Group Selection

Priced as of January 24, 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 are 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

Momentum

January 24, 2018

Mark Steele (416) 359-4641

Strength

MotcyMfg → BldPrdcts ← DivCpMkt → HCEquip ← ApparlRtl →
FnIExchDt ↑ SprCntrs ↑ PaperPkg ↑ Biotech ↑
OthrDivFS ↑ ApplicSwr ↑

REstSrv →
Apri&Gds ←

Publishing →
IndusREIT →

HREmpl ←
HREmpl ←

MngHCare ←
AutoMfg ←
ElecCmpEq ←

AutoParts ←
HmEntSwr ←
HCSuppls ←
AsstMgmt ←
ElecInstr ←

TrdgDist ←
DiversChm ←
IndusGas ←
DvrsMng ←
Copper ←
Fert&Ag ←
ComdChm ←
Ag&Farm ←
REstOpCo ←
HdwrSt&P →

Advert ←
AirprtSrv ←
LeisPrd ←

InetDmRtl ←
PrecMet ←
Rstaurnt ←

InetSftSrv ←
MltSecHld ←
Thrft&Mtg ←
Cabl&Sat ←

CstrMat ←
SpecStors ←

LfSciSrv ←
SpecialFin ←
ElecUtil ←

CsrMat ←
SpecStors ←

DvSpSrv ←
AgriProd ←
Multi-LnIns ←

Airline ←
DataProc ←

Gold ←
PkgFdMt ←
OG StTr ←
MultiUtil ←

OG RfMkt ←

Marine ←
RenewElec ←

CmpElRtl ←
EMS ←

CmrElec ←

EnviroServ ←
OffceServ ←

SystmSwr ←

Semi ←
January 24, 2018

Momentum

Strength

Resources

Coal&Uran 24 stocks; $96bn
FrstPrd 12 stocks; $34bn
OG Equip 60 stocks; $326bn
PaperPkg 17 stocks; $137bn
PrecMet 21 stocks; $59bn
SpecChm 66 stocks; $592bn
OG Drill 14 stocks; $35bn
Int O&G 29 stocks; $192bn
Steel 58 stocks; $486bn
PapProd 25 stocks; $112bn
Alumin 17 stocks; $65bn
DiversChm 21 stocks; $449bn
IndusGas 8 stocks; $157bn
OG E&P 118 stocks; $932bn
DvrsMng 63 stocks; $492bn
Copper 17 stocks; $125bn
Fert&Ag 30 stocks; $179bn
ComdChm 39 stocks; $414bn

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January 24, 2018

Momentum

Strength

Coal & Uran
24 stocks; $966bn

OG Equip
60 stocks; $326bn

OG Drill
14 stocks; $35bn

Int O&G
29 stocks; $192bn

OG E&P
118 stocks; $932bn

OG RfMkt
43 stocks; $547bn

OG StTr
90 stocks; $723bn

Energy

BMO Capital Markets
Mark Steele (416) 359-4641
Momentum

January 24, 2018

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Consumer Staples

Strength

FdDistri 12 stocks: $66bn

SprCntrs 14 stocks: $59bn

PersPrdct 23 stocks: $507bn

Brewers 14 stocks: $545bn

Tobacco 12 stocks: $719bn

FdRetail 36 stocks: $381bn

SoftDrinks 17 stocks: $539bn

12 stocks: $66bn

13 stocks: $719bn

36 stocks: $381bn

17 stocks: $539bn

124 stocks: $1332bn

Dist&Vnt 12 stocks: $390bn

AgriProd 24 stocks: $112bn

PkgFdMt 12 stocks: $390bn

HhldPrdct 18 stocks: $597bn

14 stocks: $559bn

18 stocks: $597bn

24 stocks: $112bn

124 stocks: $1332bn

DrugRetail 8 stocks: $185bn

8 stocks: $185bn

DrugRetail

Dist&Vnt

AgriProd

HhldPrdct

PkgFdMt

PersPrdct

SprCntrs

Tobacco

FdRetail

FdDistri

Brewers
Utilities

Momentum  

Strength  

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- ElecUtil: 99 stocks, $1156bn
- GasUtil: 33 stocks, $214bn
- IPPTrad: 25 stocks, $178bn
- WaterUtil: 24 stocks, $89bn
- MultiUtil: 35 stocks, $466bn
- RenewElec: 22 stocks, $59bn
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 group's 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).

![Chart Example]

- Each chart is hyperlinked to the group membership, in our RS Filter Toolkit.
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<td>43.2%</td>
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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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