Group Selection

Priced as of June 6, 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*

*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.
June 6, 2018

Resources

Momentum

Strength

OG RfMkt ↑ 43 stocks; $544bn

Int O&G ↑ 30 stocks; $1898bn

Copper ↑ 30 stocks; $125bn

Alumin ↓ 30 stocks; $50bn

Steel ↑ 30 stocks; $470bn

PapProd ↑ 24 stocks; $117bn

SpecChm ↑ 70 stocks; $578bn

Gold ↑ 74 stocks; $194bn

OG StTr ↓ 91 stocks; $678bn

CstrMat ↓ 28 stocks; $256bn

Coal&Uran ↓ 24 stocks; $93bn

OG Drill ↑ 14 stocks; $334bn

PrecMet ↓ 26 stocks; $45bn

MtGlsCnt ↓ 14 stocks; $37bn

FrstPrd ↓ 11 stocks; $33bn

IndusGas ↓ 13 stocks; $155bn

OG E&P ↓ 115 stocks; $915bn

ComdChm ↑ 45 stocks; $446bn

OG Equip ↓ 61 stocks; $303bn

DiversChm ↑ 61 stocks; $128bn

Silver ↓ 11 stocks; $21bn

DiversMng ↓ 87 stocks; $473bn

DvrsMng ↓ 87 stocks; $473bn

Fert&Ag ↓ 29 stocks; $174bn

Silver ↓ 11 stocks; $21bn

DiversChm ↑ 22 stocks; $414bn

OG Equip ↓ 61 stocks; $303bn

ComdChm ↑ 45 stocks; $446bn

OG E&P ↓ 115 stocks; $915bn

IndusGas ↓ 13 stocks; $155bn

FrstPrd ↓ 11 stocks; $33bn

MtGlsCnt ↓ 14 stocks; $37bn

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Mark Steele (416) 359-4641

BMO Capital Markets
Momentum

Strength

June 6, 2018

Mark Steele (416) 359-4641

Energy

OG RfMkt 43 stocks; $544bn
Int O&G 10 stocks; $189bn

OG StTr 91 stocks; $678bn

Coal & Uran 24 stocks; $93bn
OG Drill 14 stocks; $34bn

OG E&P 115 stocks; $915bn

OG Equip 61 stocks; $303bn
### Health Care

**Momentum**

- **Biotech**: 130 stocks; $1062bn
- **Pharma**: 111 stocks; $2484bn
- **HCareTec**: 19 stocks; $77bn
- **LfSciSrv**: 31 stocks; $344bn
- **HCEquip**: 79 stocks; $1022bn
- **HCSuppls**: 26 stocks; $179bn
- **HCService**: 29 stocks; $279bn
- **MngHCare**: 12 stocks; $489bn
- **HCFacility**: 31 stocks; $139bn
- **HCDistrib**: 18 stocks; $119bn

**Strength**

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Momentum

Strength

June 6, 2018

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Real Estate

IndusREIT
20 stocks; $110bn

OfficeREIT
34 stocks; $161bn

SpecREIT
33 stocks; $341bn

HotelREIT
18 stocks; $62bn

RetailREIT
50 stocks; $281bn

HCareREIT
18 stocks; $93bn

ResidREIT
28 stocks; $162bn

DiversREIT
37 stocks; $155bn

REstOpCo
37 stocks; $241bn

REstDvAct
24 stocks; $334bn

REstSrv
12 stocks; $41bn

REstDevl
35 stocks; $372bn

IndusREIT
20 stocks; $110bn

OfficeREIT
34 stocks; $161bn

SpecREIT
33 stocks; $341bn

HotelREIT
18 stocks; $62bn

RetailREIT
50 stocks; $281bn

HCareREIT
18 stocks; $93bn

ResidREIT
28 stocks; $162bn

DiversREIT
37 stocks; $155bn

REstOpCo
37 stocks; $241bn

REstDvAct
24 stocks; $334bn
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.
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>22.8%</td>
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<td>Hold</td>
<td>Market Perform</td>
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<td>Sell</td>
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<td>3.7%</td>
<td>9.5%</td>
<td>2.0%</td>
<td>3.2%</td>
<td>1.6%</td>
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Und = Underperform - Forecast to underperform the analyst’s coverage universe on a total return basis;
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