Relative Strength Filter
Global Summary

Group Selection
Priced as of November 13, 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.
**Consumer Staples**

- **SoftDrns**: 12 stocks; $326bn
- **FdRetail**: 38 stocks; $358bn
- **Brewers**: 14 stocks; $334bn
- **DrugRetail**: 33 stocks; $463bn
- **PersPrdct**: 6 stocks; $96bn
- **HhdPrdct**: 17 stocks; $559bn
- **FdDistri**: 11 stocks; $58bn
- **Tobacco**: 13 stocks; $524bn
- **SprCntrs**: 13 stocks; $551bn
- **AgriProd**: 25 stocks; $105bn
- **AgriProd**: 122 stocks; $1165bn
- **PkgFdMt**: 12 stocks; $1165bn

**November 13, 2018**

**Mark Steele (416) 359-4641**
<table>
<thead>
<tr>
<th>Category</th>
<th>Stocks</th>
<th>Value</th>
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<tbody>
<tr>
<td>Life/Health Ins</td>
<td>36</td>
<td>$615bn</td>
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<tr>
<td>Multi-Line Ins</td>
<td>30</td>
<td>$466bn</td>
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<tr>
<td>Thrift &amp; Mortgage</td>
<td>42</td>
<td>$121bn</td>
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<tr>
<td>Region Bank</td>
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<td>$640bn</td>
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<tr>
<td>Life/Health Ins</td>
<td>46</td>
<td>$815bn</td>
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<tr>
<td>Multi-Line Ins</td>
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<td>$466bn</td>
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<td>Invest Bank Brokerage</td>
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<td>Other Division FS</td>
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<td>Asset Management</td>
<td>82</td>
<td>$513bn</td>
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<tr>
<td>Special Finance</td>
<td>3</td>
<td>$22bn</td>
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<tr>
<td>Mortgage REIT</td>
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<td>$63bn</td>
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<td>Consumer Finance</td>
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<td>$278bn</td>
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<td>Distribution Market</td>
<td>9</td>
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<tr>
<td>Multi-Sector Holding</td>
<td>22</td>
<td>$426bn</td>
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<tr>
<td>Diversified Bank</td>
<td>161</td>
<td>$523bn</td>
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<tr>
<td>Reinsurance</td>
<td>11</td>
<td>$126bn</td>
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<tr>
<td>Insurance Brokers</td>
<td>7</td>
<td>$128bn</td>
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<tr>
<td>Property &amp; Casualty Insur</td>
<td>55</td>
<td>$487bn</td>
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</table>
Utilities

- **MultiUtil**: 35 stocks; $447bn
- **WaterUtil**: 22 stocks; $82bn
- **IPP Trad**: 23 stocks; $114bn
- **RenewElec**: 20 stocks; $52bn
- **ElecUtil**: 88 stocks; $1160bn
- **GasUtil**: 35 stocks; $235bn

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November 13, 2018
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 group members are 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:
  - 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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<tr>
<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>
<td>52.8%</td>
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<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>
<td>41.6%</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>
<td>5.5%</td>
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