Group Selection

Priced as of March 27, 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>24% / 25% / 23%</td>
<td>/ / /</td>
<td>6% / 6% / 5%</td>
</tr>
<tr>
<td>Materials</td>
<td>39% / 39% / 36%</td>
<td>/ / /</td>
<td>0% / 1% / 0%</td>
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<tr>
<td>Industrials</td>
<td>40% / 41% / 41%</td>
<td>/ / /</td>
<td>-1% / -2% / -1%</td>
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<tr>
<td>CMR Disc</td>
<td>41% / 40% / 40%</td>
<td>/ / /</td>
<td>0% / 1% / 1%</td>
</tr>
<tr>
<td>CMR Stap</td>
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<td>/ / /</td>
<td>-4% / -2% / -2%</td>
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<tr>
<td>Hlth Care</td>
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<td>/ / /</td>
<td>-4% / -4% / -6%</td>
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<tr>
<td>Financials</td>
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<td>/ / /</td>
<td>-7% / -6% / -8%</td>
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<tr>
<td>Info Tech</td>
<td>58% / 58% / 57%</td>
<td>/ / /</td>
<td>1% / 0% / 1%</td>
</tr>
<tr>
<td>Comm Srv</td>
<td>47% / 46% / 49%</td>
<td>/ / /</td>
<td>-4% / -4% / -4%</td>
</tr>
<tr>
<td>Utilities</td>
<td>74% / 77% / 78%</td>
<td>/ / /</td>
<td>-7% / -7% / -4%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>68% / 69% / 69%</td>
<td>/ / /</td>
<td>3% / 6% / 4%</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
Strength Changes Last Session

Rstaurnt → IndusGas ← DvSpSrv ← GMrchStrs → ElecComp → HmFrnsh← HCSupplis ← EMS ←

SpecREIT → MarineSrvt ← DiversREIT → Cas&Gam ← SpecialFin ← HotelREIT ←

Hwy&Rail → OG StTr ← HmImpRtl ← ElcCmpEq ← Multi-LnIns ← DvrsMng ← OG Drill →

SpecSRtv ← InetSrv&In ← Semi ← Pharma ← OG Equip ← HCFacility ← FrstPrd ← CmclPrt →

Railroads ← SpecStors ← ReStDev ← Tobacco ← Airline ← IntgTelSrv → HCEquip ← CstrMat ← OthrDivFS ← LeisFacil ← OfficeServ ←

Dist&Vnt ← IntHmEnt ← SoftDrinks ← Coal&uran ← Sec&Alm ← Ag&Farm ← AutoMfg ←

EnvironServ ← Thrft&Mtg ← HvyElcEq ← HREmpl ← Mov&Ent ← AirprtSrv ← Biotech ←

Reinsuran ← InetDMrtl ← Educat ← LfSciSrv ← ReStOpCo ← SystmSwr ← Brewers ← DivCpMkt ←

LifeHthIns ← SpecChm ← WlsTelSrv ← TechDist
March 27, 2019

**Resources**

**Strength**
- MtGlsCnt: 14 stocks; $92bn
- IndusGas: 7 stocks; $201bn
- Silver
- OG StTr: 17 stocks; $632bn
- PrecMet: 15 stocks; $46bn
- Gold: 10 stocks; $211bn
- PrecMet
- PaperPkg: 17 stocks; $108bn
- CstrMat: 31 stocks; $230bn
- Copper: 14 stocks; $97bn
- Coal&Uran: 21 stocks; $84bn
- MtGlsCnt

**Momentum**
- OG E&P: 59 stocks; $750bn
- DvrsMng: 52 stocks; $401bn
- Alumin: 50 stocks; $350bn
- OG Drill: 12 stocks; $20bn
- OG Equip: 57 stocks; $212bn
- FrstPrd: 11 stocks; $22bn
- ComdChm: 45 stocks; $393bn
- OG RfMkt: 36 stocks; $495bn
- DiversChm: 36 stocks; $495bn
- PapProd: 26 stocks; $390bn
- Fert&Ag: 29 stocks; $141bn
- SpecChm: 69 stocks; $550bn
- Steel: 60 stocks; $411bn
- Int O&G: 31 stocks; $181bn
- OG Equip

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Momentum

Strength

OG StTr
97 stocks; $632bn

OG E&P
59 stocks; $750bn

OG Drill
72 stocks; $250bn

OG Equip
57 stocks; $212bn

OG RfMkt
36 stocks; $495bn

Coal&Uran
21 stocks; $84bn

Int O&G
31 stocks; $181bn

OG StTr
97 stocks; $632bn

OG E&P
59 stocks; $750bn

OG Drill
72 stocks; $250bn

OG Equip
57 stocks; $212bn

OG RfMkt
36 stocks; $495bn

Coal&Uran
21 stocks; $84bn

Int O&G
31 stocks; $181bn
March 27, 2019

Consumer Staples

PkgFdMt 122 stocks; $1348bn

FdRetail 35 stocks; $353bn

HhldPrdct 18 stocks; $509bn

Consumer Staples

Tobacco 13 stocks; $539bn

FdDistri 11 stocks; $58bn

AgriProd 11 stocks; $58bn

Dist&Vnt 15 stocks; $478bn

DrugRetail 6 stocks; $78bn

SoftDrnks 19 stocks; $546bn

PersPrdct 34 stocks; $520bn

SprCntrs 14 stocks; $510bn

Brewers 14 stocks; $421bn
**Telecommunication Services**

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**Momentum**

**Strength**

- **AltCar**
  - 10 stocks; $41bn

- **IntTelSrv**
  - 57 stocks; $132bn

- **IntHmEnt**
  - 20 stocks; $224bn

- **IntMeSer**
  - 43 stocks; $446bn

- **Cabl&Sat**
  - 23 stocks; $385bn

- **Mov&Ent**
  - 25 stocks; $485bn

- **WlsTelSrv**
  - 43 stocks; $883bn

- **Publishing**
  - 13 stocks; $42bn

- **Advert**
  - 17 stocks; $103bn

- **Broadcast**
  - 28 stocks; $90bn

- **31 stocks; $385bn**

- **25 stocks; $485bn**

- **23 stocks; $385bn**

- **25 stocks; $485bn**

- **43 stocks; $883bn**

- **43 stocks; $883bn**

- **43 stocks; $883bn**

- **43 stocks; $883bn**

- **43 stocks; $883bn**
March 27, 2019

Utilities

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MultiUtil
34 stocks; $485bn

IPPTrad
25 stocks; $143bn

ElecUtil
86 stocks; $1243bn

GasUtil
25 stocks; $255bn

WaterUtil
23 stocks; $94bn

RenewElec
22 stocks; $124bn
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 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”
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>
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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.
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(S) = Speculative investment;
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