Group Selection
Priced as of July 17, 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 (\(\uparrow\) / \(\downarrow\) 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
Strength Changes Last Session

Strength

Momentum

REstDevl → HCServc → HCSuppl → SprCntrs → WaterUtl ← ApparlRtl ← Mov&Ent → DeptStrs →

Rstaurnt ← OG RfMkt → IPPTrad ← Sec&Alm ← Int MeSer → Int O&G

REstOpCo ← MultiUtil ← HhldPrdct ← Footwear ← Trucking ← IndCongli ← PapProd ← Ag&Farm → Tire&Rub

SystmSwr ← Railroads ← Htl&Rsrt ← Tobacco ← OG Drill → FdDistri

FnlExchDt ← Cabl&Sat ← WlsTelSrv ← LeisPrd ← GMrchStrs ← OG StTr ← AutoMfg

DvSpSrv ← ConsmrFin ← AsstMgmt ← REstDvAct ← REstDevl → HCServc → HCSuppl → SprCntrs → WaterUtl ← ApparlRtl ← Mov&Ent → DeptStrs →

Reinsuran ← CmrElec ← HREmpl ← InetDmRtl ← ElcCmpEq ← DiversBnk ← HvyElcEq ← Cns&Eng

EnviroServ ← Educat ← IntgTelSrv ← InvBnkBrk ← Cas&Gam ← DiversBnk ← HvyElcEq ← Cns&Eng

AirprtSrv ← Educat ← InetDmRtl ← ElcCmpEq ← DiversBnk ← HvyElcEq ← Cns&Eng

HCareTec ← ElecUtil ← Thrft&Mtg ← SpecREIT ← Fert&Ag ← Broadcast ← Publishing
July 17, 2019

Consumer Staples

Mark Steele (416) 359-4641

SprCntrs ➔ 16 stocks; $594bn

HhldPrdct ➔ 18 stocks; $653bn

PersPrdct ➔ 38 stocks; $572bn

FdRetail ➔ 33 stocks; $352bn

Tobacco ➔ 13 stocks; $481bn

FdDistri ➔ 11 stocks; $61bn

DrugRetail ➔ 6 stocks; $67bn

Brewers ➔ 14 stocks; $451bn

Dist&Vnt ➔ 20 stocks; $572bn

PkgFdMt ➔ 126 stocks; $1441bn

SoftDrnks ➔ 19 stocks; $590bn

AgriProd ➔ 28 stocks; $117bn
Information Technology

Momentum

Strength

ITConsult 47 stocks; $782bn
SemiEqp 43 stocks; $295bn
DataProc 50 stocks; $1375bn
ApplicSwr 39 stocks; $1155bn
SystmSwr 39 stocks; $1507bn
Semi 72 stocks; $1375bn

ComEquip 41 stocks; $451bn
TechDist 14 stocks; $58bn
ElecComp 38 stocks; $279bn
InetSrv&In 15 stocks; $139bn
EMS 19 stocks; $143bn
ElecInstr 42 stocks; $306bn
HdwrSt&P 40 stocks; $1451bn

July 17, 2019
Telecommunication Services

Momentum

Strength

July 17, 2019

Mark Steele (416) 359-4641

Mov&Ent →
27 stocks; $566bn

IntMeSer →
43 stocks; $1540bn

IntHmEnt ↑
23 stocks; $247bn

Cabl&Sat ↑
23 stocks; $424bn

WlsTelSrv ↓
13 stocks; $846bn

AltCar ↑
9 stocks; $39bn

Advert →
17 stocks; $104bn

IntgTelSrv ↓
55 stocks; $1325bn

Broadcast →
26 stocks; $88bn

Publishing →
13 stocks; $42bn
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) 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>
<td>Outperform</td>
<td>43.2%</td>
<td>22.8%</td>
<td>57.4%</td>
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<td>Hold</td>
<td>Market Perform</td>
<td>53.2%</td>
<td>13.1%</td>
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<td>41.1%</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>
<td>5.5%</td>
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