Group Selection

Priced as of October 7, 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 ( carta / carta 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.
October 7, 2019

Materials

Momentum

Strength

PrecMet
19 stocks; $51bn

SpecChm
71 stocks; $636bn

PapProd
32 stocks; $87bn

PaperPkg
19 stocks; $93bn

IndusGas
7 stocks; $219bn

ComdChm
49 stocks; $372bn

Copper
20 stocks; $167bn

DiversChm
20 stocks; $167bn

Steel
14 stocks; $72bn

ComdChm
49 stocks; $372bn

Alumin
47 stocks; $333bn

DvrsMng
47 stocks; $333bn

CstrMat
33 stocks; $235bn

Gold
72 stocks; $280bn

MtGlsCnt
15 stocks; $69bn

Silver
9 stocks; $22bn

FrstPrd
10 stocks; $19bn

IndusGas
7 stocks; $219bn

Gold
72 stocks; $280bn

Silver
9 stocks; $22bn

CstrMat
33 stocks; $235bn

FrstPrd
10 stocks; $19bn

Fert&Ag
27 stocks; $129bn

Copper
20 stocks; $167bn

MtGlsCnt
15 stocks; $69bn

Steel
14 stocks; $72bn

Alumin
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Momentum

Strength

October 7, 2019

Mark Steele (416) 359-4641

Financials

MortgREIT
22 stocks; $66bn

Multi-LnIns
30 stocks; $605bn

FnIExchDl
28 stocks; $475bn

P&C Insur
44 stocks; $554bn

Thrift&Mtg
42 stocks; $156bn

Reinsuran
9 stocks; $148bn

InsurBrkrs
6 stocks; $118bn

ConsmrFin
30 stocks; $291bn

LifeHthIns
48 stocks; $801bn

AsstMgmt
79 stocks; $528bn

MltSecHld
21 stocks; $412bn

RegionBnk
153 stocks; $483bn

LifeHthIns
48 stocks; $801bn

OthrDivFS
39 stocks; $380bn

SpecialFin
8 stocks; $23bn

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October 7, 2019

Utilities

Mark Steele (416) 359-4641

Momentum

Strength

- WaterUtil
  - 24 stocks; $106bn

- RenewElec
  - 25 stocks; $142bn

- MultiUtil
  - 34 stocks; $543bn

- ElectrUtil
  - 33 stocks; $1309bn

- GasUtil
  - 36 stocks; $276bn

- IPPTrad
  - 25 stocks; $728bn

Utilities: 24 stocks; $106bn

- Utilities: 25 stocks; $142bn

- Utilities: 34 stocks; $543bn

- Utilities: 83 stocks; $1309bn

- Utilities: 36 stocks; $276bn

- Utilities: 25 stocks; $728bn
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 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”
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>Buy</td>
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<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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* Reflects rating distribution of all companies covered by BMO Capital Markets Corp. equity research analysts.
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Und = Underperform - Forecast to underperform the analyst’s coverage universe on a total return basis;
(S) = Speculative investment;
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