Group Selection

Priced as of August 5, 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

Strength

August 5, 2019

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Energy

OG Equip 
33 stocks; $176bn

Int O&G
32 stocks; $165bn

OG E&P
33 stocks; $638bn

Coal&Uran
21 stocks; $71bn

OG Drill
10 stocks; $16bn

OG RfMkt
35 stocks; $426bn

OG StTr
62 stocks; $561bn
Industrials

**Momentum**

- **AirptSrv**: 21 stocks; $176bn
- **Railroads**: 26 stocks; $567bn
- **Hwy&Rail**: 14 stocks; $92bn
- **DvSpSrv**: 22 stocks; $115bn
- **Sec&Alm**: 8 stocks; $46bn
- **IndCongl**: 19 stocks; $793bn
- **OffceServ**: 10 stocks; $71bn
- **Hwy&Rail**: 14 stocks; $92bn
- **MarineSrv**: 10 stocks; $77bn
- **RsrcCslt**: 28 stocks; $314bn
- **Airline**: 25 stocks; $246bn
- **BldPrdcts**: 21 stocks; $269bn
- **AirFrgh**: 27 stocks; $284bn
- **Cns&Eng**: 72 stocks; $359bn
- **TrdgDist**: 38 stocks; $313bn
- **Truck**: 27 stocks; $112bn
- **Ind Mach**: 122 stocks; $687bn
- **HvyElcEq**: 17 stocks; $518bn
- **Aero&Def**: 22 stocks; $102bn
- **ElcCmpEq**: 44 stocks; $370bn
- **Marine**: 14 stocks; $46bn
- **Ag&Farm**: 10 stocks; $95bn
- **CnstMch&**

**Strength**

- **EnviroServ**: 28 stocks; $171bn
- **OffceServ**: 10 stocks; $71bn
- **IndCongl**: 19 stocks; $793bn
- **MarineSrv**: 10 stocks; $77bn
- **RsrcCslt**: 28 stocks; $314bn
- **Airline**: 25 stocks; $246bn
- **BldPrdcts**: 21 stocks; $269bn
- **AirFrgh**: 27 stocks; $284bn
- **Cns&Eng**: 72 stocks; $359bn
- **TrdgDist**: 38 stocks; $313bn
- **Truck**: 27 stocks; $112bn
- **Ind Mach**: 122 stocks; $687bn
- **HvyElcEq**: 17 stocks; $518bn
- **Aero&Def**: 22 stocks; $102bn
- **ElcCmpEq**: 44 stocks; $370bn
- **Marine**: 14 stocks; $46bn
- **Ag&Farm**: 10 stocks; $95bn
- **CnstMch&**
August 5, 2019

**Consumer Discretionary**

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- **Momentum**
  - HomeBld: 35 stocks; $151bn
  - LeisFeil: 9 stocks; $106bn
  - LeisPrd: 21 stocks; $136bn
  - HmImpRtl: 6 stocks; $14bn
  - Hsware: 3 stocks; $15bn
  - CmrElec: 7 stocks; $35bn
  - HmFrnsh: 10 stocks; $32bn
  - MotcyMfg: 6 stocks; $35bn
  - SpCmSrV: 9 stocks; $30bn
  - AutoRtl: 18 stocks; $138bn
  - Educat: 15 stocks; $70bn
  - GMrchStrs: 14 stocks; $193bn
  - SpecStors: 22 stocks; $86bn
  - Cas&Gam: 26 stocks; $268bn
  - Htl&Rsrt: 24 stocks; $328bn
  - InetDmRtl: 42 stocks; $778bn
  - CmpeRtl: 9 stocks; $53bn
  - DeptStrs: 17 stocks; $79bn
  - HhIdApI: 15 stocks; $164bn
  - ApparlRtl: 27 stocks; $336bn
  - AutoParts: 64 stocks; $284bn
  - HomeFurn: 9 stocks; $27bn
  - Footwear: 14 stocks; $159bn
  - Autoparts: 54 stocks; $284bn
  - Educ: 15 stocks; $70bn
  - SpecStors: 22 stocks; $86bn
  - InetDmRtl: 42 stocks; $778bn
  - CmpElRtl: 9 stocks; $53bn
  - DeptStrs: 17 stocks; $79bn
  - HhIdApI: 15 stocks; $164bn
  - ApparlRtl: 27 stocks; $336bn
  - AutoParts: 64 stocks; $284bn
  - HomeFurn: 9 stocks; $27bn
  - Footwear: 14 stocks; $159bn

- **Strength**
  - HomeBld: 35 stocks; $151bn
  - Rstaurnt: 48 stocks; $535bn
  - LeisPrd: 21 stocks; $136bn
  - HmImpRtl: 6 stocks; $14bn
  - Hsware: 3 stocks; $15bn
  - CmrElec: 7 stocks; $35bn
  - HmFrnsh: 10 stocks; $32bn
  - MotcyMfg: 6 stocks; $35bn
  - SpCmSrV: 9 stocks; $30bn
  - AutoRtl: 18 stocks; $138bn
  - Educat: 15 stocks; $70bn
  - GMrchStrs: 14 stocks; $193bn
  - SpecStors: 22 stocks; $86bn
  - Cas&Gam: 26 stocks; $268bn
  - Htl&Rsrt: 24 stocks; $328bn
  - InetDmRtl: 42 stocks; $778bn
  - CmpeRtl: 9 stocks; $53bn
  - DeptStrs: 17 stocks; $79bn
  - HhIdApI: 15 stocks; $164bn
  - ApparlRtl: 27 stocks; $336bn
  - AutoParts: 64 stocks; $284bn
  - HomeFurn: 9 stocks; $27bn
  - Footwear: 14 stocks; $159bn
Health Care

Momentum

Strength

HCDistrib
16 stocks; $166bn

HCSupplgs
25 stocks; $155bn

HCareTec
17 stocks; $91bn

Pharma
133 stocks; $2579bn

Biotech
124 stocks; $914bn

HCEquip
76 stocks; $1234bn

HCService
24 stocks; $265bn

MngHCare
10 stocks; $395bn

LfSciSrv
32 stocks; $391bn

HCFacility
33 stocks; $173bn

16 stocks; $106bn

25 stocks; $155bn

17 stocks; $91bn

133 stocks; $2579bn

124 stocks; $914bn

76 stocks; $1234bn

24 stocks; $265bn

10 stocks; $395bn

32 stocks; $391bn

33 stocks; $173bn

August 5, 2019

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August 5, 2019

Momentum

Strength

Utilities

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GasUtil
37 stocks; $277bn

WaterUtil
23 stocks; $96bn

ElecUtil
85 stocks; $1250bn

MultiUtil
37 stocks; $504bn

IPPTrad
25 stocks; $178bn

RenewElec
25 stocks; $141bn

37 stocks; $277bn
23 stocks; $96bn
85 stocks; $1250bn
37 stocks; $504bn
25 stocks; $178bn
25 stocks; $141bn
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 an:
  ...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”
- 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>
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<td>Hold</td>
<td>Market Perform</td>
<td>53.2%</td>
<td>13.1%</td>
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<td>41.1%</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>
<td>1.6%</td>
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