Group Selection

Priced as of October 5, 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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*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

October 5, 2018

Mark Steele (416) 359-4641

Strength

OG StTr
33 stocks; $663bn

Coal & Uran
22 stocks; $79bn

OG Equip
66 stocks; $287bn

OG E&P
111 stocks; $951bn

OG RfMkt
41 stocks; $537bn

OG Drill
14 stocks; $37bn

Int O&G
31 stocks; $199bn

Energy

Energy

BMO Capital Markets

111 stocks; $951bn

41 stocks; $537bn

14 stocks; $37bn

31 stocks; $199bn

OG E&P
OG RfMkt
OG Drill
Int O&G
OG StTr
Coal & Uran
OG Equip
October 5, 2018

Health Care

Momentum

Strength

Mark Steele (416) 359-4641

Pharma
111 stocks; $2703bn

MngHCare
12 stocks; $559bn

HCDistrib
18 stocks; $120bn

HCSupplis
29 stocks; $209bn

HCServices
29 stocks; $302bn

HCareTec
19 stocks; $81bn

HCEquip
77 stocks; $1119bn

HCFacility
30 stocks; $151bn

LFSciSrv
30 stocks; $383bn

Biotech
130 stocks; $1093bn
October 5, 2018

**Information Technology**

Mark Steele (416) 359-4641

**Momentum**

*DataProc*

46 stocks; $1080bn

**Strength**

*ITConsult*

50 stocks; $758bn

*EMS*

18 stocks; $1222bn

*SemiEqp*

50 stocks; $758bn

18 stocks; $122bn

*Semi*

76 stocks; $1350bn

**DataProc**

46 stocks; $1080bn

**ITConsult**

50 stocks; $758bn

**EMS**

18 stocks; $1222bn

**SemiEqp**

50 stocks; $758bn

18 stocks; $122bn

**Semi**

76 stocks; $1350bn

**ComEquip**

49 stocks; $423bn

**ApplicSwr**

45 stocks; $934bn

**ElecComp**

36 stocks; $265bn

**ElecInstr**

45 stocks; $258bn

**TechDist**

13 stocks; $46bn

**HdwrSt&P**

42 stocks; $1635bn

**SystmSwr**

35 stocks; $1276bn

36 stocks; $265bn

12 stocks; $80bn

95 stocks; $934bn

12 stocks; $80bn

95 stocks; $934bn

12 stocks; $80bn

95 stocks; $934bn

12 stocks; $80bn

95 stocks; $934bn

12 stocks; $80bn

95 stocks; $934bn

12 stocks; $80bn

95 stocks; $934bn
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>Sell</td>
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<td>3.7%</td>
<td>9.5%</td>
<td>2.0%</td>
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<td>1.6%</td>
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