Group Selection

Priced as of December 18, 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 View**

**Sector Relative Strength Profiles**

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<tbody>
<tr>
<td>Energy</td>
<td>44% / 46% / 43%</td>
<td>◼ ◼ ◼ / ◼ ◼ ◼ / ◼ ◼ ◼</td>
<td>-9% / -5% / 12%</td>
</tr>
<tr>
<td>Materials</td>
<td>55% / 52% / 52%</td>
<td>◼ ◼ ◼ / ◼ ◼ ◼ / ◼ ◼ ◼</td>
<td>-5% / -1% / 13%</td>
</tr>
<tr>
<td>Industrials</td>
<td>51% / 50% / 50%</td>
<td>◼ ◼ ◼ / ◼ ◼ ◼ / ◼ ◼ ◼</td>
<td>-8% / -1% / 16%</td>
</tr>
<tr>
<td>CMR Disc</td>
<td>48% / 46% / 45%</td>
<td>◼ ◼ ◼ / ◼ ◼ ◼ / ◼ ◼ ◼</td>
<td>-4% / 9% / 24%</td>
</tr>
<tr>
<td>CMR Stap</td>
<td>34% / 33% / 30%</td>
<td>◼ ◼ ◼ / ◼ ◼ ◼ / ◼ ◼ ◼</td>
<td>3% / 10% / 27%</td>
</tr>
<tr>
<td>Hlth Care</td>
<td>45% / 44% / 41%</td>
<td>◼ ◼ ◼ / ◼ ◼ ◼ / ◼ ◼ ◼</td>
<td>-4% / 0% / 14%</td>
</tr>
<tr>
<td>Financials</td>
<td>43% / 42% / 37%</td>
<td>◼ ◼ ◼ / ◼ ◼ ◼ / ◼ ◼ ◼</td>
<td>-6% / 2% / 20%</td>
</tr>
<tr>
<td>Info Tech</td>
<td>56% / 55% / 56%</td>
<td>◼ ◼ ◼ / ◼ ◼ ◼ / ◼ ◼ ◼</td>
<td>-9% / -3% / 9%</td>
</tr>
<tr>
<td>Telecom</td>
<td>32% / 32% / 32%</td>
<td>◼ ◼ ◼ / ◼ ◼ ◼ / ◼ ◼ ◼</td>
<td>-13% / -4% / 13%</td>
</tr>
<tr>
<td>Utilities</td>
<td>44% / 39% / 36%</td>
<td>◼ ◼ ◼ / ◼ ◼ ◼ / ◼ ◼ ◼</td>
<td>-33% / -20% / -1%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>41% / 39% / 36%</td>
<td>◼ ◼ ◼ / ◼ ◼ ◼ / ◼ ◼ ◼</td>
<td>-12% / -1% / 22%</td>
</tr>
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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.
Momentum

Strength

December 18, 2017

OG Drill
14 stocks; $28bn

OG StTr
90 stocks; $670bn

OG RfMkt
47 stocks; $520bn

OG Equip
60 stocks; $276bn

Coal&Uran
24 stocks; $83bn

60 stocks; $276bn

Int O&G
29 stocks; $171bn

OG E&P
118 stocks; $801bn

OG Drill
14 stocks; $28bn

OG StTr
90 stocks; $670bn

OG RfMkt
47 stocks; $520bn

OG Equip
60 stocks; $276bn

Coal&Uran
24 stocks; $83bn

Int O&G
29 stocks; $171bn

OG E&P
118 stocks; $801bn
December 18, 2017

**Industrials**

- **Momentum**
  - AirFrght: 19 stocks; $290bn
  - RsrcCstt: 28 stocks; $232bn
  - ElcCmpEq: 37 stocks; $376bn
  - DvSpSrv: 23 stocks; $103bn
  - BldPrdcts: 46 stocks; $292bn
- **Strength**
  - EnviroServ: 25 stocks; $134bn
  - OfficeServ: 19 stocks; $20bn
  - HvyElcEq: 10 stocks; $350bn
  - TrdgDist: 56 stocks; $344bn
  - CnstMch&Tr: 46 stocks; $363bn
  - Ag&Farm: 17 stocks; $109bn
  - Airline: 31 stocks; $305bn
  - Hvy&Rail: 16 stocks; $112bn

**Sub-Industries**

- **AirFrght**
  - Industrials
  - Airline
  - Hvy&Rail

- **RsrcCstt**
  - Industrials
  - Airline
  - Hvy&Rail

- **ElcCmpEq**
  - Industrials
  - Airline
  - Hvy&Rail

- **DvSpSrv**
  - Industrials
  - Airline
  - Hvy&Rail

- **BldPrdcts**
  - Industrials
  - Airline
  - Hvy&Rail

- **EnviroServ**
  - Industrials
  - Airline
  - Hvy&Rail

- **OfficeServ**
  - Industrials
  - Airline
  - Hvy&Rail

- **HvyElcEq**
  - Industrials
  - Airline
  - Hvy&Rail

- **TrdgDist**
  - Industrials
  - Airline
  - Hvy&Rail

- **CnstMch&Tr**
  - Industrials
  - Airline
  - Hvy&Rail

- **Ag&Farm**
  - Industrials
  - Airline
  - Hvy&Rail

- **Airline**
  - Industrials
  - Airline
  - Hvy&Rail

- **Hvy&Rail**
  - Industrials
  - Airline
  - Hvy&Rail
Consumer Staples

December 18, 2017

Mark Steele (416) 359-4641

SprCntrs
14 stocks; $524bn

Brewers
14 stocks; $517bn

FdDistri
12 stocks; $63bn

DrugRetail
8 stocks; $177bn

PkgFdMt
120 stocks; $1285bn

Dist&Vnt
12 stocks; $363bn

PersPrdct
32 stocks; $491bn

HhldPrdct
18 stocks; $591bn

AgriProd
24 stocks; $104bn

SoftDrnks
17 stocks; $596bn

Tobacco
13 stocks; $694bn

FdRetail
36 stocks; $360bn
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.
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).
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>
<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.
** 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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