Group Selection

Priced as of June 26, 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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<thead>
<tr>
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<tr>
<td>Energy</td>
<td>21% / 24% / 21%</td>
<td>/ / /</td>
<td>3% / 1% / 1%</td>
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<tr>
<td>Materials</td>
<td>29% / 32% / 30%</td>
<td>/ / /</td>
<td>12% / 9% / 6%</td>
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<tr>
<td>Industrials</td>
<td>37% / 40% / 40%</td>
<td>/ / /</td>
<td>7% / 3% / 1%</td>
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<tr>
<td>CMR Disc</td>
<td>35% / 39% / 37%</td>
<td>/ / /</td>
<td>-3% / -4% / -5%</td>
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<td>CMR Stap</td>
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<td>1% / -1% / 0%</td>
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<td>Hlth Care</td>
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<td>-2% / -4% / -4%</td>
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<tr>
<td>Financials</td>
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<td>4% / 0% / -1%</td>
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<tr>
<td>Info Tech</td>
<td>54% / 58% / 56%</td>
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<td>-4% / -7% / -7%</td>
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<tr>
<td>Comm Srv</td>
<td>37% / 41% / 37%</td>
<td>/ / /</td>
<td>-1% / -4% / -5%</td>
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<tr>
<td>Utilities</td>
<td>42% / 47% / 45%</td>
<td>/ / /</td>
<td>8% / 6% / 7%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>48% / 56% / 52%</td>
<td>/ / /</td>
<td>-15% / -21% / -22%</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
Momentum

Strength

June 26, 2019

Mark Steele (416) 359-4641

Materials

Gold
14 stocks; $240bn

PrecMet
65 stocks; $50bn

Silver
9 stocks; $15bn

Copper
14 stocks; $87bn

DvrsMng
50 stocks; $398bn

FrstPrd
10 stocks; $21bn

SpecChm
71 stocks; $631bn

Alumin
10 stocks; $22bn

DiversChm
21 stocks; $178bn

IndusGas
7 stocks; $231bn

Steel
61 stocks; $410bn

CstrMat
33 stocks; $252bn

ComdChm
47 stocks; $387bn

PaperPkg
15 stocks; $90bn

PapProd
23 stocks; $83bn

MtGlsCnt
13 stocks; $70bn

Fert&Ag
29 stocks; $145bn
<table>
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<tr>
<th>Sector</th>
<th>Momentum</th>
<th>Strength</th>
<th>Companies</th>
<th>Cumulative Market Cap</th>
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<tr>
<td>Marine</td>
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<td>16 stocks</td>
<td>$82bn</td>
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<tr>
<td>Ind Mach</td>
<td></td>
<td></td>
<td>132 stocks</td>
<td>$742bn</td>
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<td>Ag &amp; Farm</td>
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<td>10 stocks</td>
<td>$102bn</td>
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<td>Cnst Mch &amp; Tr</td>
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<td>51 stocks</td>
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<td>Cns &amp; Eng</td>
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<td>73 stocks</td>
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<td>Hvy &amp; Rail</td>
<td>↑</td>
<td></td>
<td>14 stocks</td>
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<td>Trdg Dist</td>
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<td>59 stocks</td>
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<td>8 stocks</td>
<td>$49bn</td>
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<td>Bld Prdcts</td>
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<td>50 stocks</td>
<td>$282bn</td>
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<tr>
<td>Dv Sp Srv</td>
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<td></td>
<td>22 stocks</td>
<td>$120bn</td>
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<td>Rsrc Slt</td>
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<td>27 stocks</td>
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<td>HREmpl</td>
<td>↓</td>
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<td>28 stocks</td>
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<td>Airline</td>
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<td>36 stocks</td>
<td>$251bn</td>
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<td>Trucking</td>
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<td>27 stocks</td>
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<tr>
<td>Office Srv</td>
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<td></td>
<td>10 stocks</td>
<td>$22bn</td>
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</table>
June 26, 2019

**Information Technology**

**Momentum**

- **Semi**
  - 73 stocks; $1322bn
- **ElecInstr**
  - 47 stocks; $305bn
- **SemiEqp**
  - 42 stocks; $275bn
- **ApplicSwr**
  - 99 stocks; $1097bn
- **ITConsult**
  - 49 stocks; $766bn
- **DataProc**
  - 49 stocks; $1254bn
- **InetSrv&In**
  - 44 stocks; $127bn
- **SystmSwr**
  - 40 stocks; $157bn
- **TechDist**
  - 14 stocks; $57bn
- **HdwrSt&P**
  - 41 stocks; $1467bn

**Strength**

- **ElecComp**
  - 38 stocks; $274bn
- **EMS**
  - 19 stocks; $142bn
- **SemiEqp**
  - 19 stocks; $142bn
- **Semi**
  - 73 stocks; $1322bn
- **ElecInstr**
  - 47 stocks; $305bn
- **ApplicSwr**
  - 99 stocks; $1097bn
- **ITConsult**
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- **TechDist**
  - 14 stocks; $57bn
- **HdwrSt&P**
  - 41 stocks; $1467bn
June 26, 2019

Utilities

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GasUtil
34 stocks; $255bn

ElecUtil
46 stocks; $1266bn

IPPTrad
25 stocks; $134bn

WaterUtil
24 stocks; $101bn

RenewElec
26 stocks; $138bn

MultiUtil
35 stocks; $510bn

Utilities

Momentum

Strength
**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.
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”
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>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>
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<td>52.6%</td>
<td>41.1%</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;
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