Group Selection

Priced as of July 21, 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
Sector View

Sector Relative Strength Profiles*

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<tr>
<td>Energy</td>
<td>17% / 16% / 30%</td>
<td>/ / /</td>
<td>12% / 11% / -3%</td>
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<tr>
<td>Materials</td>
<td>44% / 41% / 56%</td>
<td>/ / /</td>
<td>8% / 9% / -6%</td>
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<td>Industrials</td>
<td>55% / 50% / 71%</td>
<td>/ / /</td>
<td>0% / 0% / -18%</td>
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<tr>
<td>CMR Disc</td>
<td>50% / 47% / 66%</td>
<td>/ / /</td>
<td>-4% / -4% / -17%</td>
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<td>CMR Stap</td>
<td>51% / 47% / 66%</td>
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<td>-1% / -1% / -18%</td>
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<tr>
<td>Hlth Care</td>
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<td>3% / 1% / -15%</td>
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<tr>
<td>Financials</td>
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<td>/ / /</td>
<td>9% / 6% / -14%</td>
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<tr>
<td>Info Tech</td>
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<td>3% / 3% / -11%</td>
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<tr>
<td>Telecom</td>
<td>52% / 46% / 70%</td>
<td>/ / /</td>
<td>5% / 2% / -15%</td>
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<td>Utilities</td>
<td>61% / 50% / 76%</td>
<td>/ / /</td>
<td>9% / 7% / -7%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>50% / 43% / 67%</td>
<td>/ / /</td>
<td>6% / 5% / -17%</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
Resources

Momentum

Strength

July 21, 2017

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PapProd ➔
20 stocks; $96bn

Coal&Uran ➔
22 stocks; $76bn

PrecMet ➔
22 stocks; $57bn

Copper ➔
14 stocks; $92bn

OG Drill ➔
16 stocks; $27bn

OG Equip ➔
29 stocks; $176bn

IndusGas ➔
26 stocks; $166bn

OG RfMkt ➔
44 stocks; $445bn

Fert&Ag ➔
33 stocks; $233bn

OG StTr ➔
89 stocks; $675bn

OG E&P ➔
115 stocks; $718bn

ComdChm ➔
40 stocks; $343bn

OG Equip ➔
59 stocks; $279bn

DiversMng ➔
45 stocks; $356bn

Copper ➔
14 stocks; $92bn

OG StTr ➔
89 stocks; $675bn

DvrsMng ➔
45 stocks; $356bn

Alumin ➔
11 stocks; $51bn

OG RfMkt ➔
44 stocks; $445bn

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45 stocks; $356bn

IndusGas ➔
26 stocks; $166bn

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44 stocks; $445bn

DvrsMng ➔
45 stocks; $356bn

ComdChm ➔
40 stocks; $343bn

OG Equip ➔
59 stocks; $279bn

CstrMat ➔
27 stocks; $257bn

DiversChm ➔
20 stocks; $365bn

MtGlsCnt ➔
14 stocks; $54bn

Steel ➔
58 stocks; $362bn

Gold ➔
21 stocks; $176bn

Int O&G ➔
29 stocks; $1535bn

Fert&Ag ➔
33 stocks; $233bn

OG E&P ➔
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58 stocks; $362bn

Gold ➔
21 stocks; $176bn

Int O&G ➔
29 stocks; $1535bn

Momentum

Strength
### Consumer Staples

**Momentum**

- **Brewers**
  - 13 stocks, $502bn
- **DrugRetail**
  - 8 stocks, $186bn
- **PkgFdMt**
  - 120 stocks, $1230bn
- **FdDistri**
  - 12 stocks, $54bn
- **FdRetail**
  - 12 stocks, $54bn
- **Dist&Vnt**
  - 12 stocks, $292bn
- **PersPrdct**
  - 29 stocks, $443bn
- **SoftDrnks**
  - 17 stocks, $513bn
- **Tobacco**
  - 14 stocks, $794bn
- **HhldPrdct**
  - 17 stocks, $570bn
- **AgriProd**
  - 25 stocks, $108bn
- **SprCntrs**
  - 14 stocks, $439bn

**Strength**

- **Brewers**
- **DrugRetail**
- **PkgFdMt**
- **FdDistri**
- **FdRetail**
- **Dist&Vnt**
- **PersPrdct**
- **SoftDrnks**
- **Tobacco**
- **HhldPrdct**
- **AgriProd**
- **SprCntrs**
July 21, 2017

Health Care

Momentum

Strength

HCSupplls 26 stocks; $147bn
Biotech 137 stocks; $1062bn
HCareTec 18 stocks; $67bn

MngHCare 12 stocks; $400bn
Biotech 137 stocks; $1062bn
HCareTec 18 stocks; $67bn

HCFacility 28 stocks; $112bn
Pharma 106 stocks; $2521bn
HCareTec 18 stocks; $67bn

HCDistrib 19 stocks; $136bn
Biotech 137 stocks; $1062bn
HCareTec 18 stocks; $67bn

LSciSrv 32 stocks; $267bn
HCEquip 73 stocks; $398bn

HCService 29 stocks; $205bn
Biotech 137 stocks; $1062bn
HCareTec 18 stocks; $67bn

Health Care

MngHCare (416) 359-4641

Mark Steele (416) 359-4641

Momentum

Strength

Biotech 137 stocks; $1062bn
HCareTec 18 stocks; $67bn

MngHCare 12 stocks; $400bn
Biotech 137 stocks; $1062bn
HCareTec 18 stocks; $67bn

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HCService 29 stocks; $205bn
Biotech 137 stocks; $1062bn
HCareTec 18 stocks; $67bn

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Momentum

Strength
Financials

Momentum

July 21, 2017

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FnlExchDt
22 stocks; $350bn

SpecialFin
10 stocks; $24bn

InvBnkBrk
35 stocks; $379bn

LifeHthIns
47 stocks; $875bn

DivCpMkt
9 stocks; $190bn

InsurBrkrs
7 stocks; $118bn

Multi-LnIns
10 stocks; $537bn

P&C Insur
60 stocks; $514bn

AsstMgmt
62 stocks; $561bn

MortREIT
159 stocks; $5217bn

MltSecHld
10 stocks; $386bn

Reinsuran
12 stocks; $134bn

DiversBnk
25 stocks; $360bn

MortgREIT
8 stocks; $87bn

RegionBnk
141 stocks; $5238bn

Thrt&Mtg
46 stocks; $1138bn

ConsmrFin
30 stocks; $262bn

OthrDivFS
8 stocks; $87bn
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<thead>
<tr>
<th>Service</th>
<th>Stocks</th>
<th>Value</th>
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<tr>
<td>ATL Car</td>
<td>10</td>
<td>$58bn</td>
</tr>
<tr>
<td>WS TelSrv</td>
<td>42</td>
<td>$945bn</td>
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<tr>
<td>IntgTelSrv</td>
<td>62</td>
<td>$1351bn</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 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).
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>
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<td>Hold</td>
<td>Market Perform</td>
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<td>13.1%</td>
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<td>41.1%</td>
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<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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NR = No Rated - No rating at this time; and
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(January 2010 - April 2013)

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