Group Selection
Priced as of January 5, 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*

<table>
<thead>
<tr>
<th>Sector</th>
<th>% Outperforming</th>
<th>Reward/Risk</th>
<th>Trend Psn</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>US/GBL/CDA</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Energy</td>
<td>43% / 46% / 45%</td>
<td></td>
<td>19% / 18% / 18%</td>
</tr>
<tr>
<td>Materials</td>
<td>50% / 50% / 53%</td>
<td></td>
<td>8% / 7% / 9%</td>
</tr>
<tr>
<td>Industrials</td>
<td>51% / 51% / 52%</td>
<td></td>
<td>4% / 1% / 4%</td>
</tr>
<tr>
<td>CMR Disc</td>
<td>48% / 48% / 48%</td>
<td></td>
<td>4% / 2% / 2%</td>
</tr>
<tr>
<td>CMR Stap</td>
<td>35% / 35% / 35%</td>
<td></td>
<td>7% / 6% / 3%</td>
</tr>
<tr>
<td>Hlth Care</td>
<td>44% / 43% / 44%</td>
<td></td>
<td>6% / 5% / 4%</td>
</tr>
<tr>
<td>Financials</td>
<td>38% / 40% / 37%</td>
<td></td>
<td>-1% / -1% / 0%</td>
</tr>
<tr>
<td>Info Tech</td>
<td>55% / 54% / 56%</td>
<td></td>
<td>-3% / -5% / -2%</td>
</tr>
<tr>
<td>Telecom</td>
<td>27% / 27% / 28%</td>
<td></td>
<td>3% / 2% / -3%</td>
</tr>
<tr>
<td>Utilities</td>
<td>37% / 34% / 31%</td>
<td></td>
<td>-29% / -28% / -22%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>39% / 38% / 36%</td>
<td></td>
<td>-22% / -23% / -21%</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
January 5, 2018

Energy

Momentum

Strength

OG STr
89 stocks, $703bn

OG E&P
116 stocks, $889bn

OG Equip
20 stocks, $913bn

Coal & Uran
24 stocks, $89bn

Int O&G
29 stocks, $1836bn

OG Drill
14 stocks, $34bn

OG RfMkt
43 stocks, $535bn

OG E&P
116 stocks, $889bn

OG Equip
20 stocks, $913bn

Coal & Uran
24 stocks, $89bn

Int O&G
29 stocks, $1836bn

OG Drill
14 stocks, $34bn

OG RfMkt
43 stocks, $535bn
Consumer Staples

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AgriProd
24 stocks; $107bn

Tobacco
13 stocks; $689bn

PkgFdMt
122 stocks; $1313bn

FdRetail
36 stocks; $371bn

Brewers
14 stocks; $537bn

DrugRetail
8 stocks; $179bn

FdDistri
12 stocks; $60bn

Dist&Vnt
12 stocks; $382bn

PersPrdct
13 stocks; $492bn

SprCntrs
14 stocks; $533bn

HhIdPrdct
18 stocks; $597bn

SoftDrnks
17 stocks; $520bn

Consumer Staples

Momentum

Strength
Health Care

Momentum

Strength

Pharma
106 stocks; $2609bn

LfSciSrv
28 stocks; $292bn

HCSupplls
26 stocks; $159bn

HCDistrib
18 stocks; $127bn

MngHCare
12 stocks; $473bn

HCFacility
29 stocks; $112bn

Biotech
121 stocks; $1078bn

HCEquip
78 stocks; $902bn

HCService
27 stocks; $209bn

HCareTec
19 stocks; $72bn

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Information Technology

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ApplicSwr ↑ 65 stocks; $708bn
Semi ↑ 79 stocks; $1358bn
ElecComp ↑ 37 stocks; $307bn
SystmSwr ↑ 34 stocks; $1079bn
EMS ↑ 16 stocks; $137bn
SemiEqp ↑ 40 stocks; $370bn
ElecInstr ↑ 37 stocks; $266bn
TechDist ↑ 14 stocks; $49bn
ITConsult ↑ 44 stocks; $266bn
InetSftSrv ↑ 102 stocks; $2342bn
HmEntSwr ↑ 14 stocks; $213bn
DataProc ↑ 46 stocks; $892bn
ComEquip ↓ 41 stocks; $380bn
HdwrSt&P ↓ 42 stocks; $1525bn

65 stocks; $708bn
79 stocks; $1358bn
37 stocks; $307bn
34 stocks; $1079bn
16 stocks; $137bn
40 stocks; $370bn
37 stocks; $266bn
14 stocks; $49bn
44 stocks; $266bn
102 stocks; $2342bn
14 stocks; $213bn
46 stocks; $892bn
41 stocks; $380bn
42 stocks; $1525bn
Telecommunication Services

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January 5, 2018

Momentum

Strength

WlsTelSrv 🔵
42 stocks; $952bn

IntgTelSrv 🔴
59 stocks; $1322bn

AltCar 🔴
10 stocks; $54bn
Utilities

- RenewElec
  - 22 stocks
  - $59bn

- IPPTrad
  - 25 stocks
  - $116bn

- GasUtil
  - 33 stocks
  - $212bn

- MultiUtil
  - 35 stocks
  - $470bn

- ElecUtil
  - 89 stocks
  - $1152bn

- WaterUtil
  - 24 stocks
  - $88bn

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