Group Selection

Priced as of June 6, 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
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 (descending 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>Resources</th>
<th>Strength</th>
<th>Momentum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gold</td>
<td>25 stocks; $212bn</td>
<td>SpecChm 72 stocks; $619bn</td>
</tr>
<tr>
<td>PrecMet</td>
<td>14 stocks; $45bn</td>
<td>OG Rfmkt 72 stocks; $376bn</td>
</tr>
<tr>
<td>Silver</td>
<td>9 stocks; $18bn</td>
<td>ComdChm 47 stocks; $376bn</td>
</tr>
<tr>
<td>Coal&amp;Uran</td>
<td>21 stocks; $81bn</td>
<td>FrstPrd 20 stocks; $19bn</td>
</tr>
<tr>
<td>Gold</td>
<td>14 stocks; $45bn</td>
<td>OG Equip 54 stocks; $178bn</td>
</tr>
<tr>
<td>PrecMet</td>
<td>14 stocks; $45bn</td>
<td>DiversChm 21 stocks; $173bn</td>
</tr>
<tr>
<td>SpecChm</td>
<td>72 stocks; $619bn</td>
<td>Alumin 10 stocks; $31bn</td>
</tr>
<tr>
<td>OG Rfmkt</td>
<td>72 stocks; $376bn</td>
<td>Steel 61 stocks; $384bn</td>
</tr>
<tr>
<td>ComdChm</td>
<td>47 stocks; $376bn</td>
<td>PapProd 23 stocks; $77bn</td>
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<td>Int O&amp;G 32 stocks; $1742bn</td>
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<tr>
<td>Steel</td>
<td>61 stocks; $384bn</td>
<td>DvrsMng 50 stocks; $377bn</td>
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<tr>
<td>PapProd</td>
<td>23 stocks; $77bn</td>
<td>OG E&amp;P 95 stocks; $668bn</td>
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<tr>
<td>OG Drill</td>
<td>10 stocks; $19bn</td>
<td>Copper 14 stocks; $78bn</td>
</tr>
<tr>
<td>DvrsMng</td>
<td>50 stocks; $377bn</td>
<td>Fert&amp;Ag 29 stocks; $140bn</td>
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<tr>
<td>OG E&amp;P</td>
<td>95 stocks; $668bn</td>
<td>Copper 14 stocks; $78bn</td>
</tr>
<tr>
<td>Fert&amp;Ag</td>
<td>29 stocks; $140bn</td>
<td>Copper 14 stocks; $78bn</td>
</tr>
</tbody>
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Momentum: 7 stocks; $224bn
Gold: 7 stocks; $224bn
SpecChm: 72 stocks; $619bn
OG Rfmkt: 72 stocks; $376bn
ComdChm: 47 stocks; $376bn
FrstPrd: 20 stocks; $19bn
OG Equip: 54 stocks; $178bn
DiversChm: 21 stocks; $173bn
Alumin: 10 stocks; $31bn
Steel: 61 stocks; $384bn
PapProd: 23 stocks; $77bn
OG Drill: 10 stocks; $19bn
DvrsMng: 50 stocks; $377bn
OG E&P: 95 stocks; $668bn
Momentum

Strength

June 6, 2019

Mark Steele (416) 359-4641

Energy

Coal & Uran
21 stocks; $81bn

OG RfMkt
52 stocks; $452bn

OG Equip
54 stocks; $178bn

OG Drill
10 stocks; $18bn

Int O&G
32 stocks; $174bn

OG StTr
67 stocks; $619bn

OG E&P
95 stocks; $688bn

OG StTr
67 stocks; $619bn

OG E&P
95 stocks; $688bn

OG Drill
10 stocks; $18bn

Int O&G
32 stocks; $174bn

OG Equip
54 stocks; $178bn

OG RfMkt
52 stocks; $452bn

Coal & Uran
21 stocks; $81bn
Momentum

Health Care

Strength

June 6, 2019

Mark Steele (416) 359-4641

HCService
24 stocks; $265bn

MngHCare
10 stocks; $399bn

HCFacility
34 stocks; $173bn

HCSupplis
26 stocks; $159bn

HCEquip
76 stocks; $1189bn

HCDistrib
16 stocks; $103bn

Biotech
126 stocks; $923bn

LfSciSrv
32 stocks; $396bn

HCareTec
18 stocks; $355bn

Pharma
130 stocks; $2598bn
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.
User Guide 2 - Momentum

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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<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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(S) = Speculative investment;
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