Group Selection

Priced as of June 14, 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*

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<tbody>
<tr>
<td>Energy</td>
<td>22% / 20% / 35%</td>
<td>/ / /</td>
<td>-15% / -15% / -11%</td>
</tr>
<tr>
<td>Materials</td>
<td>50% / 44% / 63%</td>
<td>/ / /</td>
<td>-3% / 0% / 2%</td>
</tr>
<tr>
<td>Industrials</td>
<td>56% / 51% / 72%</td>
<td>/ / /</td>
<td>4% / 6% / 9%</td>
</tr>
<tr>
<td>CMR Disc</td>
<td>50% / 45% / 64%</td>
<td>/ / /</td>
<td>5% / 6% / 8%</td>
</tr>
<tr>
<td>CMR Stap</td>
<td>55% / 51% / 71%</td>
<td>/ / /</td>
<td>3% / 7% / 6%</td>
</tr>
<tr>
<td>Hlth Care</td>
<td>54% / 50% / 70%</td>
<td>/ / /</td>
<td>7% / 8% / 11%</td>
</tr>
<tr>
<td>Financials</td>
<td>45% / 39% / 66%</td>
<td>/ / /</td>
<td>13% / 15% / 15%</td>
</tr>
<tr>
<td>Info Tech</td>
<td>64% / 61% / 77%</td>
<td>/ / /</td>
<td>-3% / -3% / 2%</td>
</tr>
<tr>
<td>Telecom</td>
<td>51% / 48% / 72%</td>
<td>/ / /</td>
<td>1% / 1% / 4%</td>
</tr>
<tr>
<td>Utilities</td>
<td>62% / 53% / 78%</td>
<td>/ / /</td>
<td>8% / 8% / 7%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>47% / 43% / 70%</td>
<td>/ / /</td>
<td>8% / 12% / 12%</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

June 14, 2017

Mark Steele (416) 359-4641

Industrials

- Ag&Farm: 12 stocks, $95bn
- HREmpl: 23 stocks, $105bn
- Airline: 31 stocks, $291bn
- Sec&Alm: 5 stocks, $38bn
- CnstMch&Tr: 120 stocks, $682bn
- EnviroServ: 26 stocks, $124bn
- RsrcCslt: 28 stocks, $220bn
- BldPrdcts: 45 stocks, $273bn
- AirFrght: 20 stocks, $250bn
- Cns&Eng: 70 stocks, $828bn
- TrdgDist: 54 stocks, $290bn
- Marine: 17 stocks, $71bn
- MarineSrv: 14 stocks, $66bn
- IndCongl: 43 stocks, $111bn
- Ind Mach: 120 stocks, $682bn
- CmclPrt: 11 stocks, $26bn
- Cns&Eng: 70 stocks, $828bn
- CmclPrt: 11 stocks, $26bn
- Miners: 57 stocks, $828bn
- Railroads: 25 stocks, $477bn
- DvSpSrv: 24 stocks, $94bn
Telecommunication Services

Momentum

Strength

AltCar
10 stocks; $60bn

IntgTelSrv
63 stocks; $135bn

WlsTelSrv
42 stocks; $933bn

June 14, 2017

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Telecommunication Services

BMO Capital Markets
June 14, 2017

Utilities

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Momentum

Strength

- WaterUtil ➔
  24 stocks; $87bn

- RenewElec ➔
  23 stocks; $55bn

- MultiUtil ➔
  37 stocks; $477bn

- GasUtil ➔
  33 stocks; $201bn

- ElecUtil ➔
  90 stocks; $1145bn

- IPPTrad ➔
  25 stocks; $103bn

- GasUtil ➔
  33 stocks; $201bn

- RenewElec ➔
  23 stocks; $55bn

- WaterUtil ➔
  24 stocks; $87bn
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 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).
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>43.2%</td>
<td>22.8%</td>
<td>57.4%</td>
<td>44.1%</td>
<td>57.0%</td>
<td>52.8%</td>
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<tr>
<td>Hold</td>
<td>Market Perform</td>
<td>53.2%</td>
<td>13.1%</td>
<td>40.6%</td>
<td>52.6%</td>
<td>41.1%</td>
<td>41.6%</td>
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<tr>
<td>Sell</td>
<td>Underperform</td>
<td>3.7%</td>
<td>9.5%</td>
<td>2.0%</td>
<td>3.2%</td>
<td>1.6%</td>
<td>5.5%</td>
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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.
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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;
- **Spd** = Suspended - Coverage and rating suspended until coverage is reinstated;
- **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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