Group Selection

Priced as of March 13, 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 View

*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 13, 2017

**Energy**

- **OG Equip**
  - 63 stocks; $321bn

- **OG RfMkt**
  - 45 stocks; $401bn

- **OG StTr**
  - 13 stocks; $679bn

- **Coal&Uran**
  - 21 stocks; $75bn

- **Int O&G**
  - 29 stocks; $153bn

- **OG Drill**
  - 16 stocks; $36bn

- **OG E&P**
  - 118 stocks; $790bn

**Momentum**

**Strength**
Materials

Momentum

Strength

MtGlsCnt
14 stocks; $57bn

Fert&Ag
13 stocks; $24bn

DiversChm
20 stocks; $34bn

PapProd
26 stocks; $8bn

FrstPrd
12 stocks; $19bn

Copper
14 stocks; $65bn

Alumin
12 stocks; $22bn

SpecChm
44 stocks; $466bn

ComdChm
20 stocks; $317bn

DvrsMng
17 stocks; $339bn

CstrMat
27 stocks; $239bn

Gold
61 stocks; $173bn

PrecMet
22 stocks; $55bn

Silver
17 stocks; $20bn

IndusGas
49 stocks; $147bn

Steel
59 stocks; $354bn

PaperPkg
17 stocks; $111bn

Copper
IndusGas

DvrsMng
CstrMat

FrstPrd
CstrMat

Momentum

Strength

MtGlsCnt
Fert&Ag
DiversChm
PapProd

March 13, 2017

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BMO Capital Markets
Consumer Staples

March 13, 2017

Mark Steele (416) 359-4641

AgriProd 25 stocks; $109bn
SoftDrinks 17 stocks; $471bn

HhldPrdct 18 stocks; $574bn
Brewers 13 stocks; $457bn

Tobacco 14 stocks; $754bn
PersPrdct 18 stocks; $574bn

Dist&Vnt 12 stocks; $246bn
SprCntrs 15 stocks; $434bn

PkgFdMt 16 stocks; $116bn
FdDistri 12 stocks; $53bn

DrugRetail 7 stocks; $192bn
FdRetail 28 stocks; $344bn
Information Technology

March 13, 2017

Mark Steele (416) 359-4641

ComEquip ➤ 48 stocks, $354bn

ITConsult ➤ 50 stocks, $633bn

ApplicSwr ➤ 71 stocks, $556bn

ElecInstr ➤ 64 stocks, $165bn

HmEntSwr ➤ 14 stocks, $142bn

InetSftSrv ➤ 94 stocks, $1545bn

DataProc ➤ 46 stocks, $670bn

SystmSwr ➤ 14 stocks, $629bn

EMS ➤ 18 stocks, $138bn

SemiEqp ➤ 99 stocks, $213bn

ElecComp ➤ 37 stocks, $245bn

HdwrSt&P ➤ 47 stocks, $1283bn

45 stocks; $354bn

50 stocks; $633bn

71 stocks; $556bn

64 stocks; $165bn

14 stocks; $142bn

94 stocks; $1545bn

46 stocks; $670bn

14 stocks; $629bn

18 stocks; $138bn

99 stocks; $213bn

37 stocks; $245bn

47 stocks; $1283bn
March 13, 2017

Telecommunication Services

AltCar
10 stocks; $54bn

IntgTelSrv
64 stocks; $1337bn

WlsTelSrv
42 stocks; $902bn
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 the are 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.
User Guide 2 - Momentum

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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<tbody>
<tr>
<td>Buy</td>
<td>Outperform</td>
<td>42.7%</td>
<td>22.7%</td>
<td>57.0%</td>
<td>43.2%</td>
<td>55.8%</td>
<td>52.8%</td>
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<tr>
<td>Hold</td>
<td>Market Perform</td>
<td>53.6%</td>
<td>13.3%</td>
<td>42.0%</td>
<td>53.1%</td>
<td>42.2%</td>
<td>41.6%</td>
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<tr>
<td>Sell</td>
<td>Underperform</td>
<td>3.7%</td>
<td>4.6%</td>
<td>1.0%</td>
<td>3.3%</td>
<td>1.2%</td>
<td>5.5%</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.

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(January 2010 – April 2013)

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