Group Selection

Priced as of June 28, 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 View**

### Sector Relative Strength Profiles*

<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>Energy</td>
<td>46% / 48% / 57%</td>
<td>6% / 15% / 2%</td>
<td></td>
</tr>
<tr>
<td>Materials</td>
<td>40% / 43% / 50%</td>
<td>-17% / -9% / -22%</td>
<td></td>
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<tr>
<td>Industrials</td>
<td>41% / 45% / 54%</td>
<td>-17% / -6% / -22%</td>
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<tr>
<td>CMR Disc</td>
<td>45% / 48% / 54%</td>
<td>-10% / -1% / -12%</td>
<td></td>
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<tr>
<td>CMR Stap</td>
<td>40% / 43% / 50%</td>
<td>2% / 12% / -2%</td>
<td></td>
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<tr>
<td>Hlth Care</td>
<td>56% / 57% / 62%</td>
<td>-1% / 6% / -4%</td>
<td></td>
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<tr>
<td>Financials</td>
<td>47% / 51% / 62%</td>
<td>-23% / -10% / -22%</td>
<td></td>
</tr>
<tr>
<td>Info Tech</td>
<td>55% / 57% / 64%</td>
<td>-12% / -1% / -12%</td>
<td></td>
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<tr>
<td>Telecom</td>
<td>27% / 33% / 44%</td>
<td>-20% / -17% / -23%</td>
<td></td>
</tr>
<tr>
<td>Utilities</td>
<td>31% / 34% / 49%</td>
<td>-6% / 8% / -4%</td>
<td></td>
</tr>
<tr>
<td>Real Estate</td>
<td>36% / 39% / 57%</td>
<td>14% / 28% / 12%</td>
<td></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

Momentum

FrstPrd ➔ ResidREIT ➔

HmEntSwr ➔ SpecChm ➔

Footwear ➔ P&C Insur ➔

SpCmSrv ➔ PapProd ➔

ArprlRtl ➔

REstOpCo ➔

Cabl&Sat ➔ ElecUtil ➔

Sec&Alm ➔

ElecUtil ➔

REstOpCo ➔

Gold ➔

Hwy&Rail ➔

MtGlsCnt ➔

GMrchStrs ➔

PaperPkg ➔

OG RfMkt ➔

WlsTelSrv ➔

ComEquip ➔

SpecStors ➔

HCSuppls ➔

FnlExchDt ➔

ConsMrFin ➔

Aero&Def ➔

InsurBrkrs ➔

HmImpRtl ➔

HCService ➔

Railroads ➔

InetSftSrv ➔

Biotech ➔

AutoRtl ➔

HmFrnsh ➔

SystmSwr ➔

AirFrght ➔

InetDmRtl ➔

Cas&Gam ➔

EMS ➔

TrdgDist ➔

OthrDivFS ➔

DiversBnk ➔

OffceServ ➔

ElcCmpEq ➔

HomeFurn ➔

DrugRetail ➔

HomeFurn ➔

DrugRetail ➔

SystmSwr ➔

AirFrght ➔

InetDmRtl ➔

Cas&Gam ➔

EMS ➔

TrdgDist ➔
Momentum

Energy

June 28, 2018

Mark Steele (416) 359-4641

OG Drill
14 stocks; $35bn

Int O&G
32 stocks; $186bn

OG E&P
115 stocks; $938bn

14 stocks; $35bn

32 stocks; $186bn

115 stocks; $938bn

OG Equip
61 stocks; $296bn

OG StTr
90 stocks; $676bn

OG RfMkt
43 stocks; $509bn

Coal&Uran
24 stocks; $61bn

14 stocks; $35bn

32 stocks; $186bn

115 stocks; $938bn

61 stocks; $296bn

90 stocks; $676bn

43 stocks; $509bn

24 stocks; $61bn
Consumer Staples

- **Brewers**
  - 14 stocks; $467bn

- **SoftDrinks**
  - 19 stocks; $495bn

- **PkgFdMt**
  - 123 stocks; $1166bn

- **SprCntrs**
  - 13 stocks; $499bn

- **HhldPrdct**
  - 19 stocks; $630bn

- **FdRetail**
  - 36 stocks; $364bn

- **Dist&Vnt**
  - 12 stocks; $368bn

- **PersPrdct**
  - 33 stocks; $520bn

- **Tobacco**
  - 13 stocks; $553bn

- **DrugRetail**
  - 6 stocks; $81bn

- **AgriProd**
  - 25 stocks; $106bn

- **FdDistri**
  - 11 stocks; $62bn

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Momentum

June 28, 2018

Mark Steele (416) 359-4641

Health Care

HCDistriib
19 stocks; $114bn

HCareTec
20 stocks; $76bn

HCEquip
79 stocks; $101bn

MngHCare
22 stocks; $49bn

HCSupps
27 stocks; $17bn

LfSciSrv
31 stocks; $33bn

HCService
29 stocks; $27bn

Biotech
133 stocks; $104bn

Pharma
112 stocks; $245bn

Health Care

BMO Capital Markets

19 stocks; $114bn
ResidREIT ↔ 22 stocks; $164bn
HotelREIT ↓ 18 stocks; $59bn
IndusREIT ↓ 21 stocks; $115bn
SpecREIT ↓ 32 stocks; $351bn
DiversREIT → 38 stocks; $158bn
RestOpCo → 36 stocks; $233bn
HCareREIT 18 stocks; $98bn
OfficeREIT ↓ 34 stocks; $162bn
RestSrv ↓ 12 stocks; $41bn
RetailREIT 50 stocks; $282bn
RestDvAct 34 stocks; $312bn
RestDevl 36 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 are members 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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<th>Rating Category</th>
<th>BMOCM US Universe*</th>
<th>BMOCM US IB Clients**</th>
<th>BMOCM US IB Clients***</th>
<th>BMOCM Universe****</th>
<th>BMOCM IB Clients*****</th>
<th>StarMine Universe</th>
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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>
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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>44.1%</td>
<td>41.1%</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>
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(S) = Speculative investment;
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