Group Selection

Priced as of January 30, 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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Sector Relative Strength Profiles*

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<tbody>
<tr>
<td>Energy</td>
<td>25% / 30% / 33%</td>
<td>/ / /</td>
<td>7% / 4% / -8%</td>
</tr>
<tr>
<td>Materials</td>
<td>31% / 34% / 39%</td>
<td>/ / /</td>
<td>22% / 15% / 2%</td>
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<tr>
<td>Industrials</td>
<td>32% / 36% / 41%</td>
<td>/ / /</td>
<td>15% / 9% / -6%</td>
</tr>
<tr>
<td>CMR Disc</td>
<td>32% / 36% / 41%</td>
<td>/ / /</td>
<td>14% / 10% / -3%</td>
</tr>
<tr>
<td>CMR Stap</td>
<td>48% / 56% / 59%</td>
<td>/ / /</td>
<td>-3% / -5% / -18%</td>
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<tr>
<td>Hlth Care</td>
<td>44% / 46% / 51%</td>
<td>/ / /</td>
<td>3% / -2% / -14%</td>
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<tr>
<td>Financials</td>
<td>35% / 41% / 45%</td>
<td>/ / /</td>
<td>13% / 6% / -12%</td>
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<tr>
<td>Info Tech</td>
<td>37% / 40% / 44%</td>
<td>/ / /</td>
<td>19% / 14% / 2%</td>
</tr>
<tr>
<td>Comm Srv</td>
<td>47% / 50% / 53%</td>
<td>/ / /</td>
<td>3% / 0% / -17%</td>
</tr>
<tr>
<td>Utilities</td>
<td>62% / 71% / 75%</td>
<td>/ / /</td>
<td>5% / 3% / -14%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>54% / 57% / 63%</td>
<td>/ / /</td>
<td>25% / 23% / 1%</td>
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<tr>
<td>CMR Disc</td>
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<tr>
<td>Real Estate</td>
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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
Strength Changes Last Session

Momentum

Aero&Def ← Semi ← HvyElcEq ← Cabl&Sat ← MngHCare ← Copper ← Com Equip ← SpCmSrv ← LfSciSrv ← DiversBnk ← OgStTr ← Thrt&Mtg ← InetSrv&In ← Reinsuran ← InsurBrkrs ← Coal&Uran ← IndCongl ← MtGlsCnt ← PkgFdMt ← FdRetail ← Rstaurnt ← HdwrSt&P ← Trucking ←

ElecComp ← AirprtSrv ← DivCpMkt ← Silver ← Aprl&Gds ← FrstPrd ← Stee ← Steel ← OgStTr ← Thrt&Mtg ← InetSrv&In ← Reinsuran ← InsurBrkrs ← Coal&Uran ← IndCongl ← MtGlsCnt ← PkgFdMt ← FdRetail ← Rstaurnt ← HdwrSt&P ← Trucking ←

Broadcast ←

January 30, 2019

Mark Steele (416) 359-4641

BMO Capital Markets
**Resources**

- **Gold**: 66 stocks; $196bn
- **Copper**: 14 stocks; $82bn
- **Silver**: 10 stocks; $18bn
- **FrstPrd**: 11 stocks; $28bn
- **Steel**: 58 stocks; $377bn
- **PaperPkg**: 17 stocks; $107bn
- **OG StTr**: 69 stocks; $614bn
- **PrecMet**: 15 stocks; $46bn
- **Coal&Uran**: 20 stocks; $72bn
- **MtGlsCnt**: 15 stocks; $66bn
- **PapProd**: 24 stocks; $101bn
- **IndusGas**: 7 stocks; $106bn
- **DiversChm**: 22 stocks; $334bn
- **DvrsMng**: 52 stocks; $383bn
- **Alumin**: 10 stocks; $36bn
- **Fert&Ag**: 29 stocks; $146bn
- **OG RfMkt**: 37 stocks; $479bn
- **Int O&G**: 31 stocks; $173bn
- **OG Drill**: 12 stocks; $25bn
- **ComdChm**: 43 stocks; $383bn
- **CstrMat**: 28 stocks; $211bn
- **OG Equip**: 57 stocks; $509bn
- **OG E&P**: 100 stocks; $745bn
- **OG RfMkt**: 37 stocks; $479bn
- **Int O&G**: 31 stocks; $173bn
- **OG Drill**: 12 stocks; $25bn
- **ComdChm**: 43 stocks; $383bn
- **CstrMat**: 28 stocks; $211bn
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- **OG E&P**: 100 stocks; $745bn
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- **OG E&P**: 100 stocks; $745bn

**January 30, 2019**

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January 30, 2019

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Energy

Strength

Momentum

OG StTr
- 69 stocks; $614bn

Coal&Uran
- 20 stocks; $72bn

OG Equip
- 37 stocks; $211bn

OG E&P
- 100 stocks; $745bn

OG RfMkt
- 37 stocks; $479bn

Int O&G
- 31 stocks; $1736bn

OG Drill
- 12 stocks; $25bn

BMO Capital Markets
Utilities

January 30, 2019

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- **MultiUtil**
  - 34 stocks; $456bn

- **ElecUtil**
  - 96 stocks; $1199bn

- **WaterUtil**
  - 21 stocks; $99bn

- **IPPTrad**
  - 23 stocks; $118bn

- **GasUtil**
  - 35 stocks; $242bn

- **RenewElec**
  - 20 stocks; $56bn

- **GasUtil**
  - 35 stocks; $242bn
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 groups 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.
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>
<td>57.0%</td>
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<td>Hold</td>
<td>Market Perform</td>
<td>53.2%</td>
<td>13.1%</td>
<td>40.6%</td>
<td>52.6%</td>
<td>41.1%</td>
<td>41.6%</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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* Reflects rating distribution of all companies covered by BMO Capital Markets Corp. equity research analysts.
** Reflects rating distribution of all companies from which BMO Capital Markets Corp. has received compensation for Investment Banking services as percentage within ratings category.
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Und = Underperform - Forecast to underperform the analyst’s coverage universe on a total return basis;
(S) = Speculative investment;
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(January 2010 - April 2013)

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