Group Selection

Priced as of December 21, 2016

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**

- **Hyperlink**
  - Energy
  - Materials
  - Industrials
  - CMR Disc
  - CMR Stap
  - Hlth Care
  - Financials
  - Info Tech
  - Telecom
  - Utilities
  - Real Estate

- **% Outperforming US/GBL/CDA**
  - Energy: 59% / 61% / 60%
  - Materials: 58% / 57% / 59%
  - Industrials: 55% / 56% / 55%
  - CMR Disc: 47% / 48% / 49%
  - CMR Stap: 36% / 38% / 31%
  - Hlth Care: 45% / 45% / 44%
  - Financials: 62% / 64% / 70%
  - Info Tech: 59% / 58% / 58%
  - Telecom: 24% / 25% / 26%
  - Utilities: 28% / 30% / 30%
  - Real Estate: 30% / 32% / 27%

- **Reward/Risk US/GBL/CDA**
  - Energy: 5% / 14% / 15%
  - Materials: -12% / -6% / -6%
  - Industrials: -4% / 3% / 6%
  - CMR Disc: -5% / 2% / 4%
  - CMR Stap: -18% / -7% / -3%
  - Hlth Care: -19% / -11% / -9%
  - Financials: 6% / 16% / 10%
  - Info Tech: -9% / -1% / 0%
  - Telecom: -7% / 3% / 3%
  - Utilities: -9% / -4% / 0%
  - Real Estate: -15% / -5% / -5%

- **Trend Psn US/GBL/CDA**
  - Energy: 5% / 14% / 15%
  - Materials: -12% / -6% / -6%
  - Industrials: -4% / 3% / 6%
  - CMR Disc: -5% / 2% / 4%
  - CMR Stap: -18% / -7% / -3%
  - Hlth Care: -19% / -11% / -9%
  - Financials: 6% / 16% / 10%
  - Info Tech: -9% / -1% / 0%
  - Telecom: -7% / 3% / 3%
  - Utilities: -9% / -4% / 0%
  - Real Estate: -15% / -5% / -5%

*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.
December 21, 2016

Strength

Momentum

Energy

OG StTr
33 stocks; $626bn

Int O&G
27 stocks; $164bn

OG Drill
18 stocks; $42bn

OG Equip
64 stocks; $347bn

OG E&P
119 stocks; $96bn

OG RfMkt
45 stocks; $377bn

Coal&Uran
21 stocks; $70bn

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Momentum

Strength

Industrials

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HREmpl
23 stocks; $88bn
Airline
31 stocks; $254bn
TrdgDist
49 stocks; $292bn
↑ Aero&Def
56 stocks; $726bn
DvSpSrv
34 stocks; $86bn
↑ BldPrdcts
42 stocks; $241bn
Sec&Alm
5 stocks; $33bn

Railroads
25 stocks; $425bn
AirprtSrv
17 stocks; $106bn
MarineSrv
12 stocks; $49bn
Hvy&ElecEq
17 stocks; $75bn
Hwy&Rail
14 stocks; $77bn
RsrcCslt
26 stocks; $193bn
IndCongl
42 stocks; $1022bn
Marine
17 stocks; $61bn

Ind Mach
118 stocks; $592bn
CmclPrt
12 stocks; $26bn
↑ Cns&Eng
68 stocks; $284bn
EnviroServ
23 stocks; $109bn
↑ ElcCmpEq
36 stocks; $296bn
Ag&Farm
12 stocks; $78bn
↑ AirFrght
21 stocks; $239bn
CnstMch&Tr
44 stocks; $266bn
Trucking
28 stocks; $82bn
December 21, 2016

**Information Technology**

Momentum

Strength

EMS 16 stocks; $124bn
Semi 18 stocks; $953bn
ElecInstr 41 stocks; $167bn
SemiEqp 39 stocks; $186bn
ComEquip 46 stocks; $220bn
TechDist 38 stocks; $44bn
ElecComp 45 stocks; $222bn
HdwrSt&P 46 stocks; $1118bn

DataProc 48 stocks; $634bn
ITConsult 51 stocks; $599bn
SystmSwr 12 stocks; $778bn
ApplicSwr 69 stocks; $485bn
HmEntSwr 14 stocks; $120bn

InetSftSrv 93 stocks; $1351bn
ComEquip 45 stocks; $329bn
ApplicSwr 69 stocks; $485bn
HdwrSt&P 46 stocks; $1118bn

EMS 16 stocks; $124bn
Semi 18 stocks; $953bn
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SemiEqp 39 stocks; $186bn
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SystmSwr 12 stocks; $778bn
ApplicSwr 69 stocks; $485bn
HmEntSwr 14 stocks; $120bn

InetSftSrv 93 stocks; $1351bn
Momentum

Strength

Utilities

GasUtil
35 stocks; $186bn

ElecUtil
37 stocks; $102bn

MultiUtil
37 stocks; $405bn

IPPTrad
25 stocks; $93bn

RenewElec
23 stocks; $47bn

WaterUtil
23 stocks; $78bn

December 21, 2016
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 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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<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>
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</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>
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<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.
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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
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