Group Selection
Priced as of June 21, 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 of Contents

3. Sector View
4. Strength Changes Last Session
5. Resource Summary
6. Energy
7. Materials
8. Industrials
9. Consumer Discretionary
10. Consumer Staples
11. Health Care
12. Financials
13. Information Technology
14. Telecom
15. Utilities
16. Real Estate
17. User Guide
*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 (\(\frac{-1}{2}\) / \(\frac{1}{2}\) 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

June 21, 2018

Mark Steele (416) 359-4641

Energy

OG Equip →
61 stocks; $288bn

OG StTr →
90 stocks; $677bn

OG E&P ↑
115 stocks; $894bn

OG RfMkt →
43 stocks; $527bn

OG Drill ↑
14 stocks; $32bn

Int O&G ↑
39 stocks; $1823bn

Coal&Uran →
24 stocks; $86bn
Momentum

Strength

June 21, 2018

Mark Steele (416) 359-4641

Materials

ComdChm ↑
44 stocks; $422bn

MtGlScnt ↑
14 stocks; $55bn

CstrMat
c28 stocks; $244bn

PrecMet
18 stocks; $42bn

SpecChm
d70 stocks; $560bn

DvrsMng ↑
67 stocks; $431bn

Gold ↓
74 stocks; $187bn

FrstPrd ↑
11 stocks; $30bn

Fert&Ag ↓
28 stocks; $114bn

Silver ↓
11 stocks; $21bn

PapProd
d24 stocks; $109bn

IndusGas ↓
8 stocks; $146bn

Steel
60 stocks; $429bn

Alumin
10 stocks; $46bn

Copper
18 stocks; $111bn

PaperPkg
77 stocks; $721bn

DiversChm ↓
22 stocks; $387bn
Consumer Staples

DrugRetail
3 stocks; $90bn

FdRetail
36 stocks; $365bn

HhldPrdct
18 stocks; $523bn

Tobacco
13 stocks; $551bn

SoftDrinks
19 stocks; $491bn

SprCntrs
19 stocks; $496bn

AgriProd
25 stocks; $108bn

PkgFdMt
123 stocks; $1166bn

PersPrdct
33 stocks; $523bn

Brewers
14 stocks; $468bn

FdDistri
11 stocks; $62bn

Dist&Vnt
12 stocks; $384bn

FdRetail
36 stocks; $365bn

18 stocks; $523bn

12 stocks; $384bn

11 stocks; $62bn

5 stocks; $90bn
HCService
29 stocks; $288bn

HCFacility
31 stocks; $139bn

MngHCare
12 stocks; $602bn

HCareTec
20 stocks; $80bn

HCEquip
79 stocks; $1019bn

HCSuppls
27 stocks; $180bn

LiSciSrv
31 stocks; $337bn

Biotech
133 stocks; $1073bn

Pharma
112 stocks; $2492bn

HCEquity
12 stocks; $602bn

HCDistrib
19 stocks; $120bn

LFSciSrv
Pharma
133 stocks; $1073bn

Biotech
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HCSuppls
27 stocks; $180bn

LiSciSrv
31 stocks; $337bn

Pharma
112 stocks; $2492bn
June 21, 2018

Telecommunication Services

Mark Steele (416) 359-4641

- IntgTelSrv: 58 stocks; $727bn
- WlsTelSrv: 44 stocks; $856bn
- AltCar: 11 stocks; $57bn

Momentum

Strength
June 21, 2018

Utilities

Mark Steele (416) 359-4641

GasUtil
35 stocks; $236bn

MultiUtil
34 stocks; $438bn

RenewElec
21 stocks; $56bn

ElecUtil
90 stocks; $1117bn

WaterUtil
23 stocks; $80bn

IPPTrad
25 stocks; $119bn
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”
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>
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<td>43.2%</td>
<td>22.8%</td>
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<td>Sell</td>
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<td>9.5%</td>
<td>2.0%</td>
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<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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(S) = Speculative investment;
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