Group Selection
Priced as of November 10, 2017

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
November 10, 2017

Strength Changes Last Session

DrugRetail ➔ Educat ➔ DiversREIT ➔ Advert ➔ Sec&Alm ➔
EMS ➔ MultiUtil ➔ OfficeREIT ➔ Gold ➔
HotelREIT ➔ Mov&Ent ➔ SpecStors ➔

Strength

Momentum

DrugRetail ➔ Educat ➔ DiversREIT ➔ Advert ➔ Sec&Alm ➔
EMS ➔ MultiUtil ➔ OfficeREIT ➔ Gold ➔
HotelREIT ➔ Mov&Ent ➔ SpecStors ➔

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EMS ➔ MultiUtil ➔ OfficeREIT ➔ Gold ➔
HotelREIT ➔ Mov&Ent ➔ SpecStors ➔
November 10, 2017

Momentum

Strength

Int O&G
29 stocks; $172bn

Coal&Uran
24 stocks; $84bn

OG Drill
14 stocks; $31bn

OG StTr
69 stocks; $652bn

OG E&P
117 stocks; $838bn

OG Equip
60 stocks; $282bn

OG RfMkt
42 stocks; $491bn

Energy

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Consumer Staples

- **Momentum**
  - DrugRetail (2 stocks; $168bn)
  - PersPrdct (30 stocks; $467bn)
  - Tobacco (13 stocks; $202bn)
  - FdRetail (25 stocks; $540bn)

- **Strength**
  - Dist&Vnt (12 stocks; $354bn)
  - SprCntrs (14 stocks; $490bn)
  - AgriProd (24 stocks; $104bn)
  - HhdlPrdct (17 stocks; $550bn)

- **Other**
  - Brewers (13 stocks; $516bn)
  - SoftDrnks (17 stocks; $507bn)
  - PkgFdMt (120 stocks; $1224bn)
  - FdDistri (12 stocks; $56bn)

November 10, 2017

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Telecommunication Services

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Momentum

Strength

10 stocks; $53bn

42 stocks; $936bn

IntgTelSrv

60 stocks; $1283bn

AltCar

WlsTelSrv
Momentum

Strength

Utilities

November 10, 2017

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Utilities

WaterUtil
24 stocks; $88bn

MultiUtil
35 stocks; $490bn

GasUtil
33 stocks; $209bn

IPPTrad
24 stocks; $106bn

RenewElec
23 stocks; $57bn

ElecUtil
90 stocks; $1186bn
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 group’s 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>
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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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