Group Selection

Priced as of February 7, 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
**Materials**

**Strength**
- **PaperPkg**
  - 17 stocks; $30bn
- **ComdChm**
  - 42 stocks; $40bn
- **Copper**
  - 17 stocks; $15bn
- **PapProd**
  - 25 stocks; $109bn
- **Alumin**
  - 11 stocks; $61bn
- **FrstPrd**
  - 12 stocks; $29bn
- **Steel**
  - 68 stocks; $454bn
- **DiversChm**
  - 21 stocks; $414bn
- **CstrMat**
  - 28 stocks; $264bn

**Momentum**
- **IndusGas**
  - 5 stocks; $147bn
- **DvrsMng**
  - 63 stocks; $462bn
- **Fert&Ag**
  - 30 stocks; $168bn
- **PrecMet**
  - 21 stocks; $53bn
- **Gold**
  - 25 stocks; $185bn
- **MtGlsCnt**
  - 14 stocks; $59bn
- **Silver**
  - 8 stocks; $147bn
- **SpecChm**
  - 68 stocks; $564bn
- **Fert&Ag**
  - 30 stocks; $168bn
February 7, 2018

Information Technology

Momentum

Strength

HmEntSwr ➔ ComEquip ➜ EMS ➔ SystmSwr
14 stocks; $220bn
41 stocks; $388bn
17 stocks; $155bn
34 stocks; $1082bn

InetSftSrv ➔ ElecInstr
107 stocks; $2249bn
45 stocks; $264bn

ApplicSwr ➔ DataProc ➔ SemiEqp ➔ ITConsult ➔ ElecComp ➔ Sem ➔ TechDist
85 stocks; $706bn
45 stocks; $887bn
43 stocks; $298bn
50 stocks; $771bn
37 stocks; $286bn
90 stocks; $1349bn
50 stocks; $771bn
24 stocks; $340bn
Telecommunication Services

Momentum

Strength

WlsTelSrv
42 stocks; $924bn

AltCar
11 stocks; $56bn

IntgTelSrv
59 stocks; $1276bn

February 7, 2018

Mark Steele (416) 359-4641

Telecommunication Services

WlsTelSrv
42 stocks; $924bn

AltCar
11 stocks; $56bn

IntgTelSrv
59 stocks; $1276bn

February 7, 2018

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February 7, 2018

Real Estate

Momentum

Strength

IndusREIT
20 stocks; $98bn

REstOpCo
35 stocks; $210bn

OfficeREIT
33 stocks; $147bn

DiversREIT
91 stocks; $166bn

HCareREIT
38 stocks; $88bn

ResidREIT
27 stocks; $147bn

RetailREIT
51 stocks; $307bn

REstDevl
36 stocks; $354bn

SpecREIT
21 stocks; $376bn

REstSrv
12 stocks; $38bn

HotelREIT
19 stocks; $58bn

IndusREIT
20 stocks; $98bn

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35 stocks; $210bn

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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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