Group Selection

Priced as of August 17, 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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**Sector View**

**Sector Relative Strength Profiles**

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<tbody>
<tr>
<td>Energy</td>
<td>19% / 15% / 27%</td>
<td></td>
<td>-4% / -9% / -15%</td>
</tr>
<tr>
<td>Materials</td>
<td>47% / 43% / 55%</td>
<td></td>
<td>9% / 6% / 1%</td>
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<tr>
<td>Industrials</td>
<td>56% / 49% / 67%</td>
<td></td>
<td>-3% / -6% / -13%</td>
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<tr>
<td>CMR Disc</td>
<td>53% / 48% / 62%</td>
<td></td>
<td>0% / -2% / -9%</td>
</tr>
<tr>
<td>CMR Stap</td>
<td>51% / 45% / 61%</td>
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<td>9% / 5% / -4%</td>
</tr>
<tr>
<td>Hlth Care</td>
<td>57% / 53% / 65%</td>
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<td>-2% / -7% / -12%</td>
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<tr>
<td>Financials</td>
<td>49% / 42% / 63%</td>
<td></td>
<td>3% / -1% / -13%</td>
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<tr>
<td>Info Tech</td>
<td>65% / 59% / 72%</td>
<td></td>
<td>-2% / -6% / -12%</td>
</tr>
<tr>
<td>Telecom</td>
<td>54% / 47% / 63%</td>
<td></td>
<td>4% / -3% / -9%</td>
</tr>
<tr>
<td>Utilities</td>
<td>63% / 52% / 73%</td>
<td></td>
<td>16% / 13% / 0%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>50% / 41% / 62%</td>
<td></td>
<td>7% / 4% / -2%</td>
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</tbody>
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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 (\( \uparrow \) / \( \uparrow \) 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

DrugRetail
  LfSciSrv ↖
  HCEquip ↗
  MortgREIT

Railroads
  PaperPkg ↗
  DataProc

SystmSwr
  ApplicSwr ↗

DvSpSrv

Strength

DrugRetail ↕
  HCEquip ↗
  MortgREIT

Railroads ↕
  PaperPkg ↗
  DataProc

SystmSwr ↕
  ApplicSwr ↗

DvSpSrv ↕

Momentum

Railroads ↕
  PaperPkg ↗
  DataProc

SystmSwr ↕
  ApplicSwr ↗

DvSpSrv ↕

Momentum

Railroads ↕
  PaperPkg ↗
  DataProc

SystmSwr ↕
  ApplicSwr ↗

DvSpSrv ↕

Momentum

Railroads ↕
  PaperPkg ↗
  DataProc

SystmSwr ↕
  ApplicSwr ↗

DvSpSrv ↕
Resources

Momentum

Strength

PaperPkg  •  17 stocks; $120bn
PapProd  •  26 stocks; $95bn
IndusGas  •  6 stocks; $164bn
DiversChm  •  20 stocks; $358bn
MtGlsCnt  •  14 stocks; $62bn
ComdChm  •  40 stocks; $346bn
Alumin  •  11 stocks; $55bn

Gold  •  61 stocks; $162bn
SpecChm  •  64 stocks; $493bn
PrecMet  •  22 stocks; $57bn
OG Equip  •  69 stocks; $253bn
OG StTr  •  69 stocks; $636bn
Silver  •  9 stocks; $18bn

DvrsMng  •  45 stocks; $382bn
DiversCnt  •  14 stocks; $62bn
CstrMat  •  27 stocks; $358bn
Fert&Ag  •  32 stocks; $188bn
OG RfMkt  •  44 stocks; $440bn
OG E&P  •  116 stocks; $682bn

Int O&G  •  29 stocks; $1525bn
FrstPrd  •  12 stocks; $26bn
Steel  •  58 stocks; $385bn
Copper  •  14 stocks; $90bn

OG RfMkt  •  44 stocks; $440bn
OG Eq  •  69 stocks; $253bn
OG StTr  •  69 stocks; $636bn
Silver  •  9 stocks; $18bn

OG Drill  •  16 stocks; $22bn
OG E&P  •  116 stocks; $682bn
Steel  •  58 stocks; $385bn
Copper  •  14 stocks; $90bn

Copper  •  14 stocks; $90bn

August 17, 2017
Mark Steele (416) 359-4641
**Energy**

Momentum vs. Strength

- **OG Equip**: 59 stocks; $253bn
- **OG StTr**: 89 stocks; $636bn
- **Coal&Uran**: 22 stocks; $75bn
- **OG RfMkt**: 44 stocks; $440bn
- **OG Drill**: 16 stocks; $22bn
- **OG E&P**: 116 stocks; $682bn
- **Int O&G**: 29 stocks; $152bn

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August 17, 2017

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August 17, 2017

**Consumer Staples**

**Momentum**

**Strength**

- **DrugRetail**
  - 8 stocks; $190bn

- **PersPrdct**
  - 29 stocks; $440bn

- **SprCntrs**
  - 14 stocks; $458bn

- **SoftDrinks**
  - 17 stocks; $520bn

- **Brewers**
  - 13 stocks; $513bn

- **Dist&Vnt**
  - 12 stocks; $305bn

- **Tobacco**
  - 13 stocks; $676bn

- **AgriProd**
  - 25 stocks; $784bn

- **FdDistri**
  - 12 stocks; $54bn

- **FdRetail**
  - 37 stocks; $318bn

- **HhldPrdct**
  - 17 stocks; $567bn

- **PkgFdMt**
  - 119 stocks; $1,239bn

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BMO Capital Markets

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The image is a diagram depicting the health care sector with various categories and their corresponding momentum and strength metrics. Here is a breakdown of the key categories and their financial figures:

- **LfSciSrv**: 29 stocks, $257bn
- **HCEquip**: 74 stocks, $793bn
- **Pharma**: 102 stocks, $2423bn
- **HCServce**: 29 stocks, $194bn
- **HCFacility**: 29 stocks, $710bn
- **MngHCare**: 12 stocks, $402bn
- **HCareTec**: 18 stocks, $64bn
- **HCSupplis**: 26 stocks, $142bn
- **Biotech**: 128 stocks, $974bn

The financial figures are denoted in billions ($bn). The diagram illustrates the distribution and concentration of stocks across different health care segments, highlighting the significant growth and investment opportunities within the sector.
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 groups 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>
<td>57.0%</td>
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<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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<td>Sell</td>
<td>Underperform</td>
<td>3.7%</td>
<td>9.5%</td>
<td>2.0%</td>
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<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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