Group Selection

Priced as of December 8, 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

AutoRtl ← Steel → Railroadss ← HCServicel ← SprCntrsl ↑
Coal&Uran ← Railroads ↑ HCServicel ↓

PersPrdct ↑ MultiUtil ↑ Rstaurnl ← CstrMat → DeptStrsl ↓
Brewers → PaperPkg → Cabl&Sat ↑

DvrsMng ↑ GasUtil → SpecialFin ↑ EnviroServ ↑ WaterUtil ↓
PersPrdct ↓ MultiUtil ↓ Rstaurnl ↓ CstrMat ↓ DeptStrsl ↓
Brewers ↓ PaperPkg ↓ Cabl&Sat ↓

ElcCmpEq ↑ RESOpCo ↓ OGE&P ↓ LeisPrl ↓
PaperPkg → AsstMgmt ↑ OGE&P ↓
PersPrdct ↓ RESOpCo ↓ OGE&P ↓

Brewers ↓ PaperPkg ↓ asstMgmt ↓ OGE&P ↓
ElcCmpEq ↓ RESOpCo ↓ OGE&P ↓

Coal&Uran ← Railroadss ← HCServicel ← SprCntrsl ↑

December 8, 2017

Mark Steele (416) 359-4641

BMO Capital Markets
December 8, 2017

**Consumer Discretionary**

Momentum

- **AutoRtl**
  - 16 stocks; $91bn

- **Aprl&Gds**
  - 43 stocks; $646bn

- **SpCmSrv**
  - 8 stocks; $28bn

- **HmImpRtl**
  - 7 stocks; $399bn

- **Hlt&Rsrt**
  - 24 stocks; $258bn

- **Educat**
  - 17 stocks; $61bn

- **Footwear**
  - 14 stocks; $130bn

- **Rstaurnt**
  - 56 stocks; $444bn

- **Broadast**
  - 31 stocks; $137bn

- **DeptStrs**
  - 19 stocks; $90bn

- **InetDmRtl**
  - 30 stocks; $893bn

- **Publishing**
  - 16 stocks; $60bn

- **ApparRtl**
  - 35 stocks; $347bn

- **MotcyMfg**
  - 4 stocks; $45bn

- **Distrib**
  - 9 stocks; $56bn

- **SpecStors**
  - 24 stocks; $91bn

- **HhlApl**
  - 14 stocks; $76bn

- **AutoMfg**
  - 26 stocks; $370bn

- **Mov&Ent**
  - 24 stocks; $352bn

- **Advert**
  - 15 stocks; $106bn

- **HmFrnsh**
  - 10 stocks; $35bn

- **CmpElRtl**
  - 9 stocks; $44bn

- **LeisFcl**
  - 9 stocks; $53bn

- **LeisPrd**
  - 20 stocks; $77bn

- **HhlAp**
  - 14 stocks; $76bn

- **HomeBld**
  - 35 stocks; $177bn

- **Cas&Gam**
  - 37 stocks; $235bn

- **GMrChs**
  - 12 stocks; $119bn

- **AutoParts**
  - 45 stocks; $370bn

- **HmFurn**
  - 8 stocks; $37bn

- **CmrElec**
  - 11 stocks; $151bn

- **MotcyMfg**
  - 4 stocks; $45bn

- **HomeFurn**
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- **CmrElec**
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- **HomeBld**
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December 8, 2017

Financials

ConsmrFin
- 29 stocks
- $265bn

LifeHthIns
- 47 stocks
- $904bn

OthrDivFS
- 9 stocks
- $107bn

SpecialFin
- 11 stocks
- $26bn

Thrft&Mtg
- 45 stocks
- $146bn

AsstMgmt
- 81 stocks
- $610bn

AsstMgmt

InvBnkBrk
- 35 stocks
- $422bn

DiversBnk
- 156 stocks
- $5467bn

FnlExchDt
- 22 stocks
- $380bn

MitSecHld
- 23 stocks
- $418bn

InsurBrkers
- 7 stocks
- $122bn

MortgREIT
- 25 stocks
- $62bn

FnExchDt
- 35 stocks
- $422bn

DivCpMkt
- 10 stocks
- $278bn

P&C Insur
- 60 stocks
- $517bn

DivCpMkt
- 141 stocks
- $686bn

Reinsuran
- 12 stocks
- $130bn

Multi-LnIns
- 31 stocks
- $555bn

RegionBnk
- 141 stocks
- $686bn

P&C Insur
- 60 stocks
- $517bn

Multi-LnIns
- 31 stocks
- $555bn
Momentum

December 8, 2017

ApplicSwr 67 stocks; $686bn

DataProc 56 stocks; $847bn

HdwrSt&P 44 stocks; $1487bn

ITConsult 50 stocks; $690bn

InetSftSrv 103 stocks; $2186bn

SystmSwr 35 stocks; $1041bn

SemiEqp 40 stocks; $293bn

HmEntSwr 44 stocks; $205bn

ElecInstr 43 stocks; $254bn

ComEquip 43 stocks; $384bn

ElecComp 37 stocks; $298bn

EMS 78 stocks; $132bn

ElectComp 37 stocks; $298bn
Telecommunication Services

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Telecommunication Services

Momentum

Strength

IntgTelSrv
37 stocks; $1301bn

WlsTelSrv
42 stocks; $933bn

AltCar
10 stocks; $51bn
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”
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>Market Perform</td>
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<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>
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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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