Group Selection

Priced as of February 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*

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy</td>
<td>61% / 65% / 62%</td>
<td>-17% / -17% / -19%</td>
<td></td>
</tr>
<tr>
<td>Materials</td>
<td>55% / 58% / 57%</td>
<td>2% / 4% / 3%</td>
<td></td>
</tr>
<tr>
<td>Industrials</td>
<td>53% / 57% / 52%</td>
<td>-2% / -1% / 0%</td>
<td></td>
</tr>
<tr>
<td>CMR Disc</td>
<td>40% / 43% / 41%</td>
<td>-6% / -4% / -5%</td>
<td></td>
</tr>
<tr>
<td>CMR Stap</td>
<td>30% / 32% / 27%</td>
<td>-1% / 1% / 3%</td>
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<tr>
<td>Hlth Care</td>
<td>36% / 37% / 33%</td>
<td>7% / 9% / 9%</td>
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<tr>
<td>Financials</td>
<td>66% / 71% / 68%</td>
<td>-3% / -1% / -3%</td>
<td></td>
</tr>
<tr>
<td>Info Tech</td>
<td>51% / 54% / 49%</td>
<td>4% / 6% / 5%</td>
<td></td>
</tr>
<tr>
<td>Telecom</td>
<td>29% / 34% / 29%</td>
<td>-3% / 0% / 3%</td>
<td></td>
</tr>
<tr>
<td>Utilities</td>
<td>29% / 35% / 32%</td>
<td>-2% / -1% / 0%</td>
<td></td>
</tr>
<tr>
<td>Real Estate</td>
<td>22% / 28% / 20%</td>
<td>4% / 8% / 9%</td>
<td></td>
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</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.
February 17, 2017

### Materials

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<tr>
<th>Sector</th>
<th>Industry</th>
<th>Stocks</th>
<th>Market Cap</th>
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<tr>
<td>FrstPrd</td>
<td></td>
<td>12</td>
<td>$19bn</td>
</tr>
<tr>
<td>PapProd</td>
<td></td>
<td>26</td>
<td>$83bn</td>
</tr>
<tr>
<td>DvrsMng</td>
<td></td>
<td>47</td>
<td>$365bn</td>
</tr>
<tr>
<td>ComdChm</td>
<td></td>
<td>40</td>
<td>$328bn</td>
</tr>
<tr>
<td>PapProd</td>
<td></td>
<td>26</td>
<td>$83bn</td>
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<tr>
<td>DvrsMng</td>
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<td>47</td>
<td>$365bn</td>
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<tr>
<td>IndusGas</td>
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<td>3</td>
<td>$149bn</td>
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<tr>
<td>Alumin</td>
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<td>12</td>
<td>$55bn</td>
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<tr>
<td>Steel</td>
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<td>59</td>
<td>$375bn</td>
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<tr>
<td>Copper</td>
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<td>$87bn</td>
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<tr>
<td>DvrsChm</td>
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<td>20</td>
<td>$341bn</td>
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<tr>
<td>Fert&amp;Ag</td>
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<td>$227bn</td>
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<tr>
<td>SpecChm</td>
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<td>60</td>
<td>$457bn</td>
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<tr>
<td>CstrMat</td>
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<td>27</td>
<td>$236bn</td>
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<tr>
<td>Gold</td>
<td></td>
<td>64</td>
<td>$194bn</td>
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<tr>
<td>Silver</td>
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<td>6</td>
<td>$23bn</td>
</tr>
<tr>
<td>PtGlsCnt</td>
<td></td>
<td>14</td>
<td>$56bn</td>
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<tr>
<td>PrecMet</td>
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<td>22</td>
<td>$61bn</td>
</tr>
<tr>
<td>PaperPkg</td>
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<td>17</td>
<td>$114bn</td>
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</tbody>
</table>

*Mark Steele (416) 359-4641*
February 17, 2017

**Health Care**

Mark Steele (416) 359-4641

**Momentum**

- **Pharma** 17 stocks; $52bn
- **Biotech** 126 stocks; $938bn
- **HCSuppls** 78 stocks; $128bn
- **HCService** 37 stocks; $200bn
- **HCEquip** 73 stocks; $708bn
- **LfSciSrv** 31 stocks; $224bn
- **HCDistrib** 19 stocks; $130bn
- **MngHCare** 12 stocks; $331bn

**Strength**

- **HCareTec** 17 stocks; $52bn
- **Pharma** 98 stocks; $2374bn
- **Biotech** 98 stocks; $2374bn
- **HCSuppls** 28 stocks; $54bn
- **HCServices** 31 stocks; $93bn
- **HCEquip** 73 stocks; $708bn
- **HCDistrib** 28 stocks; $128bn
- **MngHCare** 12 stocks; $331bn

**Health Care Sector Breakdown**

- **Pharma** 17 stocks; $52bn
- **Biotech** 126 stocks; $938bn
- **HCSuppls** 78 stocks; $128bn
- **HCServices** 37 stocks; $200bn
- **HCEquip** 73 stocks; $708bn
- **LfSciSrv** 31 stocks; $224bn
- **HCDistrib** 19 stocks; $130bn
- **MngHCare** 12 stocks; $331bn
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.
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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Distribution of Ratings (December 31, 2014)

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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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<tr>
<td>Buy</td>
<td>Outperform</td>
<td>43.4%</td>
<td>16.2%</td>
<td>60.6%</td>
<td>42.6%</td>
<td>51.7%</td>
<td>55.6%</td>
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<tr>
<td>Hold</td>
<td>Market Perform</td>
<td>52.6%</td>
<td>8.1%</td>
<td>36.6%</td>
<td>53.0%</td>
<td>45.8%</td>
<td>39.5%</td>
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<tr>
<td>Sell</td>
<td>Underperform</td>
<td>3.9%</td>
<td>8.3%</td>
<td>2.8%</td>
<td>4.5%</td>
<td>2.5%</td>
<td>4.9%</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.
*** 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;
(S) = Speculative investment;
NR = No rating at this time; and
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