Group Selection

Priced as of May 3, 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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*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.
Momentum

Strength

May 3, 2018

Mark Steele (416) 359-4641

OG RfMkt
47 stocks; $530bn

OG Equip
62 stocks; $303bn

Int O&G
30 stocks; $1872bn

OG E&P
117 stocks; $905bn

Coal&Uran
24 stocks; $63bn

OG StTr
21 stocks; $649bn

OG Drill
14 stocks; $33bn

Energy

OG StTr
Consumer Staples

FD Distribution (FDD): 11 stocks, $56bn
FD Retail (FDR): 36 stocks, $365bn
Soft Drinks (SD): 18 stocks, $471bn
Distri & Vent (Dv): 12 stocks, $371bn
Pers Prod (Pp): 33 stocks, $506bn
Drug Retail (Dnr): 7 stocks, $87bn
Pers Prod (Pp): 7 stocks, $87bn
Drug Retail (Dnr): 7 stocks, $87bn
Tobacco (Tob): 13 stocks, $557bn
Spr Cntr (Sc): 14 stocks, $495bn
Brewers (Br): 14 stocks, $490bn
Agri Prod (Ag): 24 stocks, $107bn
Hhld Prod (Hp): 16 stocks, $500bn

Momentum

Strength
Real Estate

IndusREIT ↑
21 stocks; $110bn

REstDvAct ↑
33 stocks; $332bn

OfficeREIT
33 stocks; $153bn

DiversREIT
40 stocks; $162bn

ResidREIT
27 stocks; $157bn

HCareREIT
18 stocks; $89bn

REstOpCo
35 stocks; $210bn

HotelREIT ↓
19 stocks; $58bn

REstDevl ↑
34 stocks; $357bn

SpecREIT ↓
13 stocks; $331bn

REstSrv ↓
12 stocks; $40bn

RetailREIT
51 stocks; $305bn

21 stocks; $110bn
33 stocks; $332bn
33 stocks; $153bn
40 stocks; $162bn
27 stocks; $157bn
18 stocks; $89bn
35 stocks; $210bn
19 stocks; $58bn
34 stocks; $357bn
13 stocks; $331bn
12 stocks; $40bn
51 stocks; $305bn

May 3, 2018

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BMO Capital Markets

Momentum

Strength
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).
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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<table>
<thead>
<tr>
<th>Rating Category</th>
<th>BMOCM US Universe*</th>
<th>BMOCM US IB Clients**</th>
<th>BMOCM US IB Clients***</th>
<th>BMOCM Universe****</th>
<th>BMOCM IB Clients*****</th>
<th>StarMine Universe</th>
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<tbody>
<tr>
<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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<tr>
<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>
</tr>
<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>
</tr>
</tbody>
</table>

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(S) = Speculative investment;
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