Group Selection
Priced as of December 29, 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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<td>Energy</td>
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<td>/ /</td>
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<td>/ /</td>
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<tr>
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<td>/ /</td>
<td>-10% / -13% / -10%</td>
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<tr>
<td>Real Estate</td>
<td>40% / 38% / 37%</td>
<td>/ /</td>
<td>8% / 6% / 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.
December 29, 2017

Mark Steele (416) 359-4641

**Energy**

- **OG Drill**
  - 14 stocks: $32bn

- **OG E&P**
  - 118 stocks: $855bn

- **Int O&G**
  - 29 stocks: $176bn

- **OG RfMkt**
  - 42 stocks: $526bn

- **Coal&Uran**
  - 24 stocks: $85bn

- **OG StTr**
  - 90 stocks: $677bn

- **OG Equip**
  - 60 stocks: $293bn
December 29, 2017

Consumer Staples

Momentum

December 29, 2017

Mark Steele (416) 359-4641

Strength

PkgFdMt 120 stocks; $1295bn

FdRetail 36 stocks; $364bn

AgriProd 24 stocks; $104bn

Brewers 14 stocks; $522bn

Tobacco 13 stocks; $691bn

HhldPrdct 18 stocks; $598bn

FdDistri 12 stocks; $63bn

Dist&Vnt 12 stocks; $379bn

DrugRetail 5 stocks; $172bn

SprCntrs 14 stocks; $526bn

SoftDrnks 17 stocks; $521bn

PersPrdct 32 stocks; $487bn

120 stocks; $1295bn

36 stocks; $364bn

24 stocks; $104bn

14 stocks; $522bn

13 stocks; $691bn

18 stocks; $598bn

12 stocks; $63bn

12 stocks; $379bn

5 stocks; $172bn

14 stocks; $526bn

17 stocks; $521bn

32 stocks; $487bn
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<td>P&amp;C Insur</td>
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<td>$378bn</td>
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<tr>
<td>Thrft&amp;Mtg</td>
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<td>$146bn</td>
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<td>SpecialFin</td>
<td>10 stocks</td>
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<td>$277bn</td>
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</table>
Telecommunication Services

Momentum

Strength

December 29, 2017

Mark Steele (416) 359-4641

Telecommunication Services

WlsTelSrv
42 stocks; $940bn

IntgTelSrv
59 stocks; $1314bn

AltCar
10 stocks; $54bn
Momentum
Strength

Utilities

December 29, 2017
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RenewElec
22 stocks; $59bn

WaterUtil
24 stocks; $90bn

IPPTrad
25 stocks; $114bn

GasUtil
33 stocks; $209bn

ElecUtil
89 stocks; $1151bn

MultiUtil
35 stocks; $477bn
**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).
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”
- 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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* 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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Und = Underperform - Forecast to underperform the analyst's coverage universe on a total return basis;
(S) = Speculative investment;
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(January 2010 - April 2013)

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