Group Selection

Priced as of February 26, 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*

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<tbody>
<tr>
<td>Energy</td>
<td>25% / 28% / 28%</td>
<td>4% / 2% / -5%</td>
<td></td>
</tr>
<tr>
<td>Materials</td>
<td>36% / 37% / 37%</td>
<td>16% / 15% / 9%</td>
<td></td>
</tr>
<tr>
<td>Industrials</td>
<td>35% / 39% / 39%</td>
<td>14% / 9% / 2%</td>
<td></td>
</tr>
<tr>
<td>CMR Disc</td>
<td>37% / 37% / 37%</td>
<td>12% / 9% / 5%</td>
<td></td>
</tr>
<tr>
<td>CMR Stap</td>
<td>51% / 55% / 53%</td>
<td>-9% / -13% / -14%</td>
<td></td>
</tr>
<tr>
<td>Hlth Care</td>
<td>43% / 45% / 45%</td>
<td>3% / 0% / -4%</td>
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</tr>
<tr>
<td>Financials</td>
<td>38% / 43% / 44%</td>
<td>10% / 2% / -5%</td>
<td></td>
</tr>
<tr>
<td>Info Tech</td>
<td>45% / 46% / 46%</td>
<td>24% / 18% / 12%</td>
<td></td>
</tr>
<tr>
<td>Comm Srv</td>
<td>47% / 48% / 50%</td>
<td>0% / -3% / -9%</td>
<td></td>
</tr>
<tr>
<td>Utilities</td>
<td>74% / 77% / 79%</td>
<td>-7% / -9% / -18%</td>
<td></td>
</tr>
<tr>
<td>Real Estate</td>
<td>65% / 67% / 67%</td>
<td>2% / -3% / -12%</td>
<td></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
<table>
<thead>
<tr>
<th>Material</th>
<th>Momentum</th>
<th>Strength</th>
</tr>
</thead>
<tbody>
<tr>
<td>Copper</td>
<td>14 stocks; $92bn</td>
<td></td>
</tr>
<tr>
<td>Silver</td>
<td>19 stocks; $20bn</td>
<td></td>
</tr>
<tr>
<td>PrecMet</td>
<td>15 stocks; $49bn</td>
<td></td>
</tr>
<tr>
<td>IndusGas</td>
<td>7 stocks; $201bn</td>
<td></td>
</tr>
<tr>
<td>DvrsMng</td>
<td>53 stocks; $408bn</td>
<td></td>
</tr>
<tr>
<td>Steel</td>
<td>58 stocks; $387bn</td>
<td></td>
</tr>
<tr>
<td>Alumin</td>
<td>10 stocks; $36bn</td>
<td></td>
</tr>
<tr>
<td>CstrMat</td>
<td>51 stocks; $231bn</td>
<td></td>
</tr>
<tr>
<td>SpecChm</td>
<td>68 stocks; $537bn</td>
<td></td>
</tr>
<tr>
<td>Gold</td>
<td>69 stocks; $200bn</td>
<td></td>
</tr>
<tr>
<td>ComdChm</td>
<td>44 stocks; $186bn</td>
<td></td>
</tr>
<tr>
<td>DiversChm</td>
<td>21 stocks; $223bn</td>
<td></td>
</tr>
<tr>
<td>PapProd</td>
<td>24 stocks; $106bn</td>
<td></td>
</tr>
<tr>
<td>MtGlsCnt</td>
<td>15 stocks; $68bn</td>
<td></td>
</tr>
<tr>
<td>FrstPrd</td>
<td>11 stocks; $23bn</td>
<td></td>
</tr>
<tr>
<td>Fert&amp;Ag</td>
<td>29 stocks; $149bn</td>
<td></td>
</tr>
<tr>
<td>PaperPkg</td>
<td>17 stocks; $110bn</td>
<td></td>
</tr>
</tbody>
</table>
Consumer Discretionary

- **HmImpRtl**: 8 stocks; $312bn
- **AutoMfg**: 36 stocks; $932bn
- **HomeFurn**: 8 stocks; $24bn
- **CmrElec**: 12 stocks; $130bn
- **Ht&Rsrt**: 23 stocks; $228bn
- **LeisPrd**: 20 stocks; $80bn
- **SpecStors**: 8 stocks; $24bn
- **HmFrnsh**: 10 stocks; $33bn
- **LeisFcll**: 9 stocks; $70bn
- **AutoParts**: 50 stocks; $308bn
- **HhldApl**: 22 stocks; $94bn
- **Cas&Gam**: 35 stocks; $294bn
- **LeisPrd**: 10 stocks; $33bn
- **AutoParts**: 35 stocks; $294bn
- **Educat**: 14 stocks; $64bn
- **HomeBld**: 35 stocks; $147bn
- **LeisFcll**: 9 stocks; $70bn
- **AutoParts**: 50 stocks; $308bn
- **Footwear**: 22 stocks; $94bn
- **InetDmRtl**: 38 stocks; $161bn
- **MotcyMfg**: 20 stocks; $330bn
- **CmpElRtl**: 8 stocks; $38bn
- **DeptStrs**: 17 stocks; $93bn
- **Tire&Rub**: 11 stocks; $88bn
- **ApparlRtl**: 30 stocks; $330bn
- **SpCmSrv**: 7 stocks; $24bn
- **AutoRtl**: 15 stocks; $100bn
- **SpCmSrv**: 43 stocks; $779bn
- **AutoRtl**: 15 stocks; $100bn
- **Aprl&Gds**: 43 stocks; $779bn
- **ApparlRtl**: 50 stocks; $308bn
- **Rstaurnt**: 48 stocks; $466bn
- **GMrchStrs**: 13 stocks; $170bn
Utilities

February 26, 2019
Mark Steele (416) 359-4641

GasUtil
38 stocks; $252bn

MultiUtil
34 stocks; $474bn

WaterUtil
23 stocks; $94bn

RenewElec
19 stocks; $57bn

ElecUtil
26 stocks; $122bn

IPPTrad
23 stocks; $120bn
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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<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>
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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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(January 2010 - April 2013)

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