Group Selection

Priced as of May 17, 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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<tbody>
<tr>
<td>Energy</td>
<td>35% / 33% / 45%</td>
<td>-8% / 6%</td>
<td>3% / -8% / 6%</td>
</tr>
<tr>
<td>Materials</td>
<td>52% / 47% / 63%</td>
<td>5% / 11%</td>
<td>5% / -4% / 11%</td>
</tr>
<tr>
<td>Industrials</td>
<td>55% / 49% / 65%</td>
<td>7% / 18%</td>
<td>7% / -1% / 18%</td>
</tr>
<tr>
<td>CMR Disc</td>
<td>49% / 47% / 58%</td>
<td>9% / 19%</td>
<td>9% / 0% / 19%</td>
</tr>
<tr>
<td>CMR Stap</td>
<td>47% / 44% / 58%</td>
<td>28% / 33%</td>
<td>28% / 15% / 33%</td>
</tr>
<tr>
<td>Hlth Care</td>
<td>51% / 46% / 60%</td>
<td>15% / 20%</td>
<td>15% / 4% / 20%</td>
</tr>
<tr>
<td>Financials</td>
<td>47% / 44% / 64%</td>
<td>7% / 16%</td>
<td>7% / -8% / 16%</td>
</tr>
<tr>
<td>Info Tech</td>
<td>59% / 56% / 69%</td>
<td>15% / 21%</td>
<td>15% / 4% / 21%</td>
</tr>
<tr>
<td>Telecom</td>
<td>50% / 47% / 59%</td>
<td>17% / 25%</td>
<td>17% / 3% / 25%</td>
</tr>
<tr>
<td>Utilities</td>
<td>57% / 52% / 68%</td>
<td>20% / 27%</td>
<td>20% / 9% / 27%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>46% / 41% / 64%</td>
<td>11% / 18%</td>
<td>11% / -5% / 18%</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.
May 17, 2017

Health Care

Momentum

Strength

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Pharma
102 stocks; $2464bn

LfSciSrv
32 stocks; $248bn

HCDistrib
19 stocks; $126bn

Biotech
126 stocks; $932bn

HCService
29 stocks; $195bn

HCEquip
72 stocks; $752bn

HCFacility
28 stocks; $106bn

HCareTec
18 stocks; $62bn

MngHCare
12 stocks; $359bn

HCService
29 stocks; $195bn

HCService
29 stocks; $195bn

HCSuppls
27 stocks; $140bn

HCSuppls
27 stocks; $140bn
May 17, 2017

Telecommunication Services

Mark Steele (416) 359-4641

IntgTelSrv
63 stocks; $1327bn

WisTelSrv
42 stocks; $929bn

AltCar
10 stocks; $58bn

Momentum

Strength
Momentum

Strength

Utilities

Mark Steele (416) 359-4641

RenewElec
24 stocks; $54bn

IPPTrad
25 stocks; $102bn

MultiUtil
37 stocks; $46bn

ElecUtil
92 stocks; $1112bn

GasUtil
33 stocks; $195bn

WaterUtil
24 stocks; $86bn

Utilities

323 stocks; $258bn

39 stocks; $1112bn

33 stocks; $195bn

24 stocks; $86bn
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 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.
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.
Disclosures

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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>
<td>52.9%</td>
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<tr>
<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>
</tr>
<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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* 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
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(April 2013 – October 2016)

(January 2010 – April 2013)

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