Group Selection

Priced as of August 30, 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 (up / down 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**

**Strength**

- **OG RfMkt**
  - 44 stocks; $463bn

- **DvrsMng**
  - 45 stocks; $402bn

- **Copper**
  - 14 stocks; $102bn

- **FrstPrd**
  - 12 stocks; $27bn

- **Int O&G**
  - 29 stocks; $154bn

- **Coal&Uran**
  - 22 stocks; $76bn

- **Gold**
  - 61 stocks; $191bn

- **OG StTr**
  - 59 stocks; $648bn

- **PrecMet**
  - 22 stocks; $61bn

- **OG E&P**
  - 116 stocks; $690bn

- **OG Drill**
  - 16 stocks; $23bn

- **Alumin**
  - 11 stocks; $59bn

- **DiversChm**
  - 20 stocks; $166bn

- **ComdChm**
  - 40 stocks; $351bn

- **Steel**
  - 58 stocks; $401bn

- **PrecMet**
  - 22 stocks; $61bn

- **OG Equip**
  - 59 stocks; $254bn

- **SpecChm**
  - 64 stocks; $495bn

- **CstrMat**
  - 27 stocks; $253bn

- **MtGlsCnt**
  - 14 stocks; $51bn

- **PaperPkg**
  - 17 stocks; $120bn

- **PapProd**
  - 26 stocks; $96bn

- **IndusGas**
  - 8 stocks; $163bn

- **Fert&Ag**
  - 52 stocks; $167bn

- **OG E&P**
  - 116 stocks; $690bn

- **OG Drill**
  - 16 stocks; $23bn

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Consumer Staples

Momentum

Strength

Brewers
12 stocks; $517bn

DrugRetail
8 stocks;  $160bn

Dist&Vnt
12 stocks; $308bn

PersPrdct
29 stocks; $447bn

SoftDrinks
17 stocks; $514bn

FdDistri
12 stocks;  $56bn

AgriProd
25 stocks;  $106bn

SprCntrs
14 stocks; $451bn

HhldPrdct
17 stocks;  $567bn

Tobacco
12 stocks; $675bn

FdRetail
36 stocks;  $343bn

PkgFdMt
119 stocks;  $1224bn

13 stocks; $517bn

12 stocks;  $56bn

25 stocks;  $106bn

8 stocks;  $160bn

12 stocks; $308bn

29 stocks; $447bn

17 stocks; $514bn

17 stocks;  $567bn

12 stocks; $675bn

36 stocks;  $343bn

119 stocks;  $1224bn

August 30, 2017

Mark Steele (416) 359-4641

BMO Capital Markets

13 stocks; $517bn

12 stocks;  $56bn

25 stocks;  $106bn

8 stocks;  $160bn

12 stocks; $308bn

29 stocks; $447bn

17 stocks; $514bn

14 stocks; $451bn

17 stocks;  $567bn

12 stocks; $675bn

36 stocks;  $343bn

119 stocks;  $1224bn
August 30, 2017

Utilities

**Momentum**

- **GasUtil**
  - 24 stocks; $206bn

- **ElecUtil**
  - 90 stocks; $1178bn

- **IPPTrad**
  - 25 stocks; $107bn

- **RenewElec**
  - 22 stocks; $56bn

- **WaterUtil**
  - 24 stocks; $87bn

- **MultiUtil**
  - 36 stocks; $485bn
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>
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<td>43.2%</td>
<td>22.8%</td>
<td>57.4%</td>
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<td>Hold</td>
<td>Market Perform</td>
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<td>Sell</td>
<td>Underperform</td>
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<td>9.5%</td>
<td>2.0%</td>
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<td>1.6%</td>
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(S) = Speculative investment;
Spd = Suspended - Coverage and rating suspended until coverage is reinstated;
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