Group Selection

Priced as of July 19, 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
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Sector Relative Strength Profiles*

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</thead>
<tbody>
<tr>
<td>Energy</td>
<td>47% / 51% / 56%</td>
<td>/ / /</td>
<td>-5% / 1% / -2%</td>
</tr>
<tr>
<td>Materials</td>
<td>37% / 42% / 45%</td>
<td>/ / /</td>
<td>-18% / -11% / -15%</td>
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<tr>
<td>Industrials</td>
<td>38% / 43% / 46%</td>
<td>/ / /</td>
<td>-7% / 3% / -2%</td>
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<tr>
<td>CMR Disc</td>
<td>44% / 48% / 48%</td>
<td>/ / /</td>
<td>-8% / -1% / -1%</td>
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<tr>
<td>CMR Stap</td>
<td>40% / 45% / 47%</td>
<td>/ / /</td>
<td>-11% / -3% / -8%</td>
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<tr>
<td>HLth Care</td>
<td>57% / 60% / 60%</td>
<td>/ / /</td>
<td>1% / 7% / 5%</td>
</tr>
<tr>
<td>Financials</td>
<td>44% / 50% / 52%</td>
<td>/ / /</td>
<td>-14% / -8% / -8%</td>
</tr>
<tr>
<td>Info Tech</td>
<td>54% / 59% / 62%</td>
<td>/ / /</td>
<td>-1% / 4% / 1%</td>
</tr>
<tr>
<td>Telecom</td>
<td>19% / 27% / 35%</td>
<td>/ / /</td>
<td>-11% / -4% / -5%</td>
</tr>
<tr>
<td>Utilities</td>
<td>37% / 45% / 48%</td>
<td>/ / /</td>
<td>-6% / -1% / -3%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>52% / 58% / 58%</td>
<td>/ / /</td>
<td>-14% / -7% / -2%</td>
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</tbody>
</table>

*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.
Momentum

Strength

Consumer Staples

July 19, 2018

Mark Steele (416) 359-4641

Consumer Staples

- FdDistri (11 stocks; $65bn)
- DrugRetail (6 stocks; $86bn)
- SoftDrinks (19 stocks; $531bn)
- Brewers (14 stocks; $485bn)
- HhlPrdct (17 stocks; $535bn)
- PersPrdct (33 stocks; $515bn)
- FdRetail (36 stocks; $364bn)
- Dist&Vnt (12 stocks; $372bn)
- AgriProd (25 stocks; $106bn)
- SprCntrs (13 stocks; $510bn)
- PkgFdMt (123 stocks; $1178bn)
- Tobacco (13 stocks; $554bn)

Total market capitalization:
- 11 stocks; $65bn
- 6 stocks; $86bn
- 19 stocks; $531bn
- 14 stocks; $485bn
- 17 stocks; $535bn
- 33 stocks; $515bn
- 36 stocks; $364bn
- 12 stocks; $372bn
- 25 stocks; $106bn
- 13 stocks; $510bn
- 123 stocks; $1178bn
- 13 stocks; $554bn

Total market capitalization:
- $1178bn
**July 19, 2018**

**Financials**

- **Momentum**
  - **FnlExchDt** (22 stocks; $417bn)
  - **InsurBrkrs** (7 stocks; $128bn)
  - **Reinsuran** (11 stocks; $124bn)

- **Strength**
  - **LifeHthIns** (46 stocks; $924bn)
  - **MltSecHld** (24 stocks; $415bn)
  - **InvBnkBrk** (37 stocks; $441bn)
  - **7 stocks; $128bn**
  - **24 stocks; $415bn**
  - **23 stocks; $128bn**

- **ConsmrFin** (31 stocks; $292bn)
  - **OthrDivFS** (9 stocks; $100bn)
  - **DivCpMkt** (7 stocks; $111bn)
  - **25 stocks; $62bn**
  - **9 stocks; $100bn**
  - **9 stocks; $190bn**

- **MortgREIT** (29 stocks; $62bn)
  - **P&C Insur** (60 stocks; $508bn)
  - **AsstMgmt** (79 stocks; $583bn)
  - **DiversBnk** (158 stocks; $514bn)
  - **Multi-LnIns** (30 stocks; $503bn)
  - **190 stocks; $703bn**
  - **140 stocks; $703bn**

- **RegionBnk** (140 stocks; $703bn)
  - **SpecialFin** (10 stocks; $23bn)
Utilities

- IPPTrad: 24 stocks, $115bn
- WaterUtil: 23 stocks, $81bn
- GasUtil: 35 stocks, $245bn
- MultiUtil: 34 stocks, $455bn
- RenewElec: 20 stocks, $54bn
- ElecUtil: 89 stocks, $1156bn
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.
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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<th>BMOCM US IB Clients**</th>
<th>BMOCM US IB Clients***</th>
<th>BMOCM Universe****</th>
<th>BMOCM IB Clients*****</th>
<th>StarMine Universe</th>
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<td>Buy</td>
<td>Outperform</td>
<td>43.2%</td>
<td>22.8%</td>
<td>57.4%</td>
<td>44.1%</td>
<td>57.0%</td>
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<tr>
<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>
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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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