Group Selection

Priced as of September 19, 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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Sector View

Sector Relative Strength Profiles*

Energy | 20% / 17% / 24% | US/GBL/CDA
Materials | 52% / 45% / 56% | US/GBL/CDA
Industrials | 53% / 46% / 57% | US/GBL/CDA
CMR Disc | 49% / 46% / 54% | US/GBL/CDA
CMR Stap | 50% / 43% / 50% | US/GBL/CDA
Health Care | 56% / 53% / 60% | US/GBL/CDA
Financials | 51% / 42% / 55% | US/GBL/CDA
Info Tech | 64% / 59% / 65% | US/GBL/CDA
Telecom | 52% / 46% / 55% | US/GBL/CDA
Utilities | 61% / 52% / 66% | US/GBL/CDA
Real Estate | 47% / 42% / 51% | US/GBL/CDA

*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

September 19, 2017

Mark Steele (416) 359-4641

Energy

OG Equip
60 stocks; $282bn

OG E&P
116 stocks; $744bn

OG Drill
15 stocks; $27bn

OG StTr
90 stocks; $670bn

OG RfMkt
43 stocks; $473bn

Int O&G
29 stocks; $1639bn

Coal & Uran
22 stocks; $78bn
September 19, 2017

**Materials**

**Strength**

- **Fert&Ag**: 32 stocks, $201bn
- **PaperPkg**: 17 stocks, $125bn
- **SpecChm**: 64 stocks, $518bn
- **ComdChm**: 40 stocks, $361bn
- **IndusGas**: 8 stocks, $196bn
- **DiversChm**: 19 stocks, $392bn
- **Alumin**: 11 stocks, $62bn
- **FrstPrd**: 12 stocks, $29bn
- **PapProd**: 26 stocks, $101bn
- **DvrsMng**: 45 stocks, $400bn

**Momentum**

- **CstrMat**: 27 stocks, $258bn
- **Gold**: 61 stocks, $188bn
- **MtGisCnt**: 15 stocks, $62bn
- **Steel**: 58 stocks, $403bn
- **Copper**: 14 stocks, $102bn
- **PrecMet**: 22 stocks, $57bn

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Momentum
Strength

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Consumer Staples

DIST&VNT
12 stocks; $312bn

DrugRetail
8 stocks; $196bn

PersPrdct
29 stocks; $451bn

Brewers
13 stocks; $527bn

PkgFdMt
19 stocks; $123bn

HhldPrdct
17 stocks; $577bn

119 stocks; $1234bn

17 stocks; $577bn

14 stocks; $453bn

SprCntrs

AgriProd
25 stocks; $107bn

Tobacco
13 stocks; $672bn

25 stocks; $107bn

13 stocks; $672bn

SoftDrinks
17 stocks; $514bn

29 stocks; $451bn

13 stocks; $527bn

17 stocks; $514bn

25 stocks; $107bn

13 stocks; $672bn
Telecommunication Services

Strength

Momentum

AltCar
19 stocks; $58bn

IntgTelSrv
52 stocks; $1374bn

WlsTelSrv
42 stocks; $938bn
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 group's 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 an:
  ...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>Hold</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>
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