Group Selection

Priced as of May 6, 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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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
Momentum

1. FrstPrd
   11 stocks; $22bn

2. PaperPkg
   17 stocks; $112bn

3. MtGlsCnt
   13 stocks; $68bn

4. CstrMat
   33 stocks; $250bn

5. IndusGas
   7 stocks; $113bn

6. OG StTr
   68 stocks; $626bn

7. OG StTr
   68 stocks; $626bn

8. Silver
   10 stocks; $16bn

9. Silver
   10 stocks; $16bn

10. Steel
    61 stocks; $408bn

11. Gold
    15 stocks; $188bn

12. Gold
    15 stocks; $188bn

13. SpecChm
    72 stocks; $653bn

14. SpecChm
    72 stocks; $653bn

15. Int O&G
    22 stocks; $1772bn

16. Int O&G
    22 stocks; $1772bn

17. DiversChm
    21 stocks; $195bn

18. DiversChm
    21 stocks; $195bn

19. DvrsMng
    51 stocks; $393bn

20. DvrsMng
    51 stocks; $393bn

21. ComdChm
    46 stocks; $397bn

22. ComdChm
    46 stocks; $397bn

23. OG RfMkt
    35 stocks; $490bn

24. OG RfMkt
    35 stocks; $490bn

25. OG Equip
    58 stocks; $206bn

26. OG Equip
    58 stocks; $206bn

27. Copper
    14 stocks; $85bn

28. Copper
    14 stocks; $85bn

29. Fert&Ag
    29 stocks; $143bn

30. Fert&Ag
    29 stocks; $143bn

31. OG E&P
    38 stocks; $748bn

32. OG E&P
    38 stocks; $748bn

33. Coal&Uran
    27 stocks; $384bn

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    27 stocks; $384bn

35. PrecMet
    15 stocks; $45bn

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May 6, 2019

Resources

BMO Capital Markets
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Consumer Staples

- **Brewers**: 14 stocks, $442bn
- **PkgFdMt**: 127 stocks, $1408bn
- **SoftDrinks**: 19 stocks, $571bn
- **FDFdtri**: 11 stocks, $62bn
- **PersPrdct**: 35 stocks, $534bn
- **Dist&Vnt**: 20 stocks, $534bn
- **SprCntrs**: 15 stocks, $532bn
- **HhldPrdct**: 18 stocks, $617bn
- **Tobacco**: 13 stocks, $514bn
- **FdRetail**: 35 stocks, $354bn
- **DrugRetail**: 8 stocks, $69bn
- **AgriProd**: 16 stocks, $117bn

Strength and Momentum indicators for various sectors.
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”
- 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>
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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>
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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>
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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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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;
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NR = No Rated - No rating at this time; and
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(January 2010 - April 2013)

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