Group Selection
Priced as of August 15, 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>19% / 14% / 27%</td>
<td>/ / / -9% / -7% / -13%</td>
<td></td>
</tr>
<tr>
<td>Materials</td>
<td>47% / 42% / 56%</td>
<td>/ / / -4% / -1% / -4%</td>
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<tr>
<td>Industrials</td>
<td>56% / 49% / 67%</td>
<td>/ / / -12% / -7% / -7%</td>
<td></td>
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<tr>
<td>CMR Disc</td>
<td>52% / 48% / 62%</td>
<td>/ / / -10% / -7% / -8%</td>
<td></td>
</tr>
<tr>
<td>CMR Stap</td>
<td>50% / 44% / 61%</td>
<td>/ / / -4% / 1% / -2%</td>
<td></td>
</tr>
<tr>
<td>Hlth Care</td>
<td>58% / 54% / 65%</td>
<td>/ / / -13% / -8% / -8%</td>
<td></td>
</tr>
<tr>
<td>Financials</td>
<td>48% / 42% / 63%</td>
<td>/ / / -2% / 2% / -3%</td>
<td></td>
</tr>
<tr>
<td>Info Tech</td>
<td>64% / 59% / 73%</td>
<td>/ / / -8% / -4% / -7%</td>
<td></td>
</tr>
<tr>
<td>Telecom</td>
<td>54% / 47% / 66%</td>
<td>/ / / -1% / 4% / -3%</td>
<td></td>
</tr>
<tr>
<td>Utilities</td>
<td>62% / 51% / 74%</td>
<td>/ / / 1% / 9% / 3%</td>
<td></td>
</tr>
<tr>
<td>Real Estate</td>
<td>51% / 41% / 63%</td>
<td>/ / / -3% / 2% / 0%</td>
<td></td>
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*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.
Strength

Momentum

Energy

Int O&G
29 stocks; $1542bn

Coal&Uran
22 stocks; $74bn

OG Equip
89 stocks; $297bn

OG E&P
116 stocks; $692bn

OG StTr
89 stocks; $642bn

OG Drill
16 stocks; $24bn

OG RfMkt
44 stocks; $445bn

OG RfMkt
Health Care

Momentum

Strength

MngHCare 12 stocks; $404bn

HCSuppls 26 stocks; $145bn

LtSciSrv 28 stocks; $257bn

HCareTec 18 stocks; $64bn

Biotech 128 stocks; $987bn

Pharma 102 stocks; $2434bn

HCEquip 74 stocks; $792bn

HCService 29 stocks; $195bn

HCDistrib 19 stocks; $722bn

HCFacility 28 stocks; $105bn

29 stocks; $195bn

74 stocks; $792bn

26 stocks; $145bn

18 stocks; $64bn

128 stocks; $987bn

102 stocks; $2434bn

19 stocks; $722bn

28 stocks; $105bn

Biotech

Pharma

MngHCare

HCSuppls

HCEquip

HCService

HCDistrib

HCFacility

LtSciSrv

HCareTec

Health Care

Health Care
Financials

- **MortgREIT**: 23 stocks, $62bn
- **FnExchDt**: 23 stocks, $350bn
- **InsurBrkrs**: 7 stocks, $116bn
- **Multi-LnIns**: 30 stocks, $544bn
- **DiversBnk**: 159 stocks, $5259bn
- **LifeHthIns**: 17 stocks, $667bn
- **AsstMgmt**: 80 stocks, $552bn
- **Reinsuran**: 12 stocks, $131bn
- **DivCpMkt**: 9 stocks, $184bn
- **MltSecHld**: 25 stocks, $399bn
- **InvBnkBrk**: 35 stocks, $373bn
- **P&C Ins**: 60 stocks, $514bn
- **ConsmrFin**: 30 stocks, $259bn
- **DivCpMkt**: 10 stocks, $23bn
- **OthrDivFS**: 8 stocks, $88bn

August 15, 2017

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August 15, 2017

Telecommunication Services

Momentum

Strength

AltCar
10 stocks; $37bn

WlsTelSrv
42 stocks; $950bn

IntgTelSrv
62 stocks; $1376bn

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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 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).
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”
- 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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ETFs designed to track an index or asset may experience a discrepancy between the ETF’s performance and the performance of its target index known as tracking error. A variety of factors can create a performance gap between ETF and its target index such as the impact of transaction fees and expenses incurred by the ETF, changes in composition of the underlying index/assets, the ETF portfolio manager’s replication strategy and sampling techniques, and the timing of purchases and redemptions of ETF’s shares.

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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>
</tr>
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* Reflects rating distribution of all companies covered by BMO Capital Markets Corp. equity research analysts.
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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;
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