Group Selection

Priced as of August 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*

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Energy</td>
<td>14% / 17% / 16%</td>
<td>/ / /</td>
<td>-12% / -10% / -10%</td>
</tr>
<tr>
<td>Materials</td>
<td>30% / 34% / 34%</td>
<td>/ / /</td>
<td>-9% / -7% / -8%</td>
</tr>
<tr>
<td>Industrials</td>
<td>35% / 41% / 39%</td>
<td>/ / /</td>
<td>-7% / -3% / -5%</td>
</tr>
<tr>
<td>CMR Disc</td>
<td>31% / 35% / 35%</td>
<td>/ / /</td>
<td>-4% / -1% / -3%</td>
</tr>
<tr>
<td>CMR Stap</td>
<td>39% / 43% / 42%</td>
<td>/ / /</td>
<td>0% / 4% / 3%</td>
</tr>
<tr>
<td>Hlth Care</td>
<td>34% / 39% / 38%</td>
<td>/ / /</td>
<td>3% / 5% / 5%</td>
</tr>
<tr>
<td>Financials</td>
<td>31% / 37% / 35%</td>
<td>/ / /</td>
<td>-11% / -7% / -8%</td>
</tr>
<tr>
<td>Info Tech</td>
<td>47% / 51% / 50%</td>
<td>/ / /</td>
<td>4% / 6% / 6%</td>
</tr>
<tr>
<td>Comm Srv</td>
<td>35% / 38% / 38%</td>
<td>/ / /</td>
<td>2% / 1% / -1%</td>
</tr>
<tr>
<td>Utilities</td>
<td>46% / 52% / 51%</td>
<td>/ / /</td>
<td>0% / 4% / 3%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>44% / 52% / 48%</td>
<td>/ / /</td>
<td>3% / 8% / 4%</td>
</tr>
</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
Consumer Staples

- **Dist&Vnt**: 20 stocks; $583bn
- **DrugRetail**: 7 stocks; $67bn
- **FdDistri**: 11 stocks; $62bn
- **FdRetail**: 43 stocks; $348bn
- **HhldPrdct**: 18 stocks; $655bn
- **Tobacco**: 13 stocks; $465bn
- **Brewers**: 14 stocks; $462bn
- **PkgFdMt**: 125 stocks; $143bn
- **PersPrdct**: 38 stocks; $507bn
- **SprCntrs**: 16 stocks; $579bn
- **SoftDrnks**: 19 stocks; $590bn
- **AgriProd**: 28 stocks; $110bn
August 21, 2019

Momentum
Strength

HCService ↔ 25 stocks; $281bn
LifeSciSrv ↑ 11 stocks; $407bn
Biotech ↔ 126 stocks; $960bn

HCDistrib → 17 stocks; $107bn
MngHCare ↔ 10 stocks; $387bn
HCFacility ↔ 33 stocks; $772bn
HCareTec ↔ 17 stocks; $91bn

HCSuppls ↓ 25 stocks; $157bn
HCEquip ↓ 76 stocks; $1287bn
Pharma ↓ 133 stocks; $2632bn
HCFacility ↓ 17 stocks; $91bn

33 stocks; $172bn
17 stocks; $91bn
25 stocks; $157bn
281 stocks; $281bn
# Real Estate

<table>
<thead>
<tr>
<th>Category</th>
<th>Momentum</th>
<th>Strength</th>
<th>Number of Stocks</th>
<th>Total Value (bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>REstOpCo</td>
<td>↑</td>
<td>↑</td>
<td>37</td>
<td>$243bn</td>
</tr>
<tr>
<td>HCareREIT</td>
<td>↑</td>
<td>↑</td>
<td>17</td>
<td>$126bn</td>
</tr>
<tr>
<td>SpecREIT</td>
<td>↑</td>
<td>↑</td>
<td>31</td>
<td>$436bn</td>
</tr>
<tr>
<td>ResidREIT</td>
<td>↑</td>
<td>↑</td>
<td>29</td>
<td>$209bn</td>
</tr>
<tr>
<td>DiversREIT</td>
<td>↑</td>
<td>↑</td>
<td>26</td>
<td>$166bn</td>
</tr>
<tr>
<td>OfficeREIT</td>
<td>↑</td>
<td>↑</td>
<td>33</td>
<td>$208bn</td>
</tr>
<tr>
<td>REstDev1</td>
<td>↑</td>
<td>↑</td>
<td>39</td>
<td>$355bn</td>
</tr>
<tr>
<td>REstDvAct</td>
<td>↑</td>
<td>↑</td>
<td>35</td>
<td>$317bn</td>
</tr>
<tr>
<td>IndusREIT</td>
<td>↑</td>
<td>↑</td>
<td>25</td>
<td>$160bn</td>
</tr>
<tr>
<td>RetailREIT</td>
<td>↓</td>
<td>↓</td>
<td>50</td>
<td>$272bn</td>
</tr>
<tr>
<td>HotelREIT</td>
<td>↓</td>
<td>↓</td>
<td>18</td>
<td>$49bn</td>
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<tr>
<td>REstSrv</td>
<td>↓</td>
<td>↓</td>
<td>12</td>
<td>$42bn</td>
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</table>
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>
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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>
</tr>
</tbody>
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* Reflects rating distribution of all companies covered by BMO Capital Markets Corp. equity research analysts.
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