Group Selection

Priced as of November 27, 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*

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<tbody>
<tr>
<td>Energy</td>
<td>29% / 43% / 46%</td>
<td>/ / /</td>
<td>-32% / -37% / -28%</td>
</tr>
<tr>
<td>Materials</td>
<td>20% / 27% / 31%</td>
<td>/ / /</td>
<td>-6% / -10% / 0%</td>
</tr>
<tr>
<td>Industrials</td>
<td>26% / 38% / 40%</td>
<td>/ / /</td>
<td>5% / 0% / 10%</td>
</tr>
<tr>
<td>CMR Disc</td>
<td>25% / 34% / 35%</td>
<td>/ / /</td>
<td>9% / 4% / 14%</td>
</tr>
<tr>
<td>CMR Stap</td>
<td>31% / 43% / 48%</td>
<td>/ / /</td>
<td>20% / 16% / 26%</td>
</tr>
<tr>
<td>Hlth Care</td>
<td>47% / 56% / 56%</td>
<td>/ / /</td>
<td>-3% / -8% / -1%</td>
</tr>
<tr>
<td>Financials</td>
<td>23% / 37% / 44%</td>
<td>/ / /</td>
<td>16% / 10% / 23%</td>
</tr>
<tr>
<td>Info Tech</td>
<td>36% / 47% / 50%</td>
<td>/ / /</td>
<td>-1% / -6% / 6%</td>
</tr>
<tr>
<td>Comm Srv</td>
<td>30% / 43% / 44%</td>
<td>/ / /</td>
<td>19% / 15% / 24%</td>
</tr>
<tr>
<td>Utilities</td>
<td>37% / 52% / 55%</td>
<td>/ / /</td>
<td>35% / 26% / 44%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>36% / 52% / 55%</td>
<td>/ / /</td>
<td>18% / 13% / 32%</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
November 27, 2018

Consumer Staples

Mark Steele (416) 359-4641

Momentum

Strength

FdDistri
11 stocks;$57bn

SprCntrs
12 stocks;$482bn

PkgFdMt
122 stocks;$1158bn

FdRetail
30 stocks;$359bn

Tobacco
13 stocks;$505bn

AgriProd
25 stocks;$104bn

PersPrdct
33 stocks;$473bn

HhldPrdct
17 stocks;$571bn

DrugRetail
6 stocks;$97bn

Dist&Vnt
12 stocks;$321bn

SoftDnks
19 stocks;$543bn

Brewers
14 stocks;$393bn

BMO Capital Markets
Financials

November 27, 2018

Mark Steele (416) 359-4641

Momentum

Strength

- Multi-LnIns
  - 30 stocks; $476bn

- Reinsuran
  - 11 stocks; $126bn

- FnlExchDt
  - 22 stocks; $497bn

- DiversBnk
  - 101 stocks; $490bn

- AsstMgmt
  - 62 stocks; $518bn

- Thrft&Mtg
  - 42 stocks; $120bn

- MltSecHld
  - 22 stocks; $419bn

- RegionBnk
  - 141 stocks; $634bn

- InvBnkBrk
  - 37 stocks; $357bn

- LifeHthIns
  - 46 stocks; $796bn

- ConsmrFin
  - 31 stocks; $278bn

- MortgREIT
  - 22 stocks; $63bn

- InsurBrkrs
  - 7 stocks; $127bn

- P&C Insur
  - 58 stocks; $408bn

- MltSecHld
  - 22 stocks; $419bn

- OthrDivFS
  - 10 stocks; $106bn

- DivCpMkt
  - 9 stocks; $163bn

- SpecialFin
  - 9 stocks; $21bn

Financials:

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- InvBnkBrk: 37 stocks; $357bn
- LifeHthIns: 46 stocks; $796bn
- ConsmrFin: 31 stocks; $278bn
- MortgREIT: 22 stocks; $63bn
- InsurBrkrs: 7 stocks; $127bn
- P&C Insur: 58 stocks; $408bn
- MltSecHld: 22 stocks; $419bn
- OthrDivFS: 10 stocks; $106bn
- DivCpMkt: 9 stocks; $163bn
- SpecialFin: 9 stocks; $21bn
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 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).
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>
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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>
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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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Und = Underperform - Forecast to underperform the analyst’s coverage universe on a total return basis;
(S) = Speculative investment;
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