Group Selection

Priced as of April 15, 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*

- **Energy**: % Outperforming = 24% / 23% / 23%, Reward/Risk = 7% / 9% / 10%
- **Materials**: % Outperforming = 42% / 40% / 39%, Reward/Risk = 6% / 0% / 1%
- **Industrials**: % Outperforming = 42% / 42% / 42%, Reward/Risk = 6% / 8% / 10%
- **CMR Disc**: % Outperforming = 42% / 42% / 42%, Reward/Risk = 2% / 3% / 5%
- **CMR Stap**: % Outperforming = 48% / 48% / 46%, Reward/Risk = -9% / -8% / -8%
- **Health Care**: % Outperforming = 45% / 44% / 45%, Reward/Risk = -11% / -10% / -10%
- **Financials**: % Outperforming = 41% / 39% / 41%, Reward/Risk = -1% / 0% / 2%
- **Info Tech**: % Outperforming = 65% / 64% / 61%, Reward/Risk = 8% / 9% / 10%
- **Comm Srv**: % Outperforming = 42% / 43% / 46%, Reward/Risk = -8% / -4% / -3%
- **Utilities**: % Outperforming = 70% / 71% / 72%, Reward/Risk = -19% / -22% / -17%
- **Real Estate**: % Outperforming = 66% / 67% / 67%, Reward/Risk = -7% / -11% / -9%

*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.
<table>
<thead>
<tr>
<th>Sector</th>
<th>Stocks</th>
<th>Market Value</th>
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<tbody>
<tr>
<td>EMS</td>
<td>19</td>
<td>$164bn</td>
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<tr>
<td>ComEquip</td>
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<td>ITConsult</td>
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<td>Semi</td>
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<td>InetSrv&amp;In</td>
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<td>HdwrSt&amp;P</td>
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<td>$1515bn</td>
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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”
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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