Group Selection

Priced as of March 5, 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.
March 5, 2018

Momentum

Strength

OG RiMkt
43 stocks; $512bn

Int O&G
39 stocks; $173bn

Coal&Uran
24 stocks; $92bn

OG Drill
14 stocks; $30bn

Energy

OG Equip
60 stocks; $282bn

OG E&P
118 stocks; $821bn

OG StTr
90 stocks; $651bn

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39 stocks; $173bn

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60 stocks; $282bn

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24 stocks; $92bn

OG RiMkt
43 stocks; $512bn

BMO Capital Markets
Mark Steele (416) 359-4641
Consumer Discretionary

Momentum

Strength

Footwear
- 14 stocks; $136bn

HmFrnsh
- 10 stocks; $36bn

CmrElec
- 11 stocks; $160bn

LeisFcil
- 9 stocks; $65bn

Mov&Ent
- 22 stocks; $359bn

Cabl&Sat
- 23 stocks; $530bn

MotcyMfg
- 16 stocks; $412bn

Rstaurnt
- 23 stocks; $423bn

CmrElec
- 11 stocks; $160bn

LeisFcil
- 9 stocks; $65bn

AutoMfg
- 36 stocks; $1103bn

Mov&Ent
- 22 stocks; $359bn

Cabr&Sat
- 23 stocks; $530bn

MotcyMfg
- 16 stocks; $412bn

Publishing
- 15 stocks; $68bn

DeptStrs
- 19 stocks; $101bn

AutoMfg
- 36 stocks; $1103bn

CmrElec
- 11 stocks; $160bn

LeisFcil
- 9 stocks; $65bn

Cabl&Sat
- 23 stocks; $530bn

MotcyMfg
- 16 stocks; $412bn

ApparlRtl
- 24 stocks; $524bn

Cas&Gam
- 17 stocks; $346bn

GMrchStrs
- 17 stocks; $151bn

Aprl&Gds
- 42 stocks; $672bn

InetDmRtl
- 27 stocks; $1155bn

HomeBld
- 35 stocks; $164bn

HmImpRtl
- 7 stocks; $298bn

Broadcast
- 42 stocks; $672bn

SpecStors
- 25 stocks; $367bn

Educat
- 16 stocks; $66bn

Htl&Rsrt
- 24 stocks; $266bn

SpCmSrv
- 8 stocks; $29bn

AutoParts
- 47 stocks; $398bn

AutoRtl
- 16 stocks; $85bn

Advert
- 16 stocks; $111bn

Tire&Rub
- 10 stocks; $98bn

HhldApl
- 14 stocks; $77bn

InetDmRtl
- 27 stocks; $1155bn

HomeBld
- 35 stocks; $164bn

HmImpRtl
- 7 stocks; $298bn

Broadcast
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Consumer Staples

March 5, 2018

Mark Steele (416) 359-4641

Momentum

Strength

SprCntrs ➔ 14 stocks; $501bn

AgriProd ➔ 25 stocks; $111bn

PkgFdMt ➔ 124 stocks; $1245bn

FdDistri ➔ 11 stocks; $57bn

Brewers ➔ 14 stocks; $537bn

PersPrdct ➔ 33 stocks; $484bn

FdRetail ➔ 36 stocks; $362bn

SoftDrnks ➔ 18 stocks; $501bn

Tobacco ➔ 13 stocks; $642bn

Dist&Vnt ➔ 12 stocks; $371bn

HhldPrdct ➔ 18 stocks; $543bn

DrugRetail ➔ 8 stocks; $165bn
March 5, 2018

Health Care

Momentum

Strength

MngHCare (12 stocks; $463bn)

HCService (28 stocks; $208bn)

HCDistrib (18 stocks; $125bn)

HCareTec (19 stocks; $73bn)

HCEquip (78 stocks; $924bn)

HCFacility (31 stocks; $135bn)

HCEquip (124 stocks; $1,110bn)

Biotech (124 stocks; $1,110bn)

Pharma (109 stocks; $2,503bn)

HCSuppls (27 stocks; $164bn)

Biotech (27 stocks; $164bn)

LfSciSrv (29 stocks; $269bn)

LfSciSrv (29 stocks; $269bn)
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 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>
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<td>43.2%</td>
<td>22.8%</td>
<td>57.4%</td>
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<td>Hold</td>
<td>Market Perform</td>
<td>53.2%</td>
<td>13.1%</td>
<td>40.6%</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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Und = Underperform - Forecast to underperform the analyst’s coverage universe on a total return basis;
(S) = Speculative investment;
Spd = Suspended - Coverage and rating suspended until coverage is reinstated;
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