Group Selection

Priced as of February 20, 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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<tr>
<td>Energy</td>
<td>44% / 47% / 57%</td>
<td>/ / /</td>
<td>-12% / -13% / 1%</td>
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<tr>
<td>Materials</td>
<td>47% / 48% / 60%</td>
<td>/ / /</td>
<td>-1% / -1% / 16%</td>
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<tr>
<td>Industrials</td>
<td>46% / 48% / 62%</td>
<td>/ / /</td>
<td>-3% / -3% / 13%</td>
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<tr>
<td>CMR Disc</td>
<td>47% / 50% / 60%</td>
<td>/ / /</td>
<td>1% / 2% / 18%</td>
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<tr>
<td>CMR Stap</td>
<td>34% / 35% / 49%</td>
<td>/ / /</td>
<td>4% / 3% / 22%</td>
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<tr>
<td>Hlth Care</td>
<td>40% / 42% / 50%</td>
<td>/ / /</td>
<td>5% / 5% / 17%</td>
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<tr>
<td>Financials</td>
<td>40% / 44% / 56%</td>
<td>/ / /</td>
<td>3% / 3% / 21%</td>
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<tr>
<td>Info Tech</td>
<td>51% / 54% / 63%</td>
<td>/ / /</td>
<td>7% / 6% / 24%</td>
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<td>Telecom</td>
<td>21% / 24% / 34%</td>
<td>/ / /</td>
<td>0% / 2% / 23%</td>
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<tr>
<td>Utilities</td>
<td>15% / 17% / 26%</td>
<td>/ / /</td>
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<tr>
<td>Real Estate</td>
<td>25% / 25% / 36%</td>
<td>/ / /</td>
<td>-15% / -15% / 5%</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.
### Strength Changes Last Session

#### Momentum

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<td>RenewElec</td>
<td>OfficeServ</td>
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<td>REstSrv</td>
<td>LeisPrd</td>
<td>Pharma</td>
<td>CmpElRtl</td>
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<td>DvSpSrv</td>
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</tbody>
</table>

#### Strength Changes Last Session

- **Strength Changes Last Session**
  - SystmSwr: AltCar, RenewElec, OfficeServ
  - AltCar: LeisPrd, Pharma, CmpElRtl
  - RenewElec: OfficeServ, CmpElRtl, Gold
  - OfficeServ: CmpElRtl, Gold, Distrib
  - Gold: Distrib

#### Momentum Changes Last Session

- **Momentum Changes Last Session**
  - SystmSwr: AltCar, RenewElec, OfficeServ
  - AltCar: LeisPrd, Pharma, CmpElRtl
  - RenewElec: OfficeServ, CmpElRtl, Gold
  - OfficeServ: CmpElRtl, Gold, Distrib
  - Gold: Distrib

#### Summary

- The chart illustrates changes in strength across various sectors.
- Sectors such as SystmSwr, AltCar, and RenewElec show notable changes.
- The momentum chart reflects the movement of sectors over time.
Momentum

Strength

Financials

February 20, 2018

Mark Steele (416) 359-4641

DivCpMkt
9 stocks; $229bn

InsurBrkrs
7 stocks; $125bn

ConsmrFin
29 stocks; $287bn

RegionBnk
146 stocks; $731bn

OthrDivFS
9 stocks; $172bn

InvBnkBrk
36 stocks; $444bn

FnlExchDt
22 stocks; $405bn

LifeHthIns
46 stocks; $925bn

P&C Insur
22 stocks; $405bn

AsstMgmt
80 stocks; $623bn

Reinsuran
11 stocks; $135bn

MltSecHld
24 stocks; $438bn

Multi-LnIns
21 stocks; $573bn

Thrift&Mtg
44 stocks; $140bn

OthrDivFS
9 stocks; $122bn

RegionBnk
146 stocks; $731bn

MortgREIT
25 stocks; $350bn

InvBnkBrk
36 stocks; $444bn

DiversBnk
155 stocks; $5845bn
February 20, 2018

Information Technology

Momentum

Strength

Mark Steele (416) 359-4641

SystmSwr
34 stocks; $1121bn

InetStSrv
102 stocks; $2349bn

DataProc
45 stocks; $916bn

ElectInstr
45 stocks; $267bn

SemiEqp
43 stocks; $323bn

HmEntSwr
14 stocks; $229bn

ApplicSwr
65 stocks; $730bn

ElecComp
37 stocks; $292bn

Semi
80 stocks; $1405bn

ITConsult
50 stocks; $730bn

ComEquip
41 stocks; $408bn

TechDist
14 stocks; $47bn

HdwrSt&P
42 stocks; $1476bn

EMS
17 stocks; $160bn
Telecommunication Services

Momentum

Strength

February 20, 2018

Mark Steele (416) 359-4641

AltCar
71 stocks; $59bn

IntgTelSrv
59 stocks; $1263bn

WlsTelSrv
42 stocks; $925bn
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 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.
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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<td>Buy</td>
<td>Outperform</td>
<td>43.2%</td>
<td>22.8%</td>
<td>57.4%</td>
<td>44.1%</td>
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<td>Hold</td>
<td>Market Perform</td>
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<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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