Group Selection

Priced as of September 7, 2018

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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**

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<tbody>
<tr>
<td>Energy</td>
<td>49% / 58% / 56%</td>
<td>/ / /</td>
<td>-22% / -11% / -11%</td>
</tr>
<tr>
<td>Materials</td>
<td>24% / 33% / 29%</td>
<td>/ / /</td>
<td>-20% / -12% / -4%</td>
</tr>
<tr>
<td>Industrials</td>
<td>33% / 44% / 40%</td>
<td>/ / /</td>
<td>-6% / 4% / 13%</td>
</tr>
<tr>
<td>CMR Disc</td>
<td>37% / 44% / 42%</td>
<td>/ / /</td>
<td>-13% / -4% / 5%</td>
</tr>
<tr>
<td>CMR Stap</td>
<td>33% / 42% / 37%</td>
<td>/ / /</td>
<td>-10% / 2% / 8%</td>
</tr>
<tr>
<td>Hlth Care</td>
<td>54% / 62% / 58%</td>
<td>/ / /</td>
<td>-2% / 3% / 17%</td>
</tr>
<tr>
<td>Financials</td>
<td>31% / 44% / 37%</td>
<td>/ / /</td>
<td>-9% / 2% / 15%</td>
</tr>
<tr>
<td>Info Tech</td>
<td>48% / 57% / 54%</td>
<td>/ / /</td>
<td>-8% / 1% / 8%</td>
</tr>
<tr>
<td>Telecom</td>
<td>17% / 28% / 23%</td>
<td>/ / /</td>
<td>-7% / 3% / 17%</td>
</tr>
<tr>
<td>Utilities</td>
<td>33% / 50% / 42%</td>
<td>/ / /</td>
<td>-5% / 0% / 9%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>48% / 62% / 54%</td>
<td>/ / /</td>
<td>-13% / -4% / 10%</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.
Momentum

Strength

Energy

Coal & Uran
24 stocks; $80bn

OG StTr
83 stocks; $661bn

OG RfMkt
43 stocks; $555bn

Int O&G
31 stocks; $184bn

OG Drill
14 stocks; $31bn

OG Equip
60 stocks; $270bn

OG E&P
112 stocks; $869bn

OG RfMkt
31 stocks; $184bn

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Consumer Staples

- HhldPrdct: 17 stocks; $547bn
- PkgFdMt: 121 stocks; $1153bn
- SprCntrs: 13 stocks; $539bn
- SoftDrinks: 19 stocks; $527bn
- Tobacco: 13 stocks; $550bn
- PersPrdct: 13 stocks; $496bn
- AgriProd: 25 stocks; $108bn
- DrugRetail: 8 stocks; $86bn
- Brewers: 14 stocks; $435bn
- FdDistri: 11 stocks; $63bn
- Dist&Vnt: 12 stocks; $344bn
- FdRetail: 25 stocks; $349bn
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Telecommunication Services

Momentum

Strength

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AltCar
11 stocks; $59bn

WlsTelSrv
44 stocks; $872bn

IntgTelSrv
57 stocks; $1232bn

11 stocks; $59bn
Utilities

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GasUtil
36 stocks; $242bn

WaterUtil
22 stocks; $80bn

MultiUtil
35 stocks; $445bn

RenewElec
20 stocks; $53bn

Elec Util
88 stocks; $1149bn

IPP Trad
23 stocks; $108bn

36 stocks; $242bn

35 stocks; $445bn

88 stocks; $1149bn

23 stocks; $108bn

35 stocks; $445bn

22 stocks; $80bn

36 stocks; $242bn

23 stocks; $108bn

35 stocks; $445bn

22 stocks; $80bn

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35 stocks; $445bn

22 stocks; $80bn
**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.
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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<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>
<td>41.6%</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.
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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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