Group Selection

Priced as of March 15, 2019

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 ( / 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 15, 2019

**Materials**

- **Silver**: 19 stocks; $20bn
- **Gold**: 66 stocks; $205bn
- **PrecMet**: 15 stocks; $48bn
- **DiversChm**: 21 stocks; $17bn
- **FrstPrd**: 21 stocks; $27bn
- **PaperPkg**: 17 stocks; $108bn
- **DvrsMng**: 52 stocks; $396bn
- **ComdChm**: 45 stocks; $393bn
- **Copper**: 14 stocks; $89bn
- **SpecChm**: 69 stocks; $556bn
- **CstrMat**: 21 stocks; $233bn
- **Alumin**: 10 stocks; $35bn
- **MtGlsCnt**: 15 stocks; $69bn
- **IndusGas**: 7 stocks; $204bn
- **Fert&Ag**: 29 stocks; $149bn
- **Steel**: 60 stocks; $421bn
- **PapProd**: 24 stocks; $99bn

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Momentum

Strength

Financials

InvBnkBrk ➔
40 stocks; $436bn

AsstMgmt ➔
80 stocks; $532bn

OthrDivFS ➔
9 stocks; $84bn

ConsMrFin ➔
31 stocks; $289bn

Reinsuran ➔
10 stocks; $134bn

MortgREIT ➔
22 stocks; $66bn

DiversBnk ➔
167 stocks; $5196bn

Thrft&Mtg ➔
42 stocks; $148bn

FnlExchDt ➔
22 stocks; $411bn

MltSecHld ➔
22 stocks; $414bn

InsurBrkr ➔
7 stocks; $135bn

P&C Insur ➔
35 stocks; $500bn

SpecialFin ➔
9 stocks; $32bn

LifeHthIns ➔
47 stocks; $856bn

Multi-LnIns ➔
30 stocks; $503bn

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Utilities

- **RenewElec**: 22 stocks, $122bn
- **ElecUtil**: 56 stocks, $1246bn
- **GasUtil**: 56 stocks, $256bn
- **WaterUtil**: 22 stocks, $86bn
- **MultiUtil**: 34 stocks, $483bn
- **IPPTrad**: 25 stocks, $144bn

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Real Estate

Momentum

Strength

HCareREIT
17 stocks; $112bn

REstOpCo
38 stocks; $259bn

RESTDvAct
35 stocks; $333bn

RESTSrv
12 stocks; $46bn

OfficeREIT
32 stocks; $106bn

SpecREIT
31 stocks; $373bn

DiversREIT
14 stocks; $151bn

RetailREIT
52 stocks; $292bn

RESTDevl
37 stocks; $377bn

IndusREIT
26 stocks; $139bn

ResidREIT
28 stocks; $166bn

HotelREIT
78 stocks; $356bn

REstOpCo
38 stocks; $259bn

Real Estate

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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 groups members are outperforming
2. How consistent that outperformance is
3. How the are members 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).
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>Sell</td>
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<td>3.7%</td>
<td>9.5%</td>
<td>2.0%</td>
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<td>1.6%</td>
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* Reflects rating distribution of all companies covered by BMO Capital Markets Corp. equity research analysts.
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(S) = Speculative investment;
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