Group Selection
Priced as of October 2, 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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<td>Energy</td>
<td>16% / 17% / 16%</td>
<td>/ \ /</td>
<td>4% / 1% / 2%</td>
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<tr>
<td>Materials</td>
<td>32% / 34% / 34%</td>
<td>/ \ /</td>
<td>10% / 7% / 6%</td>
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<tr>
<td>Industrials</td>
<td>36% / 40% / 38%</td>
<td>/ \ /</td>
<td>8% / 4% / 5%</td>
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<tr>
<td>CMR Disc</td>
<td>34% / 40% / 35%</td>
<td>/ \ /</td>
<td>14% / 11% / 12%</td>
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<tr>
<td>CMR Stap</td>
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<td>/ \ /</td>
<td>14% / 11% / 12%</td>
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<tr>
<td>Hlth Care</td>
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<td>/ \ /</td>
<td>-7% / -10% / -8%</td>
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<tr>
<td>Financials</td>
<td>33% / 40% / 35%</td>
<td>/ \ /</td>
<td>8% / 3% / 3%</td>
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<tr>
<td>Info Tech</td>
<td>48% / 52% / 50%</td>
<td>/ \ /</td>
<td>2% / -1% / -1%</td>
</tr>
<tr>
<td>Comm Srv</td>
<td>34% / 40% / 36%</td>
<td>/ \ /</td>
<td>8% / 4% / 6%</td>
</tr>
<tr>
<td>Utilities</td>
<td>51% / 58% / 53%</td>
<td>/ \ /</td>
<td>19% / 13% / 15%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>48% / 56% / 49%</td>
<td>/ \ /</td>
<td>29% / 20% / 22%</td>
</tr>
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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

October 2, 2019

Momentum

Strength

OfficeServ ← Brewers → SoftDrinks ← WaterUtil ← MortgREIT
MortgREIT ← brewers → SoftDrinks ← WaterUtil ← OfficeServ

P&C Insur → EnviroServ ← REstDvAct ← SpecChm
P&C Insur → EnviroServ ← SpecChm ← REstDvAct

ApparlRtl → PapProd ← Distrib ← April&Gds
ApparlRtl ← PapProd → Distrib ← April&Gds

MortgREIT ← WaterUtil ← SpecStors ← RESTsrv
MortgREIT ← WaterUtil ← RESTsrv ← SpecStors

ITConsult ← AutoRtl → Cabl&Sat ← DvSpSrv
ITConsult ← AutoRtl ← DvSpSrv → Cabl&Sat

Tire&Rub ← DiversChm ← SystmSwr ← Tobacco
Tire&Rub ← DiversChm ← Tobacco ← SystmSwr

DiversREIT ← WlsTelSrv ← AirptSrv
DiversREIT ← WlsTelSrv ← AirptSrv

PrecMet ← Railroads ← DataProc ← ElecInstr
PrecMet ← Railroads ← DataProc ← ElecInstr

Ind Mach ← ComdChm ← MarineSv ← LeisPrd
Ind Mach ← ComdChm ← MarineSv ← LeisPrd

HREmpl ← HCSupps ← IntMeSer ← EMS
HREmpl ← HCSupps ← IntMeSer ← EMS

CstrMat ← RegionBnk ← Pharma ← Hclidean
CstrMat ← RegionBnk ← Pharma ← Hclidean

Marine → Gold ← Aero&Def ← HCAREteC ← Multi-LnIns
Marine ← Gold ← HCAREteC ← Aero&Def ← Multi-LnIns

Dist&Vnt ← HCDistrib ← Advert
Dist&Vnt ← HCDistrib ← Advert

HdwrSt&P ← TrdgDist ← FrstPrd ← OthrDivFS
HdwrSt&P ← TrdgDist ← FrstPrd ← OthrDivFS

Semi ← FdDistri ← GasUtil ← Semi
Semi ← FdDistri ← GasUtil ← Semi

Pharma ← Hclidean
Pharma ← Hclidean

Distrib ← April&Gds
Distrib ← April&Gds

BMO Capital Markets
Mark Steele (416) 359-4641
October 2, 2019

**Momentum**

**Strength**

**Energy**

OG RfMkt
35 stocks; $455bn

Int O&G
31 stocks; $1627bn

OG Equip
51 stocks; $158bn

OG Drill
10 stocks; $14bn

Coal&Uran
22 stocks; $67bn

OG StTr
62 stocks; $565bn

OG E&P
90 stocks; $578bn
October 2, 2019

Industrials

Momentum

Strength

OfficeServ
10 stocks; $32bn

BldPrdcts
51 stocks; $275bn

EnviroServ
28 stocks; $173bn

Sec&Alm
8 stocks; $49bn

Ag&Farm
10 stocks; $99bn

IndCongl
40 stocks; $777bn

IndCmclPrn
9 stocks; $23bn

Airline
65 stocks; $246bn

RsrcCslt
29 stocks; $120bn

DvSpRv
22 stocks; $115bn

AirptSrv
22 stocks; $173bn

Ind Mach
137 stocks; $720bn

MarineSrv
15 stocks; $72bn

Railroads
26 stocks; $555bn

Hwy&Rail
14 stocks; $59bn

Cns&Eng
69 stocks; $365bn

HREmpl
24 stocks; $128bn

Marine
13 stocks; $47bn

Aero&Def
50 stocks; $1055bn

CnstMch&Tr
51 stocks; $342bn

HvyElcEq
19 stocks; $94bn

Marine
13 stocks; $47bn

Aero&Def
50 stocks; $1055bn

TrdgDist
62 stocks; $324bn

ElcCmpEq
43 stocks; $378bn

Trucking
27 stocks; $106bn
Momentum

October 2, 2019

Strength

MortgREIT →
22 stocks; $65bn

MltSecHld
31 stocks; $466bn

P&C Insur →
56 stocks; $556bn

Financials

MortgREIT
22 stocks; $65bn

MltSecHld
31 stocks; $466bn

P&C Insur
56 stocks; $556bn

Reinsuran
9 stocks; $141bn

FnExchDt
22 stocks; $463bn

FnlExchDt
22 stocks; $463bn

P&C Insur
56 stocks; $556bn

DiversBnk
168 stocks; $4837bn

LifeHthIns
48 stocks; $798bn

DiversBnk
168 stocks; $4837bn

DivCpMkt
7 stocks; $141bn

DiversBnk
168 stocks; $4837bn

AsstMgmt
79 stocks; $526bn

Reinsuran
9 stocks; $141bn

AsstMgmt
79 stocks; $526bn

RegionBnk
153 stocks; $646bn

RegionBnk
153 stocks; $646bn

Multi-LnIns
30 stocks; $501bn

LifeHthIns
48 stocks; $798bn

Multi-LnIns
30 stocks; $501bn

Reinsuran
9 stocks; $141bn

InsurBrkers
7 stocks; $145bn

InsurBrkers
7 stocks; $145bn

ConsmrFin
30 stocks; $290bn

ConsmrFin
30 stocks; $290bn

SpecialFin
8 stocks; $23bn

SpecialFin
8 stocks; $23bn

OthrDivFS
7 stocks; $141bn

OthrDivFS
7 stocks; $141bn

InvBnkBrk
39 stocks; $379bn

InvBnkBrk
39 stocks; $379bn
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 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.
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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<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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Und = Underperform - Forecast to underperform the analyst’s coverage universe on a total return basis;
(S) = Speculative investment;
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