Group Selection
Priced as of December 7, 2017

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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*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
December 7, 2017

**Strength**

- **Coal & Uran**
  - 23 stocks, $78bn
- **OG Drill**
  - 14 stocks, $29bn
- **OG E&P**
  - 117 stocks, $791bn

**Momentum**

- **OG RfMkt**
  - 63 stocks, $501bn
- **Int O&G**
  - 29 stocks, $1697bn
- **OG STTR**
  - 90 stocks, $649bn
- **OG Equip**
  - 60 stocks, $268bn

**Energy**

- **OG Drill**
  - 14 stocks, $29bn
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- **OG Equip**
  - 60 stocks, $268bn
December 7, 2017

**Materials**

- **Momentum**
  - **Steel**
    - 56 stocks; $416bn
  - **PaperPkg**
    - 17 stocks; $126bn
  - **PapProd**
    - 25 stocks; $96bn
  - **ComdChm**
    - 39 stocks; $366bn
  - **IndusGas**
    - 9 stocks; $155bn
  - **DvrsMng**
    - 46 stocks; $309bn
  - **FrstPrd**
    - 12 stocks; $29bn
  - **SpecChm**
    - 64 stocks; $545bn
  - **DiversChm**
    - 69 stocks; $407bn

- **Strength**
  - **MtGlsCnt**
    - 14 stocks; $62bn
  - **CstrMat**
    - 27 stocks; $251bn
  - **PrecMet**
    - 21 stocks; $55bn
  - **Silver**
    - 12 stocks; $18bn
  - **Alumin**
    - 11 stocks; $55bn
  - **Fert&Ag**
    - 32 stocks; $196bn
  - **Copper**
    - 14 stocks; $98bn
  - **DiversChm**
    - 49 stocks; $407bn

**Mark Steele (416) 359-4641**

**BMO Capital Markets**
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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<td>Sell</td>
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<td>3.7%</td>
<td>9.5%</td>
<td>2.0%</td>
<td>3.2%</td>
<td>1.6%</td>
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* Reflects rating distribution of all companies covered by BMO Capital Markets Corp. equity research analysts.
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