Group Selection

Priced as of December 6, 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>42% / 43% / 36%</td>
<td>/</td>
<td>-12% / -6% / 4%</td>
</tr>
<tr>
<td>Materials</td>
<td>55% / 53% / 51%</td>
<td>/</td>
<td>-21% / -11% / -3%</td>
</tr>
<tr>
<td>Industrials</td>
<td>53% / 51% / 48%</td>
<td>/</td>
<td>-11% / 2% / 11%</td>
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<tr>
<td>CMR Disc</td>
<td>48% / 47% / 44%</td>
<td>/</td>
<td>3% / 13% / 20%</td>
</tr>
<tr>
<td>CMR Stap</td>
<td>35% / 32% / 28%</td>
<td>/</td>
<td>13% / 26% / 33%</td>
</tr>
<tr>
<td>Hlth Care</td>
<td>48% / 47% / 43%</td>
<td>/</td>
<td>-13% / -4% / 4%</td>
</tr>
<tr>
<td>Financials</td>
<td>47% / 44% / 37%</td>
<td>/</td>
<td>-7% / 6% / 16%</td>
</tr>
<tr>
<td>Info Tech</td>
<td>58% / 56% / 53%</td>
<td>/</td>
<td>-21% / -11% / -2%</td>
</tr>
<tr>
<td>Telecom</td>
<td>33% / 32% / 31%</td>
<td>/</td>
<td>-13% / -5% / 11%</td>
</tr>
<tr>
<td>Utilities</td>
<td>44% / 44% / 35%</td>
<td>/</td>
<td>-21% / -8% / 5%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>41% / 38% / 36%</td>
<td>/</td>
<td>-20% / -3% / 10%</td>
</tr>
</tbody>
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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.
December 6, 2017

Energy

Momentum

Strength

Coal & Uran
117 stocks; $789bn

OG Drill
14 stocks; $29bn

OG E&P
23 stocks; $78bn

OG RfMkt
43 stocks; $501bn

OG StTr
89 stocks; $641bn

Int O&G
29 stocks; $1699bn

OG Equip
60 stocks; $269bn

OG StTr
89 stocks; $641bn

OG Equip
60 stocks; $269bn
December 6, 2017

Financials

Mark Steele (416) 359-4641

Momentum

Strength

ConsmrFin
- 29 stocks, $283bn

Thrft&Mtg
- 48 stocks, $147bn

InsurBrkrs
- 7 stocks, $723bn

LifeHthIns
- 49 stocks, $652bn

FnIEschDt
- 22 stocks, $378bn

SpecialFin
- 11 stocks, $26bn

RegionBnk
- 141 stocks, $682bn

OthrDivFS
- 9 stocks, $108bn

Financials

ConsmrFin
- 29 stocks, $283bn

Thrft&Mtg
- 48 stocks, $147bn

InsurBrkrs
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SpecialFin
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RegionBnk
- 141 stocks, $682bn

OthrDivFS
- 9 stocks, $108bn

Reinsuran
- 12 stocks, $130bn

P&C Insur
- 60 stocks, $519bn

Multi-LnIns
- 31 stocks, $555bn

MltSecHld
- 23 stocks, $417bn

DiversBnk
- 156 stocks, $5407bn

AsstMgmt
- 80 stocks, $602bn

DivCpMkt
- 9 stocks, $213bn

MortgREIT
- 25 stocks, $62bn

Reinsuran
- 12 stocks, $130bn
Information Technology

Strength

Momentum

DataProc 5
16 stocks; $837bn

ApplicSwr
67 stocks; $681bn

HdwrSt&P
44 stocks; $1473bn

TechDist
14 stocks; $46bn

InetSftSrv
103 stocks; $1212bn

SystmSwr
35 stocks; $1021bn

ElecInstr
43 stocks; $287bn

EMS
16 stocks; $131bn

ElectComp
37 stocks; $292bn

HmEntSwr
14 stocks; $201bn

Semi
78 stocks; $1263bn

SemiEqp
40 stocks; $249bn

ITConsult
50 stocks; $688bn
Telecommunication Services

Momentum

Strength

AltCar
10 stocks; $49bn

IntgTelSrv
59 stocks; $1294bn

WlsTelSrv
42 stocks; $933bn

December 6, 2017

Mark Steele (416) 359-4641
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>
<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>
</tr>
<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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