Group Selection
Priced as of September 27, 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
### Sector Relative Strength Profiles*

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<tbody>
<tr>
<td>Energy</td>
<td>43% / 55% / 53%</td>
<td></td>
<td>0% / -2% / 6%</td>
</tr>
<tr>
<td>Materials</td>
<td>20% / 31% / 27%</td>
<td></td>
<td>1% / -2% / 6%</td>
</tr>
<tr>
<td>Industrials</td>
<td>31% / 43% / 41%</td>
<td></td>
<td>-2% / -4% / 6%</td>
</tr>
<tr>
<td>CMR Disc</td>
<td>34% / 41% / 39%</td>
<td></td>
<td>-6% / -9% / 1%</td>
</tr>
<tr>
<td>CMR Stap</td>
<td>29% / 39% / 35%</td>
<td></td>
<td>-2% / -5% / 8%</td>
</tr>
<tr>
<td>Health C</td>
<td>53% / 63% / 62%</td>
<td></td>
<td>-6% / -7% / 1%</td>
</tr>
<tr>
<td>Financials</td>
<td>23% / 42% / 38%</td>
<td></td>
<td>-11% / -14% / 2%</td>
</tr>
<tr>
<td>Info Tech</td>
<td>48% / 57% / 54%</td>
<td></td>
<td>-9% / -9% / -3%</td>
</tr>
<tr>
<td>Comm Srv</td>
<td>31% / 40% / 37%</td>
<td></td>
<td>10% / 7% / 16%</td>
</tr>
<tr>
<td>Utilities</td>
<td>28% / 46% / 42%</td>
<td></td>
<td>-1% / -7% / 3%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>40% / 56% / 53%</td>
<td></td>
<td>-17% / -23% / -4%</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
September 27, 2018
Mark Steele (416) 359-4641

OG E&P
112 stocks; $944bn

OG RfMkt
43 stocks; $570bn

OG Drill
14 stocks; $36bn

OG Equip
24 stocks; $82bn

Coal & Uran
60 stocks; $284bn

Int O&G
31 stocks; $199bn

OG StTr
82 stocks; $646bn
Momentum

Strength

September 27, 2018

Mark Steele (416) 359-4641

Health Care

Biotech
130 stocks; $1121bn

HCService
29 stocks; $300bn

MngHCare
12 stocks; $552bn

HCEquip
79 stocks; $1156bn

HCRes
21 stocks; $407bn

LfSciSrv
31 stocks; $401bn

HCDistrib
19 stocks; $120bn

HCareTec
19 stocks; $85bn

Pharma
111 stocks; $2709bn

HCSupps
29 stocks; $196bn

HCFacility
29 stocks; $144bn

130 stocks; $1121bn

111 stocks; $2709bn

19 stocks; $120bn

19 stocks; $85bn

29 stocks; $144bn

29 stocks; $300bn

79 stocks; $1156bn

552 stocks; $552bn

31 stocks; $401bn

12 stocks; $552bn
ComEquip
47 stocks; $432bn

InetSrv&In
17 stocks; $66bn

SystmSwr
36 stocks; $131bn

ITConsult
50 stocks; $776bn

ElecComp
36 stocks; $278bn

Semi
78 stocks; $1397bn

DataProc
47 stocks; $1113bn

ApplicSwr
32 stocks; $972bn

TechDist
13 stocks; $47bn

ElecInstr
44 stocks; $261bn

HdwrSt&P
42 stocks; $1664bn

EMS
18 stocks; $128bn

SemiEqp
25 stocks; $202bn
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 groups 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.
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”
- 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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<tr>
<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>
</tr>
<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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* 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;
Spd = Suspended - Coverage and rating suspended until coverage is reinstated;
NR = No Rated - No rating at this time; and
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