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Health Care

LfSciSrv
31 stocks; $220bn

Biotech
126 stocks; $907bn

HCEquip
21 stocks; $822bn

HCDistrib
19 stocks; $127bn

Biotech
126 stocks; $907bn

HCEquip
21 stocks; $822bn

HCDistrib
19 stocks; $127bn

Pharma
97 stocks; $2288bn

MngHCare
12 stocks; $332bn

MngHCare
12 stocks; $332bn

HCService
31 stocks; $195bn

HCService
31 stocks; $195bn

HCSuppls
28 stocks; $125bn

HCSuppls
28 stocks; $125bn

HCFacility
30 stocks; $117bn

HCFacility
30 stocks; $117bn

Health Care Equipment

Health Care Distributors

Biotechnology

Health Care Services

Health Care Supplies

Health Care Facilities

Health Care Management

Health Care Technology

Health Care Pharmaceuticals

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Utilities

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- RenewElec  
  24 stocks; $52bn

- WaterUtil  
  23 stocks; $81bn

- ElecUtil  
  89 stocks; $1023bn

- GasUtil  
  23 stocks; $184bn

- MultiUtil  
  37 stocks; $406bn

- IPPTrad  
  35 stocks; $97bn

- GasUtil  
  23 stocks; $184bn

- MultiUtil  
  37 stocks; $406bn

- IPPTrad  
  35 stocks; $97bn
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 members are 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”

![Group Relative Strength Diagram](image-url)
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.
IMPORTANT DISCLOSURES

Analyst's Certification
I, Mark Steele, hereby certify that the views expressed in this report accurately reflect my personal views about the subject securities or issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in this report.

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For Important Disclosures on the stocks discussed in this report, please go to http://researchglobal.bmocapitalmarkets.com/Public/Company_Disclosure_Public.aspx

Distribution of Ratings (September 30, 2015)

<table>
<thead>
<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.
**** Reflects rating distribution of all companies covered by BMO Capital Markets equity research analysts.
***** Reflects rating distribution of all companies from which BMO Capital Markets has received compensation for Investment Banking services as percentage of Investment Banking clients.

Rating and Sector Key (as of April 5, 2013)
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;
NR = No rating at this time; and
R = Restricted - Dissemination of research is currently restricted.

BMO Capital Markets' seven Top 15 lists guide investors to our best ideas according to different objectives (CDN Large Cap, CDN Small Cap, US Large Cap, US Small Cap, Income, CDN Quant, and US Quant have replaced the Top Pick rating).

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