Group Selection

Priced as of March 10, 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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14. Telecom
15. Utilities
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### Sector Relative Strength Profiles*

<table>
<thead>
<tr>
<th>Hyperlink</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>56% / 62% / 59%</td>
<td>/ / -34% / -37% / -15%</td>
<td></td>
</tr>
<tr>
<td>Materials</td>
<td>53% / 58% / 58%</td>
<td>/ / -15% / -14% / 3%</td>
<td></td>
</tr>
<tr>
<td>Industrials</td>
<td>51% / 57% / 55%</td>
<td>/ / -7% / -5% / 15%</td>
<td></td>
</tr>
<tr>
<td>CMR Disc</td>
<td>40% / 45% / 44%</td>
<td>/ / -1% / 0% / 21%</td>
<td></td>
</tr>
<tr>
<td>CMR Stap</td>
<td>27% / 29% / 28%</td>
<td>/ / 0% / 0% / 23%</td>
<td></td>
</tr>
<tr>
<td>Hlth Care</td>
<td>32% / 36% / 34%</td>
<td>/ / 6% / 7% / 27%</td>
<td></td>
</tr>
<tr>
<td>Financials</td>
<td>64% / 69% / 68%</td>
<td>/ / -13% / -12% / 12%</td>
<td></td>
</tr>
<tr>
<td>Info Tech</td>
<td>48% / 52% / 51%</td>
<td>/ / -1% / 0% / 18%</td>
<td></td>
</tr>
<tr>
<td>Telecom</td>
<td>27% / 30% / 28%</td>
<td>/ / 4% / 9% / 29%</td>
<td></td>
</tr>
<tr>
<td>Utilities</td>
<td>27% / 33% / 35%</td>
<td>/ / 0% / 1% / 23%</td>
<td></td>
</tr>
<tr>
<td>Real Estate</td>
<td>21% / 28% / 26%</td>
<td>/ / -13% / -12% / 8%</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.
March 10, 2017

Momentum

Strength

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Fert&Ag
13 stocks; $224bn
MtGlsCnt
14 stocks; $57bn

Materials

DiversChm
20 stocks; $345bn
FrstPrd
12 stocks; $19bn
PapProd
26 stocks; $52bn

SpecChm
64 stocks; $462bn
Alumin
12 stocks; $52bn
Copper
14 stocks; $83bn

ComdChm
40 stocks; $317bn
CstrMat
27 stocks; $238bn
Steel
59 stocks; $349bn

DvrsMng
47 stocks; $333bn

IndusGas
8 stocks; $147bn
Gold
61 stocks; $170bn
PrecMet
22 stocks; $54bn
Silver
9 stocks; $18bn

PaperPkg
17 stocks; $171bn
Industrials

March 10, 2017
Mark Steele (416) 359-4641

Momentum

Strength

- Cns&Eng (5 stocks, $304bn)
- Marine (14 stocks, $66bn)
- AirprtSrv (18 stocks, $115bn)
- Hwy&Rail (15 stocks, $66bn)

- IndCongl (43 stocks, $1061bn)
- ElcCmpEq (39 stocks, $3712bn)
- DvSpSrv (24 stocks, $83bn)
- Railroads (26 stocks, $447bn)

- HREmpl (23 stocks, $99bn)
- Marine (17 stocks, $66bn)
- Ind Mach (117 stocks, $633bn)

- TrdgDist (59 stocks, $299bn)
- BldPrdcts (42 stocks, $255bn)
- CnstMch&T (41 stocks, $284bn)

- Ag&Farm (72 stocks, $63bn)
- Aero&Def (54 stocks, $754bn)
- EnviroServ (24 stocks, $116bn)

- Airline (31 stocks, $259bn)
- CmclPrt (12 stocks, $27bn)
- Trucking (28 stocks, $83bn)

- OfficeServ (12 stocks, $23bn)
- HvyElcEq (18 stocks, $84bn)
- RsrrCslt (29 stocks, $502bn)

- Hvy&Rail (15 stocks, $66bn)
- 69 stocks, $348bn
- 14 stocks, $66bn
- 18 stocks, $115bn
- 15 stocks, $66bn

- 3 stocks, $348bn
- 14 stocks, $66bn
- 18 stocks, $115bn
- 15 stocks, $66bn

- 69 stocks, $348bn
- 14 stocks, $66bn
- 18 stocks, $115bn
- 15 stocks, $66bn

- 69 stocks, $348bn
- 14 stocks, $66bn
- 18 stocks, $115bn
- 15 stocks, $66bn
Consumer Staples

March 10, 2017

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- **SoftDrinks**: 17 stocks; $472bn
- **AgriProd**: 25 stocks; $109bn
- **HhldPrdct**: 18 stocks; $574bn
- **Brewers**: 13 stocks; $456bn
- **Tobacco**: 14 stocks; $752bn
- **SprCntrs**: 15 stocks; $435bn
- **Dist&Vnt**: 12 stocks; $248bn
- **FdDistri**: 12 stocks; $54bn
- **FdRetail**: 38 stocks; $343bn
- **PkgFdMt**: 116 stocks; $1163bn
- **DrugRetail**: 7 stocks; $162bn
- **PersPrdct**: 29 stocks; $387bn

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**BMO Capital Markets**
March 10, 2017

Health Care

BMO Capital Markets
Mark Steele (416) 359-4641

Momentum

Strength

LfSciSrv
31 stocks; $226bn

Biotech
120 stocks; $964bn

HCEquip
71 stocks; $723bn

HCFacility
30 stocks; $118bn

HCSuppls
28 stocks; $131bn

HCService
31 stocks; $200bn

MngHCare
12 stocks; $350bn

HCareTec
17 stocks; $51bn

Pharma
98 stocks; $2404bn

HCDistrib
19 stocks; $129bn
March 10, 2017

**Financials**

- **DiversBnk**: 162 stocks, $493bn
- **Multi-LnIns**: 30 stocks, $494bn
- **LifeHthIns**: 47 stocks, $811bn
- **MltSecHld**: 26 stocks, $373bn
- **DivCpMkt**: 9 stocks, $165bn
- **SpecialFin**: 9 stocks, $21bn
- **FnlExchDt**: 22 stocks, $298bn
- **ConsmrFin**: 30 stocks, $269bn
- **OthrDivFS**: 8 stocks, $86bn
- **RegionBnk**: 142 stocks, $635bn
- **P&C Insur**: 81 stocks, $481bn
- **InvBnkBrk**: 35 stocks, $386bn
- **Thrft&Mtg**: 46 stocks, $127bn
- **Reinsuran**: 12 stocks, $127bn
- **InsurBrkrs**: 7 stocks, $106bn
- **AsstMgmt**: 82 stocks, $494bn
- **MortgREIT**: 26 stocks, $56bn
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 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.
IMPORTANT DISCLOSURES

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Distribution of Ratings (December 31, 2014)

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<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>
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<tr>
<td>Buy</td>
<td>Outperform</td>
<td>43.4%</td>
<td>16.2%</td>
<td>60.6%</td>
<td>42.6%</td>
<td>51.7%</td>
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<tr>
<td>Hold</td>
<td>Market Perform</td>
<td>52.6%</td>
<td>8.1%</td>
<td>36.6%</td>
<td>53.0%</td>
<td>45.8%</td>
<td>39.5%</td>
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<tr>
<td>Sell</td>
<td>Underperform</td>
<td>3.9%</td>
<td>3.8%</td>
<td>2.8%</td>
<td>4.5%</td>
<td>2.5%</td>
<td>4.9%</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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***** Reflects rating distribution of all companies from which BMO Capital Markets has received compensation for Investment Banking services as percentage of Investment Banking clients.

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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
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