Group Selection

Priced as of July 11, 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% / 16% / 31%</td>
<td>(\rightarrow) / (\rightarrow) / (\rightarrow)</td>
<td>5% / 3% / -4%</td>
</tr>
<tr>
<td>Materials</td>
<td>45% / 40% / 58%</td>
<td>(\rightarrow) / (\rightarrow) / (\rightarrow)</td>
<td>9% / 11% / -1%</td>
</tr>
<tr>
<td>Industrials</td>
<td>54% / 50% / 72%</td>
<td>(\rightarrow) / (\rightarrow) / (\rightarrow)</td>
<td>6% / 6% / -8%</td>
</tr>
<tr>
<td>CMR Disc</td>
<td>51% / 46% / 66%</td>
<td>(\rightarrow) / (\rightarrow) / (\rightarrow)</td>
<td>-4% / -6% / -18%</td>
</tr>
<tr>
<td>CMR Stap</td>
<td>54% / 50% / 70%</td>
<td>(\rightarrow) / (\rightarrow) / (\rightarrow)</td>
<td>-13% / -12% / -32%</td>
</tr>
<tr>
<td>Hlth Care</td>
<td>58% / 54% / 72%</td>
<td>(\rightarrow) / (\rightarrow) / (\rightarrow)</td>
<td>3% / 3% / -8%</td>
</tr>
<tr>
<td>Financials</td>
<td>45% / 40% / 70%</td>
<td>(\rightarrow) / (\rightarrow) / (\rightarrow)</td>
<td>12% / 11% / -3%</td>
</tr>
<tr>
<td>Info Tech</td>
<td>63% / 60% / 77%</td>
<td>(\rightarrow) / (\rightarrow) / (\rightarrow)</td>
<td>5% / 6% / -5%</td>
</tr>
<tr>
<td>Telecom</td>
<td>50% / 46% / 72%</td>
<td>(\rightarrow) / (\rightarrow) / (\rightarrow)</td>
<td>-4% / -5% / -21%</td>
</tr>
<tr>
<td>Utilities</td>
<td>61% / 54% / 80%</td>
<td>(\rightarrow) / (\rightarrow) / (\rightarrow)</td>
<td>-6% / -10% / -29%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>49% / 43% / 71%</td>
<td>(\rightarrow) / (\rightarrow) / (\rightarrow)</td>
<td>-8% / -9% / -32%</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 (\(\rightarrow\) / \(\rightarrow\) 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**

- **Alumin** 11 stocks; $48bn
- **DiversChm** 20 stocks; $357bn

**Strength**

- **PaperPkg** 17 stocks; $152bn
- **CstrMat** 17 stocks; $552bn

**ComdChm** 40 stocks; $335bn

**Fert&Ag** 23 stocks; $229bn

**DvrsMng** 45 stocks; $346bn

**Copper** 14 stocks; $87bn

**IndusGas** 8 stocks; $163bn

**Steel** 58 stocks; $353bn

**Gold** 61 stocks; $171bn

**FrstPrd** 12 stocks; $25bn

**MtGlsCnt** 14 stocks; $63bn

**SpecChm** 64 stocks; $496bn

**PapProd** 26 stocks; $92bn

**PrecMet** 22 stocks; $93bn

**Silver** 9 stocks; $20bn

**ComdChm**

- **IndusGas** 8 stocks; $163bn
- **Steel** 58 stocks; $353bn
- **Gold** 61 stocks; $171bn

**Fert&Ag**

- **DvrsMng** 45 stocks; $346bn
- **Copper** 14 stocks; $87bn

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**FrstPrd**

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- **SpecChm** 64 stocks; $496bn

**MtGlsCnt**

- **SpecChm** 64 stocks; $496bn
- **FrstPrd** 12 stocks; $25bn

**SpecChm**

- **FrstPrd** 12 stocks; $25bn
- **PapProd** 26 stocks; $92bn

**PapProd**

- **SpecChm** 64 stocks; $496bn
- **FrstPrd** 12 stocks; $25bn
Consumer Staples

Momentum

Strength

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AgriProd ➞ 25 stocks; $105bn

FdDistri ➞ 12 stocks; $52bn

SprCntrs ➞ 15 stocks; $439bn

Dist&Vnt ➞ 12 stocks; $284bn

Tobacco ➞ 14 stocks; $782bn

PkgFdMt ➞ 120 stocks; $1201bn

DrugRetail ➞ 8 stocks; $183bn

SoftDrnks ➞ 17 stocks; $500bn

HhldPrdct ➞ 17 stocks; $557bn

FdRetail ➞ 37 stocks; $349bn

PersPrdct ➞ 29 stocks; $426bn

Brewers ➞ 13 stocks; $482bn

120 stocks; $1201bn
Information Technology

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Momentum

Strength

SemiEqp 69 stocks; $242bn
SystmSwr 34 stocks; $912bn

ApplicSwr 66 stocks; $568bn
ElecInstr 43 stocks; $215bn

TechDist 15 stocks; $47bn

HdwrSt&P 45 stocks; $1350bn

DataProc 47 stocks; $731bn

InetSftSrv 92 stocks; $1797bn
HmEntSwr 14 stocks; $178bn

ElecComp 38 stocks; $273bn

ComEquip 43 stocks; $356bn
EMS 16 stocks; $136bn

ITConsult 50 stocks; $630bn
July 11, 2017

Telecommunication Services

Momentum

Strength

AltCar
10 stocks; $56bn

WlsTelSrv
42 stocks; $909bn

IntgTelSrv
62 stocks; $1311bn

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Telecommunication Services

BMO Capital Markets
Utilities

- **WaterUtil**: 24 stocks, $83bn
- **ElecUtil**
  - up
  - 90 stocks, $111bn
- **RenewElec**
  - up
  - 23 stocks, $55bn
- **MultiUtil**
  - down
  - 37 stocks, $458bn
- **GasUtil**
  - down
  - 33 stocks, $202bn
- **IPPTrad**
  - up
  - 25 stocks, $102bn

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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 groups 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”
- 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>
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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.
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Und = Underperform - Forecast to underperform the analyst's coverage universe on a total return basis;
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