Group Selection

Priced as of August 16, 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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**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.
August 16, 2017

Momentum

Strength

PaperPkg
17 stocks; $12bn

IndusGas
7 stocks; $16bn

DiversChm
20 stocks; $36bn

Pap Prod
16 stocks; $95bn

MtGlsCnt
14 stocks; $62bn

Gold
61 stocks; $182bn

Alumin
11 stocks; $56bn

Frst Prd
12 stocks; $28bn

Dvrs Mng
45 stocks; $382bn

Steel
58 stocks; $369bn

Prec Met
22 stocks; $57bn

Silver
9 stocks; $19bn

Cstr Mat
27 stocks; $252bn

Comd Chm
40 stocks; $341bn

Spec Chm
64 stocks; $493bn

Fert & Ag
32 stocks; $190bn

Copper
14 stocks; $98bn

Copper
27 stocks; $252bn

Cstr Mat
27 stocks; $252bn

Fert & Ag
32 stocks; $190bn

Spec Chm
64 stocks; $493bn

Comd Chm
40 stocks; $341bn

Steel
58 stocks; $369bn

Dvrs Mng
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Materials

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August 16, 2017

Consumer Staples

Momentum

Strength

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DrugRetail
7 stocks; $101bn

PkgFdMt
119 stocks; $1244bn

Consumer Staples

DrugRetail

PkgFdMt

8 stocks; $191bn

119 stocks; $1244bn

SoftDrinks
17 stocks; $524bn

PersPrdct
29 stocks; $443bn

SprCntrs
14 stocks; $463bn

AgriProd
25 stocks; $105bn

SprCntrs

AgriProd

29 stocks; $443bn

25 stocks; $105bn

Brewers
13 stocks; $516bn

Tobacco
12 stocks; $54bn

Tobacco

Brewers

17 stocks; $570bn

12 stocks; $54bn

Dist&Vnt
12 stocks; $307bn

FdRetail
37 stocks; $361bn

HhldPrdct
17 stocks; $570bn

HhldPrdct

FdRetail

12 stocks; $307bn

37 stocks; $361bn
Telecommunication Services

Momentum

Strength

AltCar
10 stocks; $58bn

WlsTelSrv
42 stocks; $955bn

IntgTelSrv
62 stocks; $1381bn
Momentum

Strength

Utilities

ElecUtil ↑
90 stocks; $1175bn

GasUtil ↑
33 stocks; $207bn

WaterUtil ↓
24 stocks; $86bn

IPPTrad ←
25 stocks; $107bn

MultiUtil
36 stocks; $484bn

RenewElec ↓
22 stocks; $57bn

August 16, 2017

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BMO Capital Markets
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 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).
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>
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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>
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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.
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(S) = Speculative investment;
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