Group Selection

Priced as of September 12, 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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<tr>
<td>Energy</td>
<td>48% / 59% / 56%</td>
<td>/ / /</td>
<td>-7% / -1% / 0%</td>
</tr>
<tr>
<td>Materials</td>
<td>23% / 31% / 28%</td>
<td>/ / /</td>
<td>-14% / -8% / -6%</td>
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<tr>
<td>Industrials</td>
<td>33% / 44% / 40%</td>
<td>/ / /</td>
<td>-4% / 4% / 9%</td>
</tr>
<tr>
<td>CMR Disc</td>
<td>37% / 44% / 40%</td>
<td>/ / /</td>
<td>-12% / -6% / 0%</td>
</tr>
<tr>
<td>CMR Stap</td>
<td>32% / 40% / 37%</td>
<td>/ / /</td>
<td>-5% / 6% / 7%</td>
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<tr>
<td>Hlth Care</td>
<td>53% / 62% / 59%</td>
<td>/ / /</td>
<td>-3% / 3% / 7%</td>
</tr>
<tr>
<td>Financials</td>
<td>29% / 43% / 38%</td>
<td>/ / /</td>
<td>-15% / -7% / -1%</td>
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<tr>
<td>Info Tech</td>
<td>49% / 57% / 55%</td>
<td>/ / /</td>
<td>-8% / -4% / -1%</td>
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<tr>
<td>Telecom</td>
<td>16% / 28% / 24%</td>
<td>/ / /</td>
<td>4% / 8% / 19%</td>
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<tr>
<td>Utilities</td>
<td>33% / 48% / 41%</td>
<td>/ / /</td>
<td>-3% / 1% / 4%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>45% / 62% / 54%</td>
<td>/ / /</td>
<td>-12% / -5% / 5%</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 (High / Low 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
### Resources

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**PrecMet**: 18 stocks, $40bn

**Metals**

- Indus Gas: 6 stocks, $149bn
- Frst Prd: 11 stocks, $37bn
- Pap Prod: 24 stocks, $109bn

**Paper Pkg**: 17 stocks, $127bn

**Steel**: 60 stocks, $409bn

**Coal & Uran**: 24 stocks, $80bn

**Copper**: 17 stocks, $92bn

**Gold**: 73 stocks, $121bn

**Silver**: 11 stocks, $16bn

**Int O&G**: 31 stocks, $188bn

**OG Refnk**: 43 stocks, $357bn

**OG Drill**: 14 stocks, $33bn

**Fert & Ag**: 29 stocks, $154bn

**OG Equip**: 60 stocks, $277bn

**Alumin**: 10 stocks, $43bn

**Cstr Mat**: 28 stocks, $228bn

**Divers C**: 22 stocks, $369bn
Momentum

Strength

September 12, 2018

Mark Steele (416) 359-4641

Energy

OG StTr
43 stocks; $667bn

OG Int O&G
37 stocks; $1681bn

OG RfMkt
43 stocks; $557bn

OG Drill
14 stocks; $33bn

OG E&P
112 stocks; $689bn

OG Equip
60 stocks; $277bn

Coal&Uran
24 stocks; $80bn
Consumer Staples

- **HhldPrdct**: 17 stocks; $555bn
- **SoftDrinks**: 19 stocks; $531bn
- **FdRetail**: 35 stocks; $354bn
- **PkgFdMt**: 121 stocks; $1158bn
- **SprCntrs**: 13 stocks; $542bn
- **AgriProd**: 25 stocks; $108bn
- **Tobacco**: 13 stocks; $563bn
- **DrugRetail**: 5 stocks; $88bn
- **FdDistri**: 11 stocks; $63bn
- **Dist&Vnt**: 12 stocks; $341bn
- **Brewers**: 14 stocks; $429bn
- **PersPrdct**: 33 stocks; $502bn
Information Technology

Momentum

Strength

September 12, 2018

Mark Steele (416) 359-4641

TechDist
13 stocks; $48bn

SystmSwr
41 stocks; $1292bn

ComEquip
35 stocks; $427bn

DataProc
47 stocks; $1099bn

ApplicSwr
50 stocks; $908bn

HmEntSwr
14 stocks; $219bn

ITConsult
50 stocks; $744bn

InetSftSrv
85 stocks; $2097bn

ElecInstr
44 stocks; $253bn

ElecComp
43 stocks; $277bn

HdwrSt&P
42 stocks; $1619bn

Semi
78 stocks; $1379bn

SemiEqp
45 stocks; $258bn

EMS
18 stocks; $129bn
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 group's members are outperforming
2. How consistent that outperformance is
3. How the members are 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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<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>Hold</td>
<td>Market Perform</td>
<td>53.2%</td>
<td>13.1%</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>
<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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Mkt = Market Perform - Forecast to perform roughly in line with the analyst’s coverage universe on a total return basis;
Und = Underperform - Forecast to underperform the analyst’s coverage universe on a total return basis;
(S) = Speculative investment;
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