Group Selection

Priced as of May 26, 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*

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<td>Real Estate</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 ( / / 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

May 26, 2017

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Energy

OG E&P
713 stocks; $752bn

Coal & Uran
22 stocks; $73bn

OG Drill
16 stocks; $29bn

OG StTr
92 stocks; $68bn

OG Equip
60 stocks; $294bn

OG Rfmkt
45 stocks; $422bn

Int O&G
29 stocks; $1578bn
May 26, 2017

Consumer Staples

Momentum

- SoftDrinks: 17 stocks; $512bn
- Brewers: 13 stocks; $504bn
- Tobacco: 14 stocks; $809bn

Strength

- AgriProd: 25 stocks; $109bn
- PkgFdMt: 123 stocks; $1258bn
- DrugRetail: 8 stocks; $190bn

- Dist&Vnt: 12 stocks; $280bn
- SprCntrs: 15 stocks; $471bn
- FdDistri: 12 stocks; $56bn
- FdRetail: 17 stocks; $369bn

- HhldPrdct: 8 stocks; $587bn
- PersPrdct: 29 stocks; $439bn

- Tobacco: 14 stocks; $809bn

[Diagram showing the relationships between different sectors with their respective stocks and market values]
May 26, 2017

Health Care

Momentum

Strength

HCDistrib (19 stocks; $133bn)

LiSciSrv (27 stocks; $255bn)

HCEquip (72 stocks; $776bn)

HCareTec (18 stocks; $65bn)

MngHCare (12 stocks; $374bn)

HCService (29 stocks; $197bn)

HCSupplis (27 stocks; $141bn)

Pharma (102 stocks; $2459bn)

Biotech (126 stocks; $931bn)

HCFacility (28 stocks; $107bn)

Health Care Distributors

19 stocks; $133bn

Life Sciences & Services

27 stocks; $255bn

Healthcare Equipment

71 stocks; $776bn

Healthcare Technologies

18 stocks; $65bn

Managerial Healthcare

12 stocks; $374bn

Healthcare Services

29 stocks; $197bn

Healthcare Supplies

27 stocks; $141bn

Pharmaceuticals

102 stocks; $2459bn

Biotechnology

126 stocks; $931bn

Health Care Facility

28 stocks; $107bn
MortgREIT  ➤ 
25 stocks; $96bn

InsurBrkers  ➤
7 stocks; $113bn

P&C Insur  ➤
61 stocks; $491bn

SpecialFin  ➤
10 stocks; $23bn

AsstMgmt
84 stocks; $523bn

DivCpMkt  ➤
23 stocks; $324bn

Reinsuran  ➤
12 stocks; $126bn

RegionBnk  ➤
141 stocks; $598bn

InvBnkBrk
124 stocks; $350bn

Multi-LnIns  ➤
30 stocks; $516bn

LifeHthIns  ➤
46 stocks; $811bn

DiversBnk
161 stocks; $500bn

ConsmrFin  ➤
30 stocks; $241bn

OthrDivFS  ➤
8 stocks; $85bn

Thrt&Mtg  ➤
46 stocks; $132bn

DiversBnk  ➤
26 stocks; $374bn

MltSecHld  ➤
26 stocks; $374bn

Financials

May 26, 2017

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BMO Capital Markets
May 26, 2017

Telecommunication Services

IntgTelSrv
63 stocks; $135.4bn

AltCar
10 stocks; $56bn

WlsTelSrv
22 stocks; $55.6bn

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BMO Capital Markets
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<td>GasUtil</td>
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<td>ElecUtil</td>
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<td>WaterUtil</td>
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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.
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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* 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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(S) = Speculative investment;
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