Group Selection

Priced as of February 27, 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

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<tbody>
<tr>
<td>Energy</td>
<td>42% / 46% / 56%</td>
<td>/ / /</td>
<td>-10% / -9% / 1%</td>
</tr>
<tr>
<td>Materials</td>
<td>46% / 46% / 61%</td>
<td>/ / /</td>
<td>-3% / -2% / 9%</td>
</tr>
<tr>
<td>Industrials</td>
<td>45% / 46% / 64%</td>
<td>/ / /</td>
<td>-9% / -7% / 6%</td>
</tr>
<tr>
<td>CMR Disc</td>
<td>48% / 46% / 62%</td>
<td>/ / /</td>
<td>-7% / -5% / 9%</td>
</tr>
<tr>
<td>CMR Stap</td>
<td>35% / 36% / 51%</td>
<td>/ / /</td>
<td>-7% / -5% / 10%</td>
</tr>
<tr>
<td>Health Care</td>
<td>40% / 42% / 52%</td>
<td>/ / /</td>
<td>2% / 4% / 17%</td>
</tr>
<tr>
<td>Financials</td>
<td>41% / 44% / 58%</td>
<td>/ / /</td>
<td>-4% / 0% / 12%</td>
</tr>
<tr>
<td>Info Tech</td>
<td>51% / 53% / 64%</td>
<td>/ / /</td>
<td>2% / 4% / 19%</td>
</tr>
<tr>
<td>Telecom</td>
<td>21% / 22% / 39%</td>
<td>/ / /</td>
<td>-9% / -9% / 15%</td>
</tr>
<tr>
<td>Utilities</td>
<td>14% / 15% / 27%</td>
<td>/ / /</td>
<td>-9% / -1% / 16%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>24% / 25% / 37%</td>
<td>/ / /</td>
<td>-24% / -25% / -8%</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.
February 27, 2018

Momentum

OG Drill
14 stocks; $31bn

Int O&G
29 stocks; $176bn

Coal&Uran
24 stocks; $94bn

Strength

OG Equip
66 stocks; $285bn

OG RfMkt
44 stocks; $524bn

OG E&P
118 stocks; $829bn

OG StTr
90 stocks; $663bn

OG StTr
90 stocks; $663bn

Energy
February 27, 2018

**Financials**

- **DiversBnk**: 155 stocks; $5874bn
- **MltSecHld**: 24 stocks; $448bn
- **SpecialFin**: 10 stocks; $26bn
- **RegionBnk**: 140 stocks; $728bn
- **AsstMgmt**: 60 stocks; $520bn
- **InvBnkBrk**: 36 stocks; $455bn
- **ConsmrFin**: 29 stocks; $288bn
- **Reinsuran**: 11 stocks; $125bn
- **InsurBrkrs**: 7 stocks; $123bn
- **LifeHthIns**: 46 stocks; $930bn
- **Multi-LnIns**: 31 stocks; $571bn
- **P&C Insur**: 59 stocks; $517bn
- **MortgREIT**: 25 stocks; $57bn
- **Thrft&Mtg**: 44 stocks; $140bn

**Strength**

- **FnlExchDt**: 22 stocks; $411bn

**Momentum**

- **155 stocks; $5874bn**
- **24 stocks; $448bn**
- **140 stocks; $728bn**
- **60 stocks; $520bn**
- **36 stocks; $455bn**
- **29 stocks; $288bn**
- **11 stocks; $125bn**
- **7 stocks; $123bn**
- **46 stocks; $930bn**
- **31 stocks; $571bn**
- **59 stocks; $517bn**
- **25 stocks; $57bn**
- **44 stocks; $140bn**
Telecommunication Services

Momentum

Strength

IntgTelSrv
59 stocks; $1267bn

AltCar
11 stocks; $57bn

WlsTelSrv
42 stocks; $925bn

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Utilities

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ElecUtil
69 stocks; $1123bn

WaterUtil
24 stocks; $85bn

IPPTrad
25 stocks; $110bn

MultiUtil
35 stocks; $446bn

RenewElec
22 stocks; $57bn

GasUtil
33 stocks; $209bn
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).

![Diagram of Group Relative Strength: Trend Analysis Report](image)
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>
<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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