Group Selection

Priced as of June 20, 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
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 (up / down 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.
Energy

Int O&G
32 stocks; $1806bn

OG StTr
67 stocks; $625bn

OG Drill
40 stocks; $18bn

OG Equip
67 stocks; $625bn

OG E&P
95 stocks; $724bn

OG RfMkt
35 stocks; $458bn

Coal&Uran
21 stocks; $63bn
June 20, 2019

Consumer Staples

Mark Steele (416) 359-4641

BMO Capital Markets

Momentum

Strength

- Brewers: 14 stocks; $453bn
- AgriProd: 28 stocks; $115bn
- Dist&Vnt: 20 stocks; $563bn
- PkgFdMt: 127 stocks; $1446bn
- SprCntrs: 16 stocks; $574bn
- DrugRetail: 6 stocks; $55bn
- FdDistri: 17 stocks; $80bn
- HhldPrdct: 18 stocks; $642bn
- SoftDrinks: 19 stocks; $598bn
- PersPrdct: 29 stocks; $548bn
- Tobacco: 13 stocks; $476bn

- 33 stocks; $353bn
- 14 stocks; $453bn
- 6 stocks; $55bn
- 127 stocks; $1446bn
- 16 stocks; $574bn
- 6 stocks; $55bn
- 17 stocks; $80bn
- 18 stocks; $642bn
- 19 stocks; $598bn
- 29 stocks; $548bn
- 13 stocks; $476bn
Momentum

Strength

June 20, 2019

Telecommunication Services

Mark Steele (416) 359-4641

WlsTelSrv
43 stocks;$950bn

Publishing
14 stocks;$460bn

AltCar
9 stocks;$35bn

Cabl&Sat
24 stocks;$422bn

IntgTelSrv
55 stocks;$1322bn

IntMeSer
43 stocks;$1485bn

IntHmEnt
23 stocks;$245bn

Mov&Ent
27 stocks;$564bn

Advert
17 stocks;$107bn

Broadcast
26 stocks;$89bn

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43 stocks;$950bn
14 stocks;$460bn
9 stocks;$35bn
24 stocks;$422bn
55 stocks;$1322bn
43 stocks;$1485bn
23 stocks;$245bn
27 stocks;$564bn
17 stocks;$107bn
26 stocks;$89bn
June 20, 2019

Utilities

- GasUtil
  - 34 stocks
  - $256bn

- ElecUtil
  - 86 stocks
  - $1284bn

- MultiUtil
  - 35 stocks
  - $520bn

- RenewElec
  - 35 stocks
  - $140bn

- IPPTrad
  - 25 stocks
  - $135bn

- WaterUtil
  - 24 stocks
  - $103bn
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.
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>9.5%</td>
<td>2.0%</td>
<td>3.2%</td>
<td>1.6%</td>
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