Group Selection

Priced as of February 11, 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
# Table of Contents

3. Sector View  
4. Strength Changes Last Session  
5. Resource Summary  
6. Energy  
7. Materials  
8. Industrials  
9. Consumer Discretionary  
10. Consumer Staples  
11. Health Care  
12. Financials  
13. Information Technology  
14. Telecom  
15. Utilities  
16. Real Estate  
17. User Guide
Sector Relative Strength Profiles*

- **Hyperlink**
- **% Outperforming**
  - US/GBL/CDA: 26% / 30% / 31%
  - Reward/Risk: US/GBL/CDA
  - Trend Psn: US/GBL/CDA

- **Energy**
  - Trend Psn: -7% / -7% / -11%

- **Materials**
  - Trend Psn: 2% / 2% / -2%

- **Industrials**
  - Trend Psn: 6% / 5% / 1%

- **CMR Disc**
  - Trend Psn: 6% / 5% / 1%

- **CMR Stap**
  - Trend Psn: -4% / -5% / -7%

- **Health Care**
  - Trend Psn: 1% / 3% / -1%

- **Financials**
  - Trend Psn: 8% / 8% / 1%

- **Info Tech**
  - Trend Psn: 24% / 23% / 18%

- **Comm Srv**
  - Trend Psn: -4% / -5% / -7%

- **Utilities**
  - Trend Psn: -3% / -3% / -5%

- **Real Estate**
  - Trend Psn: 19% / 23% / 13%

*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 (higher/lower 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.
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<tr>
<th>Sector</th>
<th>Stocks</th>
<th>Market Cap</th>
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<tr>
<td>Mountain Goods</td>
<td>15</td>
<td>$67bn</td>
</tr>
<tr>
<td>Silver</td>
<td>10</td>
<td>$18bn</td>
</tr>
<tr>
<td>Spec Chem</td>
<td>67</td>
<td>$508bn</td>
</tr>
<tr>
<td>MtGlsCnt</td>
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<td>$67bn</td>
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<tr>
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<td>$46bn</td>
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<td>Spec Chem</td>
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<tr>
<td>Frst Prd</td>
<td>11</td>
<td>$24bn</td>
</tr>
<tr>
<td>Comd Chm</td>
<td>44</td>
<td>$374bn</td>
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<tr>
<td>Fert &amp; Ag</td>
<td>24</td>
<td>$100bn</td>
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<tr>
<td>Pap Prod</td>
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<tr>
<td>Comd Chm</td>
<td>44</td>
<td>$374bn</td>
</tr>
<tr>
<td>Steel</td>
<td>58</td>
<td>$366bn</td>
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</table>
Consumer Discretionary

RSTAURNT: 14 stocks; $458bn
CASA&GAM: 25 stocks; $287bn
FOOTWEAR: 14 stocks; $167bn
SPECSTORS: 22 stocks; $90bn
EDUCAT: 14 stocks; $61bn
HOMEFURN: 8 stocks; $23bn
DEPTSTORS: 16 stocks; $85bn
CMP EL Rtl: 4 stocks; $35bn
HOME BLD: 34 stocks; $141bn
LEISFCIL: 9 stocks; $69bn
HHLDAPL: 12 stocks; $65bn
GMRCSTRS: 13 stocks; $168bn
INETDMRTL: 16 stocks; $85bn
LEISPRD: 20 stocks; $77bn
MOCYMFG: 8 stocks; $41bn
CMREELEC: 12 stocks; $124bn
LEISFACIL: 9 stocks; $69bn
HMLIMPRTL: 8 stocks; $119bn
APPRIRTL: 30 stocks; $119bn
SP CM Srv: 7 stocks; $23bn
HMLIMPRTL: 8 stocks; $119bn
AUTO MFG: 36 stocks; $889bn
AUTO PARTS: 56 stocks; $288bn
TIRE&Rub: 51 stocks; $81bn

Aprl&Gds: 43 stocks; $739bn
Auto Rtl: 15 stocks; $98bn
HmFrsnsh: 10 stocks; $31bn
Auto Parts: 50 stocks; $286bn
Consumer Staples

Momentum

Strength

February 11, 2019

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Brewers
14 stocks; $407bn

PersPrdct
34 stocks; $486bn

Dist&Vnt
12 stocks; $362bn

FdDstri
11 stocks; $58bn

FdRetail
15 stocks; $365bn

SoftDrinks
19 stocks; $547bn

HhldPrdct
18 stocks; $566bn

SprCntrs
12 stocks; $476bn

DrugRetail
6 stocks; $57bn

Tobacco
13 stocks; $490bn

AgriProd
25 stocks; $104bn

PkgFdMt
116 stocks; $1157bn

PkgFdMt
118 stocks; $1157bn
February 11, 2019

**Momentum**

**Strength**

**Financials**

- **MortgREIT** ▲
  - 22 stocks; $66bn

- **SpecialFin** ▲
  - 9 stocks; $21bn

- **AsstMgmt** ▲
  - 60 stocks; $506bn

- **RegionBnk** ▲
  - 141 stocks; $624bn

- **InvBnkBrk** ▲
  - 35 stocks; $344bn

- **MlitSecHld** ▲
  - 22 stocks; $408bn

- **LifeHthIns** ▲
  - 47 stocks; $815bn

- **ConsmrFin** ▲
  - 31 stocks; $270bn

- **OthrDivFS** ▲
  - 9 stocks; $84bn

- **FnlExchDt** ▲
  - 21 stocks; $383bn

- **Thrf&Mtg** ▲
  - 23 stocks; $141bn

- **DiversBnk** ▲
  - 159 stocks; $4904bn

- **Multi-LnIns** ▲
  - 30 stocks; $477bn

- **DivCpMkt** ▲
  - 7 stocks; $155bn
February 11, 2019

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Utilities

Momentum

Strength

RenewElec 20 stocks; $56bn
GasUtil 35 stocks; $244bn
WaterUtil 23 stocks; $91bn
ElecUtil 46 stocks; $1209bn
MultiUtil 34 stocks; $465bn
IPPTrad 23 stocks; $119bn
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.
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>
<td>44.1%</td>
<td>57.0%</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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<td>5.5%</td>
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* Reflects rating distribution of all companies covered by BMO Capital Markets Corp. equity research analysts.
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