Group Selection

Priced as of June 28, 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
Table of Contents

3. Sector View
4. Strength Changes Last Session
5. Resource Summary
6. Energy
7. Materials
8. Industrials
9. Consumer Discretionary
10. Consumer Staples
11. Health Care
12. Financials
13. Information Technology
14. Telecom
15. Utilities
16. Real Estate
17. User Guide
Sector View

June 28, 2019

BMO Capital Markets
Mark Steele (416) 359-4641

Sector Relative Strength Profiles*

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<thead>
<tr>
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<tbody>
<tr>
<td>Energy</td>
<td>20% / 23% / 21%</td>
<td>/ / /</td>
<td>5% / 3% / 2%</td>
</tr>
<tr>
<td>Materials</td>
<td>29% / 33% / 30%</td>
<td>/ / /</td>
<td>11% / 8% / 8%</td>
</tr>
<tr>
<td>Industrials</td>
<td>37% / 41% / 40%</td>
<td>/ / /</td>
<td>8% / 6% / 7%</td>
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<tr>
<td>CMR Disc</td>
<td>35% / 39% / 36%</td>
<td>/ / /</td>
<td>4% / 2% / 3%</td>
</tr>
<tr>
<td>CMR Stap</td>
<td>38% / 44% / 40%</td>
<td>/ / /</td>
<td>1% / -1% / 1%</td>
</tr>
<tr>
<td>Health Care</td>
<td>39% / 42% / 40%</td>
<td>/ / /</td>
<td>7% / 4% / 4%</td>
</tr>
<tr>
<td>Financials</td>
<td>34% / 38% / 35%</td>
<td>/ / /</td>
<td>6% / 5% / 5%</td>
</tr>
<tr>
<td>Info Tech</td>
<td>54% / 58% / 56%</td>
<td>/ / /</td>
<td>0% / -1% / -1%</td>
</tr>
<tr>
<td>Comm Srv</td>
<td>37% / 40% / 38%</td>
<td>/ / /</td>
<td>1% / 1% / -1%</td>
</tr>
<tr>
<td>Utilities</td>
<td>43% / 48% / 44%</td>
<td>/ / /</td>
<td>4% / 3% / 4%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>47% / 55% / 51%</td>
<td>/ / /</td>
<td>-7% / -11% / -10%</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.
Momentum

Strength

Consumer Staples

June 28, 2019

Mark Steele (416) 359-4641

Brewers
14 stocks; $449bn

Dist&Vnt
20 stocks; $572bn

PkgFdMt
127 stocks; $1425bn

DrugRetail
6 stocks; $66bn

SoftDrinks
19 stocks; $586bn

PersPrdct
39 stocks; $530bn

SprCntrs
16 stocks; $572bn

DrugRetail
6 stocks; $66bn

PersPrdct
39 stocks; $530bn

Tobacco
13 stocks; $466bn

SprCntrs
16 stocks; $572bn

AgriProd
28 stocks; $114bn

FdRetail
13 stocks; $572bn

HhldPrdct
18 stocks; $630bn

AgriProd
28 stocks; $114bn

District
17 stocks; $560bn

Dist&Vnt
20 stocks; $572bn
### Information Technology

**Momentum**

<table>
<thead>
<tr>
<th>Sector</th>
<th>Strength</th>
<th>Momentum</th>
<th>Stocks</th>
<th>Market Cap</th>
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<tbody>
<tr>
<td>SemiEqp</td>
<td></td>
<td></td>
<td>42</td>
<td>$283bn</td>
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<tr>
<td>Semi</td>
<td></td>
<td></td>
<td>73</td>
<td>$133bn</td>
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<tr>
<td>ElecInstr</td>
<td></td>
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<td>42</td>
<td>$312bn</td>
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<tr>
<td>ITConsult</td>
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<td>49</td>
<td>$775bn</td>
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<tr>
<td>EMS</td>
<td></td>
<td></td>
<td>19</td>
<td>$144bn</td>
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<tr>
<td>ElecComp</td>
<td></td>
<td></td>
<td>38</td>
<td>$280bn</td>
</tr>
<tr>
<td>DataProc</td>
<td></td>
<td></td>
<td>49</td>
<td>$127bn</td>
</tr>
<tr>
<td>InetSrv&amp;In</td>
<td></td>
<td></td>
<td>14</td>
<td>$136bn</td>
</tr>
<tr>
<td>ApplicSwr</td>
<td></td>
<td></td>
<td>49</td>
<td>$115bn</td>
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<tr>
<td>SystmSwr</td>
<td></td>
<td></td>
<td>40</td>
<td>$150bn</td>
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<tr>
<td>ComEquip</td>
<td></td>
<td></td>
<td>41</td>
<td>$438bn</td>
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<tr>
<td>HdwrSt&amp;P</td>
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<td>41</td>
<td>$147bn</td>
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<tr>
<td>TechDist</td>
<td></td>
<td></td>
<td>14</td>
<td>$56bn</td>
</tr>
</tbody>
</table>

**Mark Steele (416) 359-4641**
June 28, 2019

Utilities

Momentum

Strength

GasUtil →
24 stocks; $254bn

ElecUtil →
26 stocks; $1268bn

WaterUtil →
24 stocks; $102bn

RenewElec ↓
25 stocks; $140bn

IPPTrad ↓
25 stocks; $135bn

MultiUtil ↓
25 stocks; $512bn

Utilities

GasUtil →
24 stocks; $254bn

ElecUtil →
26 stocks; $1268bn

WaterUtil →
24 stocks; $102bn

RenewElec ↓
25 stocks; $140bn

IPPTrad ↓
25 stocks; $135bn

MultiUtil ↓
25 stocks; $512bn
IndusREIT: 25 stocks; $155bn
REstDev: 39 stocks; $385bn
REstSrv: 13 stocks; $43bn
REstOpCo: 37 stocks; $248bn
REstDvAct: 35 stocks; $334bn
ResidREIT: 29 stocks; $194bn
DiversREIT: 36 stocks; $163bn
SpecREIT: 11 stocks; $401bn
OfficeREIT: 34 stocks; $186bn
HCareREIT: 17 stocks; $117bn
RetailREIT: 50 stocks; $283bn
HotelREIT: 18 stocks; $53bn

Real Estate

June 28, 2019
Mark Steele (416) 359-4641
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 group 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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<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>
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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>
</tr>
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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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(January 2010 - April 2013)

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