Group Selection
Priced as of September 26, 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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Sector Relative Strength Profiles*

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<tr>
<td>Energy</td>
<td>22% / 17% / 22%</td>
<td>-46% / -46% / -34%</td>
<td></td>
</tr>
<tr>
<td>Materials</td>
<td>53% / 46% / 56%</td>
<td>-3% / 5% / -13%</td>
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<tr>
<td>Industrials</td>
<td>53% / 47% / 57%</td>
<td>10% / 13% / -5%</td>
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<tr>
<td>CMR Disc</td>
<td>49% / 45% / 52%</td>
<td>6% / 11% / -4%</td>
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<td>CMR Stap</td>
<td>49% / 42% / 49%</td>
<td>-7% / -4% / -24%</td>
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<tr>
<td>Hlth Care</td>
<td>56% / 53% / 58%</td>
<td>-5% / -1% / -15%</td>
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<td>Financials</td>
<td>51% / 43% / 53%</td>
<td>5% / 9% / -17%</td>
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<tr>
<td>Info Tech</td>
<td>64% / 58% / 65%</td>
<td>-8% / -3% / -20%</td>
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<tr>
<td>Telecom</td>
<td>51% / 45% / 54%</td>
<td>-12% / -4% / -28%</td>
<td></td>
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<tr>
<td>Utilities</td>
<td>59% / 51% / 61%</td>
<td>-12% / -7% / -30%</td>
<td></td>
</tr>
<tr>
<td>Real Estate</td>
<td>47% / 42% / 49%</td>
<td>-1% / 1% / -19%</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 (up / down 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.
September 26, 2017

Momentum

Strength

Coal & Uran
22 stocks; $77bn

OG RFMkt
43 stocks; $468bn

OG Equip
60 stocks; $288bn
OG E&P
116 stocks; $784bn

Int O&G
29 stocks; $1664bn

OG Drill
15 stocks; $29bn
OG StTr
90 stocks; $671bn

OG RfMkt
43 stocks; $468bn

OG Equip
60 stocks; $288bn
OG E&P
116 stocks; $784bn

Int O&G
29 stocks; $1664bn

OG Drill
15 stocks; $29bn
OG StTr
90 stocks; $671bn

Energy

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Momentum

Strength

September 26, 2017

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Fert&Ag
32 stocks; $198bn

SpecChm
64 stocks; $514bn

PapProd
26 stocks; $100bn

DvrsMng
46 stocks; $389bn

Steel
58 stocks; $386bn

MtGisCnt
15 stocks; $63bn

Alumin
11 stocks; $66bn

FrstPrd
12 stocks; $30bn

PaperPkg
17 stocks; $123bn

DiversChm
19 stocks; $385bn

ComdChm
40 stocks; $388bn

CstrMat
27 stocks; $352bn

Gold
61 stocks; $184bn

IndusGas
8 stocks; $171bn

Copper
14 stocks; $95bn

PrecMet
22 stocks; $77bn

Silver
9 stocks; $32bn

Materials

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**Consumer Staples**

- **Momentum**
  - FdDistri: 12 stocks; $56bn
  - SoftDrinks: 17 stocks; $505bn
  - Dist&Vnt: 12 stocks; $308bn
  - Brewers: 13 stocks; $517bn
  - DrugRetail: 8 stocks; $132bn
  - PersPrdct: 29 stocks; $439bn

- **Strength**
  - Tobacco: 13 stocks; $667bn
  - Tobacco: 13 stocks; $667bn
  - SoftDrinks: 17 stocks; $505bn
  - Tobacco: 13 stocks; $667bn
  - Dist&Vnt: 12 stocks; $308bn
  - Tobacco: 13 stocks; $667bn
  - DrugRetail: 8 stocks; $132bn
  - Tobacco: 13 stocks; $667bn
  - PersPrdct: 29 stocks; $439bn
  - Tobacco: 13 stocks; $667bn
  - PkgFdMt: 120 stocks; $1221bn
  - Tobacco: 13 stocks; $667bn
Momentum

Strength

September 26, 2017

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Health Care

Pharma →
- 102 stocks; $250.5bn

Biotech →
- 126 stocks; $107.5bn

LfSciSrv ↓
- 29 stocks; $27.2bn

HCDistrib
- 19 stocks; $125bn

HCFacility
- 28 stocks; $103bn

HCSuppls ↑
- 26 stocks; $146bn

HCEquip ↑
- 78 stocks; $84.5bn

MngHCare
- 12 stocks; $401bn

HCareTec
- 18 stocks; $66bn

HCService →
- 29 stocks; $193bn
September 26, 2017

Telecommunication Services

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Telecommunication Services

Momentum

Strength

IntgTelSrv
62 stocks; $1364bn

AltCar
40 stocks; $57bn

WlsTelSrv
42 stocks; $930bn
Utilities

Strength

Momentum

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IPPTrad
25 stocks; $107bn

GasUtil
33 stocks; $205bn

MultiUtil
36 stocks; $480bn

RenewElec
22 stocks; $550bn

ElecUtil
50 stocks; $1167bn

WaterUtil
24 stocks; $87bn

25 stocks; $107bn
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 group 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.
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>
<td>52.8%</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>
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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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(S) = Speculative investment;
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