Group Selection
Priced as of November 14, 2017

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

2017-11-14

Energy
Materials
Industrials
CMR Disc
CMR Stap
Health Care
Financials
Info Tech
Real Estate
Utilities
CMR Disc
Telecom
Financials
Utilities
Real Estate

Sector Relative Strength Profiles*

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<tbody>
<tr>
<td>Energy</td>
<td>31% / 30% / 27%</td>
<td>/ / /</td>
<td>0% / 0% / 5%</td>
</tr>
<tr>
<td>Materials</td>
<td>56% / 52% / 50%</td>
<td>/ / /</td>
<td>-10% / -5% / -1%</td>
</tr>
<tr>
<td>Industrials</td>
<td>54% / 51% / 45%</td>
<td>/ / /</td>
<td>-11% / -7% / 2%</td>
</tr>
<tr>
<td>CMR Disc</td>
<td>49% / 48% / 40%</td>
<td>/ / /</td>
<td>-5% / -1% / 6%</td>
</tr>
<tr>
<td>CMR Stap</td>
<td>34% / 32% / 25%</td>
<td>/ / /</td>
<td>-1% / 2% / 12%</td>
</tr>
<tr>
<td>Health Care</td>
<td>51% / 49% / 44%</td>
<td>/ / /</td>
<td>-17% / -10% / -5%</td>
</tr>
<tr>
<td>Financials</td>
<td>50% / 45% / 36%</td>
<td>/ / /</td>
<td>-12% / -7% / 1%</td>
</tr>
<tr>
<td>Info Tech</td>
<td>61% / 57% / 50%</td>
<td>/ / /</td>
<td>0% / 4% / 10%</td>
</tr>
<tr>
<td>Telecom</td>
<td>37% / 36% / 30%</td>
<td>/ / /</td>
<td>-24% / -15% / -5%</td>
</tr>
<tr>
<td>Utilities</td>
<td>50% / 46% / 36%</td>
<td>/ / /</td>
<td>-4% / -1% / 10%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>44% / 41% / 33%</td>
<td>/ / /</td>
<td>2% / 8% / 15%</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
November 14, 2017

**Consumer Staples**

- **DrugRetail**: 4 stocks; $167bn
- **PersPrdct**: 30 stocks; $467bn
- **Brewers**: 13 stocks; $508bn
- **Dist&Vnt**: 12 stocks; $355bn
- **FdDistri**: 12 stocks; $57bn
- **Tobacco**: 13 stocks; $659bn
- **FdRetail**: 36 stocks; $340bn
- **HhldPrdct**: 17 stocks; $550bn
- **PkgFdMt**: 120 stocks; $1234bn
- **SprCntrs**: 14 stocks; $489bn
- **AgriProd**: 24 stocks; $102bn
- **SoftDrnks**: 17 stocks; $516bn
Momentum

Strength

November 14, 2017

MngHCare
12 stocks; $438bn

HCSupplls →
28 stocks; $156bn

HCEquip →
17 stocks; $861bn

HCEquip

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**November 14, 2017**

**Financials**

- **InsurBrkrs**: 7 stocks, $123bn
- **FnIExchDt**: 22 stocks, $365bn
- **InvBnkBrk**: 35 stocks, $391bn
- **P&C Insur**: 60 stocks, $515bn
- **LifeHthIns**: 45 stocks, $686bn
- **DivCpMkt**: 9 stocks, $210bn
- **MortgREIT**: 25 stocks, $60bn
- **AsstMgmt**: 80 stocks, $580bn
- **Reinsuran**: 12 stocks, $133bn
- **DiversBnk**: 156 stocks, $530bn
- **SpecialFin**: 10 stocks, $23bn
- **Multi-LnIns**: 31 stocks, $555bn
- **Thrft&Mtg**: 45 stocks, $143bn
- **ConsmrFin**: 29 stocks, $264bn
- **MtSecHld**: 24 stocks, $402bn
- **RegionBnk**: 141 stocks, $644bn
- **OthrDivFS**: 9 stocks, $103bn
November 14, 2017

Information Technology

Mark Steele (416) 359-4641

EMS
16 stocks; $138bn

HdwrSt&P
44 stocks; $151bn

ApplicSwr
68 stocks; $690bn

HmEntSwr
14 stocks; $217bn

ElecComp
37 stocks; $310bn

DataProc
46 stocks; $638bn

ComEquip
43 stocks; $364bn

SemiEqp
40 stocks; $314bn

Semi
78 stocks; $1335bn

InetSftSrv
102 stocks; $217bn

SystmSwr
35 stocks; $1039bn

ElecInstr
43 stocks; $260bn

ITConsult
50 stocks; $685bn

TechDist
14 stocks; $46bn
Utilities

WaterUtil → 24 stocks; $88bn
MultiUtil ← 35 stocks; $493bn
ElecUtil ↑ 90 stocks; $1193bn
GasUtil → 33 stocks; $209bn
IPPTrad ↑ 24 stocks; $106bn
RenewElec↑ 23 stocks; $57bn
**November 14, 2017**

**Momentum**

- ResidREIT: 27 stocks; $168bn
- RetailREIT: 50 stocks; $321bn
- DiversREIT: 42 stocks; $208bn
- HCareREIT: 18 stocks; $104bn
- IndusREIT: 20 stocks; $105bn
- HotelREIT: 18 stocks; $59bn
- OfficeREIT: 32 stocks; $154bn
- ResDev: 34 stocks; $327bn
- ResDvAct: 33 stocks; $347bn
- RestOpCo: 32 stocks; $203bn

**Strength**
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 four 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).
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>
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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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* 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;
(S) = Speculative investment;
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(January 2010 - April 2013)

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