Group Selection
Priced as of July 3, 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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</tr>
</thead>
<tbody>
<tr>
<td>Energy</td>
<td>17% / 15% / 31%</td>
<td>/ / /</td>
<td>11% / 12% / -1%</td>
</tr>
<tr>
<td>Materials</td>
<td>46% / 42% / 59%</td>
<td>/ / /</td>
<td>8% / 9% / -2%</td>
</tr>
<tr>
<td>Industrials</td>
<td>55% / 49% / 73%</td>
<td>/ / /</td>
<td>8% / 9% / -7%</td>
</tr>
<tr>
<td>CMR Disc</td>
<td>52% / 47% / 66%</td>
<td>/ / /</td>
<td>3% / 3% / -8%</td>
</tr>
<tr>
<td>CMR Stap</td>
<td>55% / 50% / 73%</td>
<td>/ / /</td>
<td>-8% / -7% / -19%</td>
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<tr>
<td>Hlth Care</td>
<td>57% / 54% / 72%</td>
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<td>8% / 9% / -2%</td>
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<tr>
<td>Financials</td>
<td>43% / 38% / 69%</td>
<td>/ / /</td>
<td>25% / 24% / 4%</td>
</tr>
<tr>
<td>Info Tech</td>
<td>63% / 60% / 77%</td>
<td>/ / /</td>
<td>-8% / -8% / -18%</td>
</tr>
<tr>
<td>Telecom</td>
<td>48% / 46% / 74%</td>
<td>/ / /</td>
<td>1% / 3% / -10%</td>
</tr>
<tr>
<td>Utilities</td>
<td>63% / 55% / 79%</td>
<td>/ / /</td>
<td>-7% / -4% / -21%</td>
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<tr>
<td>Real Estate</td>
<td>48% / 44% / 73%</td>
<td>/ / /</td>
<td>10% / 6% / -10%</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
## July 3, 2017

**Strength Changes Last Session**

<table>
<thead>
<tr>
<th>Momentum</th>
<th>Strength</th>
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<tbody>
<tr>
<td>DiversBnk</td>
<td>CnstMch&amp;Tr</td>
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<tr>
<td>DivCpMkt</td>
<td>HomeBld</td>
</tr>
<tr>
<td>DiversChm</td>
<td>InetSftSrv</td>
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<tr>
<td>InsBrkrs</td>
<td>REstDevl</td>
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<tr>
<td>MngHCare</td>
<td>HCEquip</td>
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<tr>
<td>IndusREIT</td>
<td>BldPrdcts</td>
</tr>
<tr>
<td>MortgREIT</td>
<td>HmImpRtl</td>
</tr>
<tr>
<td>Tobacco</td>
<td>MarineSrv</td>
</tr>
<tr>
<td>CstrMat</td>
<td>OG RtMkt</td>
</tr>
<tr>
<td>CrmElec</td>
<td>DataProc</td>
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<tr>
<td>Hwy&amp;Rail</td>
<td>Railroads</td>
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<tr>
<td>FnlExchDt</td>
<td>RenewElec</td>
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<tr>
<td>CstrMat</td>
<td>OG RtMkt</td>
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<tr>
<td>AirFrht</td>
<td>LifeHthIns</td>
</tr>
<tr>
<td>SpecStors</td>
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</tbody>
</table>
Industrials

Momentum

Strength

July 3, 2017

Mark Steele (416) 359-4641

45 stocks; $306bn

27 stocks; $629bn

17 stocks; $73bn

27 stocks; $85bn

20 stocks; $255bn

57 stocks; $829bn

17 stocks; $250bn

27 stocks; $85bn

45 stocks; $274bn

37 stocks; $338bn

12 stocks; $94bn

14 stocks; $65bn

10 stocks; $20bn

18 stocks; $142bn

23 stocks; $105bn

70 stocks; $329bn

43 stocks; $1091bn

24 stocks; $93bn

23 stocks; $681bn

25 stocks; $122bn

43 stocks; $1091bn

24 stocks; $93bn

18 stocks; $96bn

25 stocks; $479bn

11 stocks; $25bn

17 stocks; $250bn

25 stocks; $479bn

11 stocks; $25bn

31 stocks; $296bn

28 stocks; $216bn

11 stocks; $25bn

25 stocks; $216bn

11 stocks; $25bn

14 stocks; $65bn

5 stocks; $37bn

14 stocks; $65bn

5 stocks; $37bn

14 stocks; $65bn

5 stocks; $37bn

14 stocks; $65bn

5 stocks; $37bn

14 stocks; $65bn

5 stocks; $37bn

14 stocks; $65bn

5 stocks; $37bn

14 stocks; $65bn

5 stocks; $37bn
**Consumer Staples**

**July 3, 2017**

- **Mark Steele**: (416) 359-4641

**Dist&Vnt**
- 12 stocks; $285bn

**SoftDrns**
- 17 stocks; $504bn

**Brewers**
- 13 stocks; $475bn

**Tobacco**
- 14 stocks; $794bn

**HhldPrdct**
- 17 stocks; $665bn

**FdRetail**
- 37 stocks; $352bn

**SprCntrs**
- 17 stocks; $552bn

**AgriProd**
- 25 stocks; $105bn

**DrugRetail**
- 8 stocks; $168bn

**PersPrdct**
- 29 stocks; $432bn

**HhldPrdct**
- 29 stocks; $432bn

**PkgFdMt**
- 120 stocks; $1221bn

**_fdDistri**
- 12 stocks; $52bn

**FdDistri**
- 12 stocks; $52bn

**FdDistri**
- 12 stocks; $52bn
July 3, 2017

Telecommunication Services

Mark Steele (416) 359-4641

Momentum

Strength

IntgTelSrv ← 63 stocks; $1340bn

WlsTelSrv ← 42 stocks; $915bn

AltCar ↑ 10 stocks; $50bn

IntgTelSrv

Momentum

Strength
July 3, 2017

Momentum

Real Estate

Strength

REstSrV
11 stocks; $23bn

REstOpCo
31 stocks; $195bn

REstDev
20 stocks; $238bn

HCareREIT
19 stocks; $113bn

IndusREIT
20 stocks; $94bn

REstDvAct
34 stocks; $328bn

HotelREIT
19 stocks; $57bn

SpecREIT
31 stocks; $310bn

ResidREIT
26 stocks; $57bn

DiversREIT
41 stocks; $660bn

OfficeREIT
23 stocks; $58bn

RetailREIT
50 stocks; $311bn

31 stocks; $195bn

30 stocks; $238bn

19 stocks; $113bn

20 stocks; $94bn

34 stocks; $328bn

19 stocks; $57bn

31 stocks; $310bn

26 stocks; $57bn

41 stocks; $660bn

23 stocks; $58bn

50 stocks; $311bn
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 group 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).
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”
- 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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<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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Und = Underperform - Forecast to underperform the analyst’s coverage universe on a total return basis;
(S) = Speculative investment;
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