Group Selection

Priced as of December 10, 2018

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*

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Energy</td>
<td>30% / 40% / 44%</td>
<td>/ / /</td>
<td>-29% / -28% / -30%</td>
</tr>
<tr>
<td>Materials</td>
<td>22% / 27% / 34%</td>
<td>/ / /</td>
<td>-5% / -6% / -3%</td>
</tr>
<tr>
<td>Industrials</td>
<td>27% / 38% / 41%</td>
<td>/ / /</td>
<td>-13% / -13% / -10%</td>
</tr>
<tr>
<td>CMR Disc</td>
<td>25% / 33% / 37%</td>
<td>/ / /</td>
<td>-6% / -6% / -1%</td>
</tr>
<tr>
<td>CMR Stap</td>
<td>32% / 44% / 51%</td>
<td>/ / /</td>
<td>14% / 15% / 20%</td>
</tr>
<tr>
<td>Hlth Care</td>
<td>46% / 55% / 56%</td>
<td>/ / /</td>
<td>-1% / -4% / -1%</td>
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<tr>
<td>Financials</td>
<td>25% / 38% / 46%</td>
<td>/ / /</td>
<td>-5% / -7% / -1%</td>
</tr>
<tr>
<td>Info Tech</td>
<td>35% / 45% / 48%</td>
<td>/ / /</td>
<td>-1% / -1% / 1%</td>
</tr>
<tr>
<td>Comm Srv</td>
<td>32% / 42% / 48%</td>
<td>/ / /</td>
<td>13% / 14% / 13%</td>
</tr>
<tr>
<td>Utilities</td>
<td>41% / 55% / 60%</td>
<td>/ / /</td>
<td>43% / 46% / 52%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>38% / 53% / 57%</td>
<td>/ / /</td>
<td>35% / 35% / 41%</td>
</tr>
</tbody>
</table>

*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.
December 10, 2018

Momentum

Strength

Materials

PrecMet  15 stocks; $30bn
Gold    67 stocks; $176bn

DvrsMng 54 stocks; $34bn
ComdChm 42 stocks; $36bn
Copper  14 stocks; $75bn

54 stocks; $34bn
59 stocks; $356bn

DiversChm 22 stocks; $304bn

DiversChm 22 stocks; $304bn

MtGlsCnt 14 stocks; $63bn
IndusGas  7 stocks; $68bn

PaperPkg  17 stocks; $101bn
PapProd  25 stocks; $94bn

17 stocks; $101bn
25 stocks; $94bn

Fert&Ag  29 stocks; $74bn

FrstPrd  21 stocks; $71bn
Alumin  19 stocks; $33bn

CstrMat  22 stocks; $190bn

IndusGas  7 stocks; $68bn

CstrMat  22 stocks; $190bn

Fert&Ag  29 stocks; $74bn

PtGlsCnt 14 stocks; $63bn
Momentum

Strength

Dec 10, 2018

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Health Care

HCDistrib
17 stocks; $112bn

HCEquip
74 stocks; $1040bn

Pharma
111 stocks; $2600bn

HCSuppls
29 stocks; $191bn

Biotech
123 stocks; $989bn

HCFacility
31 stocks; $154bn

MngHCare
11 stocks; $476bn

LfSciSrv
30 stocks; $342bn

HCServices
28 stocks; $273bn

HCareTec
17 stocks; $65bn

Pharma

Biotech
Telecommunication Services

Momentum

Strength

December 10, 2018

Mark Steele (416) 359-4641

Telecommunication Services

IntMeSer
40 stocks; $1293bn

Advert
17 stocks; $101bn

Cabl&Sat
23 stocks; $442bn

Mov&Ent
27 stocks; $457bn

WlsTelSrv
43 stocks; $829bn

IntHmEnt
18 stocks; $203bn

Publishing
13 stocks; $156bn

AltCar
10 stocks; $47bn

Broadcast
28 stocks; $880bn

Cable & Satellite
23 stocks; $442bn

Integ TeleServices
37 stocks; $1256bn

Mobile & Entertainment
27 stocks; $457bn

Wireless TeleServices
43 stocks; $829bn

International Home Entertainment
18 stocks; $203bn

Publishing
13 stocks; $156bn

Alternative Car
10 stocks; $47bn

Broadcast
28 stocks; $880bn

57 stocks; $1256bn

17 stocks; $101bn

23 stocks; $442bn

27 stocks; $457bn

43 stocks; $829bn

18 stocks; $203bn

13 stocks; $156bn

10 stocks; $47bn

28 stocks; $880bn
## Utilities

<table>
<thead>
<tr>
<th>Sector</th>
<th>Stocks</th>
<th>Market Cap (bn)</th>
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<tbody>
<tr>
<td>Gas Util</td>
<td>37</td>
<td>$237bn</td>
</tr>
<tr>
<td>IPP Trad</td>
<td>23</td>
<td>$111bn</td>
</tr>
<tr>
<td>Elec Util</td>
<td>87</td>
<td>$1169bn</td>
</tr>
<tr>
<td>Multi Util</td>
<td>55</td>
<td>$448bn</td>
</tr>
<tr>
<td>Renew Elec</td>
<td>20</td>
<td>$52bn</td>
</tr>
<tr>
<td>Water Util</td>
<td>22</td>
<td>$84bn</td>
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December 10, 2018

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BMO Capital Markets
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 group’s 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).
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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<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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<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>
</tr>
<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>
</tr>
</tbody>
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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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(S) = Speculative investment;
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