Group Selection

Priced as of January 16, 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

Sector Relative Strength Profiles*

<table>
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<tr>
<th></th>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Energy</td>
<td>65% / 67% / 67%</td>
<td>/ / /</td>
<td>3% / 1% / -5%</td>
</tr>
<tr>
<td>Materials</td>
<td>58% / 58% / 56%</td>
<td>/ / /</td>
<td>10% / 10% / 7%</td>
</tr>
<tr>
<td>Industrials</td>
<td>56% / 58% / 56%</td>
<td>/ / /</td>
<td>2% / 1% / -2%</td>
</tr>
<tr>
<td>CMR Disc</td>
<td>44% / 45% / 46%</td>
<td>/ / /</td>
<td>1% / -1% / -6%</td>
</tr>
<tr>
<td>CMR Stap</td>
<td>32% / 34% / 30%</td>
<td>/ / /</td>
<td>-3% / -3% / -5%</td>
</tr>
<tr>
<td>Hlth Care</td>
<td>39% / 41% / 37%</td>
<td>/ / /</td>
<td>3% / 2% / -1%</td>
</tr>
<tr>
<td>Financials</td>
<td>66% / 69% / 69%</td>
<td>/ / /</td>
<td>2% / 2% / -6%</td>
</tr>
<tr>
<td>Info Tech</td>
<td>53% / 56% / 53%</td>
<td>/ / /</td>
<td>4% / 2% / -1%</td>
</tr>
<tr>
<td>Telecom</td>
<td>25% / 27% / 25%</td>
<td>/ / /</td>
<td>12% / 10% / 6%</td>
</tr>
<tr>
<td>Utilities</td>
<td>25% / 30% / 28%</td>
<td>/ / /</td>
<td>6% / 4% / -1%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>24% / 27% / 21%</td>
<td>/ / /</td>
<td>2% / 3% / 1%</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
Momentum

Strength

January 16, 2017

Coal & Uran
21 stocks; $75bn

Int O&G  
29 stocks; $164bn

OG Drill  
18 stocks; $44bn

OG Equip  
63 stocks; $337bn

OG StTr  
63 stocks; $556bn

OG RfMkt  
45 stocks; $387bn

OG E&P  
120 stocks; $863bn

BMO Capital Markets
Mark Steele (416) 359-4641
Utilities

Momentum

Strength

January 16, 2017

Mark Steele (416) 359-4641

IPPTrad →
25 stocks; $97bn

WaterUtil ↑
23 stocks; $78bn

RenewElec ↓
24 stocks; $50bn

MultiUtil ↑
37 stocks; $409bn

ElecUtil ↓
89 stocks; $1014bn

GasUtil ↓
35 stocks; $191bn

Utilities

- IPPTrad
  - 25 stocks; $97bn
- WaterUtil
  - 23 stocks; $78bn
- RenewElec
  - 24 stocks; $50bn
- MultiUtil
  - 37 stocks; $409bn
- ElecUtil
  - 89 stocks; $1014bn
- GasUtil
  - 35 stocks; $191bn

Note: This diagram visualizes the momentum and strength of different sectors within the Utilities category.
January 16, 2017

Real Estate

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Strength

Momentum

SpecREIT 29 stocks; $258bn

REstOpCo 30 stocks; $166bn

REstDev 31 stocks; $183bn

REstSrv 11 stocks; $28bn

REstDvAct 32 stocks; $300bn

HotelREIT 17 stocks; $46bn

OfficeREIT 31 stocks; $152bn

RetailREIT 49 stocks; $329bn

HCareREIT 16 stocks; $94bn

IndusREIT 20 stocks; $62bn

DiversREIT 39 stocks; $143bn

ResidREIT 25 stocks; $144bn

30 stocks; $166bn

29 stocks; $258bn

31 stocks; $183bn

11 stocks; $28bn

32 stocks; $300bn

17 stocks; $46bn

31 stocks; $152bn

49 stocks; $329bn

16 stocks; $94bn

20 stocks; $62bn

39 stocks; $143bn

25 stocks; $144bn
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”
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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<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>
</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.
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(S) = Speculative investment;
NR = No rating at this time; and
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