Group Selection
Priced as of November 6, 2017

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

Momentum

Strength

November 6, 2017
Momentum

Strength

November 6, 2017

Mark Steele (416) 359-4641

Consumer Staples

Brewers
13 stocks; $521bn

SprCntrs
14 stocks; $479bn

PersPrdct
30 stocks; $464bn

HhldPrdct
14 stocks; $537bn

DrugRetail
9 stocks; $159bn

FdRetail
86 stocks; $335bn

Dist&Vnt
12 stocks; $350bn

PkgFdMt
120 stocks; $1220bn

AgriProd
24 stocks; $107bn

Tobacco
13 stocks; $655bn

FdDistri
12 stocks; $57bn

SoftDrnks
17 stocks; $497bn

13 stocks; $521bn

3 stocks; $479bn

30 stocks; $464bn

14 stocks; $537bn

9 stocks; $159bn

86 stocks; $335bn

12 stocks; $350bn

120 stocks; $1220bn

24 stocks; $107bn

13 stocks; $655bn

12 stocks; $57bn

17 stocks; $497bn
November 6, 2017

Information Technology

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Momentum

Strength

HmEntSwr ↓ 14 stocks; $203bn
ElecInstr ↓ 43 stocks; $257bn

ITConsult ↑ 30 stocks; $693bn

ComEquip ↑ 43 stocks; $368bn

InetSftSrv ↓ 101 stocks; $2190bn

50 stocks; $693bn

14 stocks; $203bn

123 stocks; $420bn

ElecInstr

SemiEqp 40 stocks; $315bn
ElecComp 37 stocks; $307bn

ApplicSwr ↑ 58 stocks; $693bn

DataProc 46 stocks; $837bn

Semi 78 stocks; $1347bn

Semi

40 stocks; $315bn

23 stocks; $47bn

44 stocks; $693bn

25 stocks; $1047bn

35 stocks; $47bn

HdwrSt&P 44 stocks; $1541bn

EMS 16 stocks; $145bn

SystmSwr ↓ 35 stocks; $1047bn

TechDist 14 stocks; $47bn

46 stocks; $368bn

43 stocks; $368bn
Utilities

November 6, 2017

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- **GasUtil**: 33 stocks, $208bn
- **WaterUtil**: 24 stocks, $88bn
- **ElecUtil**: 90 stocks, $1189bn
- **IPPTrad**: 24 stocks, $106bn
- **MultiUtil**: 35 stocks, $490bn
- **RenewElec**: 23 stocks, $57bn
November 6, 2017

**Real Estate**

**SpecREIT**
- 31 stocks: $344bn

**HotelREIT**
- 18 stocks: $55bn

**REstOpCo**
- 32 stocks: $203bn

**OfficeREIT**
- 32 stocks: $153bn

**DiversREIT**
- 42 stocks: $69bn

**REstDvAct**
- 33 stocks: $349bn

**REstSrv**
- 11 stocks: $35bn

**IndusREIT**
- 20 stocks: $104bn

**REstDevl**
- 34 stocks: $323bn

**ResidREIT**
- 27 stocks: $166bn

**RetailREIT**
- 50 stocks: $306bn

**HCareREIT**
- 18 stocks: $104bn

**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 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”
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>
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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.
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