Group Selection
Priced as of August 15, 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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*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
Momentum

Strength

Energy

OG Drill
14 stocks; $31bn

Coal & Uran
24 stocks; $82bn

OG Equip
66 stocks; $277bn

OG StTr
83 stocks; $665bn

OG RfMkt
43 stocks; $546bn

Int O&G
113 stocks; $848bn

OG E&P
113 stocks; $848bn

August 15, 2018

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BMO Capital Markets
Consumer Staples

- FdDistri → 11 stocks; $64bn
- Dist&Vnt → 12 stocks; $348bn
- Tobacco ← 13 stocks; $576bn
- AgriProd ← 25 stocks; $108bn
- PkgFdMt ← 123 stocks; $1166bn
- Brewers ← 14 stocks; $460bn
- FdRetail ← 36 stocks; $352bn
- HhldPrdct ← 17 stocks; $548bn
- PersPrdct ← 33 stocks; $492bn
- SoftDrnks ← 19 stocks; $528bn
- SprCntrs ← 13 stocks; $518bn
- DrugRetail ← 6 stocks; $88bn

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Momentum

Strength

Health Care

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HCService
29 stocks; $286bn

HCDistribs
19 stocks; $113bn

Biotech
130 stocks; $1077bn

HCareTec
19 stocks; $79bn

HCFacility
29 stocks; $141bn

MngHCare
12 stocks; $536bn

HCFacility
29 stocks; $141bn

HCEquip
70 stocks; $1033bn

HCSupplis
27 stocks; $184bn

Pharma
111 stocks; $2600bn

Health Care

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Pharma
111 stocks; $2600bn
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<th>Sector</th>
<th>Stocks</th>
<th>Value</th>
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<td>SystmSwr</td>
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<tr>
<td>ITConsult</td>
<td>40</td>
<td>$742bn</td>
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<tr>
<td>InetSftSrv</td>
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<tr>
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Utilities

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Momentum

Strength

Utilities

WaterUtil

RenewElec

23 stocks; $81bn

20 stocks; $55bn

Utilities

ElecUtil

GasUtil

MultiUtil

IPPTrad

88 stocks; $1138bn

36 stocks; $242bn

36 stocks; $464bn

32 stocks; $108bn
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.
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”
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>
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<td>13.1%</td>
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<td>Sell</td>
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<td>3.7%</td>
<td>9.5%</td>
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<td>1.6%</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;
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