Group Selection
Priced as of March 12, 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
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.
March 12, 2018

**Consumer Staples**

- **SoftDrnks** 18 stocks; $513bn
  - **Brewers** 14 stocks; $554bn
  - **PersPrdct** 28 stocks; $499bn
- **Tobacco** 12 stocks; $58bn
  - **AgriProd** 25 stocks; $113bn
  - **SprCntrs** 14 stocks; $496bn
- **DrugRetail** 8 stocks; $165bn
  - **HhlPrdct** 18 stocks; $546bn
  - **FdRetail** 36 stocks; $367bn

**BMO Capital Markets**
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Financials

March 12, 2018

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RegionBnk
140 stocks; $747bn

P&C Insur
59 stocks; $525bn

AsstMgmt
60 stocks; $630bn

Thrft&Mtg
44 stocks; $143bn

Reinsuran
11 stocks; $137bn

MortgREIT
15 stocks; $59bn

AsstMgmt
80 stocks; $630bn

DivCpMkt
80 stocks; $630bn

80 stocks; $630bn

ConsmrFin
29 stocks; $260bn

DivCpMkt
9 stocks; $226bn

InvBnkBrk
86 stocks; $471bn

DivCpMkt
9 stocks; $226bn

FnlExchDt
92 stocks; $420bn

InvBnkBrk
86 stocks; $471bn

FnlExchDt
92 stocks; $420bn

InsurBrkers
7 stocks; $127bn

InsurBrkers
7 stocks; $127bn

LifeHthIns
46 stocks; $933bn

LifeHthIns
46 stocks; $933bn

Multi-LnIns
11 stocks; $592bn

Multi-LnIns
11 stocks; $592bn

SpecialFin
10 stocks; $26bn

SpecialFin
10 stocks; $26bn

MitSecHld
54 stocks; $450bn

MitSecHld
54 stocks; $450bn

MultSecHld
24 stocks; $450bn

DiversBnk
155 stocks; $5638bn

OthrDivFS
9 stocks; $119bn

DiversBnk
155 stocks; $5638bn

OthrDivFS
9 stocks; $119bn
Information Technology

Momentum

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Information Technology

SemiEqp
43 stocks; $355bn

ITConsult
50 stocks; $754bn

Semi
79 stocks; $1498bn

ComEquip
41 stocks; $422bn

Electnstr
54 stocks; $273bn

ApplicSwr
56 stocks; $783bn

InetSftSrv
98 stocks; $2431bn

HmEntSwr
52 stocks; $231bn

DataProc
39 stocks; $939bn

SystmSwr
37 stocks; $1178bn

EMS
17 stocks; $169bn

TechDist
14 stocks; $48bn

ElecComp
27 stocks; $300bn

HdwrSt&P
42 stocks; $1556bn

12 stocks; $231bn

14 stocks; $1178bn

17 stocks; $169bn

66 stocks; $783bn

14 stocks; $48bn

37 stocks; $300bn

33 stocks; $1178bn

17 stocks; $169bn

14 stocks; $48bn

66 stocks; $783bn

27 stocks; $300bn

98 stocks; $2431bn

14 stocks; $231bn

14 stocks; $939bn

14 stocks; $273bn

12 stocks; $939bn

43 stocks; $355bn

50 stocks; $754bn

79 stocks; $1498bn

41 stocks; $422bn

54 stocks; $273bn

56 stocks; $783bn

98 stocks; $2431bn

52 stocks; $231bn

14 stocks; $939bn

17 stocks; $1178bn

14 stocks; $169bn

50 stocks; $754bn

43 stocks; $355bn

17 stocks; $1498bn

41 stocks; $422bn

54 stocks; $273bn

56 stocks; $783bn

14 stocks; $2431bn

14 stocks; $231bn

14 stocks; $939bn

17 stocks; $1178bn

14 stocks; $169bn
Telecommunication Services

Momentum

Strength

March 12, 2018

Mark Steele (416) 359-4641

IntgTelSrv
50 stocks; $1288bn

WlsTelSrv
42 stocks; $926bn

AltCar
11 stocks; $58bn

58 stocks; $1288bn

42 stocks; $926bn

11 stocks; $58bn
Utilities

March 12, 2018

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Utilities

- IPPTrad: 25 stocks; $114bn
- WaterUtil: 24 stocks; $86bn
- RenewElec: 22 stocks; $57bn
- MultiUtil: 35 stocks; $453bn
- GasUtil: 33 stocks; $209bn
- ElecUtil: 69 stocks; $1127bn
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 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”
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>
<th>Rating Category</th>
<th>BMOCM US Universe*</th>
<th>BMOCM US IB Clients**</th>
<th>BMOCM US IB Clients***</th>
<th>BMOCM Universe****</th>
<th>BMOCM IB Clients*****</th>
<th>StarMine Universe</th>
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<tbody>
<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>
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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>
</tr>
<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>
</tr>
</tbody>
</table>

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(S) = Speculative investment;
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