Group Selection

Priced as of April 10, 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
Table of Contents

3. Sector View
4. Strength Changes Last Session
5. Resource Summary
6. Energy
7. Materials
8. Industrials
9. Consumer Discretionary
10. Consumer Staples
11. Health Care
12. Financials
13. Information Technology
14. Telecom
15. Utilities
16. Real Estate
17. User Guide
**Sector Relative Strength Profiles**

<table>
<thead>
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<tbody>
<tr>
<td>Energy</td>
<td>39% / 42% / 56%</td>
<td>11% / 7% / 3%</td>
<td></td>
</tr>
<tr>
<td>Materials</td>
<td>44% / 46% / 66%</td>
<td>8% / 2% / -4%</td>
<td></td>
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<tr>
<td>Industrials</td>
<td>42% / 44% / 66%</td>
<td>5% / 2% / -8%</td>
<td></td>
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<tr>
<td>CMR Disc</td>
<td>48% / 52% / 68%</td>
<td>8% / 3% / -5%</td>
<td></td>
</tr>
<tr>
<td>CMR Stap</td>
<td>43% / 44% / 65%</td>
<td>18% / 13% / 2%</td>
<td></td>
</tr>
<tr>
<td>Health Care</td>
<td>46% / 47% / 62%</td>
<td>11% / 7% / 0%</td>
<td></td>
</tr>
<tr>
<td>Financials</td>
<td>46% / 50% / 73%</td>
<td>6% / 3% / -4%</td>
<td></td>
</tr>
<tr>
<td>Info Tech</td>
<td>52% / 54% / 68%</td>
<td>2% / -3% / -9%</td>
<td></td>
</tr>
<tr>
<td>Telecom</td>
<td>34% / 35% / 55%</td>
<td>13% / 8% / 3%</td>
<td></td>
</tr>
<tr>
<td>Utilities</td>
<td>22% / 21% / 43%</td>
<td>22% / 17% / 8%</td>
<td></td>
</tr>
<tr>
<td>Real Estate</td>
<td>30% / 33% / 50%</td>
<td>17% / 13% / 6%</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.
Consumer Staples

- HhldPrdct → 18 stocks; $546bn
- Dist&Vnt ↑ 12 stocks; $383bn
- FdDistri ↑ 11 stocks; $558bn
- SprCntrs ↑ 14 stocks; $492bn
- SoftDrnks ↓ 18 stocks; $506bn
- Tobacco ↓ 13 stocks; $629bn
- FdRetail ↓ 36 stocks; $364bn
- Brewers ↓ 14 stocks; $537bn
- PersPrdct ↓ 23 stocks; $524bn
- AgriProd ↓ 26 stocks; $112bn
- PkgFdMt ↑ 124 stocks; $1233bn
- DrugRetail ↑ 8 stocks; $153bn
- Drnlnd ↑ 3 stocks; $12bn

April 10, 2018
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April 10, 2018

Health Care

Strength

Momentum

HCService
77 stocks; $202bn

HCDistrib
18 stocks; $123bn

LfSciSrv
29 stocks; $291bn

HCFacility
31 stocks; $135bn

HCSuppls
27 stocks; $165bn

Pharma
109 stocks; $2538bn

MngHCare
12 stocks; $457bn

HCEquip
78 stocks; $935bn

HCService
77 stocks; $202bn

HCDistrib
18 stocks; $123bn

Biotech
124 stocks; $1029bn

HCareTec
19 stocks; $71bn

HCEquip
78 stocks; $935bn

HCService
77 stocks; $202bn

HCDistrib
18 stocks; $123bn

Biotech
124 stocks; $1029bn

HCareTec
19 stocks; $71bn

HCEquip
78 stocks; $935bn

HCService
77 stocks; $202bn

HCDistrib
18 stocks; $123bn

Biotech
124 stocks; $1029bn

HCareTec
19 stocks; $71bn
Information Technology

- **SystmSwr**
  - 33 stocks; $1110bn

- **ApplicSwr**
  - 66 stocks; $755bn

- **TechDist**
  - 74 stocks; $45bn

- **ComEquip**
  - 41 stocks; $395bn

- **ElecComp**
  - 37 stocks; $281bn

- **EMS**
  - 47 stocks; $195bn

- **Semi**
  - 79 stocks; $1397bn

- **InetSftSrv**
  - 98 stocks; $2207bn

- **DataProc**
  - 46 stocks; $908bn

- **HmEntSwr**
  - 12 stocks; $212bn

- **SemiEqp**
  - 43 stocks; $327bn

- **ElecInstr**
  - 44 stocks; $262bn

- **HdwrSt&P**
  - 42 stocks; $1496bn

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Telecommunication Services

Strength

Momentum

IntgTelSrv  58 stocks; $1272bn

AltCar  17 stocks; $54bn

WisTelSrv  42 stocks; $906bn
April 10, 2018

Utilities

Momentum

Strength

GasUtil 23 stocks; $218bn
WaterUtil 24 stocks; $84bn
RenewElec 22 stocks; $58bn
ElecUtil 69 stocks; $115bn
IPPTrad 24 stocks; $115bn
MultiUtil 35 stocks; $460bn
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 consistent 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.
# User Guide 2 - Momentum

**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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<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.  
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(S) = Speculative investment;
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