Group Selection

Priced as of March 9, 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 (medium 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
March 9, 2018

Momentum

Strength

OG RfMkt
43 stocks; $518bn

OG Equip
60 stocks; $291bn

OG StTr
90 stocks; $656bn

OG E&P
118 stocks; $823bn

Int O&G
14 stocks; $25bn

OG Drill
10 stocks; $174bn

Coal&Uran
24 stocks; $90bn

Energy

OG Equip
60 stocks; $291bn

OG StTr
90 stocks; $656bn

OG E&P
118 stocks; $823bn

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14 stocks; $25bn

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10 stocks; $174bn

Coal&Uran
24 stocks; $90bn

BMO Capital Markets
Mark Steele (416) 359-4641
**Consumer Staples**

**March 9, 2018**

Mark Steele (416) 359-4641

- **PersPrdct**: 18 stocks; $513bn
- **Brewers**: 14 stocks; $549bn
- **FdDistri**: 11 stocks; $55bn
- **SprCntrs**: 14 stocks; $497bn
- **Dist&Vnt**: 12 stocks; $379bn
- **FdRetail**: 36 stocks; $366bn
- **AgriProd**: 25 stocks; $112bn
- **PkgFdMt**: 124 stocks; $1259bn
- **DrugRetail**: 8 stocks; $166bn
- **Tobacco**: 13 stocks; $642bn
- **HhldPrdct**: 18 stocks; $544bn

**Categories**
- **Consumer Staples**
- **SoftDrnks**
- **Brewers**
- **DrugRetail**
- **Tobacco**
- **HhldPrdct**
- **FoodDistribution**
- **SprCntrs**
- **Dist&Vnt**
- **辞Retail**
- **AgriProd**
- **PkgFdMt**
### Financials

**March 9, 2018**

**Mark Steele**

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<table>
<thead>
<tr>
<th>Category</th>
<th>Stocks</th>
<th>Assets</th>
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<tbody>
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<td>Region Bnk</td>
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<td>$748bn</td>
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<tr>
<td>Thrift &amp; Mtg</td>
<td>44</td>
<td>$143bn</td>
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<tr>
<td>Reinsuran</td>
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<td>MortgREIT</td>
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<td>$58bn</td>
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<td>P&amp;C Insur</td>
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<td>InsurBrkrs</td>
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<td>Multi-LnIns</td>
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<td>MltSecHld</td>
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<td>DiversBnk</td>
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<tr>
<td>Oth Div FS</td>
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**BMO Capital Markets**
Momentum

Strength

March 9, 2018

Telecommunication Services

Mark Steele (416) 359-4641

Telecommunication Services

AltCar
11 stocks; $58bn

IntgTelSrv
58 stocks; $128bn

WlsTelSrv
42 stocks; $92bn

11 stocks; $58bn

58 stocks; $128bn

42 stocks; $92bn
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 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”
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>
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<td>Hold</td>
<td>Market Perform</td>
<td>53.2%</td>
<td>13.1%</td>
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<td>52.6%</td>
<td>41.1%</td>
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<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>
<td>5.5%</td>
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* Reflects rating distribution of all companies covered by BMO Capital Markets Corp. equity research analysts.
** Reflects rating distribution of all companies from which BMO Capital Markets Corp. has received compensation for Investment Banking services as percentage within ratings category.
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Und = Underperform - Forecast to underperform the analyst’s coverage universe on a total return basis;
(S) = Speculative investment;
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