Group Selection

Priced as of August 1, 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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<tr>
<td>Energy</td>
<td></td>
<td>17% / 20% / 21%</td>
<td>-6% / -7% / -7%</td>
<td></td>
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<tr>
<td>Materials</td>
<td></td>
<td>30% / 34% / 34%</td>
<td>0% / -2% / 0%</td>
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<tr>
<td>Industrials</td>
<td></td>
<td>35% / 39% / 40%</td>
<td>0% / -1% / 0%</td>
<td></td>
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<tr>
<td>CMR Disc</td>
<td></td>
<td>33% / 37% / 38%</td>
<td>2% / 2% / 2%</td>
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<tr>
<td>CMR Stap</td>
<td></td>
<td>37% / 40% / 40%</td>
<td>9% / 7% / 6%</td>
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<tr>
<td>Hlth Care</td>
<td></td>
<td>36% / 38% / 38%</td>
<td>7% / 7% / 8%</td>
<td></td>
</tr>
<tr>
<td>Financials</td>
<td></td>
<td>32% / 38% / 39%</td>
<td>1% / -1% / -1%</td>
<td></td>
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<tr>
<td>Info Tech</td>
<td></td>
<td>49% / 54% / 53%</td>
<td>6% / 6% / 7%</td>
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<tr>
<td>Comm Srv</td>
<td></td>
<td>35% / 40% / 40%</td>
<td>1% / -1% / 0%</td>
<td></td>
</tr>
<tr>
<td>Utilities</td>
<td></td>
<td>44% / 50% / 51%</td>
<td>6% / 8% / 7%</td>
<td></td>
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<tr>
<td>Real Estate</td>
<td></td>
<td>39% / 49% / 47%</td>
<td>1% / -1% / -1%</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

August 1, 2019

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Energy

OG Equip
53 stocks; $187bn

Int O&G
32 stocks; $171bn

OG E&P
33 stocks; $67bn

Coal&Uran
21 stocks; $74bn

OG Drill
10 stocks; $18bn

OG RfMkt
35 stocks; $453bn

OG StTr
62 stocks; $582bn

53 stocks; $187bn

32 stocks; $171bn

33 stocks; $67bn

21 stocks; $74bn

10 stocks; $18bn

35 stocks; $453bn

62 stocks; $582bn
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<tr>
<td>MortgREIT</td>
<td>22</td>
<td>$67bn</td>
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<tr>
<td>OthrDivFS</td>
<td>7</td>
<td>$73bn</td>
</tr>
<tr>
<td>RegionBnk</td>
<td></td>
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<tr>
<td>ConsmrFin</td>
<td></td>
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<tr>
<td>FnlExchDt</td>
<td>22</td>
<td>$460bn</td>
</tr>
<tr>
<td>MitSecHld</td>
<td>20</td>
<td>$399bn</td>
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<tr>
<td>InvBnkBrk</td>
<td>41</td>
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<tr>
<td>InsurBrkrs</td>
<td>7</td>
<td>$150bn</td>
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<tr>
<td>SpecialFin</td>
<td>9</td>
<td>$23bn</td>
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<tr>
<td>P&amp;C Insur</td>
<td>54</td>
<td>$557bn</td>
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<tr>
<td>Thrft&amp;Mtg</td>
<td>42</td>
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<tr>
<td>AsstMgmt</td>
<td>79</td>
<td>$548bn</td>
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<tr>
<td>Reinsuran</td>
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<td>$134bn</td>
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<tr>
<td>AsstMgmt</td>
<td>79</td>
<td>$548bn</td>
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<tr>
<td>LifeHthIns</td>
<td>49</td>
<td>$644bn</td>
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<tr>
<td>Multi-LnIns</td>
<td>29</td>
<td>$504bn</td>
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<td>DivCpMkt</td>
<td>9</td>
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<tr>
<td>DiversBnk</td>
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<tr>
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<tr>
<td>DiversBnk</td>
<td>166</td>
<td>$501bn</td>
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</table>
Information Technology

Momentum

Strength

ITConsult 47 stocks; $789bn

ElecInstr 42 stocks; $306bn

TechDist 14 stocks; $61bn

ComEquip 40 stocks; $441bn

ApplicSwr 100 stocks; $1128bn

SysmSwr 38 stocks; $1489bn

SemiEqp 43 stocks; $176bn

DataProc 49 stocks; $1304bn

Semi 71 stocks; $1377bn

InetSrv&In 15 stocks; $1398bn

ElecComp 40 stocks; $307bn

HdwrSt&P 39 stocks; $1470bn

EMS 18 stocks; $146bn

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InetSrv&In 15 stocks; $1398bn

ElecComp 40 stocks; $307bn

HdwrSt&P 39 stocks; $1470bn

August 1, 2019

Mark Steele (416) 359-4641

BMO Capital Markets

ITConsult

ElecInstr

TechDist

ComEquip

ApplicSwr

SysmSwr

SemiEqp

DataProc

Semi

InetSrv&In

ElecComp

HdwrSt&P

18 stocks; $146bn

14 stocks; $61bn

40 stocks; $441bn

100 stocks; $1128bn

38 stocks; $1489bn

43 stocks; $176bn

49 stocks; $1304bn

71 stocks; $1377bn

15 stocks; $1398bn

40 stocks; $307bn

39 stocks; $1470bn
August 1, 2019

Momentum vs. Strength

Utilities

- GasUtil (37 stocks, $283bn)
- WaterUtil (23 stocks, $99bn)
- ElecUtil (45 stocks, $1265bn)
- IPPTrad (25 stocks, $132bn)
- RenewElec (25 stocks, $146bn)
- MultiUtil (35 stocks, $512bn)

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**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 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.
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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<tr>
<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>
<td>52.8%</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>
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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.
** Reflects rating distribution of all companies from which BMO Capital Markets Corp. has received compensation for Investment Banking services as percentage within ratings category.
*** Reflects rating distribution of all companies from which BMO Capital Markets Corp. has received compensation for Investment Banking services as percentage of Investment Banking clients.
**** Reflects rating distribution of all companies covered by BMO Capital Markets equity research analysts.
***** Reflects rating distribution of all companies from which BMO Capital Markets has received compensation for Investment Banking services as percentage of Investment Banking clients.
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OP = Outperform - Forecast to outperform the analyst’s coverage universe on a total return basis;
Mkt = Market Perform - Forecast to perform roughly in line with the analyst’s coverage universe on a total return basis;
Und = Underperform - Forecast to underperform the analyst’s coverage universe on a total return basis;
(S) = Speculative investment;
Spd = Suspended - Coverage and rating suspended until coverage is reinstated;
NR = No Rated - No rating at this time; and
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