Group Selection

Priced as of December 13, 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 Relative Strength Profiles*

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<tbody>
<tr>
<td>Energy</td>
<td>29% / 40% / 44%</td>
<td>-21% / -27% / -21%</td>
<td></td>
</tr>
<tr>
<td>Materials</td>
<td>22% / 28% / 34%</td>
<td>3% / -3% / 2%</td>
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<tr>
<td>Industrials</td>
<td>27% / 38% / 41%</td>
<td>-3% / -11% / -3%</td>
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<tr>
<td>CMR Disc</td>
<td>25% / 33% / 38%</td>
<td>0% / -5% / 2%</td>
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<tr>
<td>CMR Stap</td>
<td>32% / 45% / 50%</td>
<td>23% / 13% / 25%</td>
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<tr>
<td>Hlth Care</td>
<td>46% / 54% / 55%</td>
<td>-3% / -7% / -3%</td>
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<tr>
<td>Financials</td>
<td>26% / 37% / 46%</td>
<td>-4% / -14% / -3%</td>
<td></td>
</tr>
<tr>
<td>Info Tech</td>
<td>35% / 44% / 48%</td>
<td>5% / -2% / 4%</td>
<td></td>
</tr>
<tr>
<td>Comm Srv</td>
<td>32% / 43% / 49%</td>
<td>17% / 9% / 12%</td>
<td></td>
</tr>
<tr>
<td>Utilities</td>
<td>44% / 56% / 60%</td>
<td>52% / 42% / 57%</td>
<td></td>
</tr>
<tr>
<td>Real Estate</td>
<td>38% / 52% / 59%</td>
<td>30% / 20% / 32%</td>
<td></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 ( rankings),

(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 13, 2018

Momentum

Strength

OG StTr
76 stocks; $602bn

Coal&Uran
21 stocks; $73bn

Int O&G
31 stocks; $1740bn

OG RfMkt
39 stocks; $461bn

OG Drill
13 stocks; $25bn

OG Equip
57 stocks; $193bn

OG E&P
105 stocks; $727bn

Energy

OG Drill

OG RfMkt

OG Equip

OG E&P

OG StTr

Coal&Uran

Int O&G

BMO Capital Markets

Mark Steele (416) 359-4641
Health Care

Momentum

Strength

December 13, 2018

Mark Steele (416) 359-4641

HCSupps
28 stocks; $139bn

Biotech
122 stocks; $990bn

HCFacility
31 stocks; $156bn

Pharma
111 stocks; $264bn

HCEquip
74 stocks; $106bn

MngHCare
11 stocks; $48bn

HCDistrib
77 stocks; $112bn

HCareTec
77 stocks; $35bn

LfSciSrv
30 stocks; $349bn

HCEquip
74 stocks; $106bn

HCSupps
28 stocks; $139bn
December 13, 2018

Momentum

Strength

Financials

Mark Steele (416) 359-4641

- **MltSecHld**
  - 22 stocks; $403bn

- **Thrt&Mtg**
  - 41 stocks; $118bn

- **AsstMgmt**
  - 82 stocks; $480bn

- **DiversBnk**
  - 160 stocks; $470bn

- **OthrDivFS**
  - 30 stocks; $100bn

- **MortgREIT**
  - 22 stocks; $63bn

- **InsurBrkrs**
  - 7 stocks; $124bn

- **P&C Insur**
  - 55 stocks; $464bn

- **FnlExchDt**
  - 21 stocks; $370bn

- **Reinsuran**
  - 11 stocks; $123bn

- **Multi-LnIns**
  - 30 stocks; $451bn

- **DivCpMkt**
  - 9 stocks; $153bn

- **ConsmrFin**
  - 11 stocks; $261bn

- **InvBnkBrk**
  - 20 stocks; $328bn

- **RegionBnk**
  - 141 stocks; $572bn

- **LifeHthIns**
  - 46 stocks; $755bn
December 13, 2018

Utilities

Mark Steele (416) 359-4641

Momentum

Strength

GasUtil
35 stocks; $244bn

IPPTrad
23 stocks; $114bn

WaterUtil
22 stocks; $66bn

ElecUtil
87 stocks; $1150bn

MultiUtil
35 stocks; $458bn

RenewElec
20 stocks; $33bn

Utilities

GasUtil
IPPTrad
WaterUtil
ElecUtil
MultiUtil
RenewElec
December 13, 2018

Real Estate

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DiversREIT 35 stocks; $146bn
REstOpCo 38 stocks; $239bn
SpecREIT 31 stocks; $345bn
IndusREIT 23 stocks; $122bn
ResidREIT 27 stocks; $177bn
HCareREIT 17 stocks; $105bn
OfficeREIT 34 stocks; $166bn
REstDvAct 34 stocks; $295bn
REstDev1 34 stocks; $307bn
HotelREIT 18 stocks; $55bn
REstSrv 12 stocks; $34bn
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 groups members are outperforming
2. How consistent that outperformance is
3. How the are 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.
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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ETFs designed to track an index or asset may experience a discrepancy between the ETF’s performance and the performance of its target index known as tracking error. A variety of factors can create a performance gap between ETF and its target index such as the impact of transaction fees and expenses incurred by the ETF, changes in composition of the underlying index/assets, the ETF portfolio manager’s replication strategy and sampling techniques, and the timing of purchases and redemptions of ETF’s shares.

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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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<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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Mkt = Market Perform - Forecast to perform roughly in line with the analyst’s coverage universe on a total return basis;
Und = Underperform - Forecast to underperform the analyst’s coverage universe on a total return basis;
(S) = Speculative investment;
Spd = Suspended - Coverage and rating suspended until coverage is reinstated;
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