Group Selection

Priced as of January 2, 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*

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<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Energy</td>
<td>43% 45% 44%</td>
<td>/</td>
<td>23% 24% 19%</td>
</tr>
<tr>
<td>Materials</td>
<td>51% 50% 52%</td>
<td>/</td>
<td>14% 13% 9%</td>
</tr>
<tr>
<td>Industrials</td>
<td>51% 51% 51%</td>
<td>/</td>
<td>8% 6% -2%</td>
</tr>
<tr>
<td>CMR Disc</td>
<td>49% 48% 48%</td>
<td>/</td>
<td>11% 8% 3%</td>
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<tr>
<td>CMR Stap</td>
<td>34% 35% 34%</td>
<td>/</td>
<td>13% 11% 2%</td>
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<tr>
<td>Hlth Care</td>
<td>43% 43% 44%</td>
<td>/</td>
<td>8% 5% -1%</td>
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<tr>
<td>Financials</td>
<td>40% 40% 38%</td>
<td>/</td>
<td>3% 1% -5%</td>
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<tr>
<td>Info Tech</td>
<td>56% 54% 57%</td>
<td>/</td>
<td>-4% -7% -11%</td>
</tr>
<tr>
<td>Telecom</td>
<td>32% 32% 29%</td>
<td>/</td>
<td>10% 10% 0%</td>
</tr>
<tr>
<td>Utilities</td>
<td>38% 35% 31%</td>
<td>/</td>
<td>-16% -17% -19%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>40% 38% 37%</td>
<td>/</td>
<td>4% 0% -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

January 2, 2018

Mark Steele (416) 359-4641

Resources

OG E&P
118 stocks; $872bn

ComdChm
38 stocks; $382bn

CstrMat
28 stocks; $270bn

Gold
65 stocks; $201bn

Steel
98 stocks; $462bn

Copper
17 stocks; $128bn

OG Drill
44 stocks; $332bn

OG StTr
69 stocks; $691bn

Alumin
11 stocks; $66bn

Int O&G
29 stocks; $178bn

OG Equip
60 stocks; $299bn

PrecMet
21 stocks; $36bn

OG RfMkt
42 stocks; $332bn

OG StTr
60 stocks; $299bn

DvrsMng
89 stocks; $470bn

IndusGas
39 stocks; $157bn

PaperPkg
17 stocks; $133bn

MtGlsCnt
14 stocks; $61bn

Coal&Uran
24 stocks; $97bn

FRPrd
12 stocks; $31bn

SpecChm
35 stocks; $567bn

Silver
9 stocks; $21bn

PapProd
25 stocks; $107bn

DiversChm
21 stocks; $428bn
January 2, 2018

Momentum

Strength

Energy

OG E&P
118 stocks; $872bn

OG Drill
14 stocks; $33bn

Int O&G
59 stocks; $179bn

OG Equip
60 stocks; $299bn

OG StTr
59 stocks; $691bn

OG RfMkt
43 stocks; $530bn

Coal&Uran
24 stocks; $87bn

OG E&P
118 stocks; $872bn

OG Drill
14 stocks; $33bn

Int O&G
59 stocks; $179bn

OG Equip
60 stocks; $299bn

OG StTr
59 stocks; $691bn

OG RfMkt
43 stocks; $530bn

Coal&Uran
24 stocks; $87bn

OG E&P
118 stocks; $872bn

OG Drill
14 stocks; $33bn

Int O&G
59 stocks; $179bn

OG Equip
60 stocks; $299bn

OG StTr
59 stocks; $691bn

OG RfMkt
43 stocks; $530bn

Coal&Uran
24 stocks; $87bn
## Materials

**January 2, 2018**

**Mark Steele** (416) 359-4641

<table>
<thead>
<tr>
<th>Sector</th>
<th>Stocks</th>
<th>Market Value</th>
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<tbody>
<tr>
<td>ComdChm</td>
<td>38</td>
<td>$382bn</td>
</tr>
<tr>
<td>CstrMat</td>
<td>28</td>
<td>$270bn</td>
</tr>
<tr>
<td>Gold</td>
<td>65</td>
<td>$201bn</td>
</tr>
<tr>
<td>PrecMet</td>
<td>71</td>
<td>$56bn</td>
</tr>
<tr>
<td>DvrsMng</td>
<td>62</td>
<td>$470bn</td>
</tr>
<tr>
<td>IndusGas</td>
<td>3</td>
<td>$157bn</td>
</tr>
<tr>
<td>PaperPkg</td>
<td>17</td>
<td>$133bn</td>
</tr>
<tr>
<td>MtGlsCnt</td>
<td>14</td>
<td>$151bn</td>
</tr>
<tr>
<td>Silver</td>
<td>9</td>
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<td>FrstPrd</td>
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<tr>
<td>SpecChm</td>
<td>65</td>
<td>$567bn</td>
</tr>
<tr>
<td>DiversChm</td>
<td>65</td>
<td>$423bn</td>
</tr>
<tr>
<td>PapProd</td>
<td>25</td>
<td>$107bn</td>
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</tbody>
</table>

**ComdChm**
- 38 stocks, $382bn

**CstrMat**
- 28 stocks, $270bn

**Gold**
- 65 stocks, $201bn

**PrecMet**
- 71 stocks, $56bn

**DvrsMng**
- 62 stocks, $470bn

**IndusGas**
- 3 stocks, $157bn

**PaperPkg**
- 17 stocks, $133bn

**MtGlsCnt**
- 14 stocks, $151bn

**Silver**
- 9 stocks, $21bn

**FrstPrd**
- 12 stocks, $31bn

**SpecChm**
- 65 stocks, $567bn

**DiversChm**
- 65 stocks, $423bn

**PapProd**
- 25 stocks, $107bn
Momentum

Strength

Utilities

RenewElec
22 stocks; $59bn

IPPTrad
25 stocks; $115bn

WaterUtil
24 stocks; $89bn

GasUtil
33 stocks; $211bn

MultiUtil
35 stocks; $470bn

ElecUtil
39 stocks; $1151bn

January 2, 2018
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**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 group’s 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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<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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<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.

** 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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(April 2013 - October 2016)
(January 2010 - April 2013)

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