Group Selection

Priced as of August 14, 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*

<table>
<thead>
<tr>
<th>Sector</th>
<th>Energy</th>
<th>Materials</th>
<th>Industrials</th>
<th>CMR Disc</th>
<th>CMR Stap</th>
<th>Health</th>
<th>Financials</th>
<th>Info Tech</th>
<th>Telecom</th>
<th>Utilities</th>
<th>Real Estate</th>
</tr>
</thead>
<tbody>
<tr>
<td>% Outperforming</td>
<td>52% / 58% / 58%</td>
<td>31% / 38% / 34%</td>
<td>36% / 43% / 42%</td>
<td>41% / 46% / 44%</td>
<td>38% / 43% / 42%</td>
<td>55% / 61% / 59%</td>
<td>37% / 47% / 40%</td>
<td>51% / 57% / 56%</td>
<td>19% / 32% / 26%</td>
<td>38% / 50% / 42%</td>
<td>51% / 62% / 52%</td>
</tr>
<tr>
<td></td>
<td>-8% / 1% / -5%</td>
<td>-27% / -16% / -21%</td>
<td>-10% / 2% / -3%</td>
<td>-15% / -5% / -9%</td>
<td>-17% / -7% / -9%</td>
<td>-9% / 1% / -3%</td>
<td>-12% / 1% / -1%</td>
<td>-10% / 0% / -6%</td>
<td>-5% / 10% / 9%</td>
<td>-8% / 1% / -2%</td>
<td>-12% / -2% / 0%</td>
</tr>
</tbody>
</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
Strength Changes Last Session

**Momentum**

- ConsmrFin
- SystmSwr
- TrdgDist
- InetSftSrv
- OfficeServ
- GMrchStrs
- AutoRtl
- RsrvCslt
- Dist&Vnt
- Cabl&Sat
- RenwElec
- Semi
- Semi
- REstDevl
- Broadcast
- ApparRtl
- Mov&Ent
- Aprl&Gds
- Rstaurnt
- FnlExchDt
- ElecInstr
- FdRetail
- SpecStors
- DeptStrs
- OthrDivFS
- Hwy&Rail
- AsstMgmt
- Cas&Gam
- AgriProd
- OfficeREIT
- Railroads
- HCPrdcts
- HhldPrdct
- HmEntSwr
- IntgTelSrv
- Sec&Alm
- HCFacility
- ElecUtil
- PersPrdct
- Pharma
- IPPTrad
- Fert&Ag
- DiversREIT
- HdwrsSt&P
- AirFrght
- Reinsuran
- IndConql
- OfficeREIT
- Railroads
- HCPrdcts
- HhldPrdct
- HmEntSwr
- IntgTelSrv
- Sec&Alm
- HCFacility
- ElecUtil
- PersPrdct
- Pharma
- IPPTrad
- Fert&Ag
- DiversREIT
- HdwrsSt&P
- AirFrght
- Reinsuran
- IndConql

**Strength**

- ConsmrFin
- SystmSwr
- TrdgDist
- InetSftSrv
- OfficeServ
- GMrchStrs
- AutoRtl
- RsrvCslt
- Dist&Vnt
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- AsstMgmt
- Cas&Gam
- AgriProd
- OfficeREIT
- Railroads
- HCPrdcts
- HhldPrdct
- HmEntSwr
- IntgTelSrv
- Sec&Alm
- HCFacility
- ElecUtil
- PersPrdct
- Pharma
- IPPTrad
- Fert&Ag
- DiversREIT
- HdwrsSt&P
- AirFrght
- Reinsuran
- IndConql
August 14, 2018

Mark Steele (416) 359-4641

Energy

Momentum

Strength

OG Drill
14 stocks; $32bn

Coal&Uran
24 stocks; $83bn

OG Equip
60 stocks; $287bn

OG StTr
83 stocks; $676bn

OG RfMkt
43 stocks; $556bn

Int O&G
31 stocks; $1864bn

OG E&P
113 stocks; $886bn

OG Drill
14 stocks; $32bn

Coal&Uran
24 stocks; $83bn

OG Equip
60 stocks; $287bn

OG StTr
83 stocks; $676bn

OG RfMkt
43 stocks; $556bn

Int O&G
31 stocks; $1864bn

OG E&P
113 stocks; $886bn
Consumer Staples

FdDistri
11 stocks; $65bn

Dist&Vnt
12 stocks; $356bn

FdRetail
36 stocks; $354bn

Tobacco
13 stocks; $573bn

AgriProd
25 stocks; $108bn

Brewers
14 stocks; $462bn

HhldPrdct
17 stocks; $544bn

PersPrdct
33 stocks; $498bn

SoftDrnks
19 stocks; $528bn

PkgFdMt
139 stocks; $1164bn

DrugRetail
6 stocks; $88bn

SprCntrs
13 stocks; $520bn
Financials

Momentum

Strength

ConsmrFin  RegionBnk  Thrft&Mtg
31 stocks; $296bn
140 stocks; $713bn
72 stocks; $135bn

FnlExchDt
22 stocks; $463bn

OthrDivFS  SpecialFin
9 stocks; $98bn
10 stocks; $23bn

MltSecHld
24 stocks; $427bn

MortgREIT  P&C Insur
23 stocks; $63bn
9 stocks; $51bn

AsstMgmt
80 stocks; $568bn

InvBnkBrk
37 stocks; $401bn

InsurBrkrs
7 stocks; $122bn

LifeHthIns
46 stocks; $826bn

MultiLnIns
30 stocks; $498bn

DivCpMkt  Reinsuran  DiversBnk
9 stocks; $160bn
11 stocks; $121bn
158 stocks; $517bn
Utilities

Strength

Momentum

ElecUtil
88 stocks; $1135bn

IPPTrad
23 stocks; $109bn

GasUtil
36 stocks; $246bn

MultiUtil
36 stocks; $464bn

WaterUtil
23 stocks; $82bn

RenewElec
20 stocks; $55bn

Utilities

August 14, 2018

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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.
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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</thead>
<tbody>
<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 Per</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>
</tr>
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** 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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