Group Selection

Priced as of February 8, 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

#### % Outperforming

<table>
<thead>
<tr>
<th>Sector</th>
<th>US</th>
<th>GBL</th>
<th>CDA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy</td>
<td>67%</td>
<td>65%</td>
<td>/</td>
</tr>
<tr>
<td>Materials</td>
<td>57%</td>
<td>56%</td>
<td>/</td>
</tr>
<tr>
<td>Industrials</td>
<td>58%</td>
<td>54%</td>
<td>/</td>
</tr>
<tr>
<td>CMR Disc</td>
<td>44%</td>
<td>41%</td>
<td>/</td>
</tr>
<tr>
<td>CMR Stap</td>
<td>32%</td>
<td>27%</td>
<td>/</td>
</tr>
<tr>
<td>Hlth Care</td>
<td>38%</td>
<td>34%</td>
<td>/</td>
</tr>
<tr>
<td>Financials</td>
<td>69%</td>
<td>68%</td>
<td>/</td>
</tr>
<tr>
<td>Info Tech</td>
<td>54%</td>
<td>50%</td>
<td>/</td>
</tr>
<tr>
<td>Telecom</td>
<td>32%</td>
<td>29%</td>
<td>/</td>
</tr>
<tr>
<td>Utilities</td>
<td>35%</td>
<td>32%</td>
<td>/</td>
</tr>
<tr>
<td>Real Estate</td>
<td>27%</td>
<td>21%</td>
<td>/</td>
</tr>
</tbody>
</table>

#### Trend Psn

<table>
<thead>
<tr>
<th>Sector</th>
<th>US/GBL/CDA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy</td>
<td>63% / 67% / 65%</td>
</tr>
<tr>
<td>Materials</td>
<td>54% / 57% / 56%</td>
</tr>
<tr>
<td>Industrials</td>
<td>54% / 57% / 56%</td>
</tr>
<tr>
<td>CMR Disc</td>
<td>41% / 44% / 41%</td>
</tr>
<tr>
<td>CMR Stap</td>
<td>28% / 32% / 27%</td>
</tr>
<tr>
<td>Hlth Care</td>
<td>41% / 44% / 41%</td>
</tr>
<tr>
<td>Financials</td>
<td>66% / 69% / 68%</td>
</tr>
<tr>
<td>Info Tech</td>
<td>51% / 54% / 50%</td>
</tr>
<tr>
<td>Telecom</td>
<td>26% / 32% / 29%</td>
</tr>
<tr>
<td>Utilities</td>
<td>37% / 38% / 34%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>25% / 27% / 21%</td>
</tr>
</tbody>
</table>

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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 the market. (b) Reward/Risk - how consistent is the median relative strength performance of the sector membership within the trend. (c) Trend Psn - what is the net percentage of sector members which are breaking above/below relative strength channels. The strength % is weighted 60%, towards the trend. Z-Score is weighted 40%, towards the trend positioning parameters (% outperforming and reward/risk ratios) and 40% towards the trend positioning (reversals of trends). Gridlines are placed at 0.5 increments. See Help Pages for further details.*
Momentum
Strength

February 8, 2017

Mark Steele (416) 359-4641

Consumer Staples

Dist&Vnt  
12 stocks; $242bn

Tobacco ➖
14 stocks; $734bn

SprCntrs ✓
15 stocks; $428bn

AgriProd ➖
25 stocks; $109bn

SoftDrnks ✓
17 stocks; $460bn

HhldPrdct ➖
18 stocks; $552bn

Brewers ➖
12 stocks; $445bn

PkgFdMt ➖
115 stocks; $1156bn

FdDistri ➖
12 stocks; $54bn

AgriProd ➖
25 stocks; $109bn

SoftDrnks ✓
17 stocks; $460bn

Brewers ➖
12 stocks; $445bn

PkgFdMt ➖
115 stocks; $1156bn

FdRetail ➖
38 stocks; $353bn

DrugRetail ➖
7 stocks; $166bn

PersPrdct ➖
29 stocks; $373bn

AgriProd ➖
25 stocks; $109bn

SoftDrnks ✓
17 stocks; $460bn

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12 stocks; $445bn

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115 stocks; $1156bn

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PersPrdct ➖
29 stocks; $373bn
February 8, 2017

Utilities

Mark Steele (416) 359-4641

- **Momentum**
  - **Strength**
  - **WaterUtil**: 24 stocks; $82bn
  - **GasUtil**: 34 stocks; $189bn
  - **RenewElec**: 24 stocks; $52bn
  - **MultiUtil**: 37 stocks; $411bn
  - **ElecUtil**: 37 stocks; $411bn
  - **IPPTrad**: 25 stocks; $99bn
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 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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<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.
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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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