Group Selection

Priced as of September 21, 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 (indicating 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

September 21, 2018

Mark Steele (416) 359-4641
September 21, 2018

Consumer Staples

Momentum

Strength

- FdDistri
  - 11 stocks: $62bn
- DrugRetail
  - 6 stocks: $92bn
- FdRetail
  - 35 stocks: $357bn
- PersPrdct
  - 33 stocks: $505bn
- HldPrdct
  - 17 stocks: $566bn
- SprCntrs
  - 13 stocks: $455bn
- SoftDrnks
  - 19 stocks: $536bn
- Brewers
  - 14 stocks: $445bn
- PkgFdMt
  - 127 stocks: $1168bn
- Tobacco
  - 13 stocks: $562bn
- AgriProd
  - 25 stocks: $109bn
- Dist&Vnt
  - 12 stocks: $357bn
September 21, 2018

Momentum

Strength

Health Care

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MngHCare → LfSciSrv → HCDistrib → HCSupps → HCServce → Pharma → Biotech → HCFacility

12 stocks; $554bn
31 stocks; $394bn
19 stocks; $121bn
29 stocks; $194bn
29 stocks; $299bn
111 stocks; $2717bn
130 stocks; $1100bn
29 stocks; $143bn

HCEquip
78 stocks; $1147bn

HCareTec
19 stocks; $84bn

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Pharma
111 stocks; $2717bn

Biotech
130 stocks; $1100bn

HCFacility
29 stocks; $143bn

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HCDistrib
19 stocks; $121bn

HCSupps
29 stocks; $194bn

HCServce
29 stocks; $299bn

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LfSciSrv
31 stocks; $394bn

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MngHCare
12 stocks; $554bn
Information Technology

ComEquip 41 stocks; $433bn

ElecInstr 44 stocks; $263bn

ElecComp 36 stocks; $283bn

Semi 78 stocks; $141bn

ApplicSwr 58 stocks; $896bn

DataProc 47 stocks; $111bn

ITConsult 30 stocks; $77bn

TechDist 13 stocks; $48bn

SystmSwr 36 stocks; $130bn

HdwrSt&P 42 stocks; $152bn

EMS 18 stocks; $130bn
September 21, 2018

Telecommunication Services

Momentum

Strength

AltCar
11 stocks; $62bn

WlsTelSrv
44 stocks; $912bn

IntgTelSrv
57 stocks; $1275bn

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Utilities

Momentum

Strength

IPPTrad
23 stocks; $117bn

ElecUtil
68 stocks; $1157bn

GasUtil
36 stocks; $245bn

WaterUtil
22 stocks; $80bn

RenewElec
20 stocks; $54bn

MultiUtil
35 stocks; $439bn

September 21, 2018

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Utilities

BMO Capital Markets
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>Sell</td>
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<td>9.5%</td>
<td>2.0%</td>
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<td>1.6%</td>
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