Group Selection

Priced as of October 3, 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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Sector Relative Strength Profiles*

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<tbody>
<tr>
<td>Energy</td>
<td>40%  /  53%  /  53%</td>
<td>/ / /</td>
<td>11%  /  11%  /  15%</td>
</tr>
<tr>
<td>Materials</td>
<td>20%  /  31%  /  28%</td>
<td>/ / /</td>
<td>3%   /  5%   /  6%</td>
</tr>
<tr>
<td>Industrials</td>
<td>31%  /  43%  /  41%</td>
<td>/ / /</td>
<td>-6%  / -4%  / -2%</td>
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<tr>
<td>CMR Disc</td>
<td>33%  /  40%  /  39%</td>
<td>/ / /</td>
<td>-16% / -16% / -13%</td>
</tr>
<tr>
<td>CMR Stap</td>
<td>28%  /  39%  /  34%</td>
<td>/ / /</td>
<td>-8%  / -8%  / -5%</td>
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<tr>
<td>Hlth Care</td>
<td>54%  /  63%  /  62%</td>
<td>/ / /</td>
<td>-11% / -9%  / -8%</td>
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<tr>
<td>Financials</td>
<td>23%  /  41%  /  38%</td>
<td>/ / /</td>
<td>-11% / -8%  / -8%</td>
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<tr>
<td>Info Tech</td>
<td>46%  /  56%  /  53%</td>
<td>/ / /</td>
<td>-15% / -12% / -11%</td>
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<tr>
<td>Comm Srv</td>
<td>32%  /  40%  /  37%</td>
<td>/ / /</td>
<td>0%   /  2%   /  4%</td>
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<tr>
<td>Utilities</td>
<td>27%  /  46%  /  41%</td>
<td>/ / /</td>
<td>-1%  /  1%  / -1%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>37%  /  54%  /  53%</td>
<td>/ / /</td>
<td>-29% / -27% / -19%</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 ( / / 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
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<tr>
<th>Sector</th>
<th>Momentum</th>
<th>Strength</th>
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<tr>
<td>OG StTr</td>
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<td>Coal&amp;Uran</td>
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<td>Alumin</td>
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<td>OG RfMkt</td>
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<td>OG Drill</td>
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<td>CstrMat</td>
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<td>Fert&amp;Ag</td>
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<td>FrstPrd</td>
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<td>DiversChm</td>
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- **OG StTr**: 63 stocks; $667bn
- **Coal&Uran**: 22 stocks; $81bn
- **Alumin**: 10 stocks; $43bn
- **OG RfMkt**: 41 stocks; $568bn
- **OG Equip**: 60 stocks; $290bn
- **DvrsMng**: 62 stocks; $401bn
- **IndusGas**: 8 stocks; $156bn
- **ComdChm**: 43 stocks; $422bn
- **PrecMet**: 17 stocks; $42bn
- **MtGlsCnt**: 15 stocks; $66bn
- **Steel**: 80 stocks; $442bn
- **OG Drill**: 14 stocks; $37bn
- **Int O&G**: 31 stocks; $201bn
- **PaperPkg**: 17 stocks; $117bn
- **OG RfMkt**: 41 stocks; $568bn
- **OG Equip**: 60 stocks; $290bn
- **Copper**: 18 stocks; $97bn
- **Gold**: 73 stocks; $165bn
- **Silver**: 11 stocks; $16bn
- **SpecChm**: 67 stocks; $567bn
- **PapProd**: 25 stocks; $123bn
- **CstrMat**: 28 stocks; $230bn
- **Fert&Ag**: 29 stocks; $160bn
- **FrstPrd**: 17 stocks; $27bn

- **DiversChm**: 22 stocks; $383bn
October 3, 2018

**Energy**

**Momentum**

**Strength**

OG StTr: 63 stocks; $667bn

Coal & Uran: 22 stocks; $61bn

OG RfMkt: 41 stocks; $568bn

OG Equip: 60 stocks; $290bn

OG E&P: 111 stocks; $971bn

OG Drill: 14 stocks; $37bn

Int O&G: 31 stocks; $201bn

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Mark Steele (416) 359-4641
Information Technology

Momentum

DataProc
47 stocks; $1113bn

SystmSwr
35 stocks; $1306bn

EMS
18 stocks; $127bn

SemiEqp
44 stocks; $264bn

InetSrv&In
12 stocks; $485bn

ApplicSwr
34 stocks; $962bn

ElecComp
36 stocks; $276bn

Semi
76 stocks; $1411bn

ComEquip
40 stocks; $431bn

ElecInstr
44 stocks; $261bn

HdwrSt&P
42 stocks; $1687bn

HdwrSt&P
42 stocks; $1687bn

TechDist
13 stocks; $46bn

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Utilities

Momentum

Strength

IPPTrad
22 stocks; $117bn

WaterUtil
22 stocks; $80bn

MultiUtil
35 stocks; $437bn

ElecUtil
48 stocks; $1143bn

GasUtil
36 stocks; $237bn

RenewElec
20 stocks; $53bn

Utilities

WaterUtil
MultiUtil
ElecUtil
GasUtil
RenewElec

22 stocks; $80bn
35 stocks; $437bn
48 stocks; $1143bn
36 stocks; $237bn
20 stocks; $53bn

IPPTrad
22 stocks; $117bn
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.
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>
<td>57.4%</td>
<td>44.1%</td>
<td>57.0%</td>
<td>52.8%</td>
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<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>
</tr>
<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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OP = Outperform - Forecast to outperform the analyst’s coverage universe on a total return basis;
Mkt = Market Perform - Forecast to perform roughly in line with the analyst’s coverage universe on a total return basis;
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;
NR = No Rated - No rating at this time; and
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(January 2010 - April 2013)

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