Group Selection

Priced as of October 30, 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*

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<tbody>
<tr>
<td>Energy</td>
<td>27% / 26% / 24%</td>
<td>-12% / 14% / 18%</td>
<td></td>
</tr>
<tr>
<td>Materials</td>
<td>57% / 53% / 50%</td>
<td>-2% / 0% / 7%</td>
<td></td>
</tr>
<tr>
<td>Industrials</td>
<td>53% / 48% / 45%</td>
<td>1% / 4% / 12%</td>
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<tr>
<td>CMR Disc</td>
<td>49% / 46% / 41%</td>
<td>-4% / -2% / 5%</td>
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<tr>
<td>CMR Stap</td>
<td>41% / 35% / 27%</td>
<td>-10% / -8% / 3%</td>
<td></td>
</tr>
<tr>
<td>Hlth Care</td>
<td>51% / 50% / 44%</td>
<td>-10% / -8% / -3%</td>
<td></td>
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<tr>
<td>Financials</td>
<td>53% / 48% / 38%</td>
<td>-7% / -4% / 7%</td>
<td></td>
</tr>
<tr>
<td>Info Tech</td>
<td>60% / 58% / 50%</td>
<td>3% / 7% / 12%</td>
<td></td>
</tr>
<tr>
<td>Telecom</td>
<td>43% / 39% / 33%</td>
<td>-10% / -11% / -4%</td>
<td></td>
</tr>
<tr>
<td>Utilities</td>
<td>55% / 47% / 40%</td>
<td>-10% / -6% / -1%</td>
<td></td>
</tr>
<tr>
<td>Real Estate</td>
<td>49% / 43% / 34%</td>
<td>-20% / -14% / -4%</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 (ranked 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
Strength Changes Last Session

Momentum

Strength

PapProd ↬ HmImpRtl ↬ Marine ↬ ConsmrFin ↬ AgriProd ↬ HCServ

ElecComp ↬ HmImpRtl ↬ Marine ↬ ConsmrFin ↬ AgriProd ↬ HCServ

HCSupplls ↬ PaperPkg ↬ SpecialFin ↬ PapProd ↬ HmImpRtl ↬ Marine ↬ ConsmrFin ↬ AgriProd ↬ HCServ

LifeHthIns ↬ Publns ↬ OG E&P ↬ BldPrdcts ↬ Ag&Farm ↬ Mov&Ent ↬

HmEntSwr ↬

CmrElec ↬ PersPrdct ↬ Educat ↬ Thrft&Mtg ↬ HmFrmsh ↬ Silver ↬

HREmpl ↬

Ind Mach ↬ Multi-LnIns ↬ LeisPrd ↬ OG StTr ↬ HCFacility ↬

Cas&Gam ↬ GMrchStrs ↬ TrdgDist ↬ OG Drill ↬ MultiUtil ↬

OG RfMkt ↬ InsurBrkrs ↬ REstDevl ↬ ApplicSwr ↬ Biotech ↬ DiversBnk ↬ Rstaunrt ↬ ResidREIT ↬ Distrb ↬

Brewers ↬ REstOpCo ↬ DvSpSrv ↬

OG RfMkt ↬ InsurBrkrs ↬ REstDevl ↬ ApplicSwr ↬ Biotech ↬ DiversBnk ↬ Rstaunrt ↬ ResidREIT ↬ Distrb ↬

October 30, 2017

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October 30, 2017

Industrials

- Marine: 15 stocks, $62bn
- Railroads: 25 stocks, $492bn
- Cns&Eng: 70 stocks, $352bn
- HvyElcEq: 16 stocks, $92bn
- MarineSrvc: 15 stocks, $73bn
- EnviroServ: 24 stocks, $131bn
- AirFrht: 20 stocks, $276bn
- BldPrdcts: 46 stocks, $298bn
- Ag&Farm: 10 stocks, $98bn
- CnstMch&Tr: 46 stocks, $359bn
- HREmpl: 22 stocks, $123bn
- Trucking: 28 stocks, $102bn
- Ind Mach: 123 stocks, $766bn
- Airline: 31 stocks, $264bn
- CmclPrt: 17 stocks, $93bn
- TrdgDist: 27 stocks, $224bn
- TrkgDist: 55 stocks, $324bn
- Aero&Def: 52 stocks, $920bn
- RsrCslt: 16 stocks, $113bn
- ElcCmpEq: 37 stocks, $369bn
- Hwy&Rail: 55 stocks, $324bn
- DvSpSrv: 23 stocks, $102bn
- OfficeServ: 10 stocks, $19bn

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Consumer Staples

- AgriProd (24 stocks; $107bn)
- Tobacco (13 stocks; $659bn)
- DrugRetail (8 stocks; $160bn)
- PkgFdMt (120 stocks; $1213bn)
- PersPrdct (8 stocks; $160bn)
- Dist & Vnt (29 stocks; $466bn)
- SprCntrs (14 stocks; $469bn)
- FdDistri (12 stocks; $373bn)
- SoftDrinks (17 stocks; $499bn)
- Brewers (13 stocks; $521bn)
- HhdlPrdct (17 stocks; $539bn)
- FdRetail (36 stocks; $335bn)
- Brewers (13 stocks; $521bn)

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Real Estate

Momentum

Strength

HCareREIT → 18 stocks; $103bn
DiversREIT ↑ 42 stocks; $204bn

IndusREIT ← 20 stocks; $101bn
REstDevl ↓ 34 stocks; $329bn
REstSrv ↑ 11 stocks; $35bn
REstDvAct ↓ 33 stocks; $345bn

SpecREIT ↑ 31 stocks; $331bn
HotelREIT ↑ 18 stocks; $58bn

ResidREIT ← 27 stocks; $164bn
RetailREIT ↑ 50 stocks; $305bn

REstOpCo ← 32 stocks; $202bn
OfficeREIT ↑ 32 stocks; $149bn

REstSrv
REstDvAct
REstDevl
SpecREIT
HotelREIT
ResidREIT
RetailREIT
REstOpCo
IndusREIT
HCareREIT
DiversREIT
OfficeREIT

32 stocks; $101bn
42 stocks; $204bn
20 stocks; $101bn
34 stocks; $329bn
11 stocks; $35bn
33 stocks; $345bn
31 stocks; $331bn
18 stocks; $58bn
27 stocks; $164bn
50 stocks; $305bn
32 stocks; $149bn

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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 they 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”
- 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.
** 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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(S) = Speculative investment;
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