Group Selection

Priced as of June 6, 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*

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</thead>
<tbody>
<tr>
<td>Energy</td>
<td>25% / 23% / 38%</td>
<td>-9% / -10% / -9%</td>
<td></td>
</tr>
<tr>
<td>Materials</td>
<td>50% / 43% / 63%</td>
<td>-2% / -3% / 2%</td>
<td></td>
</tr>
<tr>
<td>Industrials</td>
<td>55% / 49% / 71%</td>
<td>3% / 2% / 6%</td>
<td></td>
</tr>
<tr>
<td>CMR Disc</td>
<td>49% / 45% / 62%</td>
<td>2% / 0% / 4%</td>
<td></td>
</tr>
<tr>
<td>CMR Stap</td>
<td>54% / 50% / 68%</td>
<td>13% / 11% / 12%</td>
<td></td>
</tr>
<tr>
<td>Hlth Care</td>
<td>53% / 49% / 68%</td>
<td>8% / 6% / 7%</td>
<td></td>
</tr>
<tr>
<td>Financials</td>
<td>45% / 40% / 65%</td>
<td>-7% / -8% / -3%</td>
<td></td>
</tr>
<tr>
<td>Info Tech</td>
<td>64% / 60% / 76%</td>
<td>14% / 13% / 14%</td>
<td></td>
</tr>
<tr>
<td>Telecom</td>
<td>51% / 48% / 73%</td>
<td>6% / 3% / 5%</td>
<td></td>
</tr>
<tr>
<td>Utilities</td>
<td>60% / 53% / 74%</td>
<td>12% / 13% / 13%</td>
<td></td>
</tr>
<tr>
<td>Real Estate</td>
<td>47% / 42% / 68%</td>
<td>2% / 1% / 3%</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.
June 6, 2017

Mark Steele (416) 359-4641

Energy

Momentum

Strength

OG Drill
16 stocks; $29bn

OG Equip
58 stocks; $302bn

OG RfMkt
45 stocks; $419bn

Coal & Uran
22 stocks; $72bn

OG E&P
114 stocks; $730bn

Int O & G
29 stocks; $156bn

OG StTr
90 stocks; $658bn
June 6, 2017

Consumer Staples

Momentum

Strength

PersPrdct ➔ 29 stocks; $446bn
DrugRetail ➔ 8 stocks; $192bn
HhldPrdct ➔ 18 stocks; $600bn

Dist&Vnt ➔ 12 stocks; $286bn
Tobacco ➔ 14 stocks; $520bn
SoftDrnks ➔ 17 stocks; $515bn

Brewers ➔ 19 stocks; $507bn
PkgFdMt ➔ 12 stocks; $507bn
SprCntrs ➔ 15 stocks; $474bn

FdRetail ➔ 27 stocks; $370bn
FdDistri ➔ 12 stocks; $56bn
AgriProd ➔ 25 stocks; $107bn
Information Technology

Momentum

Strength

June 6, 2017

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ElecComp
38 stocks; $265bn

ComEquip
43 stocks; $360bn

DataProc
47 stocks; $725bn

SemiEqp
39 stocks; $265bn

InetStfSrv
23 stocks; $179bn

TechDist
16 stocks; $48bn

ElecInstr
43 stocks; $219bn

HmEntSwr
14 stocks; $182bn

ApplicSwr
67 stocks; $660bn

SystmSwr
34 stocks; $913bn

HdwrSt&P
45 stocks; $1386bn

Semi
78 stocks; $1108bn

EMS
16 stocks; $131bn

38 stocks; $265bn

43 stocks; $360bn

47 stocks; $725bn

39 stocks; $265bn

23 stocks; $179bn

16 stocks; $48bn

43 stocks; $219bn

14 stocks; $182bn

67 stocks; $660bn

34 stocks; $913bn

45 stocks; $1386bn

78 stocks; $1108bn

16 stocks; $131bn
Utilities

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June 6, 2017

Momentum

Strength

Utilities

WaterUtil
24 stocks; $86bn

GasUtil
33 stocks; $203bn

RenewElec
23 stocks; $55bn

ElecUtil
67 stocks; $1148bn

MultiUtil
31 stocks; $475bn

IPPTrad
25 stocks; $104bn
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 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.
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).
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.
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<th>Rating Category</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>43.2%</td>
<td>22.8%</td>
<td>57.4%</td>
<td>44.1%</td>
<td>57.0%</td>
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<tr>
<td>Hold</td>
<td>Market Perform</td>
<td>53.2%</td>
<td>13.1%</td>
<td>40.6%</td>
<td>52.6%</td>
<td>41.1%</td>
</tr>
<tr>
<td>Sell</td>
<td>Underperform</td>
<td>3.7%</td>
<td>9.5%</td>
<td>2.0%</td>
<td>3.2%</td>
<td>1.6%</td>
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Und = Underperform - Forecast to underperform the analyst’s coverage universe on a total return basis;
(S) = Speculative investment;
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