Group Selection

Priced as of August 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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*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
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<thead>
<tr>
<th>Sector</th>
<th>Stocks</th>
<th>Market Cap</th>
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<tbody>
<tr>
<td>IndusGas</td>
<td>3</td>
<td>$161bn</td>
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<tr>
<td>Int O&amp;G</td>
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<td>$155bn</td>
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<tr>
<td>Gold</td>
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<td>Fert&amp;Ag</td>
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<td>Alumin</td>
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<tr>
<td>MtGlsCnt</td>
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<tr>
<td>DiversChm</td>
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<tr>
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<tr>
<td>OG StTr</td>
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<tr>
<td>OG Drill</td>
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<td>$248bn</td>
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August 11, 2017

Consumer Staples

Momentum

Strength

DrugRetail
- 4 stocks; $191bn

PersPrdct
- 29 stocks; $438bn

PkgFdMt
- 119 stocks; $1224bn

SprCntrs
- 14 stocks; $458bn

AgriProd
- 25 stocks; $105bn

SoftDrnks
- 17 stocks; $516bn

PersPrdct
- 29 stocks; $438bn

DrugRetail
- 4 stocks; $191bn

SprCntrs
- 14 stocks; $458bn

PkgFdMt
- 119 stocks; $1224bn

PersPrdct
- 29 stocks; $438bn

DrugRetail
- 4 stocks; $191bn

PkgFdMt
- 119 stocks; $1224bn

SprCntrs
- 14 stocks; $458bn

AgriProd
- 25 stocks; $105bn

SoftDrnks
- 17 stocks; $516bn

Brewers
- 13 stocks; $509bn

Dist&Vnt
- 12 stocks; $299bn

Tobacco
- 13 stocks; $673bn

FdDistri
- 12 stocks; $54bn

FdRetail
- 37 stocks; $359bn

HhldPrdct
- 17 stocks; $564bn
Momentum

Strength

Information Technology

Mark Steele (416) 359-4641

14 stocks; $189bn
43 stocks; $222bn
91 stocks; $1884bn

HmEntSwr
ElecInstr
InetSftSrv

Semi
SemiEqp
TechDist
ComEquip
EMS

39 stocks; $245bn
14 stocks; $44bn
43 stocks; $349bn
16 stocks; $135bn

ElecComp
ApplicSwr
SysmolSwr
DataProc
ITConsult

38 stocks; $282bn
66 stocks; $589bn
34 stocks; $921bn
47 stocks; $747bn
50 stocks; $630bn

HdwrS&P

BMO Capital Markets
Mark Steele (416) 359-4941

August 11, 2017
Telecommunication Services

Mark Steele (416) 359-4641

AltCar
10 stocks; $58bn

IntgTelSrv
62 stocks; $1372bn

WlsTelSrv
42 stocks; $957bn

August 11, 2017
Real Estate

August 11, 2017

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Momentum

Strength

REstSrV → REstDvAcT
11 stocks; $33bn
14 stocks; $341bn

DiversREIT
40 stocks; $160bn

RetailREIT → OfficeREIT
50 stocks; $309bn
97 stocks; $150bn

IndusREIT
20 stocks; $97bn

REstOpCo ← REstOpCo
30 stocks; $191bn

ResidREIT
26 stocks; $162bn

HCareREIT
19 stocks; $105bn

HotelREIT ↓
19 stocks; $54bn

RESTDevl →
30 stocks; $252bn

SpecREIT →
31 stocks; $314bn
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”
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>
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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>
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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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(January 2010 - April 2013)

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