Group Selection

Priced as of May 23, 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 View

**Sector Relative Strength Profiles**

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<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Energy</td>
<td>47% / 49% / 61%</td>
<td>/ /</td>
<td>16% / 20% / 8%</td>
</tr>
<tr>
<td>Materials</td>
<td>50% / 50% / 61%</td>
<td>/ /</td>
<td>-7% / -1% / -16%</td>
</tr>
<tr>
<td>Industrials</td>
<td>45% / 45% / 61%</td>
<td>/ /</td>
<td>-4% / 3% / -12%</td>
</tr>
<tr>
<td>CMR Disc</td>
<td>49% / 50% / 61%</td>
<td>/ /</td>
<td>-3% / 4% / -12%</td>
</tr>
<tr>
<td>CMR Stap</td>
<td>43% / 45% / 55%</td>
<td>/ /</td>
<td>-7% / -1% / -15%</td>
</tr>
<tr>
<td>Hlth Care</td>
<td>55% / 56% / 66%</td>
<td>/ /</td>
<td>4% / 11% / -1%</td>
</tr>
<tr>
<td>Financials</td>
<td>52% / 54% / 72%</td>
<td>/ /</td>
<td>-5% / 2% / -17%</td>
</tr>
<tr>
<td>Info Tech</td>
<td>54% / 55% / 65%</td>
<td>/ /</td>
<td>-2% / 5% / -9%</td>
</tr>
<tr>
<td>Telecom</td>
<td>30% / 33% / 47%</td>
<td>/ /</td>
<td>-9% / -5% / -26%</td>
</tr>
<tr>
<td>Utilities</td>
<td>28% / 30% / 48%</td>
<td>/ /</td>
<td>-1% / 6% / -6%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>36% / 37% / 53%</td>
<td>/ /</td>
<td>6% / 15% / -1%</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.
<table>
<thead>
<tr>
<th>Sector</th>
<th>Momentum</th>
<th>Strength</th>
</tr>
</thead>
<tbody>
<tr>
<td>ComdChm</td>
<td>15 stocks; $439bn</td>
<td></td>
</tr>
<tr>
<td>SpecChm</td>
<td>70 stocks; $574bn</td>
<td></td>
</tr>
<tr>
<td>PaperPkg</td>
<td>17 stocks; $128bn</td>
<td></td>
</tr>
<tr>
<td>Silver</td>
<td>11 stocks; $21bn</td>
<td></td>
</tr>
<tr>
<td>IndusGas</td>
<td>4 stocks; $154bn</td>
<td></td>
</tr>
<tr>
<td>DiversChm</td>
<td>22 stocks; $408bn</td>
<td></td>
</tr>
<tr>
<td>MtGlsCnt</td>
<td>14 stocks; $58bn</td>
<td></td>
</tr>
<tr>
<td>Alumin</td>
<td>10 stocks; $47bn</td>
<td></td>
</tr>
<tr>
<td>FrstPrd</td>
<td>11 stocks; $32bn</td>
<td></td>
</tr>
<tr>
<td>PapProd</td>
<td>24 stocks; $115bn</td>
<td></td>
</tr>
<tr>
<td>Copper</td>
<td>18 stocks; $120bn</td>
<td></td>
</tr>
<tr>
<td>Steel</td>
<td>60 stocks; $458bn</td>
<td></td>
</tr>
<tr>
<td>Fert&amp;Ag</td>
<td>29 stocks; $172bn</td>
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</tr>
<tr>
<td>DvrsMng</td>
<td>47 stocks; $458bn</td>
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</tr>
<tr>
<td>Gold</td>
<td>71 stocks; $191bn</td>
<td></td>
</tr>
<tr>
<td>PrecMet</td>
<td>20 stocks; $340bn</td>
<td></td>
</tr>
<tr>
<td>CstrMat</td>
<td>28 stocks; $255bn</td>
<td></td>
</tr>
<tr>
<td>CstrMat</td>
<td>28 stocks; $255bn</td>
<td></td>
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</tbody>
</table>

May 23, 2018

Mark Steele (416) 359-4641

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Industrials

Momentum

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Ind Mach 128 stocks; $769bn
CnstMch&Tr 26 stocks; $360bn
Airline 31 stocks; $282bn

RsrcCslt 29 stocks; $251bn
EnviroServ 46 stocks; $360bn
Marine 15 stocks; $67bn

HREmpl 24 stocks; $131bn
BldPrdcts 46 stocks; $279bn
HvyElcEq 15 stocks; $91bn

Aero&Def 26 stocks; $1055bn
ElcCmpEq 38 stocks; $374bn

TrdgDist 47 stocks; $361bn
DvSpSrv 23 stocks; $106bn

Railroads 26 stocks; $534bn
Trucking 26 stocks; $110bn

AirFrght 21 stocks; $296bn

OffceServ 10 stocks; $19bn

Hwy&Rail 15 stocks; $104bn

Ag&Farm 11 stocks; $105bn
Sec&Alm 6 stocks; $30bn

CmclPrt 13 stocks; $26bn

IndCongl 41 stocks; $932bn
TrdgDist 57 stocks; $361bn

MarineSrv 31 stocks; $282bn

TrdgDist 71 stocks; $363bn

IndCongl 51 stocks; $935bn

IndCongl 41 stocks; $932bn
Momentum

Consumer Staples

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PersPrdct
33 stocks; $523bn

AgriProd
24 stocks; $107bn

HhldPrdct
18 stocks; $516bn

FdDistri
11 stocks; $66bn

Tobacco
13 stocks; $553bn

Brewers
14 stocks; $472bn

SoftDrnks
18 stocks; $473bn

Dist&Vnt
12 stocks; $379bn

SprCntrs
14 stocks; $465bn

PkgFdMt
122 stocks; $1185bn

FdRetail
36 stocks; $365bn

DrugRetail
6 stocks; $87bn
Momentum

Strength

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Telecommunication Services

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11 stocks; $55bn

58 stocks; $123bn

43 stocks; $879bn

AltCar

IntgTelSrv

WlsTelSrv
May 23, 2018

Utilities

Momentum

Strength

WaterUtil
24 stocks; $84bn

GasUtil
34 stocks; $232bn

IPPTrad
25 stocks; $123bn

MultiUtil
35 stocks; $447bn

RenewElec
22 stocks; $57bn

ElecUtil
89 stocks; $1139bn

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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 members are 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).
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”
- 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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<tr>
<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.
*** Reflects rating distribution of all companies from which BMO Capital Markets Corp. has received compensation for Investment Banking services as percentage of Investment Banking clients.
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***** Reflects rating distribution of all companies from which BMO Capital Markets has received compensation for Investment Banking services as percentage of Investment Banking clients.
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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;
(S) = Speculative investment;
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