Group Selection

Priced as of July 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 View

Sector Relative Strength Profiles*

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<tbody>
<tr>
<td>Energy</td>
<td>17% / 15% / 31%</td>
<td>8% / 7% / -5%</td>
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<tr>
<td>Materials</td>
<td>44% / 40% / 57%</td>
<td>12% / 12% / -4%</td>
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<tr>
<td>Industrials</td>
<td>54% / 50% / 73%</td>
<td>4% / 3% / -14%</td>
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<tr>
<td>CMR Disc</td>
<td>51% / 47% / 66%</td>
<td>-5% / -7% / -23%</td>
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<tr>
<td>CMR Stap</td>
<td>54% / 49% / 70%</td>
<td>-9% / -11% / -35%</td>
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<tr>
<td>Hlth Care</td>
<td>59% / 55% / 72%</td>
<td>0% / 0% / -13%</td>
<td></td>
</tr>
<tr>
<td>Financials</td>
<td>46% / 40% / 69%</td>
<td>8% / 7% / -9%</td>
<td></td>
</tr>
<tr>
<td>Info Tech</td>
<td>63% / 60% / 77%</td>
<td>6% / 6% / -9%</td>
<td></td>
</tr>
<tr>
<td>Telecom</td>
<td>49% / 46% / 72%</td>
<td>-3% / -5% / -22%</td>
<td></td>
</tr>
<tr>
<td>Utilities</td>
<td>62% / 54% / 80%</td>
<td>-4% / -5% / -31%</td>
<td></td>
</tr>
<tr>
<td>Real Estate</td>
<td>49% / 43% / 70%</td>
<td>-6% / -8% / -34%</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
Momentum

Strength

July 12, 2017

Mark Steele (416) 359-4641

Materials

Alumin
11 stocks; $48bn

DiversChm
20 stocks; $363bn

IndusGas
8 stocks; $165bn

Copper
14 stocks; $88bn

Gold
61 stocks; $177bn

Fert&Ag
33 stocks; $230bn

20 stocks; $363bn

8 stocks; $165bn

14 stocks; $88bn

61 stocks; $177bn

33 stocks; $230bn

DiversChm
20 stocks; $363bn

IndusGas
8 stocks; $165bn

Copper
14 stocks; $88bn

Gold
61 stocks; $177bn

Fert&Ag
33 stocks; $230bn

20 stocks; $363bn

8 stocks; $165bn

14 stocks; $88bn

61 stocks; $177bn

33 stocks; $230bn

CstrMat
27 stocks; $255bn

PaperPkg
17 stocks; $123bn

ComdChm
40 stocks; $337bn

DvrsMng
45 stocks; $352bn

Silver
2 stocks; $20bn

FrstPrd
12 stocks; $63bn

SpecChm
62 stocks; $561bn

Steel
58 stocks; $357bn

PrecMet
22 stocks; $350bn

MtGlsCnt
14 stocks; $64bn

PapProd
26 stocks; $93bn

ComdChm
40 stocks; $337bn

DvrsMng
45 stocks; $352bn

Silver
2 stocks; $20bn

FrstPrd
12 stocks; $63bn

SpecChm
62 stocks; $561bn

Steel
58 stocks; $357bn

PrecMet
22 stocks; $350bn

MtGlsCnt
14 stocks; $64bn

PapProd
26 stocks; $93bn
Momentum

Strength

July 12, 2017

Telecommunication Services

AltCar →
10 stocks; $56bn

WlsTelSrv ←
62 stocks; $917bn

IntgTelSrv →
62 stocks; $1321bn

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Utilities

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Momentum vs. Strength

RenewElec
23 stocks; $56bn

ElecUtil
90 stocks; $1120bn

WaterUtil
24 stocks; $84bn

IPPTrad
25 stocks; $104bn

MultiUtil
37 stocks; $462bn

GasUtil
33 stocks; $204bn

90 stocks; $1120bn

33 stocks; $204bn

37 stocks; $462bn

25 stocks; $104bn

24 stocks; $84bn
### Real Estate

**Momentum**

1. RESTSrv
   - 17 stocks, $33bn

2. RESTDev
   - 30 stocks, $237bn

3. RESTDevl
   - 30 stocks, $237bn

4. IndusREIT
   - 20 stocks, $93bn

5. RetailREIT
   - 60 stocks, $303bn

6. DiversREIT
   - 41 stocks, $159bn

7. HotelREIT
   - 19 stocks, $56bn

8. OfficeREIT
   - 22 stocks, $155bn

9. IndusREIT
   - 20 stocks, $93bn

10. ResdREIT
    - 26 stocks, $154bn

11. SpecREIT
    - 31 stocks, $310bn

12. RESTOpCo
    - 31 stocks, $196bn

13. RESTDvAct
    - 34 stocks, $327bn

14. IndusREIT
    - 20 stocks, $93bn

15. ResdREIT
    - 26 stocks, $154bn

16. SpecREIT
    - 31 stocks, $310bn

17. RESTOpCo
    - 31 stocks, $196bn
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).
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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<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>
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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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(S) = Speculative investment;
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