Group Selection
Priced as of November 9, 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 View

### Sector Relative Strength Profiles*

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<tr>
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<tbody>
<tr>
<td>Energy</td>
<td>30% / 29% / 25%</td>
<td>/ /</td>
<td>28% / 27% / 26%</td>
</tr>
<tr>
<td>Materials</td>
<td>56% / 52% / 51%</td>
<td>/ / /</td>
<td>-6% / -6% / -6%</td>
</tr>
<tr>
<td>Industrials</td>
<td>54% / 51% / 45%</td>
<td>/ / /</td>
<td>-8% / -5% / -4%</td>
</tr>
<tr>
<td>CMR Disc</td>
<td>50% / 47% / 40%</td>
<td>/ / /</td>
<td>-6% / -5% / -2%</td>
</tr>
<tr>
<td>CMR Stap</td>
<td>34% / 33% / 26%</td>
<td>/ / /</td>
<td>-3% / 1% / -3%</td>
</tr>
<tr>
<td>Hlth Care</td>
<td>50% / 49% / 44%</td>
<td>/ / /</td>
<td>-13% / -11% / -14%</td>
</tr>
<tr>
<td>Financials</td>
<td>51% / 47% / 36%</td>
<td>/ / /</td>
<td>-14% / -12% / -10%</td>
</tr>
<tr>
<td>Info Tech</td>
<td>61% / 58% / 49%</td>
<td>/ / /</td>
<td>1% / 1% / 0%</td>
</tr>
<tr>
<td>Telecom</td>
<td>39% / 36% / 31%</td>
<td>/ / /</td>
<td>-15% / -14% / -11%</td>
</tr>
<tr>
<td>Utilities</td>
<td>52% / 46% / 35%</td>
<td>/ / /</td>
<td>-4% / -2% / -3%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>46% / 41% / 33%</td>
<td>/ / /</td>
<td>3% / 7% / 2%</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
November 9, 2017

**Materials**

- **Copper**
  - 14 stocks; $105bn

- **ComdChm**
  - 39 stocks; $368bn

- **SpecChm**
  - 61 stocks; $180bn

- **Gold**
  - 11 stocks; $19bn

- **IndusGas**
  - 8 stocks; $157bn

- **PrecMet**
  - 9 stocks; $19bn

- **FrstPrd**
  - 8 stocks; $110bn

- **Silver**
  - 2 stocks; $30bn

- **DvrsMng**
  - 6 stocks; $477bn

- **Fert&Ag**
  - 11 stocks; $61bn

- **MtGlsCnt**
  - 14 stocks; $61bn

- **PapProd**
  - 26 stocks; $106bn

- **DiversChm**
  - 9 stocks; $462bn

- **CstrMat**
  - 17 stocks; $124bn

- **Steel**
  - 58 stocks; $401bn

- **PaperPkg**
  - 27 stocks; $253bn

- **Alumin**
  - 11 stocks; $61bn
November 9, 2017

**Consumer Discretionary**

- **GMrchStrs**
  - 12 stocks: $132bn

- **Cas&Gam**
  - 37 stocks: $324bn

- **Publishing**
  - 16 stocks: $556bn

- **LeisFcil**
  - 9 stocks: $60bn

- **Educat**
  - 27 stocks: $600bn

- **Advert**
  - 16 stocks: $101bn

- **Mov&Ent**
  - 24 stocks: $340bn

- **SpecStors**
  - 24 stocks: $87bn

- **SpCmSrv**
  - 8 stocks: $26bn

- **AutoRtl**
  - 16 stocks: $82bn

- **Tire&Rub**
  - 10 stocks: $103bn

- **ApparlRtl**
  - 35 stocks: $317bn

- **HhdlApl**
  - 14 stocks: $78bn

- **Broadcast**
  - 32 stocks: $134bn

- **HomeFurn**
  - 19 stocks: $87bn

- **DeptStrs**
  - 19 stocks: $87bn

- **HomeBld**
  - 35 stocks: $169bn

- **AutoParts**
  - 46 stocks: $392bn

- **AutoMfg**
  - 26 stocks: $1084bn

- **Htl&Rsrt**
  - 24 stocks: $52bn

- **Aprl&Gds**
  - 34 stocks: $533bn

- **Cabl&Sat**
  - 22 stocks: $506bn

- **HmFrnsh**
  - 10 stocks: $32bn

- **Rstaurnt**
  - 55 stocks: $433bn

- **Footwear**
  - 14 stocks: $123bn

- **HmlmpRtl**
  - 10 stocks: $32bn

- **MotcyMfg**
  - 7 stocks: $271bn

- **CmpElRtl**
  - 20 stocks: $410bn

- **LeisPrd**
  - 20 stocks: $74bn
Momentum

November 9, 2017

Mark Steele (416) 359-4641

Health Care

Pharma
102 stocks; $2463bn

HCEquip
77 stocks; $887bn

HCEquip
77 stocks; $887bn

MngHCare
12 stocks; $436bn

HCSuppls
26 stocks; $153bn

HCSuppls
26 stocks; $153bn

LfSciSrv
29 stocks; $279bn

HCDistrib
18 stocks; $115bn

HCDistrib
18 stocks; $115bn

Biotech
125 stocks; $1022bn

Biotech
125 stocks; $1022bn

HCFacility
28 stocks; $101bn

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HCService
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HCService
28 stocks; $189bn

Health Care
Telecommunication Services

Momentum

Strength

November 9, 2017

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IntgTelSrv
60 stocks; $1281bn

WlsTelSrv
42 stocks; $939bn

AltCar
10 stocks; $53bn
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.
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.
** 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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- **Mkt** = Market Perform - Forecast to perform roughly in line with the analyst’s coverage universe on a total return basis;
- **Und** = Underperform - Forecast to underperform the analyst’s coverage universe on a total return basis;
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