Group Selection
Priced as of September 7, 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>20% / 17% / 24%</td>
<td></td>
<td>27% / 25% / 5%</td>
</tr>
<tr>
<td>Materials</td>
<td>52% / 43% / 56%</td>
<td></td>
<td>21% / 21% / -1%</td>
</tr>
<tr>
<td>Industrials</td>
<td>55% / 47% / 60%</td>
<td></td>
<td>4% / 2% / -20%</td>
</tr>
<tr>
<td>CMR Disc</td>
<td>51% / 46% / 56%</td>
<td></td>
<td>1% / 0% / -18%</td>
</tr>
<tr>
<td>CMR Stap</td>
<td>50% / 44% / 53%</td>
<td></td>
<td>8% / 6% / -16%</td>
</tr>
<tr>
<td>Hlth Care</td>
<td>56% / 52% / 61%</td>
<td></td>
<td>11% / 10% / -8%</td>
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<tr>
<td>Financials</td>
<td>51% / 42% / 58%</td>
<td></td>
<td>-20% / -23% / -56%</td>
</tr>
<tr>
<td>Info Tech</td>
<td>64% / 58% / 68%</td>
<td></td>
<td>1% / 0% / -19%</td>
</tr>
<tr>
<td>Telecom</td>
<td>52% / 47% / 59%</td>
<td></td>
<td>2% / -2% / -29%</td>
</tr>
<tr>
<td>Utilities</td>
<td>62% / 53% / 70%</td>
<td></td>
<td>13% / 12% / -12%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>49% / 42% / 55%</td>
<td></td>
<td>15% / 14% / -16%</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.
### Materials

#### Strength
- **DvrsMng**
  - 45 stocks; $474bn
- **CstrMat**
  - 37 stocks; $256bn
- **Fert&Ag**
  - 32 stocks; $192bn
- **PaperPkg**
  - 27 stocks; $122bn
- **Steel**
  - 26 stocks; $413bn
- **Gold**
  - 61 stocks; $201bn
- **PaperProd**
  - 26 stocks; $99bn
- **Copper**
  - 14 stocks; $104bn
- **Silver**
  - 8 stocks; $21bn

#### Momentum
- **Alumin**
  - 11 stocks; $61bn
- **FrstPrd**
  - 14 stocks; $68bn
- **DiversChm**
  - 19 stocks; $372bn
- **SpecChm**
  - 64 stocks; $504bn
- **PrecMet**
  - 22 stocks; $62bn
- **ComdChm**
  - 40 stocks; $356bn
- **MtGlsCnt**
  - 14 stocks; $61bn
- **IndusGas**
  - 8 stocks; $164bn
September 7, 2017

Consumer Staples

Momentum

Strength

FdDistri →
12 stocks; $55bn

DrugRetail ↔
8 stocks; $194bn

PersPrdct ↑
29 stocks; $454bn

Dist&Vnt →
12 stocks; $310bn

SoftDrinks ↔
17 stocks; $521bn

Brewers ↓
13 stocks; $530bn

FdRetail →
36 stocks; $348bn

PkgFdMt ↑
119 stocks; $1235bn

AgriProd ↓
25 stocks; $107bn

Tobacco ↓
13 stocks; $681bn

HhldPrdct ↑
17 stocks; $570bn

SprCntrs ↑
14 stocks; $454bn

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Consumer Staples
Momentum

September 7, 2017

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Utilities

IPPTrad
25 stocks; $109bn

WaterUtil
24 stocks; $88bn

MultiUtil
36 stocks; $494bn

RenewElec
22 stocks; $37bn

ElecUtil
99 stocks; $1193bn

GasUtil
33 stocks; $208bn

Utilities

GasUtil
33 stocks; $208bn

RenewElec
22 stocks; $37bn

MultiUtil
36 stocks; $494bn

WaterUtil
24 stocks; $88bn

IPPTrad
25 stocks; $109bn

ElecUtil
99 stocks; $1193bn
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)
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”
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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<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>
<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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