Group Selection
Priced as of July 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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**Strength**

2018-07-11

**Momentum**

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<tbody>
<tr>
<td>Energy</td>
<td>47% / 51% / 56%</td>
<td>/ / /</td>
<td>0% / 8% / -2%</td>
</tr>
<tr>
<td>Materials</td>
<td>39% / 44% / 47%</td>
<td>/ / /</td>
<td>-20% / -14% / -18%</td>
</tr>
<tr>
<td>Industrials</td>
<td>40% / 44% / 48%</td>
<td>/ / /</td>
<td>-17% / -9% / -16%</td>
</tr>
<tr>
<td>CMR Disc</td>
<td>44% / 48% / 51%</td>
<td>/ / /</td>
<td>-14% / -6% / -9%</td>
</tr>
<tr>
<td>CMR Stap</td>
<td>41% / 46% / 48%</td>
<td>/ / /</td>
<td>-5% / 3% / -7%</td>
</tr>
<tr>
<td>Hlth Care</td>
<td>56% / 59% / 62%</td>
<td>/ / /</td>
<td>-2% / 6% / -2%</td>
</tr>
<tr>
<td>Financials</td>
<td>46% / 51% / 55%</td>
<td>/ / /</td>
<td>-18% / -9% / -13%</td>
</tr>
<tr>
<td>Info Tech</td>
<td>55% / 57% / 63%</td>
<td>/ / /</td>
<td>-8% / -1% / -7%</td>
</tr>
<tr>
<td>Telecom</td>
<td>19% / 27% / 38%</td>
<td>/ / /</td>
<td>-9% / -4% / -6%</td>
</tr>
<tr>
<td>Utilities</td>
<td>37% / 42% / 48%</td>
<td>/ / /</td>
<td>-4% / 1% / -5%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>50% / 55% / 60%</td>
<td>/ / /</td>
<td>-6% / 7% / 1%</td>
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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.
July 11, 2018

Momentum

Strength

Energy

BMO Capital Markets

Mark Steele (416) 359-4641

COAL&URAN
24 stocks; $82bn

OG E&P
115 stocks; $949bn

OG Equip
61 stocks; $299bn

OG StTr
88 stocks; $684bn

OG RfMkt
43 stocks; $516bn

OG Drill
14 stocks; $35bn

Int O&G
30 stocks; $189bn
Momentum

Strength

July 11, 2018

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Financials

ConsmrFin ↑
37 stocks; $123bn

InsurBrkers →
43 stocks; $134bn

RegionBnk ↑
140 stocks; $702bn

Reinsuran
11 stocks; $123bn

AsstMgmt
79 stocks; $581bn

MitSecHld →
24 stocks; $603bn

Multi-LnIns ↓
30 stocks; $501bn

FnlExchDt ↑
22 stocks; $411bn

MortgREIT ↑
25 stocks; $62bn

P&C Insur
60 stocks; $505bn

LifeHthIns
46 stocks; $816bn

OthrDivFS ↓
9 stocks; $100bn

InvBnkBrk ↓
37 stocks; $400bn

SpecialFin ←
10 stocks; $23bn

DiversBnk ↓
158 stocks; $5128bn

DivCpMkt
9 stocks; $186bn
July 11, 2018

Telecommunication Services

Momentum

Strength

IntgTelSrv
59 stocks; $1263bn

WlsTelSrv
44 stocks; $862bn

AltCar
11 stocks; $59bn
Utilities

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July 11, 2018

- **Momentum**
- **Strength**

1. **GasUtil**
   - 27 stocks
   - $2.42bn

2. **IPPTrad**
   - 24 stocks
   - $113bn

3. **MultiUtil**
   - 34 stocks
   - $453bn

4. **WaterUtil**
   - 23 stocks
   - $81bn

5. **ElecUtil**
   - 99 stocks
   - $1154bn

6. **RenewElec**
   - 20 stocks
   - $55bn
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.
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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<tr>
<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.
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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;
- **Spd** = Suspended - Coverage and rating suspended until coverage is reinstated;
- **NR** = No Rated - No rating at this time; and
- **R** = Restricted - Dissemination of research is currently restricted.

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*(April 2013 - October 2016)*


*(January 2010 - April 2013)*


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