Group Selection

Priced as of December 12, 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>43% / 45% / 40%</td>
<td>-7% / 1% / 13%</td>
<td></td>
</tr>
<tr>
<td>Materials</td>
<td>54% / 51% / 50%</td>
<td>-19% / -12% / 3%</td>
<td></td>
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<tr>
<td>Industrials</td>
<td>53% / 51% / 49%</td>
<td>-17% / -6% / 6%</td>
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<tr>
<td>CMR Disc</td>
<td>48% / 47% / 44%</td>
<td>0% / 6% / 14%</td>
<td></td>
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<tr>
<td>CMR Stap</td>
<td>35% / 32% / 30%</td>
<td>-2% / 8% / 16%</td>
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<tr>
<td>Hlth Care</td>
<td>47% / 45% / 43%</td>
<td>-8% / 0% / 9%</td>
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<tr>
<td>Financials</td>
<td>45% / 42% / 36%</td>
<td>-10% / 0% / 15%</td>
<td></td>
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<tr>
<td>Info Tech</td>
<td>57% / 55% / 55%</td>
<td>-17% / -8% / 2%</td>
<td></td>
</tr>
<tr>
<td>Telecom</td>
<td>33% / 32% / 32%</td>
<td>-15% / -7% / 3%</td>
<td></td>
</tr>
<tr>
<td>Utilities</td>
<td>44% / 43% / 36%</td>
<td>-26% / -15% / -2%</td>
<td></td>
</tr>
<tr>
<td>Real Estate</td>
<td>41% / 39% / 36%</td>
<td>-21% / -8% / 10%</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.
December 12, 2017

Mark Steele (416) 359-4641

Resources

Momentum

Strength

Steel
59 stocks; $425bn

Coal & Uran
23 stocks; $79bn

ComdChm
39 stocks; $367bn

OG StTr
50 stocks; $661bn

CstrMat
27 stocks; $253bn

Int O&G
29 stocks; $172bn

DvrsMng
46 stocks; $357bn

Fert & Ag
52 stocks; $250bn

OG StTr
32 stocks; $367bn

Alumin
11 stocks; $56bn

OG Drill
14 stocks; $33bn

MtGlsCnt
14 stocks; $61bn

IndusGas
8 stocks; $150bn

PapProd
22 stocks; $100bn

PrecMet
27 stocks; $508bn

Silver
9 stocks; $180bn

DiversChm
20 stocks; $469bn

FrstPrd
12 stocks; $29bn

Gold
60 stocks; $768bn

OG RfMkt
43 stocks; $504bn

PaperPkg
17 stocks; $129bn

OG Equip
60 stocks; $277bn

OG E&P
42 stocks; $504bn

Copper
14 stocks; $101bn

SpecChm
117 stocks; $805bn

OG RfMkt
43 stocks; $504bn

31 stocks; $547bn
Momentum

December 12, 2017

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Energy

Coal & Uran
23 stocks; $79bn

Int O&G
23 stocks; $172bn

OG Drill
14 stocks; $30bn

OG RfMkt
43 stocks; $504bn

OG E&P
117 stocks; $806bn

OG StTr
50 stocks; $661bn

OG Equip
50 stocks; $277bn
### Materials

**December 12, 2017**

**Mark Steele**

- **Steel**: 59 stocks, $425bn
- **ComdChm**: 39 stocks, $367bn
- **Fert&Ag**: 32 stocks, $200bn
- **Alumin**: 11 stocks, $56bn
- **DvrsMng**: 46 stocks, $197bn
- **IndusGas**: 8 stocks, $155bn
- **PapProd**: 22 stocks, $100bn
- **DiversChm**: 20 stocks, $60bn
- **FrstPrd**: 12 stocks, $29bn
- **PaperPkg**: 17 stocks, $129bn
- **SpecChm**: 14 stocks, $647bn
- **Copper**: 14 stocks, $101bn
- **Silver**: 9 stocks, $19bn
- **PrecMet**: 21 stocks, $50bn
- **Gold**: 60 stocks, $768bn
- **MtGlsCnt**: 8 stocks, $61bn
- **CstrMat**: 27 stocks, $253bn
- **DvrsMng**: 46 stocks, $197bn
- **IndusGas**: 8 stocks, $155bn
- **PapProd**: 22 stocks, $100bn
- **DiversChm**: 20 stocks, $60bn
- **FrstPrd**: 12 stocks, $29bn
- **PaperPkg**: 17 stocks, $129bn
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- **Copper**: 14 stocks, $101bn
- **Silver**: 9 stocks, $19bn
- **PrecMet**: 21 stocks, $50bn
- **Gold**: 60 stocks, $768bn
- **MtGlsCnt**: 8 stocks, $61bn
- **CstrMat**: 27 stocks, $253bn
Momentum

December 12, 2017

Health Care

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Health Care

HCService
28 stocks; $200bn

LfSciSrv
28 stocks; $280bn

HCDistrib
18 stocks; $121bn

HCareTec
18 stocks; $68bn

Biotech
123 stocks; $1032bn

MngHCare
12 stocks; $460bn

HCSupplis
26 stocks; $153bn

HCFacility
29 stocks; $109bn

Pharma
102 stocks; $252bn

HCEquip
77 stocks; $888bn
December 12, 2017

Telecommunication Services

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Momentum

Strength

WlsTelSrv
42 stocks; $304bn

IntgTelSrv
59 stocks; $1314bn

AltCar
10 stocks; $52bn
December 12, 2017

Utilities

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Momentum

Strength

Utilities

MultiUtil
35 stocks; $488bn

ElecUtil
69 stocks; $1178bn

RenewElec
22 stocks; $56bn

WaterUtil
24 stocks; $87bn

IPPTrad
35 stocks; $112bn

GasUtil
33 stocks; $210bn
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.
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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<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.
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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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