Group Selection
Priced as of September 21, 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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<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Energy</td>
<td>21% / 18% / 24%</td>
<td>36% / 37% / 21%</td>
<td></td>
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<tr>
<td>Materials</td>
<td>52% / 46% / 56%</td>
<td>7% / 6% / -6%</td>
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<tr>
<td>Industrials</td>
<td>52% / 46% / 57%</td>
<td>8% / 10% / -7%</td>
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<tr>
<td>CMR Disc</td>
<td>49% / 45% / 53%</td>
<td>4% / 4% / -9%</td>
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<tr>
<td>CMR Stap</td>
<td>50% / 43% / 50%</td>
<td>-10% / -12% / -29%</td>
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<tr>
<td>Health Care</td>
<td>55% / 53% / 59%</td>
<td>-4% / -3% / -15%</td>
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<tr>
<td>Financials</td>
<td>50% / 42% / 54%</td>
<td>4% / 4% / -14%</td>
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<tr>
<td>Info Tech</td>
<td>64% / 58% / 64%</td>
<td>-3% / -3% / -16%</td>
<td></td>
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<tr>
<td>Telecom</td>
<td>53% / 46% / 55%</td>
<td>-12% / -12% / -31%</td>
<td></td>
</tr>
<tr>
<td>Utilities</td>
<td>60% / 52% / 64%</td>
<td>-10% / -9% / -35%</td>
<td></td>
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<tr>
<td>Real Estate</td>
<td>47% / 43% / 50%</td>
<td>-2% / -3% / -22%</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.
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<tr>
<th>Sector</th>
<th>Stocks</th>
<th>Market Cap ($bn)</th>
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<tbody>
<tr>
<td>Industrials</td>
<td></td>
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<tr>
<td>Aero&amp;Def</td>
<td>57</td>
<td>$912bn</td>
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<td>Ind Mach</td>
<td>122</td>
<td>$734bn</td>
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<tr>
<td>DvSpSrv</td>
<td>23</td>
<td>$58bn</td>
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<td>AirFrght</td>
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<td>$271bn</td>
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<td>TrdgDist</td>
<td>55</td>
<td>$310bn</td>
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<tr>
<td>OfficeServ</td>
<td>10</td>
<td>$30bn</td>
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<tr>
<td>Cns&amp;Eng</td>
<td>70</td>
<td>$340bn</td>
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<tr>
<td>Marine</td>
<td>65</td>
<td>$330bn</td>
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<tr>
<td>HvyElcEq</td>
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<td>$88bn</td>
</tr>
<tr>
<td>Railroads</td>
<td>25</td>
<td>$490bn</td>
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<tr>
<td>BldPrdcts</td>
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<td>Ag&amp;Farm</td>
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<td>Hwy&amp;Rail</td>
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<tr>
<td>Airline</td>
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<tr>
<td>EnviroServ</td>
<td>24</td>
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<tr>
<td>CmclPrt</td>
<td>11</td>
<td>$26bn</td>
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<tr>
<td>Sec&amp;Alm</td>
<td>5</td>
<td>$37bn</td>
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Utilities

September 21, 2017

Mark Steele (416) 359-4641

IPPTrad
25 stocks; $108bn

WaterUtil
24 stocks; $87bn

GasUtil
33 stocks; $205bn

RenewElec
22 stocks; $57bn

ElecUtil
90 stocks; $1172bn

MultiUtil
36 stocks; $481bn
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 groups 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>
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<td>Hold</td>
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<td>13.1%</td>
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<td>52.6%</td>
<td>41.1%</td>
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<td>Sell</td>
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<td>9.5%</td>
<td>2.0%</td>
<td>3.2%</td>
<td>1.6%</td>
<td>5.5%</td>
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Und = Underperform - Forecast to underperform the analyst's coverage universe on a total return basis;
(S) = Speculative investment;
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NR = No Rated - No rating at this time; and
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