Group Selection

Priced as of June 4, 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.
OG RfMkt
43 stocks; $548bn

OG StTr
91 stocks; $683bn

Coal&Uran
24 stocks; $91bn

Int O&G
30 stocks; $188bn

OG E&P
115 stocks; $914bn

OG Drill
14 stocks; $33bn

OG Equip
61 stocks; $302bn

Momentum
Strength
Consumer Staples

- Dist&Vnt: 12 stocks, $394bn
- Brewers: 14 stocks, $476bn
- FdDistri: 11 stocks, $62bn
- PersPrdct: 33 stocks, $528bn
- AgriProd: 24 stocks, $107bn
- SprCntrs: 14 stocks, $491bn
- Tobacco: 13 stocks, $549bn
- HhldPrdct: 18 stocks, $513bn
- DrugRetail: 6 stocks, $86bn
- PkgFdMt: 23 stocks, $1192bn
- SoftDrnks: 18 stocks, $479bn
- FdRetail: 36 stocks, $365bn

June 4, 2018
Mark Steele (416) 359-4641
Momentum

Strength

June 4, 2018

Financials

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Thrft&Mtg →
43 stocks; $134bn

SpecialFin ←
10 stocks; $25bn

MltSecHld ↑
24 stocks; $410bn

24 stocks; $410bn

OthrDivFS →
9 stocks; $108bn

FnlExchDt ↓
22 stocks; $412bn

P&C Insur ↓
60 stocks; $515bn

RegionBnk
140 stocks; $731bn

ConsmrFin
30 stocks; $290bn

InsurBrkrs ←
7 stocks; $121bn

c

InvBnkBrk
17 stocks; $434bn

Reinsuran ←
11 stocks; $123bn

MortgREIT ↓
25 stocks; $61bn

AsstMgmt
79 stocks; $599bn

Multi-LnIns
31 stocks; $550bn

DiversBnk
158 stocks; $5349bn

LifeHthIns
46 stocks; $890bn

DivCpMkt
9 stocks; $193bn
Information Technology

June 4, 2018

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Momentum

Strength

InetStSrv ↑
66 stocks; $2421bn

ITConsult ↑
39 stocks; $736bn

HmEntSwr ↓
12 stocks; $118bn

SemiEqp ↓
37 stocks; $330bn

DataProc ↑
45 stocks; $991bn

EMS
17 stocks; $147bn

Semi↓
80 stocks; $1490bn

ElecComp ←
36 stocks; $288bn

ApplicSwr ↓
66 stocks; $826bn

ComEquip ↓
40 stocks; $401bn

TechDist ↑
14 stocks; $48bn

SystmSwr ↓
14 stocks; $1193bn

ElecInstr ↓
43 stocks; $265bn

HdwrSt&P
42 stocks; $762bn

96 stocks; $2421bn
50 stocks; $729bn
17 stocks; $147bn
80 stocks; $1490bn
12 stocks; $118bn
37 stocks; $330bn
45 stocks; $991bn
36 stocks; $288bn
66 stocks; $826bn
40 stocks; $401bn
14 stocks; $48bn
43 stocks; $265bn
42 stocks; $762bn
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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 consistant 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.
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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Inverse ETFs seek to provide the opposite of the investment returns, also daily, of a given index or benchmark, either in whole or by multiples. Due to the effects of compounding and possible correlation errors, leveraged and inverse ETFs may experience greater losses than one would ordinarily expect.

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<td>Buy</td>
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<td>43.2%</td>
<td>22.8%</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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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
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(April 2013 - October 2016)
(January 2010 - April 2013)

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