Group Selection
Priced as of August 8, 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*

- **Hyperlink**
- **Sector**
- **% Outperforming US/GBL/CDA**
- **Reward/Risk US/GBL/CDA**
- **Trend Psn US/GBL/CDA**

<table>
<thead>
<tr>
<th>Sector</th>
<th>% Outperforming</th>
<th>Reward/Risk</th>
<th>Trend Psn</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy</td>
<td>53% / 58% / 60%</td>
<td>-4% / -1% / 2%</td>
<td></td>
</tr>
<tr>
<td>Materials</td>
<td>34% / 39% / 36%</td>
<td>-15% / -10% / -4%</td>
<td></td>
</tr>
<tr>
<td>Industrials</td>
<td>37% / 44% / 42%</td>
<td>-4% / 3% / 8%</td>
<td></td>
</tr>
<tr>
<td>CMR Disc</td>
<td>41% / 46% / 44%</td>
<td>-14% / -10% / -4%</td>
<td></td>
</tr>
<tr>
<td>CMR Stap</td>
<td>39% / 43% / 43%</td>
<td>-14% / -7% / 0%</td>
<td></td>
</tr>
<tr>
<td>Hlth Care</td>
<td>55% / 60% / 59%</td>
<td>-9% / -6% / 0%</td>
<td></td>
</tr>
<tr>
<td>Financials</td>
<td>38% / 47% / 41%</td>
<td>-8% / -2% / 9%</td>
<td></td>
</tr>
<tr>
<td>Info Tech</td>
<td>52% / 58% / 58%</td>
<td>-11% / -4% / -2%</td>
<td></td>
</tr>
<tr>
<td>Telecom</td>
<td>16% / 31% / 26%</td>
<td>3% / 7% / 17%</td>
<td></td>
</tr>
<tr>
<td>Utilities</td>
<td>38% / 50% / 46%</td>
<td>-8% / -5% / 2%</td>
<td></td>
</tr>
<tr>
<td>Real Estate</td>
<td>52% / 60% / 53%</td>
<td>-12% / -7% / 3%</td>
<td></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

Strength

Distrib ↓ Semi ↓ MtGlsCnt ↓ GMrchStrs ↓
ElecInstr ↓ InetDmRtl ↓ Sec&Alm ↓ BldPrdcts ↓ Broadcast ↓ HhldAppl ↓
RsrcCsll ↓ OG Drill ↓ ConsmrFin ↓ RegionBnk ↓ LeisPrd ↓ TechDist ↓ DiversREIT ↓ Coal&Uran ↓ PaperPkg ↓ SpecialFin ↓ Tire&Rub ↓
RsrcCslt ↓ OG Drill ↓ ConsmrFin ↓ RegionBnk ↓ LeisPrd ↓ TechDist ↓ DiversREIT ↓ Coal&Uran ↓ PaperPkg ↓ SpecialFin ↓ Tire&Rub ↓
P&C Insur ↓ LeisFcil ↓ FdRetail ↓ SprCntrs ↓ AirprtSrv ↓ Advert ↓ PrecMet ↓
P&C Insur ↓ LeisFcil ↓ FdRetail ↓ SprCntrs ↓ AirprtSrv ↓ Advert ↓ PrecMet ↓
Int O&G ↓ HCEquip ↓ Footwear ↓ Biotech ↓ OG Equip ↓ brewers ↓ Airline ↓ Ag&Farm ↓
Int O&G ↓ HCEquip ↓ Footwear ↓ Biotech ↓ OG Equip ↓ brewers ↓ Airline ↓ Ag&Farm ↓
ElcCmpEq ↓ DataProc ↓ Thrft&Mtg ↓ Educat ↓ FnlExchDt ↓ DrugRetail ↓ ElecUtil ↓
ElcCmpEq ↓ DataProc ↓ Thrft&Mtg ↓ Educat ↓ FnlExchDt ↓ DrugRetail ↓ ElecUtil ↓
GasUtil ↓ SnaChm ↓ Fert&Ag ↓ SpecChm ↓ Steel ↓ PkgFdMt ↓ CmclPrnt ↓
GasUtil ↓ SnaChm ↓ Fert&Ag ↓ SpecChm ↓ Steel ↓ PkgFdMt ↓ CmclPrnt ↓

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## Financials

**Momentum**
- ConsmrFin: 37 stocks; $297bn
- RegionBnk: 140 stocks; $717bn

**Strength**
- MltSecHld: 24 stocks; $437bn
- SpecialFin: 10 stocks; $23bn

**P&C Insur**
- 59 stocks; $521bn

**LifeHthIns**
- 46 stocks; $840bn

**DiversBnk**
- 158 stocks; $5349bn

**MortgREIT**
- 23 stocks; $52bn

**InsurBrkrs**
- 7 stocks; $124bn

**Thrft&Mtg**
- 42 stocks; $158bn

**FnlExchDt**
- 22 stocks; $405bn

**AsstMgmt**
- 85 stocks; $579bn

**InvBnkBrk**
- 17 stocks; $460bn

**OthrDivFS**
- 4 stocks; $102bn

**Multi-LnIns**
- 30 stocks; $513bn

**Reinsuran**
- 11 stocks; $123bn

**DivCpMkt**
- 9 stocks; $196bn
Information Technology

Momentum

Strength

[Diagram showing sectors and their momentum and strength ratings with values in billions of dollars]
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.
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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<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>
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<tr>
<td>Hold</td>
<td>Market Perform</td>
<td>53.2%</td>
<td>13.1%</td>
<td>40.5%</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.
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(S) = Speculative investment;
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