Group Selection
Priced as of December 3, 2019

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 (green / red 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.
December 3, 2019

Utilities

Momentum

Strength

RenewElec
24 stocks; $143bn

IPPTrad
25 stocks; $128bn

ElecUtil
83 stocks; $1278bn

MultiUtil
34 stocks; $536bn

WaterUtil
24 stocks; $103bn

GasUtil
36 stocks; $269bn
Momentum

Strength

Real Estate

HCareREIT  17 stocks; $122bn
OfficeREIT  34 stocks; $204bn
ResidREIT  28 stocks; $218bn
REstOpCo  37 stocks; $250bn
SpecREIT  31 stocks; $413bn
DiversREIT  34 stocks; $173bn
REstSrv  28 stocks; $46bn
IndusREIT  26 stocks; $175bn

RetailREIT  51 stocks; $260bn
REstDevl  39 stocks; $375bn
REstDvAct  34 stocks; $310bn
REstOpCo  37 stocks; $250bn
REstSrv  28 stocks; $46bn
HotelREIT  18 stocks; $52bn

17 stocks; $122bn
51 stocks; $260bn
34 stocks; $204bn
28 stocks; $218bn
37 stocks; $250bn
31 stocks; $413bn
34 stocks; $173bn
28 stocks; $46bn
18 stocks; $52bn
39 stocks; $375bn
34 stocks; $310bn
28 stocks; $218bn
37 stocks; $250bn
31 stocks; $413bn
34 stocks; $173bn
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18 stocks; $52bn
39 stocks; $375bn
34 stocks; $310bn
28 stocks; $218bn
37 stocks; $250bn
31 stocks; $413bn
34 stocks; $173bn
28 stocks; $46bn
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 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).
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>3.7%</td>
<td>9.5%</td>
<td>2.0%</td>
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* Reflects rating distribution of all companies covered by BMO Capital Markets Corp. equity research analysts.
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