Group Selection

Priced as of May 3, 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 View**

**Sector Relative Strength Profiles**

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<tbody>
<tr>
<td>Energy</td>
<td>27% / 25% / 23%</td>
<td>/ /</td>
<td>-12% / -10% / -5%</td>
</tr>
<tr>
<td>Materials</td>
<td>40% / 40% / 38%</td>
<td>/ /</td>
<td>-10% / -8% / -2%</td>
</tr>
<tr>
<td>Industrials</td>
<td>45% / 45% / 43%</td>
<td>/ /</td>
<td>3% / 7% / 14%</td>
</tr>
<tr>
<td>CMR Disc</td>
<td>46% / 45% / 42%</td>
<td>/ /</td>
<td>1% / 3% / 12%</td>
</tr>
<tr>
<td>CMR Stap</td>
<td>43% / 45% / 44%</td>
<td>/ /</td>
<td>-5% / -2% / 4%</td>
</tr>
<tr>
<td>Hlth Care</td>
<td>42% / 42% / 40%</td>
<td>/ /</td>
<td>-1% / 0% / 5%</td>
</tr>
<tr>
<td>Financials</td>
<td>38% / 36% / 37%</td>
<td>/ /</td>
<td>3% / 8% / 19%</td>
</tr>
<tr>
<td>Info Tech</td>
<td>68% / 67% / 64%</td>
<td>/ /</td>
<td>0% / 5% / 11%</td>
</tr>
<tr>
<td>Comm Srv</td>
<td>41% / 43% / 43%</td>
<td>/ /</td>
<td>-2% / -4% / 6%</td>
</tr>
<tr>
<td>Utilities</td>
<td>57% / 59% / 64%</td>
<td>/ /</td>
<td>-17% / -14% / -9%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>63% / 64% / 63%</td>
<td>/ /</td>
<td>-9% / -8% / 0%</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 (red / green 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

May 3, 2019

Mark Steele (416) 359-4641

FrstPrd
11 stocks; $22bn

PaperPkg
17 stocks; $112bn

MtGlsCnt
13 stocks; $68bn

Silver
10 stocks; $18bn

Steel
41 stocks; $416bn

CstrMat
33 stocks; $253bn

IndusGas
7 stocks; $215bn

PapProd
24 stocks; $92bn

OG StTr
68 stocks; $630bn

Gold
64 stocks; $168bn

DiversChm
51 stocks; $397bn

ComdChm
46 stocks; $404bn

Alumin
10 stocks; $34bn

SpecChm
72 stocks; $661bn

Copper
14 stocks; $87bn

DvrsMng
55 stocks; $434bn

Coal&Uran
31 stocks; $655bn

Fert&Ag
29 stocks; $145bn

OG Drill
10 stocks; $23bn

PrecMet
15 stocks; $45bn

OG Equip
58 stocks; $207bn

OG E&P
108 stocks; $749bn

Int O&G
92 stocks; $1783bn

Int O&G
98 stocks; $749bn
May 3, 2019

Momentum

Strength

Energy

OG StTr
68 stocks; $630bn

OG RfMkt
25 stocks; $484bn

Coal & Uran
21 stocks; $85bn

OG Drill
10 stocks; $23bn

OG Equip
58 stocks; $207bn

OG E&P
98 stocks; $749bn

Int O&G
32 stocks; $1783bn
Consumer Staples

Brewers
14 stocks; $443bn

Packaging & Container
127 stocks; $1424bn

Food Distribution
11 stocks; $61bn

Distillers & Vintners
35 stocks; $562bn

Pers Products
35 stocks; $536bn

Soft Drinks
19 stocks; $573bn

Household Products
18 stocks; $619bn

Agri Products
28 stocks; $119bn

Drug Retail
20 stocks; $566bn

Food Retail
15 stocks; $532bn

Tobacco
13 stocks; $515bn

Sprinklers
15 stocks; $532bn
Telecommunication Services

May 3, 2019

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Cabl&Sat
24 stocks; $416bn

Mov&Ent
26 stocks; $556bn

IntMeSer
43 stocks; $1586bn

AltCar
10 stocks; $43bn

Advert
17 stocks; $110bn

IntHmEnt
23 stocks; $246bn

WlsTelSrv
42 stocks; $876bn

Broadcast
27 stocks; $93bn

IntgTelSrv
56 stocks; $1289bn

Publishing
14 stocks; $48bn
Utilities

RenewElec
25 stocks; $134bn

MultiUtil
35 stocks; $503bn

WaterUtil
24 stocks; $100bn

ElecUtil
86 stocks; $1223bn

GasUtil
34 stocks; $253bn

IPPTrad
25 stocks; $140bn

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May 3, 2019
Real Estate

Strength

Momentum

May 3, 2019

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HotelREIT
18 stocks; $56bn

RetailREIT
50 stocks; $297bn

DiversREIT
35 stocks; $157bn

OfficeREIT
35 stocks; $187bn

ResidREIT
29 stocks; $199bn

REstDvAct
35 stocks; $335bn

SpecREIT
31 stocks; $390bn

IndusREIT
25 stocks; $147bn

REstDevl
19 stocks; $406bn

HCareREIT
17 stocks; $112bn

REstSrv
13 stocks; $54bn

REstOpCo
39 stocks; $257bn

35 stocks; $335bn

18 stocks; $56bn

50 stocks; $297bn

35 stocks; $187bn

29 stocks; $199bn

35 stocks; $335bn

31 stocks; $390bn

25 stocks; $147bn

19 stocks; $406bn

17 stocks; $112bn

13 stocks; $54bn

39 stocks; $257bn

18 stocks; $56bn

50 stocks; $297bn

35 stocks; $187bn

29 stocks; $199bn

35 stocks; $335bn

31 stocks; $390bn

25 stocks; $147bn

19 stocks; $406bn

17 stocks; $112bn

13 stocks; $54bn

39 stocks; $257bn
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.
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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<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>
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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.
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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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