Group Selection
Priced as of May 22, 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**

<table>
<thead>
<tr>
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<tr>
<td>Energy</td>
<td>47% / 49% / 61%</td>
<td>/</td>
<td>27% / 28% / 13%</td>
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<tr>
<td>Materials</td>
<td>49% / 50% / 61%</td>
<td>/</td>
<td>1% / 3% / -12%</td>
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<tr>
<td>Industrials</td>
<td>45% / 45% / 61%</td>
<td>/</td>
<td>5% / 8% / -8%</td>
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<tr>
<td>CMR Disc</td>
<td>50% / 50% / 62%</td>
<td>/</td>
<td>2% / 4% / -13%</td>
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<tr>
<td>CMR Stap</td>
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<td>/</td>
<td>-7% / -6% / -22%</td>
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<td>Hlth Care</td>
<td>55% / 56% / 66%</td>
<td>/</td>
<td>10% / 12% / -2%</td>
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<td>Financials</td>
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<td>/</td>
<td>5% / 5% / -12%</td>
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<tr>
<td>Info Tech</td>
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<td>/</td>
<td>-2% / 1% / -12%</td>
</tr>
<tr>
<td>Telecom</td>
<td>31% / 33% / 49%</td>
<td>/</td>
<td>-8% / -9% / -22%</td>
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<tr>
<td>Utilities</td>
<td>26% / 28% / 48%</td>
<td>/</td>
<td>5% / 4% / -8%</td>
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<tr>
<td>Real Estate</td>
<td>36% / 37% / 53%</td>
<td>/</td>
<td>7% / 8% / -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 (rankings),

(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

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<tr>
<th>Sector</th>
<th>Momentum</th>
<th>Strength</th>
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<tr>
<td>SpCmSrv</td>
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<td>8 stocks; $31bn</td>
</tr>
<tr>
<td>AutoParts</td>
<td>46 stocks; $399bn</td>
<td>46 stocks; $399bn</td>
</tr>
<tr>
<td>AutoRtl</td>
<td>16 stocks; $85bn</td>
<td>16 stocks; $85bn</td>
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<tr>
<td>HmFrnsh</td>
<td>11 stocks; $36bn</td>
<td>11 stocks; $36bn</td>
</tr>
<tr>
<td>Educat</td>
<td>Footwear</td>
<td>8 stocks; $31bn</td>
</tr>
<tr>
<td>ApparRtl</td>
<td>14 stocks; $147bn</td>
<td>14 stocks; $147bn</td>
</tr>
<tr>
<td>Educat</td>
<td>8 stocks; $31bn</td>
<td>8 stocks; $31bn</td>
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<tr>
<td>Footwear</td>
<td>14 stocks; $147bn</td>
<td>14 stocks; $147bn</td>
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<tr>
<td>Advert</td>
<td>AutoMfg</td>
<td>16 stocks; $114bn</td>
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<td>AutoMfg</td>
<td>36 stocks; $1091bn</td>
<td>36 stocks; $1091bn</td>
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<td>HomeFurn</td>
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<td>16 stocks; $114bn</td>
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<tr>
<td>LeisPrd</td>
<td>22 stocks; $68bn</td>
<td>22 stocks; $68bn</td>
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<tr>
<td>Cas&amp;Gam</td>
<td>96 stocks; $372bn</td>
<td>96 stocks; $372bn</td>
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<tr>
<td>Mov&amp;Ent</td>
<td>GMrchStrs</td>
<td>12 stocks; $147bn</td>
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<td>GMrchStrs</td>
<td>23 stocks; $358bn</td>
<td>23 stocks; $358bn</td>
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<tr>
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<td>11 stocks; $36bn</td>
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<tr>
<td>ApparRtl</td>
<td>14 stocks; $147bn</td>
<td>14 stocks; $147bn</td>
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<td>LeisFcil</td>
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<td>9 stocks; $66bn</td>
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<tr>
<td>Htl&amp;Rsr</td>
<td>24 stocks; $265bn</td>
<td>24 stocks; $265bn</td>
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<tr>
<td>HmImpRtl</td>
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<td>8 stocks; $303bn</td>
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<td>Cabl&amp;Sat</td>
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<td>MotcyMfg</td>
<td>9 stocks; $50bn</td>
<td>9 stocks; $50bn</td>
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<td>CmrElec</td>
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<td>12 stocks; $152bn</td>
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<tr>
<td>Distrib</td>
<td>9 stocks; $50bn</td>
<td>9 stocks; $50bn</td>
</tr>
<tr>
<td>Broadcast</td>
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<td>29 stocks; $1099bn</td>
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<tr>
<td>HhldApl</td>
<td>14 stocks; $77bn</td>
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<tr>
<td>InetDmRtl</td>
<td>26 stocks; $1172bn</td>
<td>26 stocks; $1172bn</td>
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<tr>
<td>Rstaurnt</td>
<td>53 stocks; $428bn</td>
<td>53 stocks; $428bn</td>
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<tr>
<td>DeptStrs</td>
<td>19 stocks; $99bn</td>
<td>19 stocks; $99bn</td>
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<td>SpecStrs</td>
<td>24 stocks; $95bn</td>
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<td>53 stocks; $428bn</td>
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<tr>
<td>Rstaurnt</td>
<td>53 stocks; $428bn</td>
<td>53 stocks; $428bn</td>
</tr>
</tbody>
</table>

Mark Steele (416) 359-4641

May 22, 2018
May 22, 2018

**Consumer Staples**

Mark Steele (416) 359-4641

- **PersPrdct**: 33 stocks; $522bn
- **HhlPrdct**: 18 stocks; $516bn
- **AgriProd**: 24 stocks; $108bn
- **FdDistri**: 11 stocks; $66bn
- **FdRetail**: 36 stocks; $366bn
- **Dist&Vnt**: 12 stocks; $384bn
- **Brewers**: 14 stocks; $472bn
- **SprCntrs**: 14 stocks; $485bn
- **DrugRetail**: 6 stocks; $87bn
- **Tobacco**: 13 stocks; $549bn
- **PkgFdMt**: 122 stocks; $1187bn
- **SoftDrinks**: 18 stocks; $473bn
- **FdRetail**: 36 stocks; $366bn

Total consumer staples: 242 stocks; $3661bn
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”
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>
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<td>Hold</td>
<td>Market Perform</td>
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<td>13.1%</td>
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<td>Sell</td>
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<td>9.5%</td>
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<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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