Group Selection

Priced as of July 4, 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 View

Sector Relative Strength Profiles*

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</tr>
</thead>
<tbody>
<tr>
<td>Energy</td>
<td>19% / 23% / 21%</td>
<td>/ / /</td>
<td>-4% / -3% / -5%</td>
</tr>
<tr>
<td>Materials</td>
<td>30% / 33% / 32%</td>
<td>/ / /</td>
<td>4% / 3% / 3%</td>
</tr>
<tr>
<td>Industrials</td>
<td>37% / 41% / 40%</td>
<td>/ / /</td>
<td>4% / 5% / 3%</td>
</tr>
<tr>
<td>CMR Disc</td>
<td>35% / 38% / 36%</td>
<td>/ / /</td>
<td>0% / 0% / -1%</td>
</tr>
<tr>
<td>CMR Stap</td>
<td>38% / 43% / 40%</td>
<td>/ / /</td>
<td>-1% / 1% / 0%</td>
</tr>
<tr>
<td>Hlth Care</td>
<td>38% / 41% / 40%</td>
<td>/ / /</td>
<td>2% / 1% / -1%</td>
</tr>
<tr>
<td>Financials</td>
<td>33% / 38% / 35%</td>
<td>/ / /</td>
<td>3% / 3% / 2%</td>
</tr>
<tr>
<td>Info Tech</td>
<td>53% / 57% / 56%</td>
<td>/ / /</td>
<td>0% / -1% / -2%</td>
</tr>
<tr>
<td>Comm Srv</td>
<td>36% / 39% / 38%</td>
<td>/ / /</td>
<td>3% / 0% / 1%</td>
</tr>
<tr>
<td>Utilities</td>
<td>41% / 46% / 45%</td>
<td>/ / /</td>
<td>3% / 4% / 4%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>46% / 54% / 51%</td>
<td>/ / /</td>
<td>-2% / -2% / -2%</td>
</tr>
</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.
Strength Changes Last Session

- Marine
- MtGlsCnt
- OG RfMkt
- SemiEqp
- REstDvAct
- HomeFurn
- SystmSwr
- IntHmEnt
- Distrib
- HmImpRtl
- HCService
- PkgFdMt
- OfficeREIT
- P&C Insur
- IndusGas
- Reinsuran
- InetSrv&In
- MtSecHld
- SpecREIT
- InetDmRtl
- REstOpCo
- AirprtSrv
- PrecMet
- GasUtil
- Broadcast
- Coal&Uran
- MaroSrv
- SoftDrnks
- IntgTelSrv
- Fert&Ag
- Silver
- Int O&G
- Ag&Farm
- SpecStors
- FdDistri
- EMS
- DiversBnk
- Footwear
- SprCntrs
- RetailREIT
- AgriProd
- GasUtil
- Silver
- Int O&G
- SpecStors
- FdDistri
- EMS
- DiversBnk
- Footwear
- SprCntrs
- RetailREIT
- AgriProd
July 4, 2019

Utilities

Mark Steele (416) 359-4641

Momentum

Strength

Utilities

IPPTrad
25 stocks; $138bn

MultiUtil
35 stocks; $523bn

ElecUtil
85 stocks; $1285bn

RenewElec
25 stocks; $163bn

GasUtil
17 stocks; $290bn

WaterUtil
24 stocks; $104bn

GasUtil
24 stocks; $104bn
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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<th>BMO Rating</th>
<th>BMOCM US Universe**</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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(S) = Speculative investment;
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