Group Selection

Priced as of July 23, 2018

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>48% / 53% / 56%</td>
<td>/</td>
<td>-5% / -2% / -5%</td>
</tr>
<tr>
<td>Materials</td>
<td>37% / 41% / 44%</td>
<td>/</td>
<td>-19% / -13% / -15%</td>
</tr>
<tr>
<td>Industrials</td>
<td>37% / 43% / 46%</td>
<td>/</td>
<td>-8% / -1% / -3%</td>
</tr>
<tr>
<td>CMR Disc</td>
<td>44% / 48% / 47%</td>
<td>/</td>
<td>-11% / -6% / -5%</td>
</tr>
<tr>
<td>CMR Stap</td>
<td>42% / 46% / 47%</td>
<td>/</td>
<td>-4% / 0% / -3%</td>
</tr>
<tr>
<td>Hlth Care</td>
<td>57% / 61% / 59%</td>
<td>/</td>
<td>2% / 7% / 6%</td>
</tr>
<tr>
<td>Financials</td>
<td>44% / 50% / 50%</td>
<td>/</td>
<td>-6% / 0% / 1%</td>
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<tr>
<td>Info Tech</td>
<td>54% / 59% / 62%</td>
<td>/</td>
<td>-5% / 0% / 0%</td>
</tr>
<tr>
<td>Telecom</td>
<td>18% / 29% / 34%</td>
<td>/</td>
<td>-2% / 0% / 2%</td>
</tr>
<tr>
<td>Utilities</td>
<td>36% / 47% / 48%</td>
<td>/</td>
<td>-4% / -1% / 0%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>52% / 59% / 58%</td>
<td>/</td>
<td>-12% / -4% / -2%</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 (predominantly 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.
Industrials

- **Railroads**: 26 stocks; $536bn
- **HREmpl**: 24 stocks; $136bn
- **AirFrght**: 21 stocks; $282bn

- **AirprtSrv**: 19 stocks; $159bn
- **Sec&Alm**: 7 stocks; $47bn
- **MarineSrv**: 15 stocks; $62bn

- **Airline**: 13 stocks; $277bn
- **CmcnPrt**: 13 stocks; $28bn
- **CnstMch&Tr**: 46 stocks; $328bn

- **Ind Mach**: 28 stocks; $720bn
- **Hwy&Rail**: 14 stocks; $82bn
- **BldPrdcts**: 45 stocks; $264bn

- **TrdgDist**: 57 stocks; $353bn
- **OffceServ**: 10 stocks; $19bn
- **DvSpSrv**: 24 stocks; $113bn

- **RsrcCslt**: 28 stocks; $264bn
- **EnviroServ**: 27 stocks; $142bn
- **Cns&Eng**: 73 stocks; $354bn

- **HvyElcEq**: 42 stocks; $91bn
- **Ag&Farm**: 11 stocks; $36bn
- **IndCongl**: 42 stocks; $91bn

- **Marine**: 15 stocks; $63bn
Health Care

Momentum

Strength

July 23, 2018

Mark Steele (416) 359-4641

HCEquip
79 stocks; $118bn

HCSupplis
27 stocks; $167bn

Biotech
130 stocks; $1094bn

HCDistrib
19 stocks; $119bn

MngHCare
12 stocks; $51bn

HCareTec
19 stocks; $77bn

HCFacility
30 stocks; $140bn

LfSciSrv
31 stocks; $354bn

HCSupplis
27 stocks; $167bn

Biotech
130 stocks; $1094bn

HCDistrib
19 stocks; $119bn

MngHCare
12 stocks; $51bn

HCareTec
19 stocks; $77bn

HCFacility
30 stocks; $140bn

LfSciSrv
31 stocks; $354bn

Pharma
112 stocks; $2561bn

HCSupplis
27 stocks; $167bn

Biotech
130 stocks; $1094bn

HCDistrib
19 stocks; $119bn

MngHCare
12 stocks; $51bn

HCFacility
30 stocks; $140bn

LfSciSrv
31 stocks; $354bn

Pharma
112 stocks; $2561bn
Momentum: Thrft&Mtg – 43 stocks; $138bn

Strength: July 23, 2018
Mark Steele (416) 359-4641

Financials:

- Thrft&Mtg: 43 stocks; $138bn
- LifeHthIns: 46 stocks; $834bn
- InvBnkBrk: 37 stocks; $416bn
- RegionBnk: 140 stocks; $719bn
- ConsrFin: 31 stocks; $298bn
- FnExchDt: 22 stocks; $419bn
- InsurBrkrs: 7 stocks; $126bn
- OthrDivFS: 9 stocks; $101bn
- ConsmrFin: 31 stocks; $298bn
- LifeHthIns: 46 stocks; $834bn
- InvBnkBrk: 37 stocks; $416bn
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- ConsrFin: 31 stocks; $298bn
- FnExchDt: 22 stocks; $419bn
- InsurBrkrs: 7 stocks; $126bn
- OthrDivFS: 9 stocks; $101bn

- MortgREIT: 26 stocks; $62bn
- Reinsuran: 11 stocks; $124bn
- DiversBnk: 15 stocks; $524bn
- DivCpMkt: 7 stocks; $191bn
- P&C Insur: 59 stocks; $504bn
- Multi-LnIns: 24 stocks; $415bn
- AsstMgmt: 7 stocks; $101bn
- SpecialFin: 10 stocks; $324bn

- Thrft&Mtg: 43 stocks; $138bn
- LifeHthIns: 46 stocks; $834bn
- InvBnkBrk: 37 stocks; $416bn
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- P&C Insur: 59 stocks; $504bn
- Multi-LnIns: 24 stocks; $415bn
- AsstMgmt: 7 stocks; $101bn
- SpecialFin: 10 stocks; $324bn
Telecommunication Services

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AltCar
11 stocks; $59bn

WlsTelSrv
44 stocks; $865bn

IntgTelSrv
56 stocks; $1249bn

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 members are 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”
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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<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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(S) = Speculative investment;
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