Group Selection

Priced as of July 24, 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
Table of Contents

3. Sector View
4. Strength Changes Last Session
5. Resource Summary
6. Energy
7. Materials
8. Industrials
9. Consumer Discretionary
10. Consumer Staples
11. Health Care
12. Financials
13. Information Technology
14. Telecom
15. Utilities
16. Real Estate
17. User Guide
Sector Relative Strength Profiles*

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>Energy</td>
<td>18% / 16% / 30%</td>
<td>/ / /</td>
<td>10% / 11% / -3%</td>
</tr>
<tr>
<td>Materials</td>
<td>44% / 41% / 56%</td>
<td>/ / /</td>
<td>7% / 7% / -6%</td>
</tr>
<tr>
<td>Industrials</td>
<td>55% / 50% / 71%</td>
<td>/ / /</td>
<td>-2% / -2% / -19%</td>
</tr>
<tr>
<td>CMR Disc</td>
<td>50% / 47% / 66%</td>
<td>/ / /</td>
<td>-5% / -5% / -18%</td>
</tr>
<tr>
<td>CMR Stap</td>
<td>51% / 47% / 66%</td>
<td>/ / /</td>
<td>-4% / -7% / -19%</td>
</tr>
<tr>
<td>Hlth Care</td>
<td>59% / 55% / 72%</td>
<td>/ / /</td>
<td>4% / 3% / -11%</td>
</tr>
<tr>
<td>Financials</td>
<td>47% / 41% / 68%</td>
<td>/ / /</td>
<td>11% / 9% / -11%</td>
</tr>
<tr>
<td>Info Tech</td>
<td>64% / 59% / 76%</td>
<td>/ / /</td>
<td>7% / 7% / -6%</td>
</tr>
<tr>
<td>Telecom</td>
<td>52% / 46% / 69%</td>
<td>/ / /</td>
<td>10% / 7% / -18%</td>
</tr>
<tr>
<td>Utilities</td>
<td>61% / 49% / 75%</td>
<td>/ / /</td>
<td>7% / 4% / -13%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>50% / 43% / 67%</td>
<td>/ / /</td>
<td>4% / 2% / -18%</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 24, 2017

Mark Steele (416) 359-4641

Industrials

RsrcCslt
28 stocks; $219bn

DvSpSrv
24 stocks; $95bn

Sec&Alm
6 stocks; $17bn

HREmpl
23 stocks; $106bn

Ind Mach
120 stocks; $697bn

IndCongl
43 stocks; $1082bn

TrdgDist
54 stocks; $294bn

AirprtSrv
18 stocks; $147bn

Hwy&Rail
12 stocks; $100bn

ElcCmpEq
37 stocks; $337bn

CmclPrt
11 stocks; $26bn

Ag&Farm
12 stocks; $96bn

HREmpl
23 stocks; $106bn

EnviroServ
15 stocks; $100bn

Cns&Eng
70 stocks; $334bn

OfficeServ
10 stocks; $21bn

MarineSrv
14 stocks; $70bn

ElcCmpEq
37 stocks; $337bn

Cnstrct
25 stocks; $124bn

HvyElcEq
11 stocks; $26bn

Marine
17 stocks; $27bn

Airline
31 stocks; $296bn

Railroads
25 stocks; $469bn

Trucking
27 stocks; $87bn

Aero&Def
57 stocks; $855bn

CnstMch&Tr
15 stocks; $312bn

BldPrdcts
45 stocks; $274bn

CnstMch&Tr
15 stocks; $312bn

Aero&Def
57 stocks; $855bn

EnviroServ
15 stocks; $100bn

CmclPrt
11 stocks; $26bn

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27 stocks; $87bn

Aero&Def
57 stocks; $855bn

CnstMch&Tr
15 stocks; $312bn

BldPrdcts
45 stocks; $274bn
July 24, 2017

Momentum

Strength

Consumer Staples

DrugRetail
8 stocks; $187bn

PkgFdMt
120 stocks; $1225bn

FdRetail
37 stocks; $360bn

AgriProd
25 stocks; $108bn

PersPrdct
29 stocks; $440bn

Brewers
13 stocks; $498bn

PkgFdMt
120 stocks; $1225bn

Dist&Vnt
12 stocks; $291bn

SoftDrnks
17 stocks; $511bn

Tobacco
14 stocks; $785bn

HhldPrdct
17 stocks; $564bn

FdDistri
12 stocks; $54bn

SprCntrs
14 stocks; $441bn

DrugRetail
8 stocks; $187bn
Momentum

Strength

July 24, 2017

Telecommunication Services

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Telecommunication Services

WlsTelSrv
42 stocks; $946bn

IntgTelSrv
62 stocks; $1344bn

AltCar
10 stocks; $57bn
July 24, 2017

Utilities

- **ElecUtil**
  - 30 stocks: $114bn

- **MultiUtil**
  - 37 stocks: $46bn

- **GasUtil**
  - 33 stocks: $206bn

- **WaterUtil**
  - 24 stocks: $87bn

- **IPPTrad**
  - 25 stocks: $107bn

- **RenewElec**
  - 23 stocks: $56bn
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 they 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”
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>
<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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(S) = Speculative investment;
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