Group Selection

Priced as of February 28, 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**

*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.
Consumer Discretionary

Momentum

Strength

February 28, 2018

Mark Steele (416) 359-4641
Consumer Staples

February 28, 2018

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Momentum

Strength

AgriProd
25 stocks; $111bn

SprCntrs
14 stocks; $502bn

FdRetail
8 stocks; $365bn

HhdlPrdct
18 stocks; $537bn

FdDistri
12 stocks; $522bn

Brewers
10 stocks; $517bn

Dist&Vnt
12 stocks; $374bn

Tobacco
13 stocks; $635bn

PersPrdct
24 stocks; $463bn

PersPrdct
24 stocks; $463bn

SoftDrnks
12 stocks; $501bn

DrugRetail
8 stocks; $163bn

PkgFdMt
124 stocks; $1252bn

14 stocks; $512bn

36 stocks; $365bn

36 stocks; $365bn

12 stocks; $374bn

14 stocks; $502bn

12 stocks; $522bn

14 stocks; $512bn

18 stocks; $537bn

18 stocks; $537bn

12 stocks; $374bn

12 stocks; $522bn

8 stocks; $163bn

8 stocks; $163bn

12 stocks; $374bn

12 stocks; $522bn

10 stocks; $517bn

12 stocks; $517bn

25 stocks; $111bn

25 stocks; $111bn

13 stocks; $635bn

13 stocks; $635bn

18 stocks; $502bn

18 stocks; $502bn

36 stocks; $365bn

36 stocks; $365bn

14 stocks; $502bn

14 stocks; $502bn

25 stocks; $111bn

25 stocks; $111bn

14 stocks; $502bn

14 stocks; $502bn

18 stocks; $537bn

18 stocks; $537bn

18 stocks; $537bn

18 stocks; $537bn
February 28, 2018

Momentum

Strength

Health Care

MngHCare
12 stocks; $462bn

HCEquip
78 stocks; $925bn

Biotech
124 stocks; $1086bn

HCFacility
31 stocks; $132bn

HCService
28 stocks; $210bn

HCSupplls
27 stocks; $164bn

Pharma
109 stocks; $2495bn

LfSciSrv
29 stocks; $291bn

HCDistrib
18 stocks; $725bn

HCareTec
19 stocks; $71bn

12 stocks; $462bn

18 stocks; $725bn

78 stocks; $925bn

28 stocks; $210bn

27 stocks; $164bn

109 stocks; $2495bn

29 stocks; $291bn

124 stocks; $1086bn

31 stocks; $132bn

78 stocks; $925bn

28 stocks; $210bn

27 stocks; $164bn

109 stocks; $2495bn

29 stocks; $291bn

124 stocks; $1086bn

31 stocks; $132bn

28 stocks; $210bn

27 stocks; $164bn

109 stocks; $2495bn

29 stocks; $291bn
Telecommunication Services

Momentum

Strength

February 28, 2018

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Telecommunication Services

IntgTelSrv ↑
59 stocks; $1256bn

AltCar ↓
17 stocks; $57bn

WlsTelSrv ↓
42 stocks; $917bn
Momentum

Strength

REstDvAct ↑
33 stocks; $336bn

REstOpCo ↑
33 stocks; $209bn

SpecREIT ↑
31 stocks; $315bn

REstDevl
34 stocks; $353bn

REstSrv
12 stocks; $40bn

DiversREIT
1 stocks; $164bn

OfficeREIT
33 stocks; $147bn

HCareREIT
16 stocks; $83bn

ResidREIT
27 stocks; $148bn

RetailREIT
51 stocks; $303bn

HotelREIT ↑
19 stocks; $54bn

IndusREIT ↓
20 stocks; $99bn

February 28, 2018

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Real Estate

BMO Capital Markets
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>
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<td>Hold</td>
<td>Market Perform</td>
<td>53.2%</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.
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(S) = Speculative investment;
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