Group Selection

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Mark Steele
(416) 359-4641
mark.steele@bmo.com

Tiberiu Stoichita
(416) 359-4684
tiberiu.stoichita@bmo.com

David Cheng
(416) 359-7383
david.cheng@bmo.com

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
Table of Contents

3. Sector View
4. Strength Changes Last Session
5. Resource Summary
6. Energy
7. Materials
8. Industrials
9. Consumer Discretionary
10. Consumer Staples
11. Health Care
12. Financials
13. Information Technology
14. Telecom
15. Utilities
16. Real Estate
17. User Guide
Sector View

Sector Relative Strength Profiles*

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Energy</td>
<td>59% / 64% / 61%</td>
<td>-28% / -26% / -13%</td>
<td></td>
</tr>
<tr>
<td>Materials</td>
<td>55% / 59% / 57%</td>
<td>-9% / -8% / 7%</td>
<td></td>
</tr>
<tr>
<td>Industrials</td>
<td>53% / 57% / 53%</td>
<td>-8% / -5% / 9%</td>
<td></td>
</tr>
<tr>
<td>CMR Disc</td>
<td>40% / 44% / 41%</td>
<td>-5% / -2% / 11%</td>
<td></td>
</tr>
<tr>
<td>CMR Stap</td>
<td>29% / 31% / 26%</td>
<td>1% / 4% / 19%</td>
<td></td>
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<tr>
<td>Hlth Care</td>
<td>36% / 37% / 32%</td>
<td>4% / 7% / 20%</td>
<td></td>
</tr>
<tr>
<td>Financials</td>
<td>65% / 70% / 67%</td>
<td>-10% / -5% / 9%</td>
<td></td>
</tr>
<tr>
<td>Info Tech</td>
<td>51% / 54% / 49%</td>
<td>-1% / 3% / 18%</td>
<td></td>
</tr>
<tr>
<td>Telecom</td>
<td>30% / 33% / 30%</td>
<td>-1% / 2% / 18%</td>
<td></td>
</tr>
<tr>
<td>Utilities</td>
<td>29% / 35% / 32%</td>
<td>6% / 5% / 21%</td>
<td></td>
</tr>
<tr>
<td>Real Estate</td>
<td>21% / 28% / 20%</td>
<td>11% / 17% / 36%</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
February 24, 2017

Momentum

Strength

Materials

FrstPrd 12 stocks; $19bn
SpecChm 14 stocks; $456bn
PapProd 26 stocks; $93bn
DiversChm 20 stocks; $343bn
Alumin 12 stocks; $53bn
Steel 59 stocks; $357bn
ComdChm 40 stocks; $525bn
DvrsMng 47 stocks; $354bn
Copper 14 stocks; $69bn
CstrMat 27 stocks; $235bn
Fert&Ag 33 stocks; $225bn
Gold 61 stocks; $169bn
Silver 9 stocks; $22bn
PrecMet 22 stocks; $60bn
February 24, 2017

Consumer Staples

Momentum

Strength

Brewers → 
13 stocks; $462bn

SoftDrinks → 
17 stocks; $467bn

Brewers

PkgFdMt → 
115 stocks; $1168bn

HhlPrdct → 
18 stocks; $571bn

PersPrdct 
29 stocks; $385bn

FdRetail 
38 stocks; $353bn

DrugRetail 
7 stocks; $196bn

FdDistri 
12 stocks; $550bn

Dist&Vnt 
12 stocks; $448bn

SprCntrs 
15 stocks; $448bn

Tobacco 
14 stocks; $760bn

AgriProd 
25 stocks; $110bn

Consumer Staples

13 stocks; $462bn

17 stocks; $467bn

115 stocks; $1168bn

18 stocks; $571bn

29 stocks; $385bn

38 stocks; $353bn

7 stocks; $196bn

12 stocks; $550bn

12 stocks; $448bn

15 stocks; $448bn

14 stocks; $760bn

25 stocks; $110bn
Utilities

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Mark Steele (416) 359-4641

Momentum

Strength

ElecUtil
90 stocks; $1060bn

MultiUtil
37 stocks; $418bn

WaterUtil
24 stocks; $84bn

GasUtil
34 stocks; $191bn

RenewElec
24 stocks; $53bn

IPPTrad
25 stocks; $100bn
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 group's 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”
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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Distribution of Ratings (December 31, 2014)

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<tbody>
<tr>
<td>Buy</td>
<td>Outperform</td>
<td>43.4%</td>
<td>16.2%</td>
<td>53.0%</td>
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<tr>
<td>Hold</td>
<td>Market Perform</td>
<td>52.6%</td>
<td>8.1%</td>
<td>45.8%</td>
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<tr>
<td>Sell</td>
<td>Underperform</td>
<td>3.9%</td>
<td>8.3%</td>
<td>2.5%</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 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.

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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;
NR = No rating at this time; and
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