Group Selection
Priced as of January 22, 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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**Sector View**

**Sector Relative Strength Profiles**

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<tbody>
<tr>
<td>Energy</td>
<td>46% / 48% / 50%</td>
<td>/</td>
<td>8% / 11% / 26%</td>
</tr>
<tr>
<td>Materials</td>
<td>50% / 51% / 55%</td>
<td>/</td>
<td>-4% / -4% / 10%</td>
</tr>
<tr>
<td>Industrials</td>
<td>50% / 51% / 55%</td>
<td>/</td>
<td>-4% / -2% / 13%</td>
</tr>
<tr>
<td>CMR Disc</td>
<td>47% / 48% / 51%</td>
<td>/</td>
<td>2% / 4% / 16%</td>
</tr>
<tr>
<td>CMR Stap</td>
<td>35% / 36% / 39%</td>
<td>/</td>
<td>-2% / -3% / 14%</td>
</tr>
<tr>
<td>Hlth Care</td>
<td>44% / 45% / 46%</td>
<td>/</td>
<td>0% / 1% / 13%</td>
</tr>
<tr>
<td>Financials</td>
<td>39% / 40% / 42%</td>
<td>/</td>
<td>1% / -1% / 27%</td>
</tr>
<tr>
<td>Info Tech</td>
<td>54% / 54% / 57%</td>
<td>/</td>
<td>-7% / -4% / 10%</td>
</tr>
<tr>
<td>Telecom</td>
<td>21% / 25% / 29%</td>
<td>/</td>
<td>-9% / -7% / 12%</td>
</tr>
<tr>
<td>Utilities</td>
<td>28% / 25% / 30%</td>
<td>/</td>
<td>-36% / -37% / -14%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>35% / 34% / 36%</td>
<td>/</td>
<td>-29% / -27% / -2%</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
Momentum

Strength

January 22, 2018

Mark Steele (416) 359-4641

Consumer Staples

FdDistri
12 stocks; $66bn

PersPrdct
13 stocks; $504bn

SprCntrs
14 stocks; $556bn

Dist&Vnt
12 stocks; $391bn

Brewers
14 stocks; $542bn

HhldPrdct
18 stocks; $604bn

FdRetail
36 stocks; $377bn

SoftDrinks
17 stocks; $536bn

36 stocks; $377bn

33 stocks; $504bn

14 stocks; $556bn

12 stocks; $66bn

18 stocks; $604bn

36 stocks; $377bn

17 stocks; $536bn

12 stocks; $66bn

17 stocks; $536bn

36 stocks; $377bn

17 stocks; $536bn

FdRetail
36 stocks; $377bn

HhldPrdct
18 stocks; $604bn

SoftDrinks
17 stocks; $536bn

Tobacco
13 stocks; $709bn

DrugRetail
9 stocks; $185bn

PkgFdMt
12 stocks; $1319bn

AgriProd
24 stocks; $111bn

Brewers
14 stocks; $542bn

Dist&Vnt
12 stocks; $391bn

PersPrdct
13 stocks; $504bn

SprCntrs
14 stocks; $556bn

FdDistri
12 stocks; $66bn
Information Technology

Momentum

Strength

January 22, 2018

ApplicSwr 45 stocks, $731bn
SemiEqp 42 stocks, $357bn
ElecComp 37 stocks, $318bn
ElecInstr 35 stocks, $266bn
ITConsult 30 stocks, $761bn
DataProc 25 stocks, $934bn
InetSftSrv 102 stocks, $2339bn
HmEntSwr 14 stocks, $228bn
HdwrSt&P 42 stocks, $1527bn
SystmSwr 24 stocks, $1117bn
ComEquip 41 stocks, $396bn
TechDist 14 stocks, $50bn
EMS 17 stocks, $163bn

Information Technology
Telecommunication Services

Momentum

Strength

January 22, 2018

IntgTelSrv
39 stocks; $7333bn

WlsTelSrv
42 stocks; $959bn

AltCar
12 stocks; $61bn

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Utilities

January 22, 2018

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WaterUtil 24 stocks; $88bn
ElecUtil 89 stocks; $1147bn
GasUtil 32 stocks; $210bn
RenewElec 22 stocks; $59bn
IPPTrad 25 stocks; $115bn
MultiUtil 35 stocks; $467bn

BMO Capital Markets
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 they 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.
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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<tr>
<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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Und = Underperform - Forecast to underperform the analyst’s coverage universe on a total return basis;
(S) = Speculative investment;
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