Group Selection
Priced as of February 16, 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 Relative Strength Profiles*

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<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Energy</td>
<td>44% / 47% / 56%</td>
<td>/ / /</td>
<td>-14% / -15% / 0%</td>
</tr>
<tr>
<td>Materials</td>
<td>47% / 48% / 59%</td>
<td>/ / /</td>
<td>-2% / -1% / 15%</td>
</tr>
<tr>
<td>Industrials</td>
<td>47% / 49% / 62%</td>
<td>/ / /</td>
<td>-6% / -5% / 10%</td>
</tr>
<tr>
<td>CMR Disc</td>
<td>47% / 50% / 57%</td>
<td>/ / /</td>
<td>2% / 2% / 18%</td>
</tr>
<tr>
<td>CMR Stap</td>
<td>33% / 36% / 46%</td>
<td>/ / /</td>
<td>9% / 9% / 27%</td>
</tr>
<tr>
<td>Hlth Care</td>
<td>41% / 42% / 50%</td>
<td>/ / /</td>
<td>6% / 7% / 19%</td>
</tr>
<tr>
<td>Financials</td>
<td>40% / 44% / 56%</td>
<td>/ / /</td>
<td>2% / 4% / 24%</td>
</tr>
<tr>
<td>Info Tech</td>
<td>51% / 53% / 63%</td>
<td>/ / /</td>
<td>2% / 4% / 19%</td>
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<tr>
<td>Telecom</td>
<td>22% / 25% / 32%</td>
<td>/ / /</td>
<td>0% / 3% / 25%</td>
</tr>
<tr>
<td>Utilities</td>
<td>16% / 18% / 27%</td>
<td>/ / /</td>
<td>-4% / -4% / 10%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>25% / 27% / 36%</td>
<td>/ / /</td>
<td>-15% / -13% / 8%</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.
Momentum

Strength

February 16, 2018

Mark Steele (416) 359-4641

Industrials

<table>
<thead>
<tr>
<th>Sector</th>
<th>Stocks</th>
<th>Market Cap</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aero &amp; Def</td>
<td>31</td>
<td>$1072bn</td>
</tr>
<tr>
<td>Offce Serv</td>
<td>10</td>
<td>$20bn</td>
</tr>
<tr>
<td>Bld Prdcts</td>
<td>47</td>
<td>$294bn</td>
</tr>
<tr>
<td>Enviro Serv</td>
<td>25</td>
<td>$135bn</td>
</tr>
<tr>
<td>Elc Cmp Eq</td>
<td>37</td>
<td>$389bn</td>
</tr>
<tr>
<td>Hvy Eq</td>
<td>15</td>
<td>$90bn</td>
</tr>
<tr>
<td>HREmpl</td>
<td>23</td>
<td>$127bn</td>
</tr>
<tr>
<td>Ind Mach</td>
<td>126</td>
<td>$811bn</td>
</tr>
<tr>
<td>Dv Sp Srv</td>
<td>23</td>
<td>$105bn</td>
</tr>
<tr>
<td>Cnsm Mch &amp; Tr</td>
<td>56</td>
<td>$357bn</td>
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<tr>
<td>Air Frgt</td>
<td>21</td>
<td>$296bn</td>
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<tr>
<td>Cnsm Mch &amp; Tr</td>
<td>14</td>
<td>$373bn</td>
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<tr>
<td>Trdg Dist</td>
<td>56</td>
<td>$357bn</td>
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<tr>
<td>Airline</td>
<td>31</td>
<td>$304bn</td>
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<tr>
<td>Marine</td>
<td>15</td>
<td>$53bn</td>
</tr>
<tr>
<td>Cns &amp; Eng</td>
<td>70</td>
<td>$367bn</td>
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<tr>
<td>Airprt Srv</td>
<td>19</td>
<td>$163bn</td>
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<tr>
<td>Railroads</td>
<td>25</td>
<td>$509bn</td>
</tr>
<tr>
<td>Rsrc Cslt</td>
<td>28</td>
<td>$227bn</td>
</tr>
<tr>
<td>Ag &amp; Farm</td>
<td>11</td>
<td>$114bn</td>
</tr>
<tr>
<td>Trucking</td>
<td>28</td>
<td>$107bn</td>
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<tr>
<td>Ind Congl</td>
<td>42</td>
<td>$995bn</td>
</tr>
<tr>
<td>Hwy &amp; Rail</td>
<td>16</td>
<td>$115bn</td>
</tr>
</tbody>
</table>
Momentum

Strength

February 16, 2018

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Health Care

Pharma
109 stocks; $255bn

Biotech
125 stocks; $110bn

HCFacility
31 stocks; $13bn

HCEquip
78 stocks; $92bn

LfSciSrv
29 stocks; $29bn

HCSupplls
27 stocks; $16bn

HCService
28 stocks; $21bn

MngHCare
12 stocks; $4bn

HCDistrib
18 stocks; $72bn

Biotech
125 stocks; $110bn

Pharma
109 stocks; $255bn

HCFacility
31 stocks; $13bn

HCEquip
78 stocks; $92bn

LfSciSrv
29 stocks; $29bn

HCSupplls
27 stocks; $16bn

HCService
28 stocks; $21bn

MngHCare
12 stocks; $4bn

HCDistrib
18 stocks; $72bn
February 16, 2018

Momentum

**Strength**

- DataProc: 45 stocks; $914bn
- SystmSwr: 34 stocks; $1119bn
- InetSftSrv: 102 stocks; $2340bn
- InetSftSrv: 102 stocks; $2340bn

- ApplicSwr: 65 stocks; $730bn
- HmEntSwr: 14 stocks; $227bn
- ITConsult: 50 stocks; $735bn
- ITConsult: 50 stocks; $735bn

- ComEquip: 41 stocks; $411bn
- ComEquip: 41 stocks; $411bn

- ElecInstr: 45 stocks; $267bn
- ElecInstr: 45 stocks; $267bn

- ElecComp: 37 stocks; $293bn
- ElecComp: 37 stocks; $293bn

**Momentum**

- Semi: 65 stocks; $247bn
- TechDist: 17 stocks; $574bn

- EMS: 17 stocks; $160bn
- EMS: 17 stocks; $160bn

- HdwrSt&P: 42 stocks; $1491bn
- HdwrSt&P: 42 stocks; $1491bn
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 consistant 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>
<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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<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.
**** Reflects rating distribution of all companies covered by BMO Capital Markets equity research analysts.
***** 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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