Group Selection

Priced as of September 26, 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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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.
# Strength Changes Last Session

<table>
<thead>
<tr>
<th>Momentum</th>
<th>Strength</th>
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</thead>
<tbody>
<tr>
<td><strong>ApparlRtl</strong></td>
<td><strong>OG E&amp;P</strong></td>
</tr>
<tr>
<td><strong>IntHmEnt</strong></td>
<td><strong>OG Equip</strong></td>
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<tr>
<td><strong>IndusGas</strong></td>
<td><strong>ComEquip</strong></td>
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<td><strong>OfficeServ</strong></td>
<td><strong>TrdgDist</strong></td>
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<tr>
<td><strong>Railroads</strong></td>
<td><strong>MtGlsCnt</strong></td>
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<td><strong>Reinsuran</strong></td>
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<td><strong>Ind Mach</strong></td>
<td><strong>SpecChm</strong></td>
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<td><strong>RestOpCo</strong></td>
<td><strong>ElecComp</strong></td>
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<td><strong>HCSuppls</strong></td>
<td><strong>HCServce</strong></td>
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<td><strong>Fert&amp;Ag</strong></td>
<td><strong>IntMeSer</strong></td>
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<tr>
<td><strong>DrugRetail</strong></td>
<td><strong>Hwy&amp;Rail</strong></td>
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<tr>
<td><strong>FdRetail</strong></td>
<td><strong>OG E&amp;P</strong></td>
</tr>
<tr>
<td><strong>Steel</strong></td>
<td><strong>OG Equip</strong></td>
</tr>
<tr>
<td><strong>Multi-LnIns</strong></td>
<td><strong>DrugRetail</strong></td>
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<tr>
<td><strong>CnstMch&amp;T</strong></td>
<td><strong>Brewers</strong></td>
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<tr>
<td><strong>SpecialFin</strong></td>
<td><strong>Marine</strong></td>
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<tr>
<td><strong>Gold</strong></td>
<td><strong>HvyElcEq</strong></td>
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<tr>
<td><strong>Coal&amp;Uran</strong></td>
<td><strong>HmImpRtl</strong></td>
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<td><strong>AsstMgmt</strong></td>
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<td><strong>GMrchStrs</strong></td>
<td><strong>FrstPrd</strong></td>
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<tr>
<td><strong>Fert&amp;Ag</strong></td>
<td><strong>IntMeSer</strong></td>
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*September 26, 2018*
<table>
<thead>
<tr>
<th>Momentum</th>
<th>Strength</th>
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<tbody>
<tr>
<td>OG E&amp;P</td>
<td>112 stocks; $933bn</td>
</tr>
<tr>
<td>ComdChm</td>
<td>43 stocks; $424bn</td>
</tr>
<tr>
<td>Steel</td>
<td>80 stocks; $442bn</td>
</tr>
<tr>
<td>DvrsMng</td>
<td>64 stocks; $409bn</td>
</tr>
<tr>
<td>Copper</td>
<td>18 stocks; $98bn</td>
</tr>
<tr>
<td>IndusGas</td>
<td>6 stocks; $566bn</td>
</tr>
<tr>
<td>OG RfMkt</td>
<td>43 stocks; $372bn</td>
</tr>
<tr>
<td>OG Drill</td>
<td>60 stocks; $442bn</td>
</tr>
<tr>
<td>MtGlscnt</td>
<td>72 stocks; $392bn</td>
</tr>
<tr>
<td>PrecMet</td>
<td>18 stocks; $43bn</td>
</tr>
<tr>
<td>Coal&amp;Uran</td>
<td>24 stocks; $81bn</td>
</tr>
<tr>
<td>PapProd</td>
<td>24 stocks; $113bn</td>
</tr>
<tr>
<td>Alumin</td>
<td>18 stocks; $44bn</td>
</tr>
<tr>
<td>Silver</td>
<td>18 stocks; $16bn</td>
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<tr>
<td>Fert&amp;Ag</td>
<td>29 stocks; $159bn</td>
</tr>
<tr>
<td>OG StTr</td>
<td>82 stocks; $644bn</td>
</tr>
<tr>
<td>PaperPkg</td>
<td>17 stocks; $119bn</td>
</tr>
<tr>
<td>FrstPrd</td>
<td>17 stocks; $28bn</td>
</tr>
</tbody>
</table>
Momentum

Strength

September 26, 2018

Mark Steele (416) 359-4641

Energy

OG E&P

à

112 stocks;$933bn

OG Rmkt

á

43 stocks;$572bn

OG Drill

à

14 stocks;$36bn

OG Equip

à

60 stocks;$285bn

Int O&G

à

31 stocks;$198bn

Coal&Uran

à

24 stocks;$81bn

OG StTr

à

82 stocks;$644bn
ComdChm 43 stocks; $424bn
Steel 60 stocks; $422bn
IndusGas 8 stocks; $566bn
MtGlsCnt 15 stocks; $56bn
SpecChm 68 stocks; $578bn
PrecMet 18 stocks; $43bn
PapProd 24 stocks; $113bn
Fert&Ag 29 stocks; $159bn
DiversChm 22 stocks; $390bn
CstrMat 28 stocks; $236bn
Alumin 10 stocks; $44bn
PaperPkg 17 stocks; $119bn
Silver 11 stocks; $16bn
Copper 18 stocks; $98bn
DvrsMng 64 stocks; $409bn
Gold 73 stocks; $762bn
Copper 18 stocks; $98bn
DvrsMng 64 stocks; $409bn
Gold 73 stocks; $762bn

Utilities

September 26, 2018

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- WaterUtil: 22 stocks, $79bn
- ElecUtil: 88 stocks, $1137bn
- IPPTrad: 23 stocks, $116bn
- GasUtil: 36 stocks, $242bn
- MultiUtil: 25 stocks, $430bn
- RenewElec: 20 stocks, $53bn
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”
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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<tbody>
<tr>
<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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<tr>
<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.
** Reflects rating distribution of all companies from which BMO Capital Markets Corp. has received compensation for Investment Banking services as percentage within ratings category.
*** Reflects rating distribution of all companies from which BMO Capital Markets Corp. has received compensation for Investment Banking services as percentage of Investment Banking clients.
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Und = Underperform - Forecast to underperform the analyst’s coverage universe on a total return basis;
(S) = Speculative investment;
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(April 2013 - October 2016)
(January 2010 - April 2013)

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