Group Selection
Priced as of October 12, 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 Relative Strength Profiles*

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<tbody>
<tr>
<td>Energy</td>
<td>24% / 20% / 23%</td>
<td>/ /</td>
<td>10% / 10% / 10%</td>
</tr>
<tr>
<td>Materials</td>
<td>56% / 50% / 52%</td>
<td>/ /</td>
<td>3% / 3% / 1%</td>
</tr>
<tr>
<td>Industrials</td>
<td>53% / 48% / 49%</td>
<td>/ /</td>
<td>6% / 4% / 5%</td>
</tr>
<tr>
<td>CMR Disc</td>
<td>48% / 45% / 46%</td>
<td>/ /</td>
<td>0% / 2% / -1%</td>
</tr>
<tr>
<td>CMR Stap</td>
<td>45% / 41% / 37%</td>
<td>/ /</td>
<td>-3% / -3% / -2%</td>
</tr>
<tr>
<td>Hlth Care</td>
<td>54% / 51% / 53%</td>
<td>/ /</td>
<td>-3% / 0% / -4%</td>
</tr>
<tr>
<td>Financials</td>
<td>51% / 45% / 46%</td>
<td>/ /</td>
<td>6% / 6% / 0%</td>
</tr>
<tr>
<td>Info Tech</td>
<td>62% / 58% / 59%</td>
<td>/ /</td>
<td>5% / 6% / 3%</td>
</tr>
<tr>
<td>Telecom</td>
<td>50% / 45% / 45%</td>
<td>/ /</td>
<td>-2% / -5% / -4%</td>
</tr>
<tr>
<td>Utilities</td>
<td>55% / 48% / 49%</td>
<td>/ /</td>
<td>0% / 1% / 0%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>44% / 38% / 40%</td>
<td>/ /</td>
<td>4% / 5% / 0%</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

- Hwy&Rail → Coal&Uran ← EMS ← SpecialFin → Advert → Gold → SpecREIT ← ResidREIT ↓ IndConal ↓
- Semi ↑ MltSecHld ↓ Int O&G ↓ RenewElec ↓ REstSrv ↓ RetailREIT → FdRetail ↑
- PaperPkg ← DiversBnk ← TrdgDist ← IPPTrad ↓ MultiUtil ↑ LeisFcil ↑
- HREmpl ← MngHCare ← SoftDrinks ← Cas&Gam ← HmFrnsh → CmpElRtl → OG E&P ↓
- SemiEqp ← LfSciSrv ← TConsult ← HmlImpRtl ← EnviroServ ↓ DeptStrs ↓
- Educat ← HCareTec ← Airline ← MtGlsCnt ↓ ConsmrFin ↓
- MngHCare ← SpCmSrv ← Cas&Gam ↓ HmFrnsh → CmpElRtl → OG E&P ↓

Momentum

- October 12, 2017

BMO Capital Markets
Mark Steele (416) 359-4641
October 12, 2017

Energy

Momentum

Strength

Coal & Uran ➔
24 stocks; $84bn

OG RfMkt ➔
43 stocks; $467bn

Int O&G ➔
29 stocks; $1678bn

OG StTr ➔
59 stocks; $674bn

OG Drill ➔
14 stocks; $28bn

OG Equip ➔
59 stocks; $281bn

OG E&P ➔
116 stocks; $770bn
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Strength

Consumer Staples

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Brewers
12 stocks; $324bn

Dist&Vnt
12 stocks; $124bn

PersPrdct
12 stocks; $456bn

FdDistri
12 stocks; $57bn

FdRetail
12 stocks; $345bn

PkgFdMt
120 stocks; $1242bn

Tobacco
13 stocks; $675bn

SprCntrs
14 stocks; $469bn

AgriProd
24 stocks; $106bn

HhdPrdct
17 stocks; $569bn

SoftDrinks
17 stocks; $509bn

DrugRetail
8 stocks; $173bn
October 12, 2017

**Financials**

- **LifeHthIns**: 45 stocks; $869bn
- **SpecialFin**: 10 stocks; $23bn
- **AsstMgmt**: 60 stocks; $998bn
- **InvBnkBrk**: 35 stocks; $876bn
- **MltSecHld**: 24 stocks; $413bn
- **DivCpMkt**: 9 stocks; $208bn
- **Thrift&Mtg**: 45 stocks; $149bn
- **OthrDivFS**: 9 stocks; $105bn
- **RegionBnk**: 141 stocks; $656bn
- **InsurBrkrs**: 7 stocks; $124bn
- **DiversBnk**: 156 stocks; $547bn
- **FnlExchDt**: 22 stocks; $369bn
- **Multi-LnIns**: 31 stocks; $560bn
- **ConsmrFin**: 29 stocks; $266bn
- **P&C Insur**: 60 stocks; $501bn
- **MortgREIT**: 25 stocks; $63bn
- **Reinsuran**: 12 stocks; $132bn
October 12, 2017

Utilities

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WaterUtil
24 stocks; $88bn

ElecUtil
90 stocks; $1184bn

RenewElec
23 stocks; $56bn

GasUtil
33 stocks; $208bn

IPPTrad
24 stocks; $104bn

MultiUtil
35 stocks; $485bn

Momentum

Strength
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.
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>
<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>
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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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