Group Selection

Priced as of February 6, 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*

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<tbody>
<tr>
<td>Energy</td>
<td>48% / 51% / 56%</td>
<td>-6% / 0% / 11%</td>
<td></td>
</tr>
<tr>
<td>Materials</td>
<td>48% / 49% / 58%</td>
<td>-6% / -2% / 7%</td>
<td></td>
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<tr>
<td>Industrials</td>
<td>49% / 50% / 60%</td>
<td>-11% / -6% / 5%</td>
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<tr>
<td>CMR Disc</td>
<td>47% / 49% / 56%</td>
<td>1% / 6% / 16%</td>
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<tr>
<td>CMR Stap</td>
<td>33% / 35% / 42%</td>
<td>1% / 4% / 18%</td>
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<tr>
<td>HLth Care</td>
<td>40% / 43% / 48%</td>
<td>-2% / 0% / 12%</td>
<td></td>
</tr>
<tr>
<td>Financials</td>
<td>39% / 43% / 50%</td>
<td>1% / 8% / 20%</td>
<td></td>
</tr>
<tr>
<td>Info Tech</td>
<td>53% / 55% / 62%</td>
<td>-9% / -3% / 6%</td>
<td></td>
</tr>
<tr>
<td>Telecom</td>
<td>22% / 24% / 29%</td>
<td>7% / 9% / 25%</td>
<td></td>
</tr>
<tr>
<td>Utilities</td>
<td>18% / 18% / 27%</td>
<td>-17% / -7% / 13%</td>
<td></td>
</tr>
<tr>
<td>Real Estate</td>
<td>30% / 30% / 36%</td>
<td>-23% / -15% / -2%</td>
<td></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.
Strength Changes Last Session

- PersPrdct → PaperPkg → ComEquip → IndusREIT → RegionBnk → Hwy&Rail → HCFacility → ElecUtil
- ApplicSwr → Airline → FnIExchDt → Brewers → Dist&Vnt → WlsTelSrvt → DivCpMkt → DvSpSrvt → HhldPrdct → MltSecHld → Cabl&Sat → P&C Insur
- InetSftSrvt → EMS → Rstaurnt → Advert → ElecInstr → LeisPrd → Multi-LnIns → REstOpCo
- FrstPrd → AutoMfg → ComdChm → DataProc → AirprtSrvt → OG StTr → HhldApl → SpecialFin → InvBnkBrk → AutoParts → Ag&Farm → Tobacco → Aero&Def → LeisFcil → Semi → PrecMet → WaterUtil → MarineSrv
- Stee → CnstMch&Tr → REstSrvt → HomeBld → AsstMgmt → DeptStrs → SpecChm → OthrDivFS → EnviroServ
- MngHCare → ApprIrtl → IndusGas → HmImpRtl → Ind Mach → SprCntrs → REstDvAct → ITConsult → Gold → OfficeServ
- Alumin → Fert&Ag → Biotech → OG E&P → EleCmpEq → MotcyMfg → Gold → OfficeServ
- OG RfMkt → OG RpMkt → AutoParts → Ag&Farm → Tobacco → Aero&Def → LeisFcil → Semi → PrecMet → WaterUtil → MarineSrv
- OG E&P → EleCmpEq → MotcyMfg → Gold → OfficeServ
February 6, 2018

**Materials**

**Strength**

- **PaperPkg**
  - 17 stocks; $136bn

- **CstrMat**
  - 28 stocks; $264bn

**Momentum**

- **FrstPrd**
  - 12 stocks; $32bn

- **Copper**
  - 17 stocks; $118bn

- **ComdChm**
  - 42 stocks; $403bn

- **PapProd**
  - 26 stocks; $109bn

- **Alumin**
  - 11 stocks; $62bn

- **IndusGas**
  - 48 stocks; $149bn

- **Steel**
  - 50 stocks; $457bn

- **DvrsMng**
  - 63 stocks; $465bn

- **DiversChm**
  - 21 stocks; $420bn

- **Fert&Ag**
  - 30 stocks; $166bn

- **PrecMet**
  - 21 stocks; $54bn

- **MtGlsCnt**
  - 14 stocks; $58bn

- **Silver**
  - 9 stocks; $18bn

- **SpecChm**
  - 68 stocks; $562bn

- **Gold**
  - 65 stocks; $188bn

**Commodity Groups**

- **Copper**
  - 17 stocks; $118bn

- **ComdChm**
  - 42 stocks; $403bn

- **PapProd**
  - 26 stocks; $109bn

- **Alumin**
  - 11 stocks; $62bn

- **IndusGas**
  - 48 stocks; $149bn

- **Fert&Ag**
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- **DvrsMng**
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- **DiversChm**
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- **PrecMet**
  - 21 stocks; $54bn

- **MtGlsCnt**
  - 14 stocks; $58bn

- **Silver**
  - 9 stocks; $18bn

- **SpecChm**
  - 68 stocks; $562bn

- **Gold**
  - 65 stocks; $188bn
February 6, 2018

Telecommunication Services

Momentum

Strength

WlsTelSrv
42 stocks; $925bn

IntgTelSrv
59 stocks; $1277bn

AltCar
11 stocks; $56bn

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Mark Steele (416) 359-4641
Utilities

Strength

Momentum

February 6, 2018

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- ElecUtil → 89 stocks, $110bn
- RenewElec ↓ 22 stocks, $56bn
- MultiUtil 35 stocks, $439bn
- GasUtil → 33 stocks, $203bn
- IPPTrad ↓ 25 stocks, $110bn
- WaterUtil ↓ 24 stocks, $83bn
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.
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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<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>
<td>52.8%</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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(S) = Speculative investment;
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