Group Selection

Priced as of February 8, 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
<table>
<thead>
<tr>
<th>Number</th>
<th>Section</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.</td>
<td>Sector View</td>
</tr>
<tr>
<td>4.</td>
<td>Strength Changes Last Session</td>
</tr>
<tr>
<td>5.</td>
<td>Resource Summary</td>
</tr>
<tr>
<td>6.</td>
<td>Energy</td>
</tr>
<tr>
<td>7.</td>
<td>Materials</td>
</tr>
<tr>
<td>8.</td>
<td>Industrials</td>
</tr>
<tr>
<td>9.</td>
<td>Consumer Discretionary</td>
</tr>
<tr>
<td>10.</td>
<td>Consumer Staples</td>
</tr>
<tr>
<td>11.</td>
<td>Health Care</td>
</tr>
<tr>
<td>12.</td>
<td>Financials</td>
</tr>
<tr>
<td>13.</td>
<td>Information Technology</td>
</tr>
<tr>
<td>14.</td>
<td>Telecom</td>
</tr>
<tr>
<td>15.</td>
<td>Utilities</td>
</tr>
<tr>
<td>16.</td>
<td>Real Estate</td>
</tr>
<tr>
<td>17.</td>
<td>User Guide</td>
</tr>
</tbody>
</table>
### Sector Relative Strength Profiles*

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
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<tbody>
<tr>
<td><strong>Energy</strong></td>
<td>48% / 50% / 55%</td>
<td>▼ / ▼ / ▼</td>
<td>▼ / ▼ / ▼</td>
</tr>
<tr>
<td><strong>Materials</strong></td>
<td>48% / 49% / 59%</td>
<td>▼ / ▼ / ▼</td>
<td>▼ / ▼ / ▼</td>
</tr>
<tr>
<td><strong>Industrials</strong></td>
<td>48% / 50% / 60%</td>
<td>▼ / ▼ / ▼</td>
<td>▼ / ▼ / ▼</td>
</tr>
<tr>
<td><strong>CMR Disc</strong></td>
<td>48% / 49% / 56%</td>
<td>▼ / ▼ / ▼</td>
<td>▼ / ▼ / ▼</td>
</tr>
<tr>
<td><strong>CMR Stap</strong></td>
<td>33% / 35% / 43%</td>
<td>▼ / ▼ / ▼</td>
<td>▼ / ▼ / ▼</td>
</tr>
<tr>
<td><strong>Hlth Care</strong></td>
<td>40% / 42% / 48%</td>
<td>▼ / ▼ / ▼</td>
<td>▼ / ▼ / ▼</td>
</tr>
<tr>
<td><strong>Financials</strong></td>
<td>41% / 44% / 52%</td>
<td>▼ / ▼ / ▼</td>
<td>▼ / ▼ / ▼</td>
</tr>
<tr>
<td><strong>Info Tech</strong></td>
<td>52% / 54% / 63%</td>
<td>▼ / ▼ / ▼</td>
<td>▼ / ▼ / ▼</td>
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<tr>
<td><strong>Telecom</strong></td>
<td>22% / 26% / 29%</td>
<td>▼ / ▼ / ▼</td>
<td>▼ / ▼ / ▼</td>
</tr>
<tr>
<td><strong>Utilities</strong></td>
<td>18% / 17% / 27%</td>
<td>▼ / ▼ / ▼</td>
<td>▼ / ▼ / ▼</td>
</tr>
<tr>
<td><strong>Real Estate</strong></td>
<td>29% / 29% / 36%</td>
<td>▼ / ▼ / ▼</td>
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</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

February 8, 2018

Resources

Mark Steele (416) 359-4641

PaperPkg
17 stocks; $125bn

Copper
17 stocks; $111bn

Coal & Uran
24 stocks; $93bn

DiversChm
27 stocks; $402bn

Alum
11 stocks; $60bn

CommdChm
12 stocks; $396bn

FrstPrd
12 stocks; $31bn

Int O&G
29 stocks; $1712bn

PapProd
25 stocks; $106bn

OG RfMkt
44 stocks; $512bn

OG StTr
60 stocks; $661bn

PrecMet
21 stocks; $53bn

MtGlsCnt
14 stocks; $57bn

Silver
6 stocks; $18bn

Gold
65 stocks; $746bn

DvrsMng
63 stocks; $452bn

IndusGas
11 stocks; $142bn

OG Drill
14 stocks; $29bn

SpecChm
68 stocks; $554bn

Fert&Ag
30 stocks; $166bn

OG E&P
118 stocks; $796bn

CstrMat
28 stocks; $259bn

OG Equip
60 stocks; $279bn
February 8, 2018

Momentum

Strength

Energy

Mark Steele (416) 359-4641

Coal & Uran
24 stocks; $93bn

Int O&G
29 stocks; $1712bn

OG St Tr
40 stocks; $661bn

OG Rf Mkt
44 stocks; $512bn

OG Drill
14 stocks; $29bn

OG E&P
118 stocks; $798bn

OG Equip
60 stocks; $279bn
Momentum

Strength

Health Care

February 8, 2018

Mark Steele (416) 359-4641

MngHCare 12 stocks; $448bn

MCSupps 27 stocks; $157bn

HCFacility 31 stocks; $129bn

HCHealth 28 stocks; $203bn

HCService 28 stocks; $203bn

HCareTec 19 stocks; $66bn

HCPharma 109 stocks; $2447bn

Biotech 125 stocks; $1042bn

HCPharma 109 stocks; $2447bn

HCDistrib 18 stocks; $124bn

Distrib 125 stocks; $1042bn

LFServ 29 stocks; $276bn

LFSciSrv 29 stocks; $276bn
Telecommunication Services

February 8, 2018

Momentum

Strength

WlsTelSrv
42 stocks; $90bn

IntgTelSrv
59 stocks; $124bn

AltCar
11 stocks; $54bn
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 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.
User Guide 2 - Momentum

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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<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
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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>
</tr>
<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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