Group Selection

Priced as of March 27, 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 Relative Strength Profiles**

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<tbody>
<tr>
<td>Energy</td>
<td>37% / 40% / 58%</td>
<td>/ / /</td>
<td>7% / 0% / -1%</td>
</tr>
<tr>
<td>Materials</td>
<td>44% / 46% / 66%</td>
<td>/ / /</td>
<td>15% / 6% / 3%</td>
</tr>
<tr>
<td>Industrials</td>
<td>41% / 44% / 68%</td>
<td>/ / /</td>
<td>15% / 6% / 3%</td>
</tr>
<tr>
<td>CMR Disc</td>
<td>47% / 50% / 67%</td>
<td>/ / /</td>
<td>15% / 7% / 4%</td>
</tr>
<tr>
<td>CMR Stap</td>
<td>37% / 39% / 62%</td>
<td>/ / /</td>
<td>21% / 12% / 11%</td>
</tr>
<tr>
<td>Health Care</td>
<td>44% / 45% / 59%</td>
<td>/ / /</td>
<td>16% / 8% / 7%</td>
</tr>
<tr>
<td>Financials</td>
<td>44% / 48% / 70%</td>
<td>/ / /</td>
<td>16% / 7% / 6%</td>
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<tr>
<td>Info Tech</td>
<td>53% / 56% / 69%</td>
<td>/ / /</td>
<td>11% / 4% / 1%</td>
</tr>
<tr>
<td>Telecom</td>
<td>29% / 32% / 55%</td>
<td>/ / /</td>
<td>20% / 11% / 12%</td>
</tr>
<tr>
<td>Utilities</td>
<td>20% / 20% / 42%</td>
<td>/ / /</td>
<td>43% / 32% / 31%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>25% / 28% / 47%</td>
<td>/ / /</td>
<td>32% / 20% / 19%</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 ( / / rank)
(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>Strength</th>
<th>Momentum</th>
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<th>Strength</th>
<th>Momentum</th>
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<tbody>
<tr>
<td>Gold</td>
<td>65 stocks; $186bn</td>
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<tr>
<td>Silver</td>
<td>9 stocks; $19bn</td>
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<tr>
<td>DiversChm</td>
<td>31 stocks; $388bn</td>
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<tr>
<td>FrstPrd</td>
<td>11 stocks; $55bn</td>
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<tr>
<td>ComdChm</td>
<td>42 stocks; $421bn</td>
<td></td>
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<tr>
<td>PapProd</td>
<td>24 stocks; $111bn</td>
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<tr>
<td>Steel</td>
<td>58 stocks; $431bn</td>
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<tr>
<td>SpecChm</td>
<td>88 stocks; $558bn</td>
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<tr>
<td>IndusGas</td>
<td>9 stocks; $144bn</td>
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<tr>
<td>DvrsMng</td>
<td>61 stocks; $450bn</td>
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<td>Fert&amp;Ag</td>
<td>29 stocks; $165bn</td>
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<tr>
<td>PaperPkg</td>
<td>17 stocks; $125bn</td>
<td></td>
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<tr>
<td>Copper</td>
<td>17 stocks; $118bn</td>
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March 27, 2018

Consumer Staples

- **Momentum**
  - SoftDrinks: 18 stocks, $495bn
  - SprCntrs: 14 stocks, $486bn
  - PersPrdct: 33 stocks, $492bn
  - FdDistri: 11 stocks, $57bn
  - Brewers: 14 stocks, $529bn

- **Strength**
  - FdRetail: 36 stocks, $358bn
  - PkgFdMt: 124 stocks, $1208bn
  - HhldPrdct: 18 stocks, $534bn
  - DrugRetail: 8 stocks, $152bn
  - Tobacco: 13 stocks, $601bn
  - AgriProd: 25 stocks, $710bn
  - Dist&Vnt: 12 stocks, $373bn
  - HhldPrdct: 18 stocks, $534bn
  - Tobacco: 13 stocks, $601bn


BMO Capital Markets
Mark Steele (416) 359-4641
March 27, 2018

Health Care

Momentum

Strength

MngHCare↑
12 stocks;$440bn

Pharmaaucoup
209 stocks;$247bn

HCFacility
31 stocks;$134bn

HCSupplsq
27 stocks;$161bn

HCService↓
28 stocks;$199bn

HCDistrib↓
18 stocks;$118bn

HCEquip↑
78 stocks;$922bn

HCareTec↑
19 stocks;$71bn

LfSciSrv↓
29 stocks;$288bn

Biotech↑
124 stocks;$1013bn

31 stocks;$134bn
129 stocks;$247bn
109 stocks;$247bn
27 stocks;$161bn
28 stocks;$199bn
18 stocks;$118bn
78 stocks;$922bn
19 stocks;$71bn
29 stocks;$288bn
124 stocks;$1013bn
March 27, 2018

Information Technology

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HmEntSwr
12 stocks; $219bn

SystmSwr
33 stocks; $1079bn

ApplicSwr
66 stocks; $735bn

InetSftSrv
48 stocks; $2200bn

ITConsult
50 stocks; $723bn

ElecInstr
44 stocks; $266bn

SemiEqp
43 stocks; $329bn

ComEquip
41 stocks; $394bn

DataProc
45 stocks; $889bn

Semi
79 stocks; $1408bn

HdwrSt&P
42 stocks; $1468bn

ElecComp
37 stocks; $297bn

EMS
17 stocks; $159bn

TechDist
14 stocks; $45bn
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 groups 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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<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>
<td>52.8%</td>
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<td>Hold</td>
<td>Market Perform</td>
<td>53.2%</td>
<td>13.1%</td>
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<td>52.6%</td>
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<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.
*** Reflects rating distribution of all companies from which BMO Capital Markets Corp. has received compensation for Investment Banking services as percentage of Investment Banking clients.
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***** Reflects rating distribution of all companies from which BMO Capital Markets has received compensation for Investment Banking services as percentage of Investment Banking clients.
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(S) = Speculative investment;
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