Group Selection

Priced as of August 25, 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*

<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>Energy</td>
<td>19% / 16% / 26%</td>
<td>/ / /</td>
<td>13% / 10% / -2%</td>
</tr>
<tr>
<td>Materials</td>
<td>49% / 41% / 55%</td>
<td>/ / /</td>
<td>13% / 11% / 2%</td>
</tr>
<tr>
<td>Industrials</td>
<td>55% / 47% / 62%</td>
<td>/ / /</td>
<td>-4% / -8% / -18%</td>
</tr>
<tr>
<td>CMR Disc</td>
<td>52% / 47% / 58%</td>
<td>/ / /</td>
<td>0% / -4% / -11%</td>
</tr>
<tr>
<td>CMR Stap</td>
<td>50% / 46% / 59%</td>
<td>/ / /</td>
<td>5% / 2% / -10%</td>
</tr>
<tr>
<td>Hlth Care</td>
<td>56% / 52% / 62%</td>
<td>/ / /</td>
<td>1% / -2% / -11%</td>
</tr>
<tr>
<td>Financials</td>
<td>50% / 42% / 60%</td>
<td>/ / /</td>
<td>7% / 4% / -9%</td>
</tr>
<tr>
<td>Info Tech</td>
<td>65% / 57% / 69%</td>
<td>/ / /</td>
<td>1% / -3% / -16%</td>
</tr>
<tr>
<td>Telecom</td>
<td>54% / 47% / 62%</td>
<td>/ / /</td>
<td>16% / 12% / -8%</td>
</tr>
<tr>
<td>Utilities</td>
<td>64% / 53% / 71%</td>
<td>/ / /</td>
<td>16% / 13% / -4%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>50% / 42% / 59%</td>
<td>/ / /</td>
<td>8% / 4% / -8%</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
<table>
<thead>
<tr>
<th>Material</th>
<th>Strength</th>
<th>Momentum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Copper</td>
<td>4 stocks; $103bn</td>
<td></td>
</tr>
<tr>
<td>DvrsMng</td>
<td>45 stocks; $395bn</td>
<td></td>
</tr>
<tr>
<td>Steel</td>
<td>58 stocks; $357bn</td>
<td></td>
</tr>
<tr>
<td>PrecMet</td>
<td>22 stocks; $59bn</td>
<td></td>
</tr>
<tr>
<td>PaperPkg</td>
<td>17 stocks; $121bn</td>
<td></td>
</tr>
<tr>
<td>FrstPrd</td>
<td>12 stocks; $26bn</td>
<td></td>
</tr>
<tr>
<td>DiversChm</td>
<td>20 stocks; $167bn</td>
<td></td>
</tr>
<tr>
<td>Alumin</td>
<td>11 stocks; $57bn</td>
<td></td>
</tr>
<tr>
<td>PapProd</td>
<td>26 stocks; $97bn</td>
<td></td>
</tr>
<tr>
<td>IndusGas</td>
<td>8 stocks; $165bn</td>
<td></td>
</tr>
<tr>
<td>ComdChm</td>
<td>40 stocks; $348bn</td>
<td></td>
</tr>
<tr>
<td>CstrMat</td>
<td>27 stocks; $250bn</td>
<td></td>
</tr>
<tr>
<td>SpecChm</td>
<td>64 stocks; $499bn</td>
<td></td>
</tr>
<tr>
<td>Silver</td>
<td></td>
<td>9 stocks; $20bn</td>
</tr>
<tr>
<td>MtGlsCnt</td>
<td>14 stocks; $61bn</td>
<td></td>
</tr>
<tr>
<td>Fert&amp;Ag</td>
<td>12 stocks; $148bn</td>
<td></td>
</tr>
</tbody>
</table>
Momentum

Strength

Health Care

Biotech
128 stocks; $995bn

HCSupplls
28 stocks; $144bn

HCServce
29 stocks; $197bn

Pharma
102 stocks; $243bn

Health Care

Biotech
128 stocks; $995bn

HCSupplls
28 stocks; $144bn

HCServce
29 stocks; $197bn

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102 stocks; $243bn

Health Care

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Health Care

Biotech
128 stocks; $995bn

HCSupplls
28 stocks; $144bn

HCServce
29 stocks; $197bn

Pharma
102 stocks; $243bn
Telecommunication Services

Momentum

Strength

August 25, 2017

Mark Steele (416) 359-4641

BMO Capital Markets

AltCar
70 stocks; $57bn

IntgTelSrv
62 stocks; $1375bn

WlsTelSrv
42 stocks; $960bn
Momentum

Strength

REstDev
30 stocks; $266bn

REstOpCo
30 stocks; $192bn

HCareREIT
18 stocks; $108bn

SpecREIT
31 stocks; $327bn

DiversREIT
40 stocks; $164bn

IndusREIT
20 stocks; $100bn

ResidREIT
26 stocks; $165bn

RetailREIT
50 stocks; $310bn

REstDvAct
34 stocks; $338bn

REstSrv
11 stocks; $33bn

OfficeREIT
12 stocks; $150bn

HotelREIT
10 stocks; $56bn

August 25, 2017
**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' positions (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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<tbody>
<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>
</tr>
<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>
</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.
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