Group Selection
Priced as of March 1, 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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*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
Strength Changes Last Session

Momentum

Strength

Airline → CmrElec ← AutoMfg → IPPTrad ← ElecUtil ← CmclPrt ← MtGlsCnt → HCDistrib →
REstDvAct → SprCntrs ← SpecChm → HCService → IntgTelSvc ← OG Equip ← MultiUtil ←
MngHCare → LeisFcil ← OG RfMkt ← MotcyMfg → Biotech → SpecialFin ← TechDist →
AirFrght → HCEquip ← Copper ←
Footwear → AgriProd ←

FdRetail ← DvrsMng ← OthrDivFS ← RsrcCslt ← WlsTelSvc ← HCareTec ← GasUtil ← Tobacco →
REstSrv ← Htl&Rsrt ←
Brewers ← GMrchStrs ←

Apri&Gds ← Educat ← RegionBnk ← Ind Mach ← CmpElRtl ← Marine ← AirprtSvc →
FrstPrd ←

Cas&Gam ← PersPrdct ← DivCpMkt ← PaperPkg ← IndusREIT ← LfSciSrv ← Gold ←

SpCmSrv ← HREempl ← LeisPrd ← HdwrSt&P ← CstrMat ← BldPrdcts ← Advert →

CnstrMch&Tr ←

HdwrSt&P ← HCSuppls
March 1, 2018

**Industrials**

**Strength**

- **Airline**
  - 31 stocks; $305bn

- **CmclPrt**
  - 13 stocks; $29bn

- **Railroads**
  - 26 stocks; $498bn

- **MarineSrv**
  - 15 stocks; $38bn

- **IndCongl**
  - 42 stocks; $966bn

- **Aero&Def**
  - 56 stocks; $1050bn

- **TrdgDist**
  - 56 stocks; $354bn

- **RsrcCslt**
  - 29 stocks; $236bn

- **Cns&Eng**
  - 70 stocks; $358bn

- **Sec&Alm**
  - 8 stocks; $38bn

- **AirFrght**
  - 21 stocks; $294bn

- **RsrcCslt**
  - 29 stocks; $236bn

- **OfficeServ**
  - 10 stocks; $19bn

- **DvSpSrv**
  - 23 stocks; $104bn

- **Trucking**
  - 27 stocks; $106bn

- **Marine**
  - 15 stocks; $59bn

- **AirptSrv**
  - 18 stocks; $159bn

- **Ind Mach**
  - 126 stocks; $788bn

- **Hvy&Elec**
  - 15 stocks; $89bn

- **Hvy&Rail**
  - 16 stocks; $111bn

- **ElcCmpEq**
  - 37 stocks; $377bn

- **EnviroServ**
  - 25 stocks; $133bn

- **Ag&Farm**
  - 11 stocks; $108bn

- **HREmpl**
  - 23 stocks; $123bn

- **CnstMch&Tnds**
  - 45 stocks; $362bn

- **BldPrdcts**
  - 45 stocks; $362bn
March 1, 2018

Consumer Staples

SprCntrs
14 stocks; $499bn

AgriProd
25 stocks; $111bn

PkgFdMt
124 stocks; $1245bn

FdDistri
12 stocks; $62bn

FdRetail
38 stocks; $362bn

Brewers
14 stocks; $528bn

Dist&Vnt
12 stocks; $372bn

PersPrdct
13 stocks; $475bn

SoftDrnks
18 stocks; $495bn

DrugRetail
8 stocks; $163bn

Tobacco
13 stocks; $634bn

HhldPrdct
18 stocks; $536bn

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18 stocks; $536bn

BMO Capital Markets

Mark Steele (416) 359-4641
### Health Care

**Momentum**

- **MngHCare**: 12 stocks, $467bn
- **HCEquip**: 78 stocks, $508bn
- **HCServce**: 28 stocks, $206bn
- **HCService**: 28 stocks, $206bn
- **Biotech**: 124 stocks, $1,077bn
- **Pharma**: 109 stocks, $2,467bn
- **HCFacility**: 31 stocks, $132bn
- **HCareTec**: 19 stocks, $71bn
- **HCSupplis**: 27 stocks, $163bn
- **LfSciSrv**: 29 stocks, $286bn

**Strength**

- **HCDistrib**: 18 stocks, $122bn

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*March 1, 2018*

*Mark Steele (416) 359-4641*
March 1, 2018

Financials

Momentum

Strength

DiversBnk
155 stocks; $576bn

FnlExchDt
22 stocks; $405bn

InsBrkr
7 stocks; $127bn

ConsrFin
29 stocks; $286bn

InvBnkBrk
36 stocks; $439bn

OthrDivFS
2 stocks; $1.0bn

MultiLnls
21 stocks; $562bn

Reinsuran
11 stocks; $133bn

RegionBnk
140 stocks; $715bn

DivCpMkt
7 stocks; $223bn

LifeHtns
46 stocks; $297bn

AsstMgmt
80 stocks; $611bn

ThrtMtgs
44 stocks; $139bn

P&C Insur
59 stocks; $507bn

MortgREIT
25 stocks; $56bn

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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 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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<td>Buy</td>
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<td>43.2%</td>
<td>22.8%</td>
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<td>Hold</td>
<td>Market Perform</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>
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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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