Group Selection
Priced as of March 8, 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**

*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 (\(\frac{\text{reward}}{\text{risk}}\) / 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.
<table>
<thead>
<tr>
<th>Sector</th>
<th>Stocks</th>
<th>Market Cap (bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>OG RfMkt</td>
<td>43</td>
<td>$514bn</td>
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<tr>
<td>OG Equip</td>
<td>60</td>
<td>$284bn</td>
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<tr>
<td>OG StTr</td>
<td>90</td>
<td>$647bn</td>
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<tr>
<td>Coal &amp; Uran</td>
<td>24</td>
<td>$90bn</td>
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<tr>
<td>Int O&amp;G</td>
<td>30</td>
<td>$172bn</td>
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<tr>
<td>OG Drill</td>
<td>14</td>
<td>$30bn</td>
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<tr>
<td>OG E&amp;P</td>
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<td>$809bn</td>
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<tr>
<td>Sector</td>
<td>Stocks</td>
<td>Market Cap (bn)</td>
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<tr>
<td>-------------------</td>
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<tr>
<td>Brewers</td>
<td>14</td>
<td>$546bn</td>
</tr>
<tr>
<td>PersPrdct</td>
<td>20</td>
<td>$544bn</td>
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<tr>
<td>FdDistri</td>
<td>11</td>
<td>$58bn</td>
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<tr>
<td>SoftDrnks</td>
<td>18</td>
<td>$510bn</td>
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<tr>
<td>DrugRetail</td>
<td>8</td>
<td>$163bn</td>
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<tr>
<td>AgriProd</td>
<td>25</td>
<td>$112bn</td>
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<tr>
<td>HhlPrdct</td>
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<td>$543bn</td>
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<tr>
<td>Tobacco</td>
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<td>$644bn</td>
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<tr>
<td>SprCntrs</td>
<td>14</td>
<td>$493bn</td>
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<td>PkgFdMt</td>
<td>124</td>
<td>$1249bn</td>
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<tr>
<td>Dist&amp;Vnt</td>
<td>12</td>
<td>$376bn</td>
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<tr>
<td>FdRetail</td>
<td>26</td>
<td>$361bn</td>
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</table>
Telecommunication Services

Momentum

Strength

March 8, 2018

Mark Steele (416) 359-4641

IntgTelSrv
59 stocks; $1282bn

WlsTelSrv
42 stocks; $920bn

AltCar
11 stocks; $58bn
March 8, 2018

Momentum

Strength

Utilities

IPPTrad
25 stocks; $73bn

GasUtil
↓
33 stocks; $206bn

WaterUtil
↑
24 stocks; $84bn

MultiUtil
↓
35 stocks; $444bn

ElecUtil
↓
89 stocks; $1118bn

RenewElec
↓
22 stocks; $56bn
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 members are 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”
- 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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<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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</table>

* 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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