Group Selection

Priced as of January 21, 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 View**

**Sector Relative Strength Profiles**

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<tbody>
<tr>
<td><strong>Energy</strong></td>
<td>26% / 31% / 36%</td>
<td>/ / /</td>
<td>6% / 4% / -3%</td>
</tr>
<tr>
<td><strong>Materials</strong></td>
<td>29% / 35% / 40%</td>
<td>/ / /</td>
<td>10% / 8% / 0%</td>
</tr>
<tr>
<td><strong>Industrials</strong></td>
<td>30% / 36% / 42%</td>
<td>/ / /</td>
<td>15% / 8% / -1%</td>
</tr>
<tr>
<td><strong>CMR Disc</strong></td>
<td>29% / 35% / 40%</td>
<td>/ / /</td>
<td>16% / 12% / 2%</td>
</tr>
<tr>
<td><strong>CMR Stap</strong></td>
<td>43% / 52% / 60%</td>
<td>/ / /</td>
<td>3% / -1% / -9%</td>
</tr>
<tr>
<td><strong>Hlth Care</strong></td>
<td>45% / 50% / 54%</td>
<td>/ / /</td>
<td>-1% / -3% / -12%</td>
</tr>
<tr>
<td><strong>Financials</strong></td>
<td>31% / 38% / 45%</td>
<td>/ / /</td>
<td>18% / 12% / -2%</td>
</tr>
<tr>
<td><strong>Info Tech</strong></td>
<td>36% / 43% / 46%</td>
<td>/ / /</td>
<td>12% / 9% / -1%</td>
</tr>
<tr>
<td><strong>Comm Srv</strong></td>
<td>42% / 47% / 53%</td>
<td>/ / /</td>
<td>3% / 0% / -11%</td>
</tr>
<tr>
<td><strong>Utilities</strong></td>
<td>52% / 64% / 70%</td>
<td>/ / /</td>
<td>8% / 5% / -9%</td>
</tr>
<tr>
<td><strong>Real Estate</strong></td>
<td>46% / 52% / 61%</td>
<td>/ / /</td>
<td>13% / 9% / -3%</td>
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</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
January 21, 2019

**Momentum**

**Strength**

**Energy**

- **OG Drill**
  - 12 stocks; $250bn
- **Int O&G**
  - 31 stocks; $1737bn
- **OG RfMkt**
  - 39 stocks; $489bn
- **OG E&P**
  - 105 stocks; $750bn
- **Coal&Uran**
  - 21 stocks; $72bn
- **OG StTr**
  - 72 stocks; $605bn
- **OG Equip**
  - 57 stocks; $210bn
Health Care

Momentum

Strength

January 21, 2019

Mark Steele (416) 359-4641

HCEquip 75 stocks; $1068bn

MngHCare 10 stocks; $421bn

HCFacility 32 stocks; $156bn

HCDistrib 17 stocks; $111bn

HCService 17 stocks; $283bn

LfSciSrv 31 stocks; $354bn

Biotech 120 stocks; $993bn

HCareTec 17 stocks; $67bn

HCSuppls 28 stocks; $136bn

Pharma 115 stocks; $2608bn

HCFacility ↓

HCEquip ↑

MngHCare →

HCFacility ↓

HCDistrib ↓

HCService →

LfSciSrv ↓

Biotech ↑

HCareTec ↑

HCSuppls ↓

Pharma ↓

75 stocks; $1068bn

10 stocks; $421bn

32 stocks; $156bn

17 stocks; $111bn

17 stocks; $283bn

31 stocks; $354bn

120 stocks; $993bn

17 stocks; $67bn

28 stocks; $136bn

115 stocks; $2608bn
Momentum
Strength

January 21, 2019
Mark Steele (416) 359-4641

Utilities

IPPTrad
23 stocks; $116bn

GasUtil
35 stocks; $242bn

ElecUtil
97 stocks; $1180bn

WaterUtil
22 stocks; $68bn

RenewElec
20 stocks; $55bn

MultiUtil
34 stocks; $445bn

WaterUtil
22 stocks; $88bn

ElecUtil
97 stocks; $1180bn
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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<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>
</tr>
<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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