Group Selection

Priced as of May 9, 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**

- **Hyperlink**
  - Energy: 29% / 28% / 25%
  - Materials: 39% / 38% / 37%
  - Industrials: 44% / 46% / 43%
  - CMR Disc: 46% / 45% / 43%
  - CMR Stap: 42% / 45% / 45%
  - Hlth Care: 43% / 43% / 39%
  - Financials: 38% / 38% / 37%
  - Info Tech: 68% / 70% / 65%
  - Comm Srv: 41% / 43% / 44%
  - Utilities: 52% / 55% / 57%
  - Real Estate: 61% / 62% / 59%

- **% Outperforming**
  - Energy: 29% / 28% / 25%
  - Materials: 39% / 38% / 37%
  - Industrials: 44% / 46% / 43%
  - CMR Disc: 46% / 45% / 43%
  - CMR Stap: 42% / 45% / 45%
  - Hlth Care: 43% / 43% / 39%
  - Financials: 38% / 38% / 37%
  - Info Tech: 68% / 70% / 65%
  - Comm Srv: 41% / 43% / 44%
  - Utilities: 52% / 55% / 57%
  - Real Estate: 61% / 62% / 59%

- **Reward/Risk**
  - Energy: / / -9% / -7% / -7%
  - Materials: / / -17% / -11% / -16%
  - Industrials: / / -4% / 3% / 0%
  - CMR Disc: / / -4% / 1% / 0%
  - CMR Stap: / / -6% / 0% / -1%
  - Hlth Care: / / 1% / 5% / 4%
  - Financials: / / 0% / 7% / 2%
  - Info Tech: / / -7% / -2% / -5%
  - Comm Srv: / / -1% / 4% / 2%
  - Utilities: / / -16% / -14% / -15%
  - Real Estate: / / -7% / -3% / -2%

- **Trend Psn**
  - Energy: / / -9% / -7% / -7%
  - Materials: / / -17% / -11% / -16%
  - Industrials: / / -4% / 3% / 0%
  - CMR Disc: / / -4% / 1% / 0%
  - CMR Stap: / / -6% / 0% / -1%
  - Hlth Care: / / 1% / 5% / 4%
  - Financials: / / 0% / 7% / 2%
  - Info Tech: / / -7% / -2% / -5%
  - Comm Srv: / / -1% / 4% / 2%
  - Utilities: / / -16% / -14% / -15%
  - Real Estate: / / -7% / -3% / -2%

*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 (\(\text{\uparrow}\) / \(\text{\downarrow}\) 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

May 9, 2019

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Energy

OG StTr
68 stocks; $621bn

OG Drill
10 stocks; $23bn

OG Equip
58 stocks; $199bn

OG E&P
98 stocks; $743bn

Int O&G
32 stocks; $174bn

OG RfMkt
55 stocks; $443bn

Coal&Uran
21 stocks; $81bn
Momentum

Strength

May 9, 2019

Mark Steele (416) 359-4641

Materials

CstrMat
39 stocks; $243bn

MtGlsCnt
13 stocks; $67bn

PaperPkg
17 stocks; $109bn

DvrsMng
37 stocks; $377bn

PrecMet
15 stocks; $44bn

Steel
51 stocks; $395bn

FrstPrd
11 stocks; $27bn

ComdChm
36 stocks; $384bn

Alumin
10 stocks; $32bn

PapProd
24 stocks; $89bn

Gold
64 stocks; $189bn

Copper
14 stocks; $82bn

IndusGas
7 stocks; $207bn

SpecChm
72 stocks; $628bn

DiversChm
21 stocks; $185bn

Silver
10 stocks; $17bn

Fert&Ag
29 stocks; $139bn

17 stocks; $109bn
Real Estate

Momentum

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HotelREIT
18 stocks; $57bn

DiversREIT
35 stocks; $155bn

SpecREIT
37 stocks; $35bn

HCareREIT
77 stocks; $111bn

OfficeREIT
35 stocks; $186bn

RetailREIT
50 stocks; $289bn

IndusREIT
29 stocks; $144bn

ResidREIT
29 stocks; $187bn

REstOpCo
38 stocks; $254bn

REstSrv
13 stocks; $41bn

REstDvAct
35 stocks; $323bn

REstDevl
29 stocks; $378bn

18 stocks; $111bn

35 stocks; $155bn

29 stocks; $144bn

29 stocks; $187bn

38 stocks; $254bn

13 stocks; $41bn

35 stocks; $323bn

29 stocks; $378bn
**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 group's members are outperforming
2. How consistent that outperformance is
3. How the members are positioned (above/below) versus 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>
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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>
<td>1.6%</td>
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(S) = Speculative investment;
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