Group Selection
Priced as of June 18, 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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Sector Relative Strength Profiles*

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<tbody>
<tr>
<td>Energy</td>
<td>45% / 47% / 56%</td>
<td>/ / /</td>
<td>-6% / 2% / -6%</td>
</tr>
<tr>
<td>Materials</td>
<td>43% / 45% / 52%</td>
<td>/ / /</td>
<td>-19% / -11% / -15%</td>
</tr>
<tr>
<td>Industrials</td>
<td>42% / 44% / 56%</td>
<td>/ / /</td>
<td>-10% / 1% / -6%</td>
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<tr>
<td>CMR Disc</td>
<td>44% / 46% / 54%</td>
<td>/ / /</td>
<td>3% / 12% / 4%</td>
</tr>
<tr>
<td>CMR Stap</td>
<td>40% / 42% / 49%</td>
<td>/ / /</td>
<td>-5% / 4% / -4%</td>
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<tr>
<td>Hlth Care</td>
<td>56% / 57% / 63%</td>
<td>/ / /</td>
<td>6% / 14% / 6%</td>
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<tr>
<td>Financials</td>
<td>47% / 49% / 63%</td>
<td>/ / /</td>
<td>-19% / -7% / -15%</td>
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<tr>
<td>Info Tech</td>
<td>57% / 57% / 65%</td>
<td>/ / /</td>
<td>3% / 12% / 2%</td>
</tr>
<tr>
<td>Telecom</td>
<td>27% / 30% / 44%</td>
<td>/ / /</td>
<td>-27% / -17% / -19%</td>
</tr>
<tr>
<td>Utilities</td>
<td>29% / 29% / 46%</td>
<td>/ / /</td>
<td>-13% / -5% / -10%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>34% / 36% / 52%</td>
<td>/ / /</td>
<td>3% / 17% / 8%</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
Strength Changes Last Session

Momentum

Strength
June 18, 2018

Momentum

Strength

OG E&P
115 stocks; $901bn

OG StTr
90 stocks; $679bn

OG Equip
61 stocks; $295bn

Coal&Uran
24 stocks; $88bn

OG Drill
14 stocks; $32bn

OG RtMkt
43 stocks; $568bn

Int O&G
30 stocks; $1858bn

Energy

BMO Capital Markets
Mark Steele (416) 359-4641
Financials

Momentum

Strength

InsurBrkrs 7 stocks; $122bn
MortgREIT 25 stocks; $62bn
SpecialFin 10 stocks; $25bn
DivCpMkt 4 stocks; $186bn
Multi-LnIns 25 stocks; $62bn
MltSecHld 24 stocks; $407bn
AsstMgmt 79 stocks; $599bn

FnlExchDt 22 stocks; $414bn
ConsmrFin 37 stocks; $292bn
P&C Insur 80 stocks; $509bn
Thrt&Mtg 43 stocks; $134bn
DiversBnk 158 stocks; $871bn
LifeHthIns 46 stocks; $871bn
OthrDivFS 9 stocks; $102bn

RegionBnk 140 stocks; $720bn
InvBnkBrk 37 stocks; $127bn
Reinsuran 11 stocks; $122bn

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Telecommunication Services

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IntgTelSrv
58 stocks, $1249bn

WlsTelSrv
44 stocks, $862bn

AltCar
11 stocks, $56bn
Momentum

Strength

June 18, 2018

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Utilities

IPPTrad →
25 stocks; $120bn

GasUtil ↷
35 stocks; $236bn

MultiUtil
24 stocks; $436bn

RenewElec ↑
21 stocks; $56bn

RenewElec ↑

25 stocks; $120bn

IPPTrad →

ElecUtil ↑
89 stocks; $1115bn

WaterUtil →
23 stocks; $81bn

GasUtil ↷
35 stocks; $236bn

MultiUtil
24 stocks; $436bn

ElecUtil ↑
89 stocks; $1115bn

WaterUtil →
23 stocks; $81bn
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 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).
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>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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<td>Hold</td>
<td>Market Perf</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>
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<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;
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