Group Selection
Priced as of March 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*

*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.
March 1, 2019

Materials

BMO Capital Markets
Mark Steele (416) 359-4641

**Strength**

**Momentum**

- **Alumin**
  - 10 stocks; $35bn

- **Steel**
  - 58 stocks; $379bn

- **SpecChm**
  - 68 stocks; $538bn

- **CstrMat**
  - 31 stocks; $230bn

- **DvrsMng**
  - 22 stocks; $296bn

- **IndusGas**
  - 7 stocks; $197bn

- **Copper**
  - 15 stocks; $47bn

- **PrecMet**
  - 16 stocks; $99bn

- **Gold**
  - 65 stocks; $193bn

- **PaperPkg**
  - 17 stocks; $108bn

- **ComdChm**
  - 44 stocks; $383bn

- **FrstPrd**
  - 11 stocks; $23bn

- **PapProd**
  - 24 stocks; $103bn

- **Silver**
  - 10 stocks; $19bn

- **MtGlsCnt**
  - 15 stocks; $68bn

- **Fert&Ag**
  - 29 stocks; $148bn

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**Consumer Staples**

- **March 1, 2019**
- **Mark Steele (416) 359-4641**

### Consumer Staples Categories

- **DrugRetail**: 6 stocks; $79bn
- **AgriProd**: 25 stocks; $103bn
- **SprCntrs**: 13 stocks; $494bn
- **PersPrdct**: 34 stocks; $495bn
- **Tobacco**: 13 stocks; $524bn
- **Brewers**: 14 stocks; $419bn
- **PkgFdMt**: 118 stocks; $1171bn
- **SoftDrnks**: 19 stocks; $533bn
- **HhldPrdct**: 18 stocks; $587bn
- **Dist&Vnt**: 12 stocks; $381bn
- **FdDistri**: 11 stocks; $59bn
- **FdRetail**: 35 stocks; $366bn

**PkgFdMt**

- **118 stocks; $1171bn**

**Momentum**

**Strength**
March 1, 2019

Utilities

Mark Steele (416) 359-4641

Momentum

Strength

MultiUtil ➖ 34 stocks; $473bn

RenewElec ➔ 20 stocks; $57bn

IPPTrad ➖ 23 stocks; $119bn

ElecUtil ➔ 46 stocks; $1220bn

WaterUtil ➖ 46 stocks; $94bn

GasUtil ➔ 35 stocks; $252bn

GasUtil ➔ 35 stocks; $252bn

WaterUtil ➖ 46 stocks; $94bn

IPPTrad ➖ 23 stocks; $119bn

ElecUtil ➔ 46 stocks; $1220bn

RenewElec ➔ 20 stocks; $57bn

MultiUtil ➖ 34 stocks; $473bn
March 1, 2019

Real Estate

Momentum

Strength

IndusREIT
24 stocks; $138bn

ResidREIT
28 stocks; $168bn

HCareREIT
17 stocks; $108bn

SpecREIT
12 stocks; $362bn

OfficeREIT
13 stocks; $176bn

REstDevl
34 stocks; $118bn

REstSrv
12 stocks; $60bn

REstOpCo
38 stocks; $253bn

REstDvAct
34 stocks; $176bn

RetailREIT
52 stocks; $291bn

HotelREIT
18 stocks; $57bn

ResidREIT
28 stocks; $168bn

OfficeREIT
13 stocks; $176bn

REstDevl
34 stocks; $118bn

HCareREIT
17 stocks; $108bn

SpecREIT
12 stocks; $362bn

REstSrv
12 stocks; $60bn

REstOpCo
38 stocks; $253bn

REstDvAct
34 stocks; $176bn

RetailREIT
52 stocks; $291bn

HotelREIT
18 stocks; $57bn
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 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>
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<td>43.2%</td>
<td>22.8%</td>
<td>57.4%</td>
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<td>Hold</td>
<td>Market Perform</td>
<td>53.2%</td>
<td>13.1%</td>
<td>40.6%</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.

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