Group Selection
Priced as of August 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 (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.
August 9, 2018

Resources

Momentum

Strength

OG StTr
24 stocks; $718bn

MtGlsCnt
14 stocks; $56bn

OG Drill
14 stocks; $32bn

Coal&Uran
24 stocks; $86bn

PapProd
24 stocks; $710bn

OG RfMkt
42 stocks; $561bn

Int O&G
31 stocks; $1902bn

ComdChm
23 stocks; $433bn

OG E&P
113 stocks; $890bn

DiversChm
22 stocks; $399bn

PaperPkg
17 stocks; $124bn

OG Equip
60 stocks; $292bn

DvrsMng
65 stocks; $406bn

Copper
16 stocks; $1702bn

PrecMet
19 stocks; $472bn

OG E&P
11 stocks; $296bn

FrstPrd
11 stocks; $296bn

Silver
11 stocks; $100bn

Alumin
10 stocks; $45bn

Gold
73 stocks; $179bn

Fert&Ag
29 stocks; $155bn

SpecChm
69 stocks; $582bn

IndusGas
8 stocks; $149bn

Steel
60 stocks; $434bn

OG Equip
28 stocks; $242bn

CstrMat
28 stocks; $242bn

Coal&Uran
24 stocks; $32bn

CstrMat
28 stocks; $242bn

OG Equip
28 stocks; $242bn

CstrMat
28 stocks; $242bn
August 9, 2018

OG StTr
44 stocks; $7.18bn

OG Drill
14 stocks; $3.2bn

Coal & Uran
24 stocks; $6.6bn

OG RfMkt
43 stocks; $561bn

Int O&G
21 stocks; $190.2bn

OG E&P
113 stocks; $89.0bn

OG Equip
60 stocks; $292bn

Energy
**Momentum**

- **ConsmrFin**
  - 31 stocks; $298bn

- **MltSecHld**
  - 24 stocks; $437bn

- **SpecialFin**
  - 10 stocks; $23bn

- **RegionBnk**
  - 140 stocks; $712bn

- **LifeHthIns**
  - 46 stocks; $845bn

- **P&C Insur**
  - 59 stocks; $522bn

- **DiversBnk**
  - 158 stocks; $533bn

- **MortgREIT**
  - 23 stocks; $63bn

- **Multi-LnIns**
  - 11 stocks; $122bn

- **InvBnkBrk**
  - 37 stocks; $407bn

- **DivCpMkt**
  - 9 stocks; $195bn

- **AsstMgmt**
  - 80 stocks; $578bn

- **Reinsuran**
  - 9 stocks; $102bn

- **Thrft&Mtg**
  - 42 stocks; $138bn

- **OthrDivFS**
  - 9 stocks; $102bn

- **FnlExchDt**
  - 22 stocks; $404bn

- **InsurBrkr**
  - 7 stocks; $124bn

- **RegionBnk**
  - 140 stocks; $712bn

- **InvBnkBrk**
  - 37 stocks; $407bn

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  - 80 stocks; $578bn

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Information Technology

**Momentum**

- ApplicSwr (68 stocks; $857bn)
- SystmSwr (34 stocks; $1266bn)
- TechDist (13 stocks; $49bn)
- ElecInstr (23 stocks; $261bn)

**Strength**

- Semi (78 stocks; $1416bn)
- EMS (18 stocks; $130bn)
- ElecComp (36 stocks; $293bn)
- ComEquip (41 stocks; $409bn)

- InetSftSrv (36 stocks; $2295bn)
- DataProc (47 stocks; $1037bn)
- ITConsult (50 stocks; $746bn)
- HmEntSwr (14 stocks; $219bn)
- HdwrSt&P (42 stocks; $1583bn)
Utilities

Mark Steele (416) 359-4641

MultiUtil → 36 stocks; $469bn

RenewElec ← 20 stocks; $57bn

IPPTrad ← 23 stocks; $112bn

GasUtil ↑ 23 stocks; $249bn

WaterUtil ← 23 stocks; $82bn

ElecUtil ↓ 88 stocks; $1146bn

Momentum - Strength

36 stocks; $469bn
20 stocks; $57bn
23 stocks; $112bn
36 stocks; $249bn
23 stocks; $82bn
88 stocks; $1146bn
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.
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>Buy</td>
<td>Outperform</td>
<td>43.2%</td>
<td>22.8%</td>
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<td>Market Perform</td>
<td>53.2%</td>
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<td>Sell</td>
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<td>1.6%</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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