Group Selection

Priced as of January 15, 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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<tr>
<td>Energy</td>
<td>45% / 47% / 47%</td>
<td></td>
<td>23% / 26% / 38%</td>
</tr>
<tr>
<td>Materials</td>
<td>50% / 51% / 54%</td>
<td></td>
<td>10% / 10% / 19%</td>
</tr>
<tr>
<td>Industrials</td>
<td>51% / 50% / 54%</td>
<td></td>
<td>7% / 5% / 13%</td>
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<tr>
<td>CMR Disc</td>
<td>48% / 48% / 49%</td>
<td></td>
<td>2% / 4% / 12%</td>
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<tr>
<td>CMR Stap</td>
<td>35% / 35% / 37%</td>
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<td>-8% / -6% / 4%</td>
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<tr>
<td>Hlth Care</td>
<td>44% / 43% / 44%</td>
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<td>3% / 2% / 7%</td>
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<tr>
<td>Financials</td>
<td>38% / 40% / 39%</td>
<td></td>
<td>9% / 9% / 20%</td>
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<tr>
<td>Info Tech</td>
<td>54% / 54% / 57%</td>
<td></td>
<td>-4% / -4% / 5%</td>
</tr>
<tr>
<td>Telecom</td>
<td>23% / 27% / 28%</td>
<td></td>
<td>-5% / -7% / -2%</td>
</tr>
<tr>
<td>Utilities</td>
<td>32% / 29% / 29%</td>
<td></td>
<td>-34% / -35% / -25%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>36% / 36% / 36%</td>
<td></td>
<td>-35% / -34% / -26%</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

January 15, 2018

Mark Steele (416) 359-4641

Coal & Uran
29 stocks; $95bn

Int O&G
29 stocks; $169bn

 OG Equip
40 stocks; $327bn

 OG Drill
14 stocks; $36bn

 OG RfMkt
32 stocks; $56bn

 OG E&P
118 stocks; $917bn

 OG StTr
90 stocks; $721bn

Energy

Int O&G
29 stocks; $169bn

 OG Equip
40 stocks; $327bn

 OG Drill
14 stocks; $36bn

 OG RfMkt
32 stocks; $56bn

 OG E&P
118 stocks; $917bn

 OG StTr
90 stocks; $721bn
January 15, 2018

Momentum

Strength

PapProd 26 stocks; $111bn
DiversChm 27 stocks; $444bn
Gold 65 stocks; $206bn
CstrMat 28 stocks; $282bn

DvrsMng 63 stocks; $502bn
Alumin 11 stocks; $67bn
ComdChm 38 stocks; $403bn
MtGlsCnt 14 stocks; $61bn

Steel 58 stocks; $472bn
IndusGas 9 stocks; $156bn
FrstPrd 12 stocks; $32bn
PrecMet 21 stocks; $56bn

Copper 17 stocks; $127bn
SpecChm 65 stocks; $588bn
PaperPkg 17 stocks; $136bn
Silver 9 stocks; $21bn

Fert&Ag 30 stocks; $180bn

Materials

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January 15, 2018

Telecommunication Services

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Momentum

Strength

IntgTelSrv
59 stocks; $1313bn

AltCar
10 stocks; $56bn

WlsTelSrv
43 stocks; $944bn
Momentum

Strength

REstDvAct
33 stocks; $356bn

IndusREIT
20 stocks; $101bn

HotelREIT
19 stocks; $51bn

ResidREIT
26 stocks; $154bn

HCareREIT
18 stocks; $92bn

OfficeREIT
11 stocks; $38bn

DiversREIT
11 stocks; $38bn

RetailREIT
31 stocks; $327bn

REstSrv
11 stocks; $36bn

REstDevl
34 stocks; $375bn

SpecREIT
71 stocks; $317bn

REOpCo
35 stocks; $222bn

HotelREIT
19 stocks; $51bn

IndusREIT
20 stocks; $101bn

REstDvAct
33 stocks; $356bn

January 15, 2018

Real Estate

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REstSrv
11 stocks; $36bn

REstDevl
34 stocks; $375bn

REOpCo
35 stocks; $222bn

DiversREIT
41 stocks; $173bn

OfficeREIT
11 stocks; $38bn

RetailREIT
31 stocks; $327bn

REstSrv
11 stocks; $36bn

REstDevl
34 stocks; $375bn

REOpCo
35 stocks; $222bn

DiversREIT
41 stocks; $173bn

OfficeREIT
11 stocks; $38bn

RetailREIT
31 stocks; $327bn

REstSrv
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REstDevl
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REOpCo
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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 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:
  ...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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<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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Mkt = Market Perform - Forecast to perform roughly in line with the analyst’s coverage universe on a total return basis;
Und = Underperform - Forecast to underperform the analyst’s coverage universe on a total return basis;
(S) = Speculative investment;
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