Relative Strength Filter
Global Summary

Group Selection
Priced as of January 3, 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 ( / 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.
January 3, 2019

Health Care

Momentum

Strength

MngHCare → HCEquip → HCareTec → Biotech

LfSciSrv → HCSuppl → HCDistrib → Pharma → HCService

10 stocks; $777bn
17 stocks; $969bn
17 stocks; $60bn
120 stocks; $952bn
28 stocks; $130bn
17 stocks; $102bn
30 stocks; $306bn
112 stocks; $2457bn
27 stocks; $269bn
31 stocks; $141bn

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Health Care

HCEquip
74 stocks; $969bn
HCareTec
17 stocks; $60bn
Biotech
120 stocks; $952bn

17 stocks; $102bn
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MngHCare
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HCSuppl
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HCDistrib
17 stocks; $102bn
Pharma
112 stocks; $2457bn
HCService
27 stocks; $269bn

January 3, 2019

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Information Technology

January 3, 2019

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- TechDist
  - 13 stocks; $40bn
- Semi
  - 74 stocks; $1073bn
- SemiEqp
  - 42 stocks; $212bn
- SystmSwr
  - 36 stocks; $1116bn
- ApplicSwr
  - 97 stocks; $796bn
- ComEquip
  - 39 stocks; $345bn
- ElecComp
  - 36 stocks; $226bn
- EMS
  - 18 stocks; $92bn
- DataProc
  - 47 stocks; $922bn
- InetSrv&In
  - 12 stocks; $70bn
- ElecInstr
  - 44 stocks; $217bn
- ITConsult
  - 49 stocks; $626bn
- HdwrSt&P
  - 40 stocks; $1178bn
Telecommunication Services

January 3, 2019
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Mov&Ent
27 stocks; $440bn

AltCar
10 stocks; $44bn

IntHmEnt
18 stocks; $194bn

Broadcast
28 stocks; $85bn

IntMeSer
49 stocks; $1227bn

Cabl&Sat
23 stocks; $419bn

WlsTelSrv
43 stocks; $822bn

Publishing
13 stocks; $43bn

Advert
17 stocks; $99bn

27 stocks; $440bn

10 stocks; $44bn

18 stocks; $194bn

28 stocks; $85bn

49 stocks; $1227bn

23 stocks; $419bn

43 stocks; $822bn

13 stocks; $43bn

17 stocks; $99bn
Utilities

Momentum

January 3, 2019

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Utilities

- RenewElec
  - 20 stocks; $52bn

- IPPTrad
  - 23 stocks; $109bn

- GasUtil
  - 35 stocks; $232bn

- WaterUtil
  - 22 stocks; $86bn

- MultiUtil
  - 34 stocks; $430bn

ElecUtil
- 97 stocks; $1153bn

Utilities
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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<td>22.8%</td>
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<td>3.7%</td>
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Und = Underperform - Forecast to underperform the analyst’s coverage universe on a total return basis;
(S) = Speculative investment;
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