Group Selection
Priced as of January 6, 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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Sector View

Sector Relative Strength Profiles*

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<tbody>
<tr>
<td>Energy</td>
<td>19% / 21% / 24%</td>
<td>/ / /</td>
<td>32% / 35% / 35%</td>
</tr>
<tr>
<td>Materials</td>
<td>37% / 39% / 41%</td>
<td>/ / /</td>
<td>3% / 4% / 3%</td>
</tr>
<tr>
<td>Industrials</td>
<td>47% / 49% / 51%</td>
<td>/ / /</td>
<td>-3% / -3% / -1%</td>
</tr>
<tr>
<td>CMR Disc</td>
<td>44% / 47% / 51%</td>
<td>/ / /</td>
<td>-3% / -3% / -2%</td>
</tr>
<tr>
<td>CMR Stap</td>
<td>35% / 40% / 43%</td>
<td>/ / /</td>
<td>-7% / -9% / -9%</td>
</tr>
<tr>
<td>Hlth Care</td>
<td>39% / 42% / 44%</td>
<td>/ / /</td>
<td>3% / 4% / 4%</td>
</tr>
<tr>
<td>Financials</td>
<td>40% / 43% / 49%</td>
<td>/ / /</td>
<td>-6% / -6% / -2%</td>
</tr>
<tr>
<td>Info Tech</td>
<td>53% / 55% / 58%</td>
<td>/ / /</td>
<td>1% / 1% / 1%</td>
</tr>
<tr>
<td>Comm Srv</td>
<td>31% / 35% / 39%</td>
<td>/ / /</td>
<td>0% / 2% / 2%</td>
</tr>
<tr>
<td>Utilities</td>
<td>40% / 44% / 48%</td>
<td>/ / /</td>
<td>-12% / -12% / -11%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>50% / 56% / 60%</td>
<td>/ / /</td>
<td>-9% / -9% / -9%</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

January 6, 2020

Mark Steele (416) 359-4641

Gold
70 stocks; $302bn

Copper
14 stocks; $97bn

CstrMat
33 stocks; $261bn

DvrsMng
47 stocks; $402bn

PrecMet
12 stocks; $63bn

Alumin
10 stocks; $32bn

PapProd
32 stocks; $103bn

DiversChm
20 stocks; $182bn

Silver
9 stocks; $26bn

IndusGas
7 stocks; $241bn

FrstPrd
10 stocks; $23bn

SpecChm
70 stocks; $668bn

Fert&Ag
34 stocks; $164bn

PaperPkg
19 stocks; $104bn

MtGlsCnt
15 stocks; $77bn

Steel
60 stocks; $398bn

ComdChm
50 stocks; $491bn

Materials
Financials

- DivCpMkt: 9 stocks; $161bn
- InvBnkBk: 39 stocks; $451bn
- AsstMgmt: 80 stocks; $620bn
- SpecialFin: 8 stocks; $166bn
- MitSecHld: 21 stocks; $453bn
- Reinsuran: 9 stocks; $155bn
- DiversBnk: 168 stocks; $5352bn
- OthrDivFS: 7 stocks; $80bn
- Thrft&Mtg: 39 stocks; $166bn
- FnlExchDt: 22 stocks; $511bn
- ConsmrFin: 30 stocks; $512bn
- RegionBnk: 152 stocks; $720bn
- Multi-LnIns: 30 stocks; $540bn
- LifeHthIns: 48 stocks; $882bn
- MortgREIT: 22 stocks; $70bn
- P&C Insur: 55 stocks; $556bn
- InsurBrkrs: 7 stocks; $163bn

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Information Technology

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Strength

Momentum
Utilities

January 6, 2020

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- RenewElec: 23 stocks, $144bn
- IPPTrad: 25 stocks, $131bn
- ElecUtil: 83 stocks, $1335bn
- WaterUtil: 24 stocks, $107bn
- GasUtil: 36 stocks, $277bn
- MultiUtil: 34 stocks, $554bn
**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 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.
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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<tr>
<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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<tr>
<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.

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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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