Group Selection

Priced as of June 19, 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
<table>
<thead>
<tr>
<th></th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td>Sector View</td>
</tr>
<tr>
<td>4</td>
<td>Strength Changes Last Session</td>
</tr>
<tr>
<td>5</td>
<td>Resource Summary</td>
</tr>
<tr>
<td>6</td>
<td>Energy</td>
</tr>
<tr>
<td>7</td>
<td>Materials</td>
</tr>
<tr>
<td>8</td>
<td>Industrials</td>
</tr>
<tr>
<td>9</td>
<td>Consumer Discretionary</td>
</tr>
<tr>
<td>10</td>
<td>Consumer Staples</td>
</tr>
<tr>
<td>11</td>
<td>Health Care</td>
</tr>
<tr>
<td>12</td>
<td>Financials</td>
</tr>
<tr>
<td>13</td>
<td>Information Technology</td>
</tr>
<tr>
<td>14</td>
<td>Telecom</td>
</tr>
<tr>
<td>15</td>
<td>Utilities</td>
</tr>
<tr>
<td>16</td>
<td>Real Estate</td>
</tr>
<tr>
<td>17</td>
<td>User Guide</td>
</tr>
</tbody>
</table>
### Sector View

#### Sector Relative Strength Profiles*

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<thead>
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<tbody>
<tr>
<td>Energy</td>
<td>45% / 47% / 57%</td>
<td>/ / -5%</td>
<td>2% / -2%</td>
</tr>
<tr>
<td>Materials</td>
<td>42% / 45% / 52%</td>
<td>/ / -23%</td>
<td>-12% / -18%</td>
</tr>
<tr>
<td>Industrials</td>
<td>42% / 44% / 56%</td>
<td>/ / -16%</td>
<td>-1% / -8%</td>
</tr>
<tr>
<td>CMR Disc</td>
<td>44% / 47% / 54%</td>
<td>/ / 0%</td>
<td>11% / 5%</td>
</tr>
<tr>
<td>CMR Stap</td>
<td>40% / 42% / 49%</td>
<td>/ / -10%</td>
<td>4% / -3%</td>
</tr>
<tr>
<td>HLth Care</td>
<td>56% / 57% / 63%</td>
<td>/ / 5%</td>
<td>18% / 11%</td>
</tr>
<tr>
<td>Financials</td>
<td>48% / 49% / 63%</td>
<td>/ / -18%</td>
<td>0% / -8%</td>
</tr>
<tr>
<td>Info Tech</td>
<td>56% / 57% / 65%</td>
<td>/ / -2%</td>
<td>10% / 1%</td>
</tr>
<tr>
<td>Telecom</td>
<td>28% / 31% / 45%</td>
<td>/ / -27%</td>
<td>-14% / -18%</td>
</tr>
<tr>
<td>Utilities</td>
<td>29% / 31% / 46%</td>
<td>/ / -10%</td>
<td>-1% / -4%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>35% / 36% / 52%</td>
<td>/ / 2%</td>
<td>18% / 10%</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.
## Resources

- **SpecChm**
  - 70 stocks; $565bn

- **OG E&P**
  - 115 stocks; $898bn

- **IndusGas**
  - 74 stocks; $428bn

- **Gold**
  - 28 stocks; $189bn

- **OG Equip**
  - 61 stocks; $292bn

- **OG StTr**
  - 90 stocks; $677bn

- **CstrMat**
  - 28 stocks; $245bn

- **MtGlsCnt**
  - 14 stocks; $56bn

- **PrecMet**
  - 18 stocks; $42bn

- **OG Drill**
  - 14 stocks; $32bn

- **Silver**
  - 11 stocks; $21bn

- **ComdChm**
  - 44 stocks; $422bn

- **DvrsMng**
  - 57 stocks; $432bn

- **Coal&Uran**
  - 24 stocks; $87bn

- **PaperPkg**
  - 24 stocks; $111bn

- **OG RfMkt**
  - 43 stocks; $529bn

- **Int O&G**
  - 30 stocks; $184bn

- **Alumin**
  - 10 stocks; $46bn

- **Fert&Ag**
  - 28 stocks; $115bn

- **Steel**
  - 60 stocks; $433bn

- **DiversChm**
  - 22 stocks; $393bn

- **FrstPrd**
  - 11 stocks; $30bn

- **PapProd**
  - 24 stocks; $111bn

- **Copper**
  - 18 stocks; $111bn

- **OG RfMkt**
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  - 24 stocks; $111bn

- **Copper**
  - 18 stocks; $111bn
June 19, 2018

Momentum

Strength

Energy

OG E&P
15 stocks; $898bn

OG Equip
61 stocks; $292bn

OG StTr
90 stocks; $677bn

OG Drill
14 stocks; $32bn

Coal&Uran
24 stocks; $27bn

OG RfMkt
43 stocks; $529bn

Int O&G
30 stocks; $184bn

BMO Capital Markets
Mark Steele (416) 359-4641
## Health Care

**Momentum**

<table>
<thead>
<tr>
<th>Sector</th>
<th>Stocks</th>
<th>Market Value (bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>MngHCare</td>
<td>12</td>
<td>$503bn</td>
</tr>
<tr>
<td>HCareTec</td>
<td>20</td>
<td>$80bn</td>
</tr>
<tr>
<td>HCEquip</td>
<td>79</td>
<td>$102bn</td>
</tr>
<tr>
<td>HCSuppls</td>
<td>27</td>
<td>$160bn</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>129</strong></td>
<td><strong>$1,020bn</strong></td>
</tr>
</tbody>
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**Strength**

<table>
<thead>
<tr>
<th>Sector</th>
<th>Stocks</th>
<th>Market Value (bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>HCService</td>
<td>29</td>
<td>$288bn</td>
</tr>
<tr>
<td>HCFacility</td>
<td>31</td>
<td>$198bn</td>
</tr>
<tr>
<td>LifeSciSrv</td>
<td>31</td>
<td>$337bn</td>
</tr>
<tr>
<td>Biotech</td>
<td>33</td>
<td>$1067bn</td>
</tr>
<tr>
<td>Pharma</td>
<td>112</td>
<td>$2,471bn</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>133</strong></td>
<td><strong>$1,067bn</strong></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).
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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<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>
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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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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;
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