Group Selection

Priced as of June 2, 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.
Resources

- MtGlsCnt: 14 stocks, $63bn
- FrstPrd: 11 stocks, $19bn
- SpecChm: 64 stocks, $503bn
- IndusGas: 8 stocks, $167bn
- DiversChm: 20 stocks, $354bn
- PapProd: 26 stocks, $93bn
- CstrMat: 27 stocks, $251bn
- Alumin: 11 stocks, $45bn
- Copper: 14 stocks, $81bn
- ComdChm: 40 stocks, $327bn
- Silver: 9 stocks, $27bn
- OG RfMkt: 45 stocks, $418bn
- OG Equip: 48 stocks, $288bn
- OG Drill: 46 stocks, $286bn
- DvrsMng: 45 stocks, $327bn
- Gold: 41 stocks, $176bn
- Coal&Uran: 22 stocks, $72bn
- Fert&Ag: 33 stocks, $227bn
- PaperPkg: 17 stocks, $117bn
- OG E&P: 114 stocks, $724bn
- Steel: 48 stocks, $338bn
- OG StTr: 90 stocks, $654bn
- Int O&G: 29 stocks, $155bn

June 2, 2017
Mark Steele (416) 359-4641

Momentum

Strength
Consumer Staples

Momentum

Strength

June 2, 2017

Mark Steele (416) 359-4641

[Diagram showing the Consumer Staples sectors and their performance metrics]

- HhldPrdct: 18 stocks, $599bn
- PersPrdct: 29 stocks, $449bn
- SoftDrns: 17 stocks, $514bn
- Dist&Vnt: 12 stocks, $285bn
- Brewers: 12 stocks, $505bn
- Tobacco: 14 stocks, $821bn
- DrugRetail: 8 stocks, $195bn
- FdRetail: 37 stocks, $372bn
- FdDistri: 12 stocks, $57bn
- PkgFdMt: 122 stocks, $127bn
- SprCntrs: 15 stocks, $478bn
- AgriProd: 25 stocks, $109bn
June 2, 2017

Financials

- InsurBrkrs
  - 7 stocks: $115bn

- FnlExchDt
  - 23 stocks: $329bn

- P&C Insur
  - 60 stocks: $501bn

- Reinsuran
  - 12 stocks: $129bn

- LifeHthIns
  - 40 stocks: $321bn

- Thrft&Mtg
  - 45 stocks: $735bn

- MktSecHld
  - 26 stocks: $376bn

- InvBnkBrk
  - 35 stocks: $355bn

- MortgREIT
  - 25 stocks: $66bn

- ConsmrFin
  - 142 stocks: $607bn

- DiversBnk
  - 160 stocks: $497bn

- RegionBnk
  - 8 stocks: $81bn

- Multi-LnIns
  - 30 stocks: $517bn

- OthrDivFS
  - 8 stocks: $81bn

- DivCpMkt
  - 9 stocks: $173bn

- SpecialFin
  - 10 stocks: $23bn

- AsstMgmt
  - 82 stocks: $530bn

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  - 30 stocks: $517bn

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- AsstMgmt
  - 82 stocks: $530bn
Telecommunication Services

Momentum

Strength

IntgTelSrv
13 stocks; $1369bn

AltCar
10 stocks; $60bn

WlsTelSrv
42 stocks; $953bn

June 2, 2017
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.
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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<td>43.2%</td>
<td>22.8%</td>
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<td>Hold</td>
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<td>53.2%</td>
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<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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