Group Selection

Priced as of December 5, 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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<td>Energy</td>
<td>30% / 41% / 45%</td>
<td>/ / /</td>
<td>-19% / -26% / -21%</td>
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<tr>
<td>Materials</td>
<td>21% / 28% / 32%</td>
<td>/ / /</td>
<td>4% / -4% / 0%</td>
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<tr>
<td>Industrials</td>
<td>26% / 39% / 41%</td>
<td>/ / /</td>
<td>-2% / -10% / -6%</td>
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<tr>
<td>CMR Disc</td>
<td>25% / 34% / 35%</td>
<td>/ / /</td>
<td>5% / 0% / 3%</td>
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<tr>
<td>CMR Stap</td>
<td>31% / 43% / 50%</td>
<td>/ / /</td>
<td>17% / 10% / 15%</td>
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<tr>
<td>Hlth Care</td>
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<td>2% / -7% / -3%</td>
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<tr>
<td>Financials</td>
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<td>/ / /</td>
<td>2% / -9% / -1%</td>
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<tr>
<td>Info Tech</td>
<td>36% / 46% / 50%</td>
<td>/ / /</td>
<td>5% / -2% / 2%</td>
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<tr>
<td>Comm Srv</td>
<td>32% / 42% / 47%</td>
<td>/ / /</td>
<td>11% / 4% / 8%</td>
</tr>
<tr>
<td>Utilities</td>
<td>40% / 54% / 59%</td>
<td>/ / /</td>
<td>34% / 28% / 34%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>37% / 52% / 57%</td>
<td>/ / /</td>
<td>19% / 9% / 20%</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
**Industrials**

- **Momentum**
  - RsrcCslt: 27 stocks; $261bn
  - IndCongl: 42 stocks; $395bn

- **Strength**
  - Airline: 33 stocks; $269bn
  - Marine: 14 stocks; $30bn
  - HvyElcEq: 15 stocks; $86bn
  - ElcCmpEq: 41 stocks; $33bn
  - AirprtSrv: 19 stocks; $135bn
  - Sec&Alm: 7 stocks; $44bn
  - RsrcCslt: 27 stocks; $261bn
  - IndCongl: 42 stocks; $395bn

- **Railroads**
  - 26 stocks; $534bn

- **EnviroServ**
  - 28 stocks; $146bn

- **MarineSrv**
  - 15 stocks; $57bn

- **Hwy&Rail**
  - 13 stocks; $75bn

- **DvSpSrv**
  - 23 stocks; $102bn

- **Aero&Def**
  - 53 stocks; $927bn

- **Ag&Farm**
  - 11 stocks; $97bn

- **Trucking**
  - 26 stocks; $97bn

- **Cns&Eng**
  - 68 stocks; $317bn

- **TrdgDist**
  - 77 stocks; $316bn

- **CmclPrt**
  - 12 stocks; $25bn

- **HREmpl**
  - 24 stocks; $118bn

- **CnstMch&Tr**
  - 44 stocks; $287bn

- **BldPrdcts**
  - 44 stocks; $228bn

- **MarineSrv**
  - 15 stocks; $57bn

- **AirFrght**
  - 22 stocks; $257bn

- **Hwy&Rail**
  - 13 stocks; $75bn

- **DvSpSrv**
  - 23 stocks; $102bn

- **Aero&Def**
  - 53 stocks; $927bn

- **Ag&Farm**
  - 11 stocks; $97bn

- **Trucking**
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- **Cns&Eng**
  - 68 stocks; $317bn

- **TrdgDist**
  - 77 stocks; $316bn

- **CmclPrt**
  - 12 stocks; $25bn
December 5, 2018

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Health Care

Momentum

Strength

LiSciSrv
30 stocks; $356bn

HCareTec
17 stocks; $67bn

HCEquip
74 stocks; $1066bn

HCService
28 stocks; $395bn

MngHCare
11 stocks; $507bn

HCDistrib
17 stocks; $117bn

HCSuppls
29 stocks; $187bn

Pharma
111 stocks; $2667bn

HCFacility
31 stocks; $161bn

Biotech
133 stocks; $1012bn
Financials

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Momentum

Strength

DiversBnk ↑
160 stocks; $4866bn

ConsmrFin
31 stocks; $271bn

MltSecHld ↑
22 stocks; $416bn

SpecialFin ↓
2 stocks; $21bn

DiversBnk
160 stocks; $4866bn

ConsmrFin
31 stocks; $271bn

MltSecHld
22 stocks; $416bn

SpecialFin
2 stocks; $21bn

Reinsuran ↑
11 stocks; $122bn

MortgREIT
22 stocks; $64bn

InsurBrkrs
7 stocks; $127bn

P&C Insur
55 stocks; $450bn

DivCpMkt
11 stocks; $122bn

Thrft&Mtg ↓
41 stocks; $122bn

OthrDivFS ↓
10 stocks; $103bn

FnlExchDt ↑
21 stocks; $377bn

LifeHthIns ↓
46 stocks; $786bn

Multi-LnIns
30 stocks; $469bn

InvBnkBrk
35 stocks; $344bn

AsstMgmt ↑
41 stocks; $504bn

RegionBnk ↓
141 stocks; $501bn

Reinsuran
11 stocks; $122bn

MortgREIT
22 stocks; $64bn

InsurBrkrs
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InvBnkBrk
35 stocks; $344bn

AsstMgmt
41 stocks; $504bn

RegionBnk
141 stocks; $501bn
Telecommunication Services

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Mov&Ent
27 stocks; $63bn

IntMeSer
40 stocks; $130bn

IntHmEnt
18 stocks; $20bn

Cabl&Sat
23 stocks; $45bn

IntgTelSrv
27 stocks; $272bn

Broadcast
28 stocks; $92bn

WlsTelSrv
43 stocks; $145bn

AltCar
10 stocks; $49bn

Advert
17 stocks; $104bn

Publishing
14 stocks; $48bn
December 5, 2018

Utilities

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Momentum

Strength

RenewElec
20 stocks; $54bn

ElecUtil
87 stocks; $1175bn

MultiUtil
55 stocks; $452bn

IPPTrad
23 stocks; $113bn

WaterUtil
22 stocks; $84bn

GasUtil
35 stocks; $241bn
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”
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>
<td>Outperform</td>
<td>43.2%</td>
<td>22.8%</td>
<td>57.4%</td>
<td>44.1%</td>
<td>57.0%</td>
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<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>
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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>
<td>5.5%</td>
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* Reflects rating distribution of all companies covered by BMO Capital Markets Corp. equity research analysts.  
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(S) = Speculative investment;
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