Group Selection

Priced as of May 24, 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 Relative Strength Profiles**

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<tbody>
<tr>
<td>Energy</td>
<td>47% / 49% / 61%</td>
<td>/ / /</td>
<td>9% / 13% / 1%</td>
</tr>
<tr>
<td>Materials</td>
<td>49% / 50% / 60%</td>
<td>/ / /</td>
<td>-5% / 0% / -14%</td>
</tr>
<tr>
<td>Industrials</td>
<td>45% / 45% / 61%</td>
<td>/ / /</td>
<td>-2% / 5% / -7%</td>
</tr>
<tr>
<td>CMR Disc</td>
<td>50% / 50% / 62%</td>
<td>/ / /</td>
<td>-1% / 6% / -9%</td>
</tr>
<tr>
<td>CMR Stap</td>
<td>43% / 44% / 55%</td>
<td>/ / /</td>
<td>-3% / 1% / -10%</td>
</tr>
<tr>
<td>Health Care</td>
<td>55% / 55% / 66%</td>
<td>/ / /</td>
<td>7% / 11% / 1%</td>
</tr>
<tr>
<td>Financials</td>
<td>52% / 54% / 71%</td>
<td>/ / /</td>
<td>-5% / 4% / -14%</td>
</tr>
<tr>
<td>Info Tech</td>
<td>54% / 55% / 65%</td>
<td>/ / /</td>
<td>0% / 7% / -4%</td>
</tr>
<tr>
<td>Telecom</td>
<td>30% / 34% / 46%</td>
<td>/ / /</td>
<td>-8% / -6% / -21%</td>
</tr>
<tr>
<td>Utilities</td>
<td>28% / 29% / 48%</td>
<td>/ / /</td>
<td>1% / 6% / -3%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>35% / 38% / 52%</td>
<td>/ / /</td>
<td>12% / 20% / 7%</td>
</tr>
</tbody>
</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
Momentum

Strength

May 24, 2018

Mark Steele (416) 359-4641

Resources

116 stocks; $932bn
OG E&P
IndusGas
11 stocks; $22bn
OG RfMkt

70 stocks; $572bn
SpecChm
PaperPkg

11 stocks; $22bn
70 stocks; $572bn
17 stocks; $137bn

17 stocks; $127bn
11 stocks; $932bn
8 stocks; $152bn

17 stocks; $531bn
OG Equip
DiversChm
MtGlsCnt

45 stocks; $436bn
ComdChm

22 stocks; $406bn

14 stocks; $508bn

45 stocks; $439bn
22 stocks; $406bn
14 stocks; $508bn

11 stocks; $189bn
OG StTr
CstrMat

28 stocks; $254bn
28 stocks; $264bn

28 stocks; $264bn
28 stocks; $254bn

10 stocks; $47bn
Alumin

71 stocks; $169bn
Int O&G

24 stocks; $114bn
PapProd

71 stocks; $193bn
Gold

67 stocks; $454bn
DvrsMng

18 stocks; $120bn
Copper

60 stocks; $458bn
Steel

29 stocks; $172bn
Fert&Ag

18 stocks; $120bn
Copper

60 stocks; $458bn
Steel

29 stocks; $172bn
Fert&Ag
**Consumer Staples**

Momentum

Strength

PersPrdct → 33 stocks; $525bn

Tobacco → 13 stocks; $555bn

AgriProd → 14 stocks; $107bn

SprCntrs → 14 stocks; $485bn

HhldPrdct → 18 stocks; $516bn

FdDistri → 11 stocks; $61bn

Brewers → 14 stocks; $475bn

Dist&Vnt → 12 stocks; $379bn

FdRetail → 36 stocks; $364bn

PkgFdMt → 12 stocks; $1186bn

SoftDrinks → 18 stocks; $472bn

DrugRetail → 6 stocks; $86bn

FdRetail → 36 stocks; $364bn

PkgFdMt → 12 stocks; $1186bn

SoftDrinks → 18 stocks; $472bn

DrugRetail → 6 stocks; $86bn

Dist&Vnt → 12 stocks; $379bn

FdRetail → 36 stocks; $364bn

PkgFdMt → 12 stocks; $1186bn

SoftDrinks → 18 stocks; $472bn

DrugRetail → 6 stocks; $86bn

PersPrdct → 33 stocks; $525bn

Tobacco → 13 stocks; $555bn

AgriProd → 14 stocks; $107bn

SprCntrs → 14 stocks; $485bn

HhldPrdct → 18 stocks; $516bn

FdDistri → 11 stocks; $61bn

Brewers → 14 stocks; $475bn

Dist&Vnt → 12 stocks; $379bn

FdRetail → 36 stocks; $364bn

PkgFdMt → 12 stocks; $1186bn

SoftDrinks → 18 stocks; $472bn

DrugRetail → 6 stocks; $86bn
May 24, 2018

Telecommunication Services

Mark Steele (416) 359-4641

Momentum

Strength

IntgTelSrv
38 stocks; $123.7bn

WlsTelSrv
43 stocks; $87.5bn

AltCar
11 stocks; $55bn
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 these 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”
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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ETFs designed to track an index or asset may experience a discrepancy between the ETF’s performance and the performance of its target index known as tracking error. A variety of factors can create a performance gap between ETF and its target index such as the impact of transaction fees and expenses incurred by the ETF, changes in composition of the underlying index/assets, the ETF portfolio manager’s replication strategy and sampling techniques, and the timing of purchases and redemptions of ETF’s shares.

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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.

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(S) = Speculative investment;
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