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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<tr>
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<tr>
<td>Energy</td>
<td>45% / 47% / 48%</td>
<td></td>
<td>19% / 17% / 30%</td>
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<tr>
<td>Materials</td>
<td>50% / 51% / 55%</td>
<td></td>
<td>6% / 4% / 14%</td>
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<tr>
<td>Industrials</td>
<td>50% / 51% / 54%</td>
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<td>6% / 3% / 14%</td>
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<tr>
<td>CMR Disc</td>
<td>47% / 49% / 50%</td>
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<td>3% / 1% / 13%</td>
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<tr>
<td>CMR Stap</td>
<td>35% / 36% / 37%</td>
<td></td>
<td>1% / -1% / 8%</td>
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<tr>
<td>HLth Care</td>
<td>44% / 44% / 45%</td>
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<td>2% / 1% / 8%</td>
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<tr>
<td>Financials</td>
<td>38% / 39% / 40%</td>
<td></td>
<td>10% / 5% / 21%</td>
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<tr>
<td>Info Tech</td>
<td>54% / 54% / 57%</td>
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<td>-3% / -5% / 5%</td>
</tr>
<tr>
<td>Telecom</td>
<td>23% / 25% / 28%</td>
<td></td>
<td>-2% / -5% / 3%</td>
</tr>
<tr>
<td>Utilities</td>
<td>31% / 28% / 29%</td>
<td></td>
<td>-28% / -30% / -18%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>36% / 36% / 36%</td>
<td></td>
<td>-27% / -29% / -15%</td>
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</table>

*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
January 16, 2018

Momentum

Strength

Materials

PapProd
26 stocks; $111bn

IndusGas
8 stocks; $156bn

DvrsMng
53 stocks; $493bn

Alumin
11 stocks; $66bn

ComdChm
38 stocks; $400bn

Steel
59 stocks; $483bn

DiversChm
72 stocks; $462bn

Gold
65 stocks; $200bn

CstrMat
28 stocks; $260bn

Copper
17 stocks; $126bn

PrecMet
21 stocks; $57bn

Fert&Ag
30 stocks; $177bn

FrstPrd
12 stocks; $32bn

SpecChm
65 stocks; $585bn

Silver
17 stocks; $135bn

PaperPkg
17 stocks; $135bn

MtGlsCnt
14 stocks; $61bn

MtGlsCnt
14 stocks; $61bn

BMO Capital Markets
Mark Steele (416) 359-4641
January 16, 2018

Industrials

**Momentum**

- HREmpl (23 stocks; $130bn)
- Ag&Farm (13 stocks; $13bn)
- OfficeServ (10 stocks; $21bn)
- Aero&Def (66 stocks; $1032bn)
- Airline (31 stocks; $324bn)
- AirFrght (21 stocks; $324bn)
- Ind Mach (125 stocks; $850bn)
- CnstMch&T (46 stocks; $396bn)
- EnviroServ (25 stocks; $139bn)
- Trucking (28 stocks; $110bn)

**Strength**

- Marine (15 stocks; $65bn)
- HvyElcEq (15 stocks; $94bn)
- Railroads (25 stocks; $537bn)
- CmclPrt (15 stocks; $94bn)
- MarineSrv (15 stocks; $74bn)
- ElcCmpEq (46 stocks; $396bn)
- Cns&Eng (70 stocks; $387bn)
- RsrcCslt (28 stocks; $238bn)

**31 stocks; $324bn**

**56 stocks; $1032bn**

**46 stocks; $396bn**

**25 stocks; $139bn**

**46 stocks; $305bn**

**23 stocks; $107bn**

**18 stocks; $154bn**

**16 stocks; $117bn**

**6 stocks; $43bn**

**46 stocks; $305bn**

**23 stocks; $107bn**

**18 stocks; $154bn**

**16 stocks; $117bn**

**6 stocks; $43bn**

**46 stocks; $305bn**

**23 stocks; $107bn**

**18 stocks; $154bn**

**16 stocks; $117bn**

**6 stocks; $43bn**

**46 stocks; $305bn**

**23 stocks; $107bn**

**18 stocks; $154bn**

**16 stocks; $117bn**

**6 stocks; $43bn**

**46 stocks; $305bn**
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 groups 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>
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<td>22.8%</td>
<td>57.4%</td>
<td>44.1%</td>
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<td>Hold</td>
<td>Market Perform</td>
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<tr>
<td>Sell</td>
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<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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