Group Selection

Priced as of May 11, 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,
(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

REstOpCo ← Brewers ← IndCongl ← SystmSwr ← InsurBrkrs →
Airline ← Tobacco ← ElecUtil ←
HCareREIT ←
OG RfMkt ← LfSciSrv ← MltSecHld ← ITConsult ←
DiversChm ← InetSftSrv ← FrstPrd ←
CnstMch&Tr ← ComdChm ←
PapProd ← Alumin ←
REEMPL ← ElecComp ← REstDvAct ← EnviroServ ←
SpCmSrv ← DivCpMkt ← ComEquip ← OGTTr ←
SpecChm ← SoftDrinks ←
Copper ←
Cns&Eng ←
FnlExchDt ←
BldPrdcts ← CmclPrt ← ElcCmpEq ←
SprCntrs ←
BldPrdcts ← CmclPrt ← ElcCmpEq ←
FnlExchDt ←
CmclPrt ←
REstDevl ←
REstDvAct ←
EnviroServ ←
ComEquip ←
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Momentum

Strength

May 11, 2017

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Energy

OG RfMkt
45 stocks; $427bn

OG Drill
16 stocks; $32bn

OG E&P
113 stocks; $772bn

OG StTr
93 stocks; $673bn

Coal&Uran
22 stocks; $73bn

Int O&G
29 stocks; $1579bn

OG Equip
20 stocks; $303bn
Momentum

**Health Care**

- **HCareTec** ↑
  - 18 stocks; $62bn
- **Pharma** ↑
  - 102 stocks; $2446bn
- **HCDistrib** ↑
  - 19 stocks; $727bn
- **LfSciSrv** ↑
  - 32 stocks; $245bn
- **HCFacility** ↓
  - 19 stocks; $109bn
- **HCEquip** ↓
  - 72 stocks; $754bn
- **MngHCare** ↓
  - 12 stocks; $376bn
- **HCSupps** ↓
  - 27 stocks; $138bn
- **HCServices** ↓
  - 29 stocks; $199bn
- **Biotech** ↓
  - 126 stocks; $940bn

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Momentum

InsurBrkers
7 stocks; $109bn

Multi-LnIns
30 stocks; $505bn

SpecialFin
10 stocks; $246bn

MltSecHld
26 stocks; $371bn

DiversBnk
161 stocks; $5013bn

Financials

InsurBrkers
7 stocks; $109bn

Multi-LnIns
30 stocks; $505bn

SpecialFin
10 stocks; $246bn

MltSecHld
26 stocks; $371bn

DiversBnk
161 stocks; $5013bn

ConsmrFin
3 stocks; $242bn

DivCpMkt
7 stocks; $180bn

AsstMgmt
83 stocks; $509bn

FnlExchDt
23 stocks; $327bn

MortgREIT
25 stocks; $57bn

LifeHthIns
46 stocks; $912bn

OthrDivFS
8 stocks; $84bn

Reinsuran
12 stocks; $124bn

InvBnkBrk
35 stocks; $359bn

RegionBnk
141 stocks; $607bn

OthrDivFS
8 stocks; $84bn

Reinsuran
12 stocks; $124bn

InvBnkBrk
35 stocks; $359bn

RegionBnk
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MortgREIT
25 stocks; $57bn

ConsmrFin
3 stocks; $242bn

FnlExchDt
23 stocks; $327bn

AsstMgmt
83 stocks; $509bn

DiversBnk
161 stocks; $5013bn

Momentum

Strength
Utilities

May 11, 2017
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Momentum

Strength

MultiUtil
37 stocks; $458bn

ElecUtil
90 stocks; $1101bn

RenewElec
24 stocks; $54bn

IPPTrad
25 stocks; $101bn

WaterUtil
24 stocks; $85bn

GasUtil
33 stocks; $194bn

Utilities

MultiUtil
37 stocks; $458bn

ElecUtil
90 stocks; $1101bn

RenewElec
24 stocks; $54bn

IPPTrad
25 stocks; $101bn

WaterUtil
24 stocks; $85bn

GasUtil
33 stocks; $194bn
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).
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>41.8%</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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