Group Selection
Priced as of July 31, 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*

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<td>-1% / 2% / 5%</td>
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<td>/ / /</td>
<td>1% / 3% / 5%</td>
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<td>3% / 5% / 6%</td>
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<tr>
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<tr>
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<tr>
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<td>2% / 3% / 3%</td>
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<tr>
<td>Utilities</td>
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<td>Real Estate</td>
<td>40% / 48% / 47%</td>
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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
July 31, 2019

Resources

IndusGas 7 stocks; $228bn
SpecChm 71 stocks; $638bn
OG Equip 53 stocks; $392bn
Alumin 10 stocks; $37bn
OG E&P 83 stocks; $695bn

Gold 95 stocks; $248bn
ComdChm 77 stocks; $363bn
DiversChm 30 stocks; $176bn
FrstPrd 17 stocks; $21bn
OG StTr 62 stocks; $583bn

Silver 2 stocks; $21bn
OG RfMkt 15 stocks; $454bn
PrecMet 1 stock; $45bn
MtGlsCnt 14 stocks; $73bn
PapProd 23 stocks; $79bn

OG Drill 10 stocks; $19bn
CstrMat 33 stocks; $245bn
Fert&Ag 29 stocks; $147bn
OG StTr 62 stocks; $583bn
Copper 14 stocks; $92bn

Coal&Uran 21 stocks; $370bn
Steel 61 stocks; $387bn
DvrsMng 49 stocks; $370bn

Resources
## Consumer Discretionary

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<tr>
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<th>Strength</th>
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<td>↑</td>
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<tr>
<td>LeisFcil</td>
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<td>↑</td>
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<tr>
<td>LeisPrd</td>
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<tr>
<td>CmpElRtl</td>
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<tr>
<td>Htl&amp;Rsrt</td>
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<td>AutoRtl</td>
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<td>AutoParts</td>
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<tr>
<td>MotcyMfg</td>
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<td>Textiles</td>
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<td>SpCmSrv</td>
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<td>CmrElec</td>
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<tr>
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<td>GMrchStrs</td>
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<td>HrdsRts</td>
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<td>AutoMfg</td>
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<td>Footwear</td>
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<tr>
<td>Apri&amp;Gds</td>
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<tr>
<td>ApprRtl</td>
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</table>

### Market Caps (in billions)

- **HomeBld**: 35 stocks; $154bn
- **LeisFcil**: 9 stocks; $90bn
- **LeisPrd**: 21 stocks; $90bn
- **CmpElRtl**: 9 stocks; $57bn
- **Htl&Rsrt**: 24 stocks; $255bn
- **DeptStrs**: 17 stocks; $83bn
- **HmFrsnsh**: 10 stocks; $52bn
- **Hsware**: 8 stocks; $16bn
- **AutoRtl**: 18 stocks; $137bn
- **InetDmRtl**: 42 stocks; $168bn
- **Rtaurnt**: 46 stocks; $54bn
- **HmlmpRtl**: 4 stocks; $37bn
- **AutoParts**: 24 stocks; $299bn
- **MotcyMfg**: 6 stocks; $36bn
- **Textiles**: 8 stocks; $6bn
- **SpCmSrv**: 9 stocks; $31bn
- **CmrElec**: 11 stocks; $14bn
- **HomeFurn**: 9 stocks; $23bn
- **GMrchStrs**: 14 stocks; $19bn
- **HhldApl**: 15 stocks; $17bn
- **HrdsRts**: 7 stocks; $22bn
- **SpecStors**: 22 stocks; $42bn
- **AutoMfg**: 39 stocks; $92bn
- **Footwear**: 14 stocks; $17bn
- **Apri&Gds**: 44 stocks; $83bn
- **ApprRtl**: 27 stocks; $347bn
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>
<td>57.4%</td>
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<td>Sell</td>
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<td>9.5%</td>
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<td>3.2%</td>
<td>1.6%</td>
<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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