Group Selection
Priced as of May 4, 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.
**Materials**

- **IndusGas**: 2 stocks, $151bn
- **Alumin**: 10 stocks, $49bn
- **PrecMet**: 20 stocks, $47bn
- **FrstPrd**: 11 stocks, $31bn
- **Silver**: 11 stocks, $21bn
- **Gold**: 72 stocks, $195bn
- **DvrsMng**: 67 stocks, $452bn
- **CstrMat**: 28 stocks, $259bn
- **PapProd**: 24 stocks, $117bn
- **Copper**: 18 stocks, $117bn
- **ComdChm**: 45 stocks, $530bn
- **Fert&Ag**: 29 stocks, $161bn
- **SpecChm**: 70 stocks, $563bn
- **PaperPkg**: 17 stocks, $124bn
- **DiversChm**: 22 stocks, $400bn

**Momentum**

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**Strength**

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**Mark Steele (416) 359-4641**
May 4, 2018

Financials

**Strength**

- MortgREIT
  - 25 stocks; $60bn

- SpecialFin
  - 10 stocks; $26bn

- MltSecHld
  - 24 stocks; $420bn

- OthrDivFS
  - 9 stocks; $110bn

**Momentum**

- ConsmrFin
  - 30 stocks; $280bn

- AsstMgmt
  - 80 stocks; $92bn

- Thrft&Mtg
  - 43 stocks; $135bn

- OthrDivFS
  - 4 stocks; $110bn

- InvBnkBrk
  - 36 stocks; $431bn

- DivCpMkt
  - 9 stocks; $205bn

- Multi-LnIns
  - 31 stocks; $550bn

- P&C Insur
  - 59 stocks; $510bn

- DivsBnk
  - 156 stocks; $6709bn

- LifeHthIns
  - 46 stocks; $896bn

- Reinsuran
  - 14 stocks; $129bn

- DiversBnk
  - 11 stocks; $129bn

- P&C Insur
  - 59 stocks; $510bn

- RegioBnk
  - 40 stocks; $3714bn

- FinExChDnt
  - 22 stocks; $461bn

- Multi-LnIns
  - 31 stocks; $550bn

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  - 31 stocks; $550bn

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  - 31 stocks; $550bn

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- Multi-LnIns
  - 31 stocks; $550bn
Momentum

Strength

AltCar
11 stocks; $56bn

IntgTelSrv
58 stocks; $1274bn

WisTelSrv
43 stocks; $906bn
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.
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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<td>Buy</td>
<td>Outperform</td>
<td>43.2%</td>
<td>22.8%</td>
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<tr>
<td>Hold</td>
<td>Market Perform</td>
<td>53.2%</td>
<td>13.1%</td>
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<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 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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