Group Selection

Priced as of July 9, 2018

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
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.
Coal&Uran
24 stocks; $84bn

OG StTr
88 stocks; $688bn

OG E&P
115 stocks; $64bn

OG Equip
61 stocks; $303bn

OG Drill
14 stocks; $35bn

OG RfMkt
43 stocks; $515bn

Int O&G
30 stocks; $192bn

OG RfMkt
43 stocks; $515bn
Consumer Staples

Mark Steele (416) 359-4641

July 9, 2018

- **FdRetail**: 16 stocks; $368bn
- **Tobacco**: 18 stocks; $539bn
- **HhdlPrdct**: 13 stocks; $566bn
- **SoftDrnks**: 19 stocks; $504bn
- **PkgFdMt**: 123 stocks; $1191bn
- **SprCntrs**: 33 stocks; $517bn
- **PersPrdct**: 12 stocks; $517bn
- **Dist&Vnt**: 12 stocks; $372bn
- **Brewers**: 14 stocks; $480bn
- **DrugRetail**: 6 stocks; $84bn
- **AgriProd**: 25 stocks; $107bn

Telecommunication Services

July 9, 2018

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WlsTelSrv
44 stocks; $874bn

IntgTelSrv
58 stocks; $1272bn

AltCar
11 stocks; $60bn
Momentum

Strength

Real Estate

HCareREIT
18 stocks; $99bn

DiversREIT
28 stocks; $162bn

OfficeREIT
34 stocks; $165bn

ResidREIT
27 stocks; $162bn

SpecREIT
31 stocks; $350bn

HotelREIT
18 stocks; $60bn

REstSrv
12 stocks; $42bn

IndusREIT
21 stocks; $115bn

RetailREIT
50 stocks; $286bn

REstOpCo
38 stocks; $239bn

REstDvAct
34 stocks; $314bn

REstDevl
36 stocks; $322bn
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 groups 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>22.8%</td>
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<td>Hold</td>
<td>Market Perform</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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