Group Selection

Priced as of November 22, 2016

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 View

Sector Relative Strength Profiles*

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Energy</td>
<td>55% / 55% / 54%</td>
<td>/ / /</td>
<td>5% / 13% / 5%</td>
</tr>
<tr>
<td>Materials</td>
<td>60% / 61% / 63%</td>
<td>/ / /</td>
<td>-2% / 5% / -2%</td>
</tr>
<tr>
<td>Industrials</td>
<td>52% / 53% / 50%</td>
<td>/ / /</td>
<td>9% / 17% / 6%</td>
</tr>
<tr>
<td>CMR Disc</td>
<td>46% / 46% / 44%</td>
<td>/ / /</td>
<td>6% / 13% / 5%</td>
</tr>
<tr>
<td>CMR Stap</td>
<td>45% / 42% / 38%</td>
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<td>-31% / -21% / -30%</td>
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<tr>
<td>Hlth Care</td>
<td>51% / 51% / 47%</td>
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<td>-20% / -11% / -16%</td>
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<tr>
<td>Financials</td>
<td>55% / 57% / 58%</td>
<td>/ / /</td>
<td>25% / 33% / 18%</td>
</tr>
<tr>
<td>Info Tech</td>
<td>61% / 61% / 62%</td>
<td>/ / /</td>
<td>2% / 12% / 1%</td>
</tr>
<tr>
<td>Telecom</td>
<td>28% / 30% / 26%</td>
<td>/ / /</td>
<td>-26% / -16% / -30%</td>
</tr>
<tr>
<td>Utilities</td>
<td>37% / 37% / 36%</td>
<td>/ / /</td>
<td>-28% / -18% / -28%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>53% / 51% / 43%</td>
<td>/ / /</td>
<td>-32% / -20% / -22%</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
November 22, 2016

**Industrials**

- **TrdgDist**
  - 48 stocks; $270bn

- **BldPrdcts**
  - 42 stocks; $242bn

- **OfficeServ**
  - 13 stocks; $27bn

- **RsrcCslt**
  - 30 stocks; $192bn

- **Aero&Def**
  - 46 stocks; $715bn

- **HREmpl**
  - 23 stocks; $67bn

- **AirFrght**
  - 22 stocks; $237bn

- **Ind Mach**
  - 67 stocks; $569bn

- **Airline**
  - 22 stocks; $240bn

- **Trucking**
  - 67 stocks; $569bn

- **CmclPrt**
  - 12 stocks; $25bn

- **HvyElcEq**
  - 17 stocks; $75bn

- **Ag&Farm**
  - 12 stocks; $74bn

- **ElcCmpEq**
  - 36 stocks; $298bn

- **HvyMach & TV**
  - 44 stocks; $259bn

- **DvSpSrv**
  - 24 stocks; $82bn

- **Hwy&Rail**
  - 14 stocks; $74bn

- **CnstMch&Tr**
  - 44 stocks; $259bn

- **Railroads**
  - 25 stocks; $418bn

- **CmclPrt**
  - 12 stocks; $25bn

- **DvSpSrv**
  - 24 stocks; $82bn

- **Sec&Alm**
  - 5 stocks; $33bn

- **Cns&Eng**
  - 69 stocks; $280bn

- **AirprtSrv**
  - 17 stocks; $103bn

- **ElcCmpEq**
  - 36 stocks; $298bn

- **Sec&Alm**
  - 5 stocks; $33bn

- **Cns&Eng**
  - 69 stocks; $280bn

- **AirprtSrv**
  - 17 stocks; $103bn

- **ElcCmpEq**
  - 36 stocks; $298bn

- **Sec&Alm**
  - 5 stocks; $33bn

- **Cns&Eng**
  - 69 stocks; $280bn

- **AirprtSrv**
  - 17 stocks; $103bn

- **ElcCmpEq**
  - 36 stocks; $298bn

- **Sec&Alm**
  - 5 stocks; $33bn

- **Cns&Eng**
  - 69 stocks; $280bn

- **AirprtSrv**
  - 17 stocks; $103bn
November 22, 2016

Health Care

Momentum

Strength

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31 stocks; $319bn

MngHCare

HCareTec

17 stocks; $50bn

13 stocks; $319bn

HCFacility

HCService

à

33 stocks; $722bn

34 stocks; $189bn

33 stocks; $122bn

75 stocks; $655bn

HCSuppls

HCEquip

12 stocks; $120bn

75 stocks; $655bn

7 stocks; $50bn

731 stocks; $889bn

Biotech

LfSciSrv

20 stocks; $205bn

6 stocks; $2201bn

29 stocks; $120bn

131 stocks; $889bn

13 stocks; $120bn

30 stocks; $205bn

HCDistrib

Pharma
November 22, 2016

Telecommunication Services

11 stocks; $52bn

AltCar

63 stocks; $127bn

IntgTelSrv

43 stocks; $837bn

WlsTelSrv

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Telecommunication Services

Momentum

Strength
November 22, 2016

Utilities

WaterUtil 24 stocks; $82bn

MultiUtil 37 stocks; $392bn

IPPTrad 25 stocks; $90bn

RenewElec 24 stocks; $47bn

GasUtil 35 stocks; $163bn

ElecUtil 88 stocks; $964bn
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 groups 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”
- 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>
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<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>
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<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>
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<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>
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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.
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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
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