Group Selection

Priced as of March 11, 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>Energy</td>
<td>24% / 27% / 26%</td>
<td>/ / /</td>
<td>1% / 1% / -1%</td>
</tr>
<tr>
<td>Materials</td>
<td>38% / 38% / 36%</td>
<td>/ / /</td>
<td>0% / 2% / 1%</td>
</tr>
<tr>
<td>Industrials</td>
<td>38% / 41% / 40%</td>
<td>/ / /</td>
<td>-2% / -3% / -4%</td>
</tr>
<tr>
<td>CMR Disc</td>
<td>40% / 40% / 39%</td>
<td>/ / /</td>
<td>-1% / 1% / -2%</td>
</tr>
<tr>
<td>CMR Stap</td>
<td>54% / 55% / 52%</td>
<td>/ / /</td>
<td>-12% / -10% / -10%</td>
</tr>
<tr>
<td>Hlth Care</td>
<td>45% / 45% / 44%</td>
<td>/ / /</td>
<td>-3% / 1% / -1%</td>
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<tr>
<td>Financials</td>
<td>41% / 43% / 45%</td>
<td>/ / /</td>
<td>-7% / -5% / -9%</td>
</tr>
<tr>
<td>Info Tech</td>
<td>51% / 52% / 51%</td>
<td>/ / /</td>
<td>10% / 12% / 8%</td>
</tr>
<tr>
<td>Comm Srv</td>
<td>47% / 49% / 49%</td>
<td>/ / /</td>
<td>3% / 3% / 0%</td>
</tr>
<tr>
<td>Utilities</td>
<td>73% / 77% / 77%</td>
<td>/ / /</td>
<td>-8% / -4% / -6%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>68% / 68% / 68%</td>
<td>/ / /</td>
<td>-3% / 1% / -3%</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

March 11, 2019

Mark Steele (416) 359-4641

Consumer Discretionary

InetDmRtl
- 19 stocks; $1716bn

GMrchStrs
- 13 stocks; $1755bn

Htl&Rsrt
- 24 stocks; $236bn

Distib
- 8 stocks; $46bn

Aprl&Gds
- 42 stocks; $738bn

SpCmSrv
- 7 stocks; $23bn

CmpElRtl
- 9 stocks; $57bn

MotcyMfg
- 5 stocks; $42bn

HhldApl
- 16 stocks; $170bn

Educet
- 14 stocks; $65bn

HomeBld
- 20 stocks; $145bn

AutoRtl
- 16 stocks; $1106bn

LeisFcil
- 9 stocks; $77bn

Rstaurn
- 48 stocks; $461bn

SpecStors
- 22 stocks; $92bn

CmrElec
- 12 stocks; $137bn

AutoParts
- 52 stocks; $304bn

Footwear
- 14 stocks; $165bn

HmFrnsh
- 10 stocks; $32bn

Cas&Gam
- 35 stocks; $279bn

ApparlRtl
- 30 stocks; $335bn

AutoMfg
- 37 stocks; $943bn

HmImpRtl
- 8 stocks; $301bn

HomeFurn
- 3 stocks; $22bn

DeptStrs
- 17 stocks; $91bn

Tire&Rub
- 31 stocks; $84bn

LeisPrd
- 52 stocks; $304bn

HhldApl
- 15 stocks; $170bn

17 stocks; $91bn
Financials

- **MortgREIT**: 22 stocks; $67bn
- **Thrift&Mtg**: 42 stocks; $146bn
- **Thrft&Mtg**: 42 stocks; $146bn
- **SpecialFin**: 9 stocks; $22bn
- **DivCpMkt**: 9 stocks; $156bn
- **OthrDivFS**: 9 stocks; $83bn
- **MltSecHld**: 22 stocks; $409bn
- **InsurBrkrs**: 7 stocks; $132bn
- **P&C Insur**: 25 stocks; $494bn
- **P&C Insur**: 25 stocks; $494bn
- **InvBnBrk**: 40 stocks; $433bn
- **DiversBnk**: 167 stocks; $5097bn
- **Multi-LnIns**: 30 stocks; $491bn
- **RegionBnk**: 144 stocks; $661bn
- **Reinsuran**: 10 stocks; $130bn
- **FnlExchDt**: 22 stocks; $404bn
- **AsstMgmt**: 80 stocks; $519bn
- **ConsmrFin**: 31 stocks; $281bn
- **LifeHthIns**: 47 stocks; $835bn
March 11, 2019

Information Technology

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Electrical and Computer Engineering

42 stocks; $270bn

Information Technology Consulting

40 stocks; $730bn

Semiconductors

42 stocks; $261bn

Electronic, Home and Office Equipment

19 stocks; $152bn

Applican Software

94 stocks; $1296bn

System Software

74 stocks; $1236bn

Internet Services & Infrastructure

12 stocks; $97bn

44 stocks; $305bn

Data Processing

46 stocks; $1108bn

Communications Equipment

41 stocks; $436bn

Hardware & Supplies

42 stocks; $1388bn

Technology Distribution

13 stocks; $46bn
March 11, 2019

Telecommunication Services

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Momentum

Strength

Mov&Ent
26 stocks; $516bn

WlsTelSrv
43 stocks; $894bn

IntHmEnt
18 stocks; $206bn

IntgTelSrv
58 stocks; $1279bn

AltCar
19 stocks; $40bn

Broadcast
28 stocks; $94bn

Advert
17 stocks; $104bn

IntMeSer
41 stocks; $1462bn

Cabl&Sat
23 stocks; $379bn

Publishing
12 stocks; $46bn
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.
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.

** 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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