Group Selection

Priced as of May 11, 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*

*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.
May 11, 2018

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Momentum

Strength

OG Drill ➔ 14 stocks; $36bn
Coal & Uran ➔ 24 stocks; $8bn
OG Equip ➔ 82 stocks; $31bn
OG E&P ➔ 116 stocks; $939bn

OG STR ➔ 91 stocks; $670bn
OG Equip ➔ 82 stocks; $31bn
OG E&P ➔ 116 stocks; $939bn
Int O&G ➔ 30 stocks; $1961bn
OG RfMkt ➔ 43 stocks; $532bn

Energy

BMO Capital Markets

Origin Global Resources Market

Energy

OG Drill ➔ 14 stocks; $36bn
Coal & Uran ➔ 24 stocks; $8bn
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Consumer Discretionary

- **Momentum**
  - LeisPrd (22 stocks; $37bn)
  - SpCMsSrvc (8 stocks; $31bn)
  - Htl&Rsrt (24 stocks; $264bn)
  - Aprl&Gds (42 stocks; $760bn)
  - Cas&Gam (36 stocks; $373bn)
  - Publishing (18 stocks; $66bn)
  - ApparelRtl (24 stocks; $374bn)
  - LeisFcll (7 stocks; $66bn)
  - Educat (16 stocks; $66bn)
  - Footwear (14 stocks; $142bn)

- **Strength**
  - Mov&Ent (23 stocks; $355bn)
  - AutoParts (47 stocks; $404bn)
  - InetDmRtl (26 stocks; $149bn)
  - Advert (16 stocks; $114bn)
  - AutoMfg (30 stocks; $110bn)
  - HmFrfsh (11 stocks; $37bn)
  - CmEltRtl (7 stocks; $47bn)
  - CmpElRtl (7 stocks; $47bn)
  - Tire&Rub (11 stocks; $99bn)
  - HomeFurn (8 stocks; $29bn)
  - Cabl&Sat (24 stocks; $488bn)
  - Distrb (9 stocks; $57bn)
  - MotcyMfg (4 stocks; $40bn)
  - CmrElec (12 stocks; $155bn)
  - HhldApl (14 stocks; $77bn)
  - HomeBld (25 stocks; $166bn)
  - GMrchStrs (12 stocks; $143bn)
  - HmImpRtl (8 stocks; $309bn)
  - AutoRtl (16 stocks; $87bn)
Consumer Staples

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12 stocks; $381bn
18 stocks; $512bn
13 stocks; $558bn

11 stocks; $60bn
14 stocks; $496bn
33 stocks; $515bn

76 stocks; $8247bn

36 stocks; $368bn
14 stocks; $485bn
7 stocks; $350bn

24 stocks; $106bn

14 stocks; $485bn
18 stocks; $469bn

20 stocks; $356bn

Dist&Vnt
HhldPrdct
Tobacco

Brewers
PersPrdct

PkgFdMt

AgriProd

SprCntrs

SoftDrinks

FdDistri

FdRetail

DrugRetail
**Momentum**

**Strength**

- **RegionBnk**
  - 140 stocks; $732bn

- **ConsmrFin**
  - 30 stocks; $268bn

- **InvBnkBrk**
  - 66 stocks; $450bn

- **AsstMgmt**
  - 61 stocks; $610bn

- **DivCpMkt**
  - 9 stocks; $208bn

- **SpecialFin**
  - 10 stocks; $260bn

- **DivSecHld**
  - 24 stocks; $427bn

- **P&C Insur**
  - 60 stocks; $520bn

- **MortgREIT**
  - 26 stocks; $562bn

- **Thrft&Mtg**
  - 43 stocks; $134bn

- **InsurBrkrs**
  - 7 stocks; $123bn

- **Reinsuran**
  - 11 stocks; $129bn

- **FnlExchDt**
  - 22 stocks; $407bn

- **Multi-LnIns**
  - 31 stocks; $546bn

- **OthrDivFS**
  - 9 stocks; $111bn

- **DiversBnk**
  - 156 stocks; $1565bn

- **LifeHthIns**
  - 46 stocks; $911bn

**Financials**

- **SpecialFin**
  - 10 stocks; $260bn

- **DivCpMkt**
  - 9 stocks; $208bn

- **DivSecHld**
  - 24 stocks; $427bn

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Momentum

Strength

May 11, 2018

Telecommunication Services

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AltCar
11 stocks; $58bn

WlsTelSrv
43 stocks; $904bn

IntgTelSrv
58 stocks; $1272bn
Momentum

Strength

Utilities

IPP Trad
25 stocks; $124bn

RenewElec
22 stocks; $57bn

WaterUtil
24 stocks; $84bn

GasUtil
34 stocks; $231bn

ElecUtil
35 stocks; $487bn

MultiUtil
89 stocks; $1158bn
**Real Estate**

- **HotelREIT** 19 stocks; $62bn
- **IndusREIT** 21 stocks; $112bn
- **OfficeREIT** 33 stocks; $156bn
- **ResidREIT** 27 stocks; $160bn
- **SpecREIT** 23 stocks; $337bn
- **REstDevl** 14 stocks; $583bn
- **HCareREIT** 18 stocks; $91bn
- **REstOpCo** 35 stocks; $209bn
- **DiversREIT** 39 stocks; $161bn
- **ResidREIT** 35 stocks; $340bn
- **REstSrv** 13 stocks; $41bn
- **REstDvAct** 33 stocks; $340bn

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**Momentum**

**Strength**
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>Buy</td>
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<td>43.2%</td>
<td>22.8%</td>
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<td>Hold</td>
<td>Market Perform</td>
<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>
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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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