Group Selection
Priced as of December 5, 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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*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 (descending / ascending 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.
### Industrials

#### December 5, 2017

<table>
<thead>
<tr>
<th>Industry</th>
<th>Momentum</th>
<th>Strength</th>
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<tbody>
<tr>
<td>TrdgDist</td>
<td>↑</td>
<td></td>
</tr>
<tr>
<td>56 stocks; $340bn</td>
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<tr>
<td>Railroads</td>
<td>↓</td>
<td></td>
</tr>
<tr>
<td>25 stocks; $512bn</td>
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<tr>
<td>DvSpSrv</td>
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<tr>
<td>23 stocks; $102bn</td>
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<td>Ag&amp;Farm</td>
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<tr>
<td>11 stocks; $107bn</td>
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<td>Trkg</td>
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<tr>
<td>28 stocks; $110bn</td>
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<tr>
<td>AirFrght</td>
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<tr>
<td>19 stocks; $288bn</td>
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<tr>
<td>CnstMch&amp;T</td>
<td>↑</td>
<td></td>
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<tr>
<td>46 stocks; $355bn</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Airline</td>
<td>↓</td>
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<tr>
<td>31 stocks; $298bn</td>
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<tr>
<td>EnviroSrv</td>
<td>↑</td>
<td></td>
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<tr>
<td>23 stocks; $131bn</td>
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<tr>
<td>Marine</td>
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<tr>
<td>16 stocks; $61bn</td>
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<tr>
<td>OfficeSrv</td>
<td>↑</td>
<td></td>
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<tr>
<td>19 stocks; $19bn</td>
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<tr>
<td>Airline</td>
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<tr>
<td>28 stocks; $104bn</td>
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<tr>
<td>OffceServ</td>
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<tr>
<td>10 stocks; $81bn</td>
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<tr>
<td>ElcCmpEq</td>
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<tr>
<td>37 stocks; $365bn</td>
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<tr>
<td>Cnst&amp;Eng</td>
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<tr>
<td>71 stocks; $387bn</td>
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<td>BldPrdcts</td>
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<tr>
<td>25 stocks; $288bn</td>
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<td>HvyElcEq</td>
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<tr>
<td>16 stocks; $98bn</td>
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<td>Cnst&amp;Eng</td>
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<tr>
<td>71 stocks; $387bn</td>
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<td>Ind Mach</td>
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<tr>
<td>124 stocks; $779bn</td>
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<td>HREmpl</td>
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<tr>
<td>55 stocks; $926bn</td>
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<tr>
<td>AirptSrv</td>
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<tr>
<td>18 stocks; $152bn</td>
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<td>IndCongl</td>
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<tr>
<td>42 stocks; $997bn</td>
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<td>RsrcCslt</td>
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<tr>
<td>28 stocks; $230bn</td>
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<tr>
<td>Hvy&amp;Rail</td>
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<tr>
<td>16 stocks; $114bn</td>
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<tr>
<td>MarineSrv</td>
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<tr>
<td>15 stocks; $70bn</td>
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<tr>
<td>Sec&amp;Alm</td>
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<tr>
<td>5 stocks; $38bn</td>
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</table>
Information Technology

- **DataProc**: 46 stocks; $830bn
- **ApplicSwr**: 57 stocks; $675bn
- **ElectInsr**: 43 stocks; $251bn
- **ElecComp**: 37 stocks; $301bn
- **SemiEqp**: 40 stocks; $286bn
- **ITConsult**: 50 stocks; $691bn
- **Semi**: 78 stocks; $1268bn
- **HmEntSwr**: 14 stocks; $200bn
- **InetSftSrv**: 103 stocks; $271bn
- **SysmSwr**: 35 stocks; $1010bn
- **EMS**: 16 stocks; $132bn
- **TechDist**: 14 stocks; $47bn
- **HdwrSt&P**: 44 stocks; $1486bn
- **ComEquip**: 43 stocks; $38bn
- **SemiEqp**: 40 stocks; $286bn
December 5, 2017

Telecommunication Services

Mark Steele (416) 359-4641

Strength

Momentum

AltCar ➔
10 stocks; $50bn

IntgTelSrv ➔
59 stocks; $1297bn

WlsTelSrv ➔
42 stocks; $937bn
December 5, 2017

Real Estate

Mark Steele (416) 359-4641

REstSrv
11 stocks; $37bn

REstOpCo
32 stocks; $205bn

REstDevl
34 stocks; $325bn

REstDvAct
33 stocks; $326bn

HotelREIT
18 stocks; $60bn

RetailREIT
50 stocks; $223bn

ResidREIT
26 stocks; $163bn

HCareREIT
18 stocks; $102bn

OfficeREIT
32 stocks; $155bn

IndusREIT
20 stocks; $103bn

SpecREIT
31 stocks; $332bn

DiversREIT
42 stocks; $208bn

REstsrv
11 stocks; $37bn

REstOpCo
32 stocks; $205bn

REstDevl
34 stocks; $325bn

REstDvAct
33 stocks; $326bn

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31 stocks; $332bn

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42 stocks; $208bn
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 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”
- 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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<tbody>
<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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<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.
*** Reflects rating distribution of all companies from which BMO Capital Markets Corp. has received compensation for Investment Banking services as percentage of Investment Banking clients.
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(S) = Speculative investment;
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NR = No Rated - No rating at this time; and
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(January 2010 - April 2013)

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