Group Selection

Priced as of March 6, 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*

*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 (\(
(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 6, 2018

Energy

OG RfMkt
42 stocks; $515bn

Coal&Uran
24 stocks; $93bn

Int O&G
30 stocks; $1747bn

OG Equip
60 stocks; $284bn

OG StTr
90 stocks; $652bn

OG Drill
14 stocks; $30bn

OG E&P
118 stocks; $820bn

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90 stocks; $652bn

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118 stocks; $820bn
March 6, 2018

Momentum

Strength

Health Care

MngHCare
12 stocks; $466bn

HCSuppls
27 stocks; $165bn

HCEquip
78 stocks; $932bn

HCFacility
31 stocks; $135bn

Biotech
124 stocks; $1108bn

LfSciSrv
29 stocks; $294bn

HCDistrib
18 stocks; $125bn

HCService
28 stocks; $208bn

Pharma
109 stocks; $2494bn

HCareTec
19 stocks; $74bn

HCEquip
78 stocks; $932bn

HCFacility
31 stocks; $135bn

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124 stocks; $1108bn

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HCareTec
19 stocks; $74bn
March 6, 2018

Information Technology

Momentum

Strength

ITConsult 52 stocks;$736bn
InetStfSrv 68 stocks;$234bn
SystmSwr 33 stocks;$114bn
ApplicSwr 66 stocks;$755bn
HmEntSwr 12 stocks;$225bn
DataProc 44 stocks;$916bn

ComEquip 41 stocks;$411bn
Semi 70 stocks;$1452bn
Electnstr 44 stocks;$266bn

EMS 17 stocks;$160bn

ElecInstr 44 stocks;$338bn

HdwrSt&P 42 stocks;$1514bn

TechDist 14 stocks;$48bn

ElecComp 44 stocks;$290bn

SystemSwr 33 stocks;$114bn
SemiEqp 42 stocks;$338bn

50 stocks;$736bn
198 stocks;$234bn
37 stocks;$290bn
96 stocks;$225bn
44 stocks;$916bn
44 stocks;$266bn
17 stocks;$160bn
42 stocks;$1514bn
14 stocks;$48bn
42 stocks;$1514bn

17 stocks;$225bn
44 stocks;$338bn
33 stocks;$114bn

96 stocks;$755bn
12 stocks;$225bn
46 stocks;$266bn

42 stocks;$1514bn
14 stocks;$48bn
17 stocks;$225bn
44 stocks;$338bn
33 stocks;$114bn

17 stocks;$160bn
42 stocks;$1514bn
33 stocks;$114bn

Utilities

- IPPTrad: 25 stocks; $112bn
- GasUtil: 33 stocks; $207bn
- ElecUtil: 89 stocks; $1117bn
- RenewElec: 22 stocks; $56bn
- MultiUtil: 35 stocks; $442bn
- WaterUtil: 24 stocks; $83bn
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”
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>
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<td>Hold</td>
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<td>53.2%</td>
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<td>Sell</td>
<td>Underperform</td>
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<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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