Group Selection
Priced as of January 17, 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
Strength

January 17, 2020
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Energy

Coal & Uran
21 stocks; $69bn

OG E&P
85 stocks; $667bn

OG Drif
10 stocks; $18bn

OG StTr
59 stocks; $597bn

Int O&G
31 stocks; $1757bn

OG RfMkt
35 stocks; $489bn

OG Equip
59 stocks; $183bn
January 17, 2020

**Momentum**

**Strength**

- **PaperPkg**
  - 19 stocks; $106bn

- **DvrsMng**
  - 46 stocks; $416bn

- **ComdChm**
  - 50 stocks; $406bn

- **MtGlsCnt**
  - 15 stocks; $37bn

- **Steel**
  - 60 stocks; $392bn

- **PrecMet**
  - 12 stocks; $64bn

- **Copper**
  - 14 stocks; $100bn

- **PapProd**
  - 32 stocks; $101bn

- **IndusGas**
  - 7 stocks; $250bn

- **Alumin**
  - 10 stocks; $31bn

- **FrstPrd**
  - 10 stocks; $23bn

- **Silver**
  - 3 stocks; $25bn

- **Gold**
  - 71 stocks; $299bn

- **CstrMat**
  - 33 stocks; $166bn

- **Fert&Ag**
  - 34 stocks; $165bn
Consumer Staples

PersPrdct
- 35 stocks; $537bn

HhdlPrdct
- 19 stocks; $690bn

SoftDrnks
- 19 stocks; $623bn

Dist&Vnt
- 20 stocks; $618bn

Brewers
- 14 stocks; $436bn

DrugRetail
- 7 stocks; $73bn

FdDistri
- 11 stocks; $69bn

AgriProd
- 27 stocks; $127bn

PkgFdMt
- 124 stocks; $1540bn

SprCntrs
- 16 stocks; $608bn

Tobacco
- 13 stocks; $500bn

FdRetail
- 33 stocks; $369bn

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Utilities

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WaterUtil
24 stocks; $112bn

MultiUtil
24 stocks; $573bn

ElecUtil
83 stocks; $1384bn

IPPTrad
25 stocks; $132bn

GasUtil
36 stocks; $285bn

RenewElec
23 stocks; $714bn

Strength

Momentum
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 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 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.
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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<td>22.8%</td>
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<td>Market Perform</td>
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<td>1.6%</td>
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* Reflects rating distribution of all companies covered by BMO Capital Markets Corp. equity research analysts.
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