Group Selection

Priced as of August 24, 2018

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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<tbody>
<tr>
<td>Energy</td>
<td>52% / 59% / 57%</td>
<td></td>
<td>0% / 5% / 4%</td>
</tr>
<tr>
<td>Materials</td>
<td>28% / 34% / 32%</td>
<td></td>
<td>-12% / -8% / -6%</td>
</tr>
<tr>
<td>Industrials</td>
<td>36% / 44% / 40%</td>
<td></td>
<td>-3% / 3% / 5%</td>
</tr>
<tr>
<td>CMR Disc</td>
<td>40% / 46% / 42%</td>
<td></td>
<td>-10% / -3% / 0%</td>
</tr>
<tr>
<td>CMR Stap</td>
<td>37% / 44% / 41%</td>
<td></td>
<td>-8% / 0% / -1%</td>
</tr>
<tr>
<td>Hlth Care</td>
<td>55% / 61% / 57%</td>
<td></td>
<td>1% / 5% / 5%</td>
</tr>
<tr>
<td>Financials</td>
<td>35% / 47% / 38%</td>
<td></td>
<td>-8% / -1% / 2%</td>
</tr>
<tr>
<td>Info Tech</td>
<td>50% / 57% / 54%</td>
<td></td>
<td>1% / 5% / 7%</td>
</tr>
<tr>
<td>Telecom</td>
<td>21% / 30% / 24%</td>
<td></td>
<td>4% / 13% / 14%</td>
</tr>
<tr>
<td>Utilities</td>
<td>37% / 51% / 42%</td>
<td></td>
<td>-11% / -4% / -5%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>49% / 65% / 52%</td>
<td></td>
<td>-10% / -6% / 4%</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.
### Strength Changes Last Session

<table>
<thead>
<tr>
<th>Momentum</th>
<th>Strength</th>
</tr>
</thead>
<tbody>
<tr>
<td>OG RfMt</td>
<td>InetSftSr</td>
</tr>
<tr>
<td>PersPrdt</td>
<td>SpecChm</td>
</tr>
<tr>
<td>RsrcCslt</td>
<td>Int O&amp;G</td>
</tr>
<tr>
<td>SystmSr</td>
<td>FnExchDl</td>
</tr>
<tr>
<td>IndusREIT</td>
<td>MortgREIT</td>
</tr>
<tr>
<td>HREmpl</td>
<td>LeisFcil</td>
</tr>
</tbody>
</table>
Momentum

Strength

OG Drill
14 stocks; $33bn

OG E&P
113 stocks; $894bn

OG Equip
60 stocks; $291bn

OG RfMkt
43 stocks; $573bn

OG StTr
33 stocks; $681bn

Energy

Int O&G
31 stocks; $1882bn

Coal&Uran
24 stocks; $84bn

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Momentum

Strength

Materials

- SpecChm
  - 69 stocks; $576bn
- ComdChm
  - 43 stocks; $428bn
- FrstPrd
  - 11 stocks; $31bn
- PapProd
  - 24 stocks; $109bn
- IndusGas
  - 8 stocks; $150bn
- Fert&Ag
  - 29 stocks; $151bn

- CstrMat
  - 28 stocks; $243bn
- DiversChm
  - 22 stocks; $396bn
- Steel
  - 60 stocks; $419bn
- PrecMet
  - 19 stocks; $41bn
- DvrsMng
  - 64 stocks; $387bn
- Copper
  - 18 stocks; $398bn
- Silver
  - 11 stocks; $17bn
- Gold
  - 73 stocks; $165bn
- PaperPkg
  - 17 stocks; $132bn
- Alumin
  - 10 stocks; $44bn
- MtGlsCnt
  - 14 stocks; $58bn
Consumer Staples

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HhldPrdct 17 stocks; $557bn
PersPrdct 33 stocks; $509bn
AgriProd 25 stocks; $111bn

SoftDrnks 19 stocks; $526bn
FdRetail 36 stocks; $357bn
Brewers 14 stocks; $460bn

Tobacco 13 stocks; $560bn
DrugRetail 6 stocks; $89bn

FdDistri 11 stocks; $65bn
Dist&Vnt 12 stocks; $351bn
SprCntrs 13 stocks; $540bn

PkgFdMt 123 stocks; $1176bn
<table>
<thead>
<tr>
<th>Momentum</th>
<th>Strength</th>
</tr>
</thead>
<tbody>
<tr>
<td>P&amp;C Insur</td>
<td>59 stocks; $527bn</td>
</tr>
<tr>
<td>ConsmrFin</td>
<td>37 stocks; $304bn</td>
</tr>
<tr>
<td>Thrft&amp;Mtg</td>
<td>42 stocks; $136bn</td>
</tr>
<tr>
<td>FnlExchDt</td>
<td>22 stocks; $407bn</td>
</tr>
<tr>
<td>MortgREIT</td>
<td>23 stocks; $64bn</td>
</tr>
<tr>
<td>RegionBnk</td>
<td>140 stocks; $716bn</td>
</tr>
<tr>
<td>AsstMgmt</td>
<td>80 stocks; $572bn</td>
</tr>
<tr>
<td>InsurBrkrs</td>
<td>7 stocks; $124bn</td>
</tr>
<tr>
<td>LifeHthIns</td>
<td>46 stocks; $636bn</td>
</tr>
<tr>
<td>InvBnkBrk</td>
<td>37 stocks; $403bn</td>
</tr>
<tr>
<td>Multi-LnIns</td>
<td>33 stocks; $508bn</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Financials</th>
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</thead>
<tbody>
<tr>
<td>MitSecHld</td>
<td>24 stocks; $434bn</td>
</tr>
<tr>
<td>DiversBnk</td>
<td>158 stocks; $518bn</td>
</tr>
<tr>
<td>SpecialFin</td>
<td>10 stocks; $23bn</td>
</tr>
<tr>
<td>Reinsuran</td>
<td>4 stocks; $15bn</td>
</tr>
<tr>
<td>DivCpMkt</td>
<td>2 stocks; $169bn</td>
</tr>
<tr>
<td>OthDivFS</td>
<td>3 stocks; $98bn</td>
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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.
User Guide 2 - Momentum

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>
</thead>
<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>
</tr>
<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>
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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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(S) = Speculative investment;
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