Group Selection

Priced as of September 12, 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>14% / 16% / 16%</td>
<td>/</td>
<td>11% / 10% / 14%</td>
</tr>
<tr>
<td>Materials</td>
<td>32% / 34% / 33%</td>
<td>/</td>
<td>17% / 17% / 17%</td>
</tr>
<tr>
<td>Industrials</td>
<td>36% / 40% / 38%</td>
<td>/</td>
<td>13% / 12% / 13%</td>
</tr>
<tr>
<td>CMR Disc</td>
<td>32% / 37% / 36%</td>
<td>/</td>
<td>14% / 14% / 17%</td>
</tr>
<tr>
<td>CMR Stap</td>
<td>41% / 45% / 43%</td>
<td>/</td>
<td>8% / 6% / 9%</td>
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<tr>
<td>Hlth Care</td>
<td>35% / 39% / 37%</td>
<td>/</td>
<td>-3% / -5% / -1%</td>
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<tr>
<td>Financials</td>
<td>30% / 38% / 34%</td>
<td>/</td>
<td>14% / 12% / 16%</td>
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<tr>
<td>Info Tech</td>
<td>49% / 54% / 52%</td>
<td>/</td>
<td>-1% / -1% / 2%</td>
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<tr>
<td>Comm Srv</td>
<td>34% / 37% / 37%</td>
<td>/</td>
<td>1% / -1% / 4%</td>
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<tr>
<td>Utilities</td>
<td>48% / 54% / 53%</td>
<td>/</td>
<td>4% / 2% / 7%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>48% / 54% / 51%</td>
<td>/</td>
<td>1% / 1% / 5%</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
Momentum

September 12, 2019

Mark Steele (416) 359-4641

Energy

OG Drill 10 stocks; $16bn
OG Equip 21 stocks; $177bn
OG RfMkt 35 stocks; $443bn
OG E&P 90 stocks; $615bn
Coal&Uran 22 stocks; $72bn
Int O&G 37 stocks; $169bn
OG StTr 62 stocks; $578bn
SpecChm  
71 stocks; $651bn

Alumin  
10 stocks; $32bn

DiversChm  
20 stocks; $178bn

FrstPrd  
11 stocks; $22bn

ComdChm  
48 stocks; $352bn

Steel  
60 stocks; $370bn

Copper  
14 stocks; $78bn

DvrsMng  
47 stocks; $357bn

Silver  
9 stocks; $23bn

CstrMat  
13 stocks; $547bn

IndusGas  
7 stocks; $277bn

Gold  
72 stocks; $277bn

PrecMet  
12 stocks; $49bn

PaperPkg  
19 stocks; $97bn

PapProd  
32 stocks; $91bn

MtGlsCnt  
15 stocks; $74bn

Fert&Ag  
27 stocks; $135bn

Materials

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**Consumer Staples**

- **FdRetail**: 33 stocks; $367bn
- **FdDistri**: 11 stocks; $66bn
- **DrugRetail**: 7 stocks; $72bn
- **DrugDistri**: 10 stocks; $66bn
- **DrugPharm**: 11 stocks; $69bn
- **Dragsau**: 7 stocks; $75bn
- **Dist&Vnt**: 20 stocks; $594bn
- **PkgFdMt**: 28 stocks; $116bn
- **Brewers**: 14 stocks; $470bn
- **HhldPrdct**: 19 stocks; $668bn
- **SprCntrs**: 15 stocks; $603bn
- **Tobacco**: 13 stocks; $454bn
- **AgriProd**: 28 stocks; $116bn
- **SoftDrnks**: 12 stocks; $504bn
- **PersPrdct**: 19 stocks; $521bn

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**Momentum vs Strength**

- **Upward Momentum**
  - FdRetail
  - DrugRetail
  - Dist&Vnt
  - PkgFdMt
  - Brewers

- **Downward Momentum**
  - FdDistri
  - DrugDistri
  - DrugPharm
  - SprCntrs
  - AgriProd

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**Mark Steele**

BMO Capital Markets
Momentum

September 12, 2019

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Utilities

ReNewElec
25 stocks, $145bn

MultiUtil
14 stocks, $52bn

ElecUtil
13 stocks, $130bn

IPPTrad
25 stocks, $132bn

WaterUtil
24 stocks, $10bn

GasUtil
36 stocks, $274bn

GasUtil
36 stocks, $274bn

Utilities

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Real Estate

Momentum  

Strength

September 12, 2019

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RetailREIT
52 stocks; $286bn

REstSrv
17 stocks; $44bn

HotelREIT
19 stocks; $63bn

RetailREIT  ➔

OfficeREIT
33 stocks; $111bn

OfficeREIT  ➔

HCareREIT
33 stocks; $111bn

HCareREIT  ➔

SpecREIT
27 stocks; $126bn

IndusREIT
25 stocks; $166bn

IndusREIT  ➔

ResidREIT
28 stocks; $211bn

ResidREIT  ➔

DiversREIT
36 stocks; $170bn

DiversREIT  ➔

HotelREIT
19 stocks; $63bn

HotelREIT  ➔

REstDvAct
34 stocks; $318bn

REstDvAct  ➔

REstOpCo
37 stocks; $238bn

REstOpCo  ➔

REstDevl
39 stocks; $356bn

REstDevl  ➔

REstSrv
17 stocks; $44bn

REstSrv  ➔

REstOpCo
37 stocks; $238bn

REstOpCo  ➔

REstDevl
39 stocks; $356bn

REstDevl  ➔

REstDvAct
34 stocks; $318bn

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37 stocks; $238bn

REstOpCo  ➔

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39 stocks; $356bn

REstDevl  ➔

REstDvAct
34 stocks; $318bn

REstDvAct  ➔

REstOpCo
37 stocks; $238bn

REstOpCo  ➔

REstDevl
39 stocks; $356bn

REstDevl  ➔
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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<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.
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