Group Selection
Priced as of December 22, 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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15. Utilities
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Sector View

Sector Relative Strength Profiles*

<table>
<thead>
<tr>
<th>Hyperlink</th>
<th>% Outperforming</th>
<th>Reward/Risk</th>
<th>Trend Psn</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>US/GBL/CDA</td>
<td>US/GBL/CDA</td>
<td>US/GBL/CDA</td>
</tr>
<tr>
<td>Energy</td>
<td>43% / 46% / 43%</td>
<td>/ /</td>
<td>11% / 16% / 18%</td>
</tr>
<tr>
<td>Materials</td>
<td>53% / 51% / 52%</td>
<td>/ /</td>
<td>2% / 3% / 7%</td>
</tr>
<tr>
<td>Industrials</td>
<td>51% / 50% / 51%</td>
<td>/ /</td>
<td>0% / 4% / 6%</td>
</tr>
<tr>
<td>CMR Disc</td>
<td>48% / 48% / 46%</td>
<td>/ /</td>
<td>9% / 11% / 12%</td>
</tr>
<tr>
<td>CMR Stap</td>
<td>33% / 33% / 31%</td>
<td>/ /</td>
<td>9% / 11% / 12%</td>
</tr>
<tr>
<td>Hlth Care</td>
<td>44% / 44% / 42%</td>
<td>/ /</td>
<td>-2% / 1% / 4%</td>
</tr>
<tr>
<td>Financials</td>
<td>42% / 40% / 37%</td>
<td>/ /</td>
<td>0% / 3% / 8%</td>
</tr>
<tr>
<td>Info Tech</td>
<td>55% / 54% / 56%</td>
<td>/ /</td>
<td>-11% / -7% / -3%</td>
</tr>
<tr>
<td>Telecom</td>
<td>33% / 32% / 31%</td>
<td>/ /</td>
<td>-5% / 1% / 1%</td>
</tr>
<tr>
<td>Utilities</td>
<td>40% / 37% / 35%</td>
<td>/ /</td>
<td>-35% / -27% / -15%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>40% / 39% / 37%</td>
<td>/ /</td>
<td>-17% / -12% / -2%</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.
**Consumer Discretionary**

- **Momentum**
  - **MotcyMfg**
    - 4 stocks; $47bn
  - **AutoParts**
    - 45 stocks; $363bn
  - **ApparRtl**
    - 24 stocks; $347bn
  - **Footwear**
    - 14 stocks; $134bn
  - **HomeBld**
    - 95 stocks; $179bn
  - **Appl&Gds**
    - 43 stocks; $658bn
  - **Cas&Gam**
    - 37 stocks; $346bn
  - **GMrchStrs**
    - 12 stocks; $146bn
  - **HmImpRtl**
    - 7 stocks; $108bn
  - **Publishing**
    - 16 stocks; $59bn
  - **AutoRtl**
    - 16 stocks; $68bn

- **Strength**
  - **Tire&Rub**
    - 10 stocks; $104bn
  - **InetDmRtl**
    - 30 stocks; $909bn
  - **SpecStors**
    - 24 stocks; $940bn
  - **DeptStrs**
    - 19 stocks; $95bn
  - **Distrib**
    - 9 stocks; $57bn
  - **Broadcast**
    - 31 stocks; $141bn
  - **HtltRsrt**
    - 24 stocks; $261bn
  - **Educat**
    - 17 stocks; $62bn
  - **Rstaunt**
    - 56 stocks; $446bn
  - **CmrElec**
    - 56 stocks; $441bn
  - **AutoMfg**
    - 36 stocks; $114bn
  - **SpCmSrv**
    - 8 stocks; $28bn
  - **CmpElRtl**
    - 9 stocks; $45bn
  - **Cabl&Sat**
    - 22 stocks; $332bn
  - **HmFrnsh**
    - 10 stocks; $34bn
  - **Publishing**
    - 16 stocks; $59bn
  - **HhldApl**
    - 14 stocks; $78bn
  - **CmpElRtl**
    - 9 stocks; $45bn
  - **Advnt**
    - 15 stocks; $106bn

**December 22, 2017**

Mark Steele (416) 359-4641
Consumer Staples

- **Brewers**: 14 stocks, $519bn
- **Drug Retail**: 9 stocks, $173bn
- **SprCntrs**: 8 stocks, $173bn
- **PersPrdct**: 32 stocks, $485bn
- **FdDistri**: 12 stocks, $63bn
- **Dist&Vnt**: 12 stocks, $367bn

- **HhldPrdct**: 18 stocks, $595bn
- **PkgFdMt**: 14 stocks, $521bn
- **FdRetail**: 36 stocks, $359bn
- **Tobacco**: 13 stocks, $689bn
- **SoftDrnks**: 17 stocks, $517bn
- **AgriProd**: 24 stocks, $104bn

December 22, 2017

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Momentum

Strength

Utilities

December 22, 2017

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RenewElec
22 stocks; $57bn

IPPTrad
25 stocks; $113bn

WaterUtil
24 stocks; $88bn

ElecUtil
89 stocks; $1146bn

MultiUtil
35 stocks; $468bn

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 group's members are outperforming
2. How consistent that outperformance is
3. How the group 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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