Group Selection

Priced as of July 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
Information Technology

July 5, 2019

Mark Steele (416) 359-4641

Strength

Momentum

Semi
72 stocks; $1337bn

ApplicSwr
59 stocks; $1147bn

SemiEgp
43 stocks; $287bn

SystmSwr
40 stocks; $1548bn

TechDist
14 stocks; $359bn

ComEquip
41 stocks; $540bn

InetSrv&In
15 stocks; $136bn

EMS
19 stocks; $147bn

DataProc
50 stocks; $1297bn

ElecInstr
42 stocks; $314bn

ElecComp
38 stocks; $283bn

ITConsult
47 stocks; $780bn

HdwrSt&P
40 stocks; $1489bn

19 stocks; $147bn

41 stocks; $540bn

40 stocks; $1366bn

15 stocks; $1366bn

40 stocks; $1548bn

40 stocks; $1548bn

40 stocks; $1366bn

40 stocks; $1489bn
Utilities

- **Momentum**
  - **Strength**

**IPPTrad**
- 25 stocks
- $137bn

**RenewElec**
- 25 stocks
- $143bn

**MultiUtil**
- 35 stocks
- $520bn

**ElecUtil**
- 85 stocks
- $1278bn

**GasUtil**
- 37 stocks
- $289bn

**WaterUtil**
- 24 stocks
- $104bn
July 5, 2019

Real Estate

Momentum

Strength

REstDvAct
35 stocks; $346bn

IndusREIT
25 stocks; $160bn

SpecREIT
37 stocks; $411bn

DiversREIT
36 stocks; $166bn

ResidREIT
29 stocks; $200bn

REstOpCo
37 stocks; $253bn

REstDevl
39 stocks; $392bn

REstSrv
12 stocks; $42bn

OfficeREIT
34 stocks; $190bn

REstDvAct
35 stocks; $346bn

HCareREIT
17 stocks; $121bn

RetailREIT
50 stocks; $288bn

HotelREIT
18 stocks; $54bn

SpecREIT
37 stocks; $411bn

DiversREIT
36 stocks; $166bn

ResidREIT
29 stocks; $200bn

REstOpCo
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REstDevl
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12 stocks; $42bn
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 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).
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>22.8%</td>
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<td>Hold</td>
<td>Market Perform</td>
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<td>Sell</td>
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<td>3.7%</td>
<td>9.5%</td>
<td>2.0%</td>
<td>3.2%</td>
<td>1.6%</td>
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