Relative Strength Filter
Global Summary

Group Selection
Priced as of December 13, 2017

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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14. Telecom
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Sector Relative Strength Profiles*

---|---|---|---
Energy | 44% / 45% / 41% | | -4% / 0% / 10% |
Materials | 55% / 53% / 52% | | -9% / -6% / 4% |
 industrials | 52% / 50% / 49% | | -9% / -2% / 8% |
CMR Disc | 48% / 46% / 44% | | 4% / 8% / 15% |
CMR Stap | 35% / 33% / 29% | | 6% / 11% / 16% |
Health Care | 47% / 33% / 29% | | -3% / 2% / 8% |
Financials | 45% / 42% / 37% | | -8% / -1% / 8% |
Info Tech | 57% / 55% / 55% | | -11% / -7% / 2% |
Telecom | 34% / 32% / 32% | | -13% / -4% / 5% |
Utilities | 44% / 41% / 37% | | -24% / -17% / -3% |
Real Estate | 41% / 39% / 36% | | -12% / -1% / 9% |

*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
December 13, 2017

Energy

Momentum

OG Drill
14 stocks; $29bn

Coal & Uran
24 stocks; $63bn

Int O&G
29 stocks; $172bn

OG RFMkt
49 stocks; $511bn

OG E&P
118 stocks; $804bn

OG STTr
50 stocks; $663bn

OG Equip
60 stocks; $274bn

OG Equip
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<th>Stocks</th>
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<td>Industrials</td>
<td>37</td>
<td>$371bn</td>
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<tr>
<td>Railroads</td>
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<td>HREmpl</td>
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<td>Ag&amp;Farm</td>
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<tr>
<td>OfficeSrv</td>
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<td>Cns&amp;Eng</td>
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<td>MarineSrv</td>
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<tr>
<td>OfficeSrv</td>
<td>5</td>
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</table>

Source: BMO Capital Markets

Strength and Momentum Analysis

December 13, 2017
Mark Steele (416) 359-4641
December 13, 2017

Consumer Staples

Momentum

Strength

Brewers
14 stocks; $513bn

SprCntrs
14 stocks; $520bn

Tobacco
13 stocks; $693bn

FdRetail
17 stocks; $506bn

SoftDrinks
17 stocks; $517bn

HhldPrdct
17 stocks; $568bn

PersPrdct
32 stocks; $488bn

DrugRetail
8 stocks; $170bn

PgkFdMt
120 stocks; $1289bn

FdDistri
12 stocks; $63bn

Dist&Vnt
12 stocks; $63bn

AgriProd
24 stocks; $104bn
Momentum

Strength

December 13, 2017

Health Care

Mark Steele (416) 359-4641

LfSciSrv
29 stocks; $281bn

HCServicê
28 stocks; $201bn

Biotech
123 stocks; $1041bn

HCService
28 stocks; $201bn

Pharma
102 stocks; $2529bn

HCDistribb
18 stocks; $122bn

HCareTec
18 stocks; $68bn

MngHCare
12 stocks; $462bn

HCSuppls
26 stocks; $153bn

HCFacility
29 stocks; $110bn

HCEquip
77 stocks; $886bn
Telecommunication Services

Momentum

Strength

December 13, 2017

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WlsTelSrV
42 stocks; $941bn

IntgTelSrV
59 stocks; $1315bn

AltCar
10 stocks; $53bn
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”
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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* 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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