Group Selection

Priced as of January 10, 2020

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

January 10, 2020

Mark Steele (416) 359-4641

OG StTr
59 stocks; $588bn

Int O&G
31 stocks; $1772bn

OG E&P
86 stocks; $673bn

Coal&Uran
21 stocks; $69bn

OG Drill
10 stocks; $18bn

OG Equip
49 stocks; $188bn

OG RfMkt
35 stocks; $490bn

Energy

BMO Capital Markets
### Industrials

**Momentum**

- **RsrcCslt**: 29 stocks; $357bn
- **Ind Mach**: 137 stocks; $858bn
- **DvSpSrv**: 22 stocks; $129bn
- **BldPrdcts**: 49 stocks; $301bn
- **AirprtSrv**: 22 stocks; $183bn
- **CmclPrt**: 4 stocks; $26bn
- **AirFrght**: 27 stocks; $315bn
- **TrdgDist**: 61 stocks; $364bn
- **HREmpl**: 24 stocks; $156bn
- **Marine**: 13 stocks; $56bn
- **Ag&Farm**: 10 stocks; $106bn

**Strength**

- **Aero&Def**: 50 stocks; $1119bn
- **Hwy&Rail**: 13 stocks; $94bn
- **Trucking**: 28 stocks; $177bn
- **OfficeServ**: 10 stocks; $24bn
- **HvyElcEq**: 18 stocks; $105bn
- **IndCongl**: 39 stocks; $802bn
- **Ind Mach**: 137 stocks; $858bn
- **DvSpSrv**: 22 stocks; $129bn
- **BldPrdcts**: 49 stocks; $301bn
- **AirprtSrv**: 22 stocks; $183bn
- **CmclPrt**: 4 stocks; $26bn
- **AirFrght**: 27 stocks; $315bn
- **TrdgDist**: 61 stocks; $364bn
- **HREmpl**: 24 stocks; $156bn
- **Marine**: 13 stocks; $56bn
- **Ag&Farm**: 10 stocks; $106bn

**January 10, 2020**
Financials

AsstMgmt
80 stocks; $626bn

MortgREIT
22 stocks; $71bn

InsurBrkrs
7 stocks; $163bn

InvBnkBrk
19 stocks; $451bn

DivCpMkt
9 stocks; $164bn

LifeHthIns
19 stocks; $690bn

OthrDivFS
8 stocks; $90bn

FnlExchDt
22 stocks; $516bn

SpecialFin
8 stocks; $28bn

ConsmrFin
30 stocks; $316bn

Multi-LnIns
30 stocks; $541bn

MltSecHld
21 stocks; $453bn

P&C Insur
55 stocks; $551bn

Reinsuran
7 stocks; $155bn

OthrDivFS
8 stocks; $90bn

Thrift&Mtg
39 stocks; $168bn

RegionBnk
152 stocks; $717bn

DiversBnk
188 stocks; $533bn

Momentum

Strength
Information Technology

January 10, 2020

Mark Steele (416) 359-4641

ApplicSwr
112 stocks; $1305bn

SystemSwr
40 stocks; $1680bn

InetSrv&In
15 stocks; $155bn

ElecInstr
44 stocks; $358bn

ElecComp
39 stocks; $370bn

TechDist
13 stocks; $67bn

ITConsult
50 stocks; $569bn

SemiEquip
43 stocks; $417bn

EMS
18 stocks; $178bn

Semi
80 stocks; $1712bn

DataProc
48 stocks; $1407bn

HdwrSt&P
38 stocks; $1981bn

Information Technology

Strength

Momentum
Momentum

Strength

HCareREIT 77 stocks; $735bn

REstSrv 12 stocks; $49bn

SpecREIT 31 stocks; $434bn

IndusREIT 26 stocks; $176bn

REstOpCo 36 stocks; $250bn

DiversREIT 34 stocks; $173bn

REstDev 39 stocks; $410bn

ResidREIT 29 stocks; $213bn

OfficeREIT 34 stocks; $207bn

REstDvAct 34 stocks; $213bn

RetailREIT 32 stocks; $207bn

HotelREIT 18 stocks; $52bn
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”
- 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>Buy</td>
<td>Outperform</td>
<td>43.2%</td>
<td>22.8%</td>
<td>57.4%</td>
<td>44.1%</td>
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<td>Hold</td>
<td>Market Perform</td>
<td>53.2%</td>
<td>13.1%</td>
<td>40.6%</td>
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<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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