Group Selection

Priced as of April 7, 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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*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.
<table>
<thead>
<tr>
<th>Resources</th>
<th>Strength</th>
</tr>
</thead>
<tbody>
<tr>
<td>PapProd</td>
<td>26 stocks; $85bn</td>
</tr>
<tr>
<td>CstrMat</td>
<td>27 stocks; $246bn</td>
</tr>
<tr>
<td>FrstPrd</td>
<td>12 stocks; $20bn</td>
</tr>
<tr>
<td>Copper</td>
<td>14 stocks; $695bn</td>
</tr>
<tr>
<td>OG STr</td>
<td>9 stocks; $477bn</td>
</tr>
<tr>
<td>Alumin</td>
<td>11 stocks; $326bn</td>
</tr>
<tr>
<td>OG Equip</td>
<td>54 stocks; $215bn</td>
</tr>
<tr>
<td>Int O&amp;G</td>
<td>29 stocks; $1581bn</td>
</tr>
<tr>
<td>Fert&amp;Ag</td>
<td>33 stocks; $228bn</td>
</tr>
<tr>
<td>ComdChm</td>
<td>30 stocks; $327bn</td>
</tr>
<tr>
<td>Steel</td>
<td>39 stocks; $347bn</td>
</tr>
<tr>
<td>DvrsMng</td>
<td>46 stocks; $347bn</td>
</tr>
<tr>
<td>OG RfMkt</td>
<td>44 stocks; $416bn</td>
</tr>
<tr>
<td>SpecChm</td>
<td>64 stocks; $470bn</td>
</tr>
<tr>
<td>DiversChm</td>
<td>20 stocks; $350bn</td>
</tr>
<tr>
<td>Coal&amp;Uran</td>
<td>22 stocks; $80bn</td>
</tr>
<tr>
<td>Silver</td>
<td>93 stocks; $695bn</td>
</tr>
<tr>
<td>Gold</td>
<td>9 stocks; $21bn</td>
</tr>
<tr>
<td>OG E&amp;P</td>
<td>118 stocks; $823bn</td>
</tr>
<tr>
<td>OG Drill</td>
<td>44 stocks; $416bn</td>
</tr>
<tr>
<td>PrecMet</td>
<td>50 stocks; $366bn</td>
</tr>
<tr>
<td>IndusGas</td>
<td>8 stocks; $150bn</td>
</tr>
<tr>
<td>PaperPkg</td>
<td>17 stocks; $710bn</td>
</tr>
<tr>
<td>MtGlsCnt</td>
<td>14 stocks; $350bn</td>
</tr>
</tbody>
</table>

**Momentum**
April 7, 2017

**Health Care**

- **Momentum**
  - MngHCare: 12 stocks; $346bn
  - HCareTec: 17 stocks; $55bn
  - HCSuppls: 28 stocks; $133bn

- **Strength**
  - HCDistrib: 19 stocks; $128bn
  - LfSciSrv: 31 stocks; $224bn
  - Biotech: 126 stocks; $931bn
  - Pharma: 68 stocks; $238bn

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  - Pharma: 68 stocks; $238bn

**Total**
- 72 stocks; $724bn
- 98 stocks; $2389bn
- 30 stocks; $196bn
- 68 stocks; $238bn
- 28 stocks; $133bn
- 126 stocks; $931bn
- 31 stocks; $224bn
- 19 stocks; $128bn
Utilities

Strength

Momentum

WaterUtil
24 stocks; $86bn

GasUtil
33 stocks; $194bn

RenewElec
24 stocks; $54bn

MultiUtil
38 stocks; $457bn

IPPTrad
25 stocks; $102bn

ElecUtil
90 stocks; $1084bn
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 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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<tr>
<td>Buy</td>
<td>Outperform</td>
<td>41.8%</td>
<td>20.0%</td>
<td>53.3%</td>
<td>42.7%</td>
<td>54.1%</td>
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<td>Hold</td>
<td>Market Perform</td>
<td>54.4%</td>
<td>13.1%</td>
<td>45.6%</td>
<td>53.8%</td>
<td>43.8%</td>
<td>41.4%</td>
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<tr>
<td>Sell</td>
<td>Underperform</td>
<td>3.7%</td>
<td>4.8%</td>
<td>1.1%</td>
<td>3.0%</td>
<td>1.6%</td>
<td>5.7%</td>
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</tbody>
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* Reflects rating distribution of all companies covered by BMO Capital Markets Corp. equity research analysts.
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(S) = Speculative investment;
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NR = No Rated - No rating at this time; and
R = Restricted - Dissemination of research is currently restricted.

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(April 2013 – October 2016)
(January 2010 – April 2013)

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