Group Selection

Priced as of July 10, 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**

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<tbody>
<tr>
<td>Energy</td>
<td>17% / 16% / 31%</td>
<td>/ / /</td>
<td>1% / 2% / -9%</td>
</tr>
<tr>
<td>Materials</td>
<td>46% / 41% / 58%</td>
<td>/ / /</td>
<td>8% / 10% / -6%</td>
</tr>
<tr>
<td>Industrials</td>
<td>55% / 50% / 73%</td>
<td>/ / /</td>
<td>5% / 7% / -9%</td>
</tr>
<tr>
<td>CMR Disc</td>
<td>51% / 47% / 67%</td>
<td>/ / /</td>
<td>-6% / -5% / -20%</td>
</tr>
<tr>
<td>CMR Stap</td>
<td>54% / 49% / 71%</td>
<td>/ / /</td>
<td>-16% / -13% / -33%</td>
</tr>
<tr>
<td>Hlth Care</td>
<td>58% / 55% / 72%</td>
<td>/ / /</td>
<td>-1% / 1% / -11%</td>
</tr>
<tr>
<td>Financials</td>
<td>45% / 40% / 70%</td>
<td>/ / /</td>
<td>13% / 15% / -2%</td>
</tr>
<tr>
<td>Info Tech</td>
<td>63% / 60% / 77%</td>
<td>/ / /</td>
<td>1% / 3% / -9%</td>
</tr>
<tr>
<td>Telecom</td>
<td>49% / 46% / 72%</td>
<td>/ / /</td>
<td>-3% / -2% / -24%</td>
</tr>
<tr>
<td>Utilities</td>
<td>61% / 54% / 80%</td>
<td>/ / /</td>
<td>-8% / -8% / -31%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>49% / 43% / 71%</td>
<td>/ / /</td>
<td>-6% / -6% / -30%</td>
</tr>
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</table>

*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

Strength Changes Last Session

July 10, 2017

Mark Steele (416) 359-4641

DiversChm ↔ LifeHthIns ↔ AutoParts ↔ AltCar ↔ DvrsMng

MotcyMfg ↑ SemiEqp ↑ Marine ↑ Ind Mach ↑ InetDmrtl ↑ TechDist ↑ InvBnkBrk ↑ AgriProd

RESTSrV ↔ CnstMch&Tp ↔ Footwear ↑ Marine ↑ FctWdrt ↔ Fert&Ag

DiversBnk ↓ DiversBnk ↓ DataProc ↑ HhlPrdct ↑ HfSrvc

Resources

July 10, 2017

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Strength

Momentum

DiversChm
20 stocks; $356bn

CstrMat
27 stocks; $253bn

Alumin
11 stocks; $48bn

PaperPkg
17 stocks; $122bn

ComdChm
40 stocks; $333bn

Fert&Ag
53 stocks; $229bn

Coal&Uran
22 stocks; $72bn

Steel
58 stocks; $350bn

OG StTr
89 stocks; $655bn

OG Drill
16 stocks; $20bn

MtGlsCnt
14 stocks; $64bn

OG RfMkt
44 stocks; $430bn

FrstPrd
14 stocks; $86bn

PapProd
26 stocks; $82bn

SpecChm
54 stocks; $496bn

Gold
61 stocks; $170bn

OG E&P
115 stocks; $698bn

Copper
14 stocks; $163bn

PrecMet
22 stocks; $50bn

Int O&G
29 stocks; $764bn

Silver
9 stocks; $20bn
Momentum

Strength

July 10, 2017

Mark Steele (416) 359-4641

Materials

DiversChm
20 stocks; $356bn

CstrMat
27 stocks; $253bn

Alumin
11 stocks; $48bn

PaperPkg
17 stocks; $123bn

ComdChm
40 stocks; $333bn

Fert&Ag
33 stocks; $229bn

Steel
58 stocks; $350bn

MtGlsCnt
14 stocks; $64bn

FrstPrd
14 stocks; $66bn

PapProd
26 stocks; $92bn

SpecChm
44 stocks; $495bn

Copper
12 stocks; $86bn

PrecMet
27 stocks; $950bn

Gold
61 stocks; $170bn

Silver
9 stocks; $20bn

IndusGas
8 stocks; $163bn

20 stocks; $356bn

27 stocks; $253bn

11 stocks; $48bn

17 stocks; $123bn

40 stocks; $333bn

33 stocks; $229bn

58 stocks; $350bn

14 stocks; $64bn

14 stocks; $66bn

26 stocks; $92bn

44 stocks; $495bn

12 stocks; $86bn

27 stocks; $950bn

61 stocks; $170bn

9 stocks; $20bn

8 stocks; $163bn
**Financials**

- **LifeHthIns**: 17 stocks; $656bn
- **SpecialFin**: 10 stocks; $24bn
- **Reinsuran**: 12 stocks; $132bn
- **Thrft&Mtg**: 46 stocks; $136bn
- **RegionBnk**: 141 stocks; $638bn
- **OthrDivFS**: 8 stocks; $83bn
- **AsstMgmt**: 82 stocks; $554bn
- **P&C Insur**: 60 stocks; $504bn
- **MltSecHld**: 25 stocks; $382bn
- **DivCpMkt**: 9 stocks; $190bn
- **Multi-LnIns**: 30 stocks; $52bn
- **DiversBnk**: 69 stocks; $574bn
- **MortgREIT**: 25 stocks; $60bn
- **InvBnkBrk**: 35 stocks; $377bn
- **InsurBrkrs**: 7 stocks; $116bn
- **FnlExchDt**: 23 stocks; $34bn
- **ConsmrFin**: 30 stocks; $254bn
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) transitions towards...
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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<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>
<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>
</tr>
<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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