Group Selection

Priced as of March 23, 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.
March 23, 2018

Health Care

Momentum

Strength

- HCFacility (31 stocks; $734bn)
- HCDistrib (18 stocks; $117bn)
- Pharma (199 stocks; $244bn)
- HCDistrib (18 stocks; $117bn)
- HCService (28 stocks; $199bn)
- HCEquip (78 stocks; $908bn)
- MngHCare (12 stocks; $432bn)
- HCSupplis (27 stocks; $160bn)
- LfSciSrv (29 stocks; $286bn)
- HCareTec (19 stocks; $70bn)
- Biotech (124 stocks; $1019bn)
Financials

March 23, 2018

Mark Steele (416) 359-4641

Multi-LnIns 31 stocks; $338bn
AsstMgmt 80 stocks; $552bn
Thrft&Mtg 44 stocks; $135bn

P&C Insur 59 stocks; $509bn
LifeHthIns 46 stocks; $999bn

Reinsuran 17 stocks; $127bn
MortgREIT 25 stocks; $58bn

DiversBnk 155 stocks; $154bn
SpecialFin 30 stocks; $25bn

FnlExchDt 22 stocks; $397bn
ConsmrFin 29 stocks; $26bn
InvBnkBrk 36 stocks; $426bn

InsurBrkers 7 stocks; $118bn
OthrDivFS 9 stocks; $110bn
MltSecHld 24 stocks; $414bn

InvBnkBrk 36 stocks; $426bn
RegionBnk 140 stocks; $683bn
DivCpMkt 9 stocks; $209bn

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InvBnkBrk 36 stocks; $426bn
RegionBnk 140 stocks; $683bn
DivCpMkt 9 stocks; $209bn
March 23, 2018

Utilities

Mark Steele (416) 359-4641

- RenewElec: 22 stocks; $57bn
- ElecUtil: 69 stocks; $112bn
- WaterUtil: 24 stocks; $83bn
- MultiUtil: 35 stocks; $479bn
- GasUtil: 33 stocks; $211bn
- IPPTrad: 25 stocks; $114bn
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 group's 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).
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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* Reflects rating distribution of all companies covered by BMO Capital Markets Corp. equity research analysts.
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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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