Group Selection

Priced as of January 29, 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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Strength

Momentum

2018-01-29

Sector Relative Strength Profiles*

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<thead>
<tr>
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<tr>
<td>Energy</td>
<td>47% / 51% / 54%</td>
<td>/ / /</td>
<td>-4% / -4% / 12%</td>
</tr>
<tr>
<td>Materials</td>
<td>50% / 50% / 58%</td>
<td>/ / /</td>
<td>-4% / -1% / 16%</td>
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<tr>
<td>Industrials</td>
<td>49% / 51% / 58%</td>
<td>/ / /</td>
<td>-3% / -3% / 17%</td>
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<tr>
<td>CMR Disc</td>
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<td>/ / /</td>
<td>-1% / -1% / 18%</td>
</tr>
<tr>
<td>CMR Stap</td>
<td>33% / 36% / 39%</td>
<td>/ / /</td>
<td>-5% / -5% / 19%</td>
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<tr>
<td>Hlth Care</td>
<td>41% / 43% / 47%</td>
<td>/ / /</td>
<td>8% / 8% / 24%</td>
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<tr>
<td>Financials</td>
<td>38% / 40% / 45%</td>
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<td>-3% / -4% / 26%</td>
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<tr>
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<td>53% / 54% / 60%</td>
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<td>-9% / -7% / 12%</td>
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<tr>
<td>Telecom</td>
<td>22% / 24% / 29%</td>
<td>/ / /</td>
<td>-8% / -4% / 24%</td>
</tr>
<tr>
<td>Utilities</td>
<td>22% / 20% / 27%</td>
<td>/ / /</td>
<td>-27% / -29% / 4%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>34% / 31% / 36%</td>
<td>/ / /</td>
<td>-31% / -34% / 3%</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
Coal & Uran 24 stocks; $99bn
OG E&P 118 stocks; $914bn
OG Drill 14 stocks; $35bn
Int O&G 29 stocks; $1906bn
OG Equip 60 stocks; $319bn
OG StTr 90 stocks; $707bn
OG RfMkt 44 stocks; $550bn

January 29, 2018
Mark Steele (416) 359-4641

Energy

BMO Capital Markets
Momentum
Strength

Consumer Staples

Brewers → 14 stocks; $541bn
DrugRetail ↔

AgriProd ↑
25 stocks; $115bn

Tobacco ↑
13 stocks; $703bn

SoftDrinks ↓
17 stocks; $540bn

SprCntrs ↑
14 stocks; $571bn

FdRetail ↓
36 stocks; $378bn

FdDistri ↓
12 stocks; $66bn
Dist&Vnt ↑
12 stocks; $383bn

PersPrdct ↓
33 stocks; $500bn

PkgFdMt ↓
126 stocks; $1323bn

HhldPrdct ↓
78 stocks; $598bn

14 stocks; $541bn
8 stocks; $191bn
25 stocks; $115bn
13 stocks; $703bn
17 stocks; $540bn
14 stocks; $571bn
36 stocks; $378bn
12 stocks; $66bn
12 stocks; $383bn
33 stocks; $500bn
126 stocks; $1323bn
78 stocks; $598bn

SprCntrs
SprCntrs

17 stocks; $540bn
36 stocks; $378bn
36 stocks; $378bn
36 stocks; $378bn
36 stocks; $378bn
January 29, 2018

Health Care

Strength

Momentum

- Biotech 26 stocks, $1200bn
- HCServce 27 stocks, $223bn
- HCEquip 77 stocks, $964bn
- Pharma 110 stocks, $2710bn
- HCDistrib 18 stocks, $140bn

- MngHCare 22 stocks, $509bn
- HCSuppls 27 stocks, $171bn
- LfSciSrv 29 stocks, $311bn
- HCFacility 31 stocks, $134bn
- HCareTec 19 stocks, $72bn
<table>
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<tr>
<th>Sector</th>
<th>Momentum</th>
<th>Strength</th>
<th>Stocks</th>
<th>Market Cap</th>
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<tr>
<td>DivCpMkt</td>
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<td>7</td>
<td>$245bn</td>
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<tr>
<td>ConsmrFin</td>
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<td>29</td>
<td>$302bn</td>
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<tr>
<td>SpecialFin</td>
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<td>10</td>
<td>$29bn</td>
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<tr>
<td>DiversBnk</td>
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<td>155</td>
<td>$613bn</td>
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<td>OthrDivFS</td>
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<td>9</td>
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<td>FnlExchDt</td>
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<td>22</td>
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<td>P&amp;C Insur</td>
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<td>Reinsuran</td>
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<td>InvBnkBrk</td>
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<td>36</td>
<td>$460bn</td>
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<td>InsurBrkrs</td>
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<td>$126bn</td>
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<td>MltSecHld</td>
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<td>$464bn</td>
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<td>MortgREIT</td>
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<td>25</td>
<td>$59bn</td>
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<td>Thrf&amp;Mtg</td>
<td></td>
<td></td>
<td>45</td>
<td>$152bn</td>
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<td>Multi-LnIns</td>
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<td>LifeHthIns</td>
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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 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>
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<td>Hold</td>
<td>Market Perform</td>
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<td>Sell</td>
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<td>2.0%</td>
<td>3.2%</td>
<td>1.6%</td>
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* Reflects rating distribution of all companies covered by BMO Capital Markets Corp. equity research analysts.
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Und = Underperform - Forecast to underperform the analyst's coverage universe on a total return basis;
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