Group Selection
Priced as of July 4, 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

Aero&Def ← P&C Insur → ComdChm
DivCpMkt ← REstDevl →
Alumin ← DataProc → IntgTelSrv
DiversBnk ← Aprl&Gds →
MitSecHld ← GasUtil →
SpecChm ←
AutoMfg ← BldPrdcts →
REstOpCo ←
HCEquip ← Hwy&Rail ≥ LeisPrd  ≤
HmEntSwr ← HhldApl →
MortgREIT ← Htl&Rsrt → ResidREIT
Cas&Gam ← Brewers →
MultiUtil ← PersPrdct → SpecREIT

OG E&P ← DvrsMng ← SpecialFin  → Int O&G
DivCpMkt ← Aprl&Gds  →
Alumin ← DataProc  →
DiversBnk ←
MitSecHld ← GasUtil  →
SpecChm ← AutoMfg  →
REstOpCo ←
HCEquip ← Hwy&Rail  →
HmEntSwr ← HhldApl  →
MortgREIT ← Htl&Rsrt  →

Broadcast  →

HCEquip ← Hwy&Rail  →
HmEntSwr ← HhldApl  →
MortgREIT ← Htl&Rsrt  →

IntgTelSrv ← Aprl&Gds  →
GasUtil ←
SpecChm ←
BldPrdcts ←
REstOpCo ←
HCEquip ← Hwy&Rail  →
HmEntSwr ← HhldApl  →
MortgREIT ← Htl&Rsrt  →

Ind Mach ← Cns&Eng → CmrElec  → Rstaurnt  ← CmpEIRtl  →
OG Equip ←

GasUtil ←
SpecChm ←
BldPrdcts ←
REstOpCo ←
HCEquip ← Hwy&Rail  →
HmEntSwr ← HhldApl  →
MortgREIT ← Htl&Rsrt  →

Int O&G ←

TechDist ←
Ag&Farm ←
ITConsult ←

OG Equip ←

HCEquip ← Hwy&Rail  →
HmEntSwr ← HhldApl  →
MortgREIT ← Htl&Rsrt  →

Ht&Rsrt ← ResidREIT →
Cas&Gam → Brewers →
MultiUtil ← PersPrdct → SpecREIT

MortgREIT ← Htl&Rsrt  →
ResidREIT ←
Cas&Gam  →
Brewers  →
MultiUtil ←
PersPrdct ←
SpecREIT ←

OfficeREIT ← HCDistrib  →
HomeFurn ←

HCEquip ← Hwy&Rail  →
HmEntSwr ← HhldApl  →
MortgREIT ← Htl&Rsrt  →

Cas&Gam ← Brewers →
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Cas&Gam  →
Brewers  →
MultiUtil ←
PersPrdct ←
SpecREIT ←

OfficeREIT ← HCDistrib  →
HomeFurn ←

HCEquip ← Hwy&Rail  →
HmEntSwr ← HhldApl  →
MortgREIT ← Htl&Rsrt  →

July 4, 2017
Mark Steele (416) 359-4641

BMO Capital Markets
Momentum

July 4, 2017

Mark Steele (416) 359-4641

Sttr

OG StTr
69 stocks; $656bn

OG E&P
115 stocks; $724bn

Int O&G
29 stocks; $154bn

OG RfMkt
44 stocks; $428bn

OG Drill
16 stocks; $28bn

OG Equip
57 stocks; $286bn

Coal&Uran
22 stocks; $71bn
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Health Care

HCSuppls
20 stocks; $143bn

HCServ
29 stocks; $206bn

HCEquip
73 stocks; $799bn

MngHCare
22 stocks; $391bn

LfSciSrv
22 stocks; $468bn

HCare
18 stocks; $65bn

HCService
28 stocks; $206bn

HCFacility
28 stocks; $111bn

HCDistrib
130 stocks; $1012bn

Pharma
106 stocks; $249bn

Biotech
130 stocks; $1012bn

HCareTec
18 stocks; $65bn

Pharma
106 stocks; $249bn

HCDistrib
130 stocks; $1012bn
Utilities

Momentum

July 4, 2017

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GasUtil 23 stocks; $200bn

WaterUtil 24 stocks; $83bn

RenewElec 23 stocks; $55bn

IPPTrad 25 stocks; $101bn

MultiUtil 37 stocks; $460bn

ElecUtil 90 stocks; $1112bn

Utilities

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 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”
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>
<td>57.0%</td>
<td>52.8%</td>
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<tr>
<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>
<td>41.6%</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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Und = Underperform - Forecast to underperform the analyst’s coverage universe on a total return basis;
(S) = Speculative investment;
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