Group Selection

Priced as of September 4, 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>51% / 59% / 57%</td>
<td>-16% / -7% / 2%</td>
<td></td>
</tr>
<tr>
<td>Materials</td>
<td>26% / 34% / 30%</td>
<td>-24% / -13% / -2%</td>
<td></td>
</tr>
<tr>
<td>Industrials</td>
<td>33% / 43% / 39%</td>
<td>-10% / 1% / 19%</td>
<td></td>
</tr>
<tr>
<td>CMR Disc</td>
<td>38% / 45% / 42%</td>
<td>-14% / -4% / 11%</td>
<td></td>
</tr>
<tr>
<td>CMR Stap</td>
<td>34% / 43% / 38%</td>
<td>-17% / -7% / 8%</td>
<td></td>
</tr>
<tr>
<td>Hlth Care</td>
<td>54% / 61% / 57%</td>
<td>0% / 6% / 24%</td>
<td></td>
</tr>
<tr>
<td>Financials</td>
<td>32% / 44% / 37%</td>
<td>-15% / -3% / 19%</td>
<td></td>
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<tr>
<td>Info Tech</td>
<td>49% / 56% / 54%</td>
<td>0% / 8% / 22%</td>
<td></td>
</tr>
<tr>
<td>Telecom</td>
<td>19% / 28% / 24%</td>
<td>-13% / -2% / 13%</td>
<td></td>
</tr>
<tr>
<td>Utilities</td>
<td>36% / 51% / 42%</td>
<td>-14% / -7% / 6%</td>
<td></td>
</tr>
<tr>
<td>Real Estate</td>
<td>47% / 62% / 53%</td>
<td>-17% / -7% / 13%</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

Int O&G
31 stocks; $187bn

OG E&P
74 stocks; $88bn

OG E&P
112 stocks; $889bn

OG RdMkt
43 stocks; $564bn

OG RfMkt
42 stocks; $564bn

OG Drill
14 stocks; $33bn

OG StTr
83 stocks; $664bn

OG Equip
50 stocks; $507bn

Coal&Uran
24 stocks; $81bn

OG Equip
65 stocks; $221bn

OG StTr
83 stocks; $664bn

OG Drill
14 stocks; $33bn

OG RfMkt
43 stocks; $564bn

OG E&P
112 stocks; $889bn

Int O&G
31 stocks; $187bn

Strength

September 4, 2018
IndusGas
6 stocks; $70bn

DiversChm
22 stocks; $94bn

SpecChm
6 stocks; $149bn

ComdChm
33 stocks; $426bn

Alumin
10 stocks; $43bn

Steel
50 stocks; $411bn

PrecMet
19 stocks; $40bn

PaperPkg
17 stocks; $120bn

PapProd
24 stocks; $110bn

MtGlsCnt
14 stocks; $59bn

DvrsMng
64 stocks; $378bn

Copper
18 stocks; $93bn

Silver
11 stocks; $16bn

FrstPrd
11 stocks; $30bn

Gold
23 stocks; $158bn

Fert&Ag
29 stocks; $153bn

CstrMat
28 stocks; $236bn
Consumer Staples

- PersPrdct (33 stocks; $507bn)
- SprCntrs (13 stocks; $538bn)
- PkgFdMt (121 stocks; $1156bn)
- DrugRetail (5 stocks; $86bn)
- HhldPrdct (17 stocks; $547bn)
- SoftDrns (19 stocks; $519bn)
- Brewers (14 stocks; $440bn)
- AgriProd (25 stocks; $109bn)
- Dist&Vnt (12 stocks; $351bn)
- Tobacco (13 stocks; $548bn)
- FdDistri (11 stocks; $64bn)
- FdRetail (35 stocks; $347bn)

September 4, 2018
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Telecommunication Services

September 4, 2018

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Strength

Momentum

AltCar
11 stocks; $65bn

WlsTelSrv
44 stocks; $678bn

IntgTelSrv
47 stocks; $1235bn
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.
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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ETFs designed to track an index or asset may experience a discrepancy between the ETF’s performance and the performance of its target index known as tracking error. A variety of factors can create a performance gap between ETF and its target index such as the impact of transaction fees and expenses incurred by the ETF, changes in composition of the underlying index/assets, the ETF portfolio manager’s replication strategy and sampling techniques, and the timing of purchases and redemptions of ETF’s shares.

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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>
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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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Und = Underperform - Forecast to underperform the analyst’s coverage universe on a total return basis;
(S) = Speculative investment;
Spd = Suspended - Coverage and rating suspended until coverage is reinstated;
NR = No Rated - No rating at this time; and
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