Group Selection

Priced as of April 30, 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
*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 (up/down 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

April 30, 2018

Mark Steele (416) 359-4641

Materials

FrstPrd
11 stocks; $32bn

Silver
11 stocks; $20bn

MtGisCnt
14 stocks; $60bn

Silver
MtGisCnt

PapProd
24 stocks; $111bn

IndusGas
8 stocks; $151bn

CstrMat
28 stocks; $258bn

Copper
18 stocks; $115bn

DvrsMng
68 stocks; $453bn

PrecMet
21 stocks; $52bn

Copper
Gold

Alumin
10 stocks; $48bn

DiversChm
22 stocks; $397bn

DiversChm
PaperPkg

Fert&Ag
29 stocks; $177bn

ComdChm
45 stocks; $428bn

ComdChm
SpecChm

Steel
39 stocks; $453bn

IndusGas
70 stocks; $188bn

IndusGas
DvrsMng

DvrsMng
SpecChm

Gold
70 stocks; $188bn

Gold

SpecChm
70 stocks; $563bn

PaperPkg
17 stocks; $124bn

PaperPkg

SpecChm
17 stocks; $124bn

SpecChm

ComdChm
45 stocks; $428bn

ComdChm

SpecChm
70 stocks; $563bn

SpecChm

Copper
Gold

Copper

Gold

Copper

Health Care

April 30, 2018

Mark Steele (416) 359-4641

Momentum

Strength

HCEquip
78 stocks; $952bn

MngHCare
72 stocks; $477bn

HCSuppls
27 stocks; $165bn

Biotech
125 stocks; $1013bn

Pharma
112 stocks; $2475bn

HC Distrib
18 stocks; $125bn

HC Facility
31 stocks; $133bn

HC Service
27 stocks; $205bn

HCare Tec
19 stocks; $69bn

LfSciSrv
30 stocks; $318bn

30 stocks; $318bn
Utilities

April 30, 2018

Mark Steele (416) 359-4641

Utilities

- GasUtil: 33 stocks; $221bn
- ElecUtil: 89 stocks; $1172bn
- IPPTrad: 25 stocks; $124bn
- RenewElec: 22 stocks; $58bn
- WaterUtil: 24 stocks; $86bn
- MultiUtil: 35 stocks; $464bn

Momentum

Strength
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”
- 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>
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<td>43.2%</td>
<td>22.8%</td>
<td>57.4%</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>
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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>
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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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NR = No Rated - No rating at this time; and
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