Group Selection
Priced as of July 14, 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**

*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
<table>
<thead>
<tr>
<th>Resources</th>
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</thead>
<tbody>
<tr>
<td>Alumin</td>
<td>11 stocks; $50bn</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Coal &amp; Uran</td>
<td>22 stocks; $73bn</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Copper</td>
<td>14 stocks; $89bn</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Int O&amp;G</td>
<td>29 stocks; $154bn</td>
<td></td>
<td></td>
</tr>
<tr>
<td>DiversChm</td>
<td>20 stocks; $367bn</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fert &amp; Ag</td>
<td>33 stocks; $332bn</td>
<td></td>
<td></td>
</tr>
<tr>
<td>DvrsMng</td>
<td>45 stocks; $559bn</td>
<td></td>
<td></td>
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<tr>
<td>IndusGas</td>
<td>8 stocks; $166bn</td>
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<tr>
<td>Gold</td>
<td>61 stocks; $172bn</td>
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<td></td>
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<tr>
<td>Divers Mng</td>
<td>115 stocks; $717bn</td>
<td></td>
<td></td>
</tr>
<tr>
<td>OG Drill</td>
<td>16 stocks; $27bn</td>
<td></td>
<td></td>
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<tr>
<td>Silver</td>
<td>9 stocks; $20bn</td>
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</tr>
<tr>
<td>MtGlsCnt</td>
<td>14 stocks; $56bn</td>
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<tr>
<td>OG RfMkt</td>
<td>44 stocks; $438bn</td>
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<tr>
<td>PrecMet</td>
<td>22 stocks; $58bn</td>
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<tr>
<td>Pap Prod</td>
<td>25 stocks; $955bn</td>
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<tr>
<td>SpecChm</td>
<td>34 stocks; $595bn</td>
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<tr>
<td>ComdChm</td>
<td>40 stocks; $341bn</td>
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<tr>
<td>OG StTr</td>
<td>89 stocks; $674bn</td>
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<tr>
<td>CstrMat</td>
<td>27 stocks; $256bn</td>
<td></td>
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</tr>
</tbody>
</table>
Momentum Strength

July 14, 2017

Mark Steele (416) 359-4641

Consumer Staples

- PersPrdct: 29 stocks; $436bn
- Brewers: 13 stocks; $495bn
- FdDistri: 12 stocks; $53bn
- DrugRetail: 8 stocks; $186bn
- SoftDrinks: 17 stocks; $360bn
- Dist&Vnt: 12 stocks; $289bn
- Tobacco: 14 stocks; $798bn
- FdRetail: 37 stocks; $359bn
- SprCntrs: 15 stocks; $446bn
- PkgFdMt: 120 stocks; $1224bn
- HhldPrdct: 17 stocks; $564bn
- AgriProd: 25 stocks; $107bn
Momentum

Strength

July 14, 2017

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Health Care

HCEquip
73 stocks; $812bn

MngHCare
12 stocks; $395bn

LiSciSrv
32 stocks; $265bn

HCareTec
18 stocks; $67bn

HCService
29 stocks; $606bn

Biotech
131 stocks; $1036bn

HCSuppls
26 stocks; $146bn

Pharma
106 stocks; $2498bn

HCFacility
28 stocks; $777bn

HCDistrib
19 stocks; $136bn

112 stocks; $395bn

32 stocks; $265bn

18 stocks; $67bn

29 stocks; $606bn

131 stocks; $1036bn

26 stocks; $146bn

106 stocks; $2498bn

28 stocks; $777bn

19 stocks; $136bn
July 14, 2017

Real Estate

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**Momentum**

**Strength**

- REstDvAct: 34 stocks; $333bn
- REstDev: 50 stocks; $245bn
- IndusREIT: 20 stocks; $94bn
- REstSrv: 11 stocks; $84bn
- REstOpCo: 31 stocks; $206bn
- HCareREIT: 19 stocks; $110bn
- ResidREIT: 26 stocks; $155bn
- DiversREIT: 41 stocks; $162bn
- RetailREIT: 50 stocks; $371bn
- SpecREIT: 31 stocks; $312bn
- HotelREIT: 19 stocks; $56bn
- OfficeREIT: 33 stocks; $156bn
- RetailREIT: 50 stocks; $371bn
- SpecREIT: 31 stocks; $312bn
- OfficeREIT: 33 stocks; $156bn

**Indicators**

- Momentum: ▲ (Up)
- Strength: ▲ (Up)
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>
<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.
** 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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