Group Selection

Priced as of March 2, 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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<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Energy</td>
<td>58% / 63% / 61%</td>
<td>-25% / -23% / -3%</td>
<td></td>
</tr>
<tr>
<td>Materials</td>
<td>54% / 58% / 58%</td>
<td>-8% / -5% / 12%</td>
<td></td>
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<tr>
<td>Industrials</td>
<td>53% / 57% / 54%</td>
<td>-5% / -1% / 23%</td>
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<tr>
<td>CMR Disc</td>
<td>40% / 44% / 42%</td>
<td>-5% / -2% / 20%</td>
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<tr>
<td>CMR Stap</td>
<td>28% / 30% / 27%</td>
<td>-6% / -1% / 27%</td>
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<tr>
<td>Hlth Care</td>
<td>33% / 37% / 34%</td>
<td>6% / 8% / 30%</td>
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<tr>
<td>Financials</td>
<td>64% / 70% / 68%</td>
<td>-12% / -6% / 15%</td>
<td></td>
</tr>
<tr>
<td>Info Tech</td>
<td>49% / 53% / 50%</td>
<td>-5% / -2% / 21%</td>
<td></td>
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<tr>
<td>Telecom</td>
<td>27% / 31% / 28%</td>
<td>-9% / -7% / 20%</td>
<td></td>
</tr>
<tr>
<td>Utilities</td>
<td>29% / 33% / 33%</td>
<td>0% / 5% / 37%</td>
<td></td>
</tr>
<tr>
<td>Real Estate</td>
<td>22% / 28% / 23%</td>
<td>-2% / 5% / 37%</td>
<td></td>
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</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 (ranked 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
Strength Changes Last Session

- CstrMat -> BldPrdcts -> MngHCare
- SpCmSrv -> HCSuppls -> P&C Insur
- OG RfMkt -> MarineSrv -> HlmpRtl
- SpecChm -> LeisFcil -> Thrft&Mtg
- HCService -> CmclPrt -> Footwear
- OG StTr -> RegionBnk -> Fert&Ag
- PapProd -> DiversBnk -> OG Equip
- AutoParts -> InvBnkBrk -> HhldApl
- Copper -> DiversBnk -> WsTelSrv
- Dist&Vnt -> InvBnkBrk
- GasUtil -> Divers
- DataProc
- HomeFurn
- WaterUtil
- HREmpl
- Reinsuran
- HdwrSt&P
- AutoRtl
- DiversREIT
- DeptStrs
- ElecInstr
- Ind Mach
- FdDistri
- REstDvAct
- Educat
- LifeHthIns
- OgStTr
- RegionBnk
- PapProd
- AutoParts
- Copper
- DiversBnk
- OgEquip
- InvBnkBrk
- HhldApl
- Hwy&Rail
- GMrchStrs
- SystmSwr
- REstOpCo
- HvyElcEq

Momentum

March 2, 2017

Mark Steele (416) 359-4641
March 2, 2017

**Momentum**

**Strength**

OG RfMkt ➔
48 stocks, $397bn

OG StTr ➔
93 stocks, $689bn

Coal&Uran ➔
21 stocks, $76bn

OG Drill ➔
18 stocks, $39bn

Int O&G ➔
29 stocks, $1574bn

OG Equip ➔
63 stocks, $334bn

OG E&P ➔
118 stocks, $814bn

**OG StTr**
3 stocks, $689bn

**Coal&Uran**
21 stocks, $76bn

**OG Drill**
18 stocks, $39bn

**Int O&G**
29 stocks, $1574bn

**OG Equip**
63 stocks, $334bn

**OG E&P**
118 stocks, $814bn

**OG RfMkt**
48 stocks, $397bn
Telecommunication Services

Momentum

Strength

AltCar
10 stocks; $55bn

IntgTelSrv
42 stocks; $132bn

WlsTelSrv
42 stocks; $90bn
March 2, 2017

Real Estate

Mark Steele (416) 359-4641

ResidREIT • 26 stocks; $150bn
SpecREIT • 31 stocks; $292bn
IndusREIT • 20 stocks; $63bn
OfficeREIT • 31 stocks; $166bn
HCareREIT • 16 stocks; $99bn
DiversREIT • 38 stocks; $146bn
RetailREIT • 49 stocks; $322bn
REstDvAct • 33 stocks; $312bn
REstOpCo • 30 stocks; $172bn
HotelREIT • 17 stocks; $46bn
REstSrv • 7 stocks; $31bn
REstDevI • 17 stocks; $198bn

Momentum

Strength
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 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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Distribution of Ratings (December 31, 2014)

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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>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>
</tr>
<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>
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</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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