Group Selection

Priced as of June 30, 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 Relative Strength Profiles**

- **Energy**
  - % Outperforming: 17% / 16% / 32%
  - Reward/Risk: US/GBL/CDA: / /
  - Trend Psn: US/GBL/CDA: 8% / 7% / -5%

- **Materials**
  - % Outperforming: 46% / 42% / 59%
  - Reward/Risk: US/GBL/CDA: / /
  - Trend Psn: US/GBL/CDA: 8% / 10% / -5%

- **Industrials**
  - % Outperforming: 55% / 49% / 73%
  - Reward/Risk: US/GBL/CDA: / /
  - Trend Psn: US/GBL/CDA: 8% / 8% / -12%

- **CMR Disc**
  - % Outperforming: 52% / 47% / 67%
  - Reward/Risk: US/GBL/CDA: / /
  - Trend Psn: US/GBL/CDA: 4% / 4% / -11%

- **CMR Stap**
  - % Outperforming: 55% / 50% / 73%
  - Reward/Risk: US/GBL/CDA: / /
  - Trend Psn: US/GBL/CDA: -4% / -2% / -23%

- **Hlth Care**
  - % Outperforming: 57% / 54% / 72%
  - Reward/Risk: US/GBL/CDA: / /
  - Trend Psn: US/GBL/CDA: 11% / 10% / -3%

- **Financials**
  - % Outperforming: 44% / 38% / 69%
  - Reward/Risk: US/GBL/CDA: / /
  - Trend Psn: US/GBL/CDA: 16% / 16% / -4%

- **Info Tech**
  - % Outperforming: 63% / 60% / 77%
  - Reward/Risk: US/GBL/CDA: / /
  - Trend Psn: US/GBL/CDA: -1% / -2% / -17%

- **Telecom**
  - % Outperforming: 47% / 46% / 74%
  - Reward/Risk: US/GBL/CDA: / /
  - Trend Psn: US/GBL/CDA: 0% / -2% / -19%

- **Utilities**
  - % Outperforming: 62% / 54% / 80%
  - Reward/Risk: US/GBL/CDA: / /
  - Trend Psn: US/GBL/CDA: -3% / 0% / -26%

- **Real Estate**
  - % Outperforming: 48% / 43% / 72%
  - Reward/Risk: US/GBL/CDA: / /
  - Trend Psn: US/GBL/CDA: 4% / 3% / -15%

*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.
**Consumer Staples**

**Dist&Vnt** 12 stocks; $288bn

**SoftDrinks** 17 stocks; $506bn

**FdRetail** 37 stocks; $354bn

**AgriProd** 25 stocks; $105bn

**SprCntrs** 15 stocks; $450bn

**DrugRetail** 8 stocks; $189bn

**Brewers** 13 stocks; $479bn

**HhldPrdct** 17 stocks; $564bn

**PersPrdct** 29 stocks; $433bn

**Tobacco** 14 stocks; $793bn

**PkgFdMkt** 120 stocks; $1228bn

June 30, 2017

Mark Steele (416) 359-4641

BMO Capital Markets
### Financials

<table>
<thead>
<tr>
<th>Sector</th>
<th>Momentum</th>
<th>Strength</th>
<th>Dividends</th>
<th>Market Cap</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dividend Paying</td>
<td></td>
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<td>9 stocks; $184bn</td>
<td></td>
</tr>
<tr>
<td>Multi-Line Insurers</td>
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<td>30 stocks; $515bn</td>
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<tr>
<td>Diversified Banks</td>
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<td>189 stocks; $5098bn</td>
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<tr>
<td>MitSecHld</td>
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<td>25 stocks; $380bn</td>
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<tr>
<td>P&amp;C Insurers</td>
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<td>60 stocks; $499bn</td>
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<tr>
<td>FnlExchDt</td>
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<td>23 stocks; $347bn</td>
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<tr>
<td>InvBnkBrk</td>
<td></td>
<td></td>
<td>35 stocks; $371bn</td>
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<tr>
<td>MltSecHld</td>
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<tr>
<td>Multi-Line Insurers</td>
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<tr>
<td>ConsrFin</td>
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<td></td>
<td>30 stocks; $255bn</td>
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<tr>
<td>SpecialFin</td>
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<td>10 stocks; $23bn</td>
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<td>LifeHealthIns</td>
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<td>47 stocks; $842bn</td>
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<tr>
<td>Thrft&amp;Mtg</td>
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<td>46 stocks; $134bn</td>
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<tr>
<td>InsurBrkrs</td>
<td></td>
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<td>7 stocks; $115bn</td>
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<tr>
<td>AsstMgmt</td>
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<td>42 stocks; $545bn</td>
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<tr>
<td>Reinsuran</td>
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<td>12 stocks; $129bn</td>
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<tr>
<td>OthrDivFS</td>
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<td>8 stocks; $84bn</td>
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<td>MortgREIT</td>
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<td></td>
<td>27 stocks; $55bn</td>
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June 30, 2017

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Telecommunication Services

Momentum

Strength

IntgTelSrv ➔
63 stocks; $1334bn

AltCar
10 stocks; $57bn

WlsTelSrv ➔
42 stocks; $918bn

June 30, 2017

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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 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”
- 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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<td>Hold</td>
<td>Market Perform</td>
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<td>13.1%</td>
<td>40.6%</td>
<td>52.6%</td>
<td>41.1%</td>
<td>41.6%</td>
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<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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