Group Selection

Priced as of September 10, 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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*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

Strength

September 10, 2019

[Diagram]

OG RfMkt
35 stocks; $440bn

OG Equip
51 stocks; $180bn

OG E&P
50 stocks; $622bn

OG Drill
10 stocks; $17bn

Coal & Uran
22 stocks; $72bn

Int O&G
31 stocks; $169bn

OG StTr
62 stocks; $581bn

62 stocks; $581bn

35 stocks; $440bn

51 stocks; $180bn

50 stocks; $622bn

10 stocks; $17bn

22 stocks; $72bn

31 stocks; $169bn
<table>
<thead>
<tr>
<th>Industry</th>
<th>Momentum</th>
<th>Strength</th>
</tr>
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<tbody>
<tr>
<td>TrdgDist</td>
<td>13 stocks; $336bn</td>
<td>63 stocks; $336bn</td>
</tr>
<tr>
<td>CmclPrt</td>
<td>0 stocks; $24bn</td>
<td></td>
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<tr>
<td>Marine</td>
<td>74 stocks; $50bn</td>
<td>63 stocks; $336bn</td>
</tr>
<tr>
<td>Ag&amp;Farm</td>
<td>10 stocks; $106bn</td>
<td></td>
</tr>
<tr>
<td>ElcCmpEq</td>
<td>43 stocks; $365bn</td>
<td></td>
</tr>
<tr>
<td>BldPrdcts</td>
<td>51 stocks; $276bn</td>
<td></td>
</tr>
<tr>
<td>Marine</td>
<td>14 stocks; $93bn</td>
<td></td>
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<tr>
<td>Hwy&amp;Rail</td>
<td>27 stocks; $123bn</td>
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<tr>
<td>Trucking</td>
<td>27 stocks; $123bn</td>
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<tr>
<td>OffceServ</td>
<td>10 stocks; $22bn</td>
<td></td>
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<tr>
<td>AirprtSrv</td>
<td>21 stocks; $175bn</td>
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<tr>
<td>HREmpl</td>
<td>24 stocks; $127bn</td>
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<tr>
<td>HvyElcEq</td>
<td>18 stocks; $93bn</td>
<td></td>
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<tr>
<td>RsrcCsit</td>
<td>29 stocks; $327bn</td>
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<tr>
<td>Sec&amp;Alm</td>
<td>4 stocks; $47bn</td>
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<tr>
<td>DvSpSrv</td>
<td>22 stocks; $116bn</td>
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<tr>
<td>IndCongl</td>
<td>89 stocks; $3052bn</td>
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<tr>
<td>Railroads</td>
<td>26 stocks; $573bn</td>
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<td>Airline</td>
<td>35 stocks; $251bn</td>
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<td>EnviroServ</td>
<td>28 stocks; $173bn</td>
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<td>MarineSrv</td>
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</table>

*September 10, 2019*
September 10, 2019

**Consumer Staples**

- **FdRetail**: 33 stocks; $366bn
- **Dist&Vnt**: 20 stocks; $600bn
- **PkgFdMt**: 124 stocks; $1439bn
- **SprCntrs**: 16 stocks; $601bn
- **AgriProd**: 28 stocks; $114bn
- **Tobacco**: 13 stocks; $448bn
- **FdDistri**: 11 stocks; $65bn
- **DrugRetail**: 7 stocks; $73bn
- **SoftDrnks**: 19 stocks; $597bn
- **PersPrdct**: 28 stocks; $515bn
- **Brewers**: 14 stocks; $457bn
- **HhdlPrdct**: 19 stocks; $658bn
<table>
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<tr>
<th>Segment</th>
<th>Number of Stocks</th>
<th>Market Capitalization</th>
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<tr>
<td>Semi</td>
<td>79</td>
<td>$1453bn</td>
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<tr>
<td>SemiEqp</td>
<td>44</td>
<td>$337bn</td>
</tr>
<tr>
<td>ElecInstr</td>
<td>44</td>
<td>$317bn</td>
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<td>ElecComp</td>
<td>41</td>
<td>$313bn</td>
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<td>ITConsult</td>
<td>39</td>
<td>$766bn</td>
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<td>43</td>
<td>$407bn</td>
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<td>InetSrv&amp;In</td>
<td>16</td>
<td>$135bn</td>
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<tr>
<td>DataProc</td>
<td>17</td>
<td>$1277bn</td>
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<tr>
<td>ApplicSwr</td>
<td>111</td>
<td>$1106bn</td>
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<td>HdwrSt&amp;P</td>
<td>40</td>
<td>$1468bn</td>
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<tr>
<td>SystmSwr</td>
<td>39</td>
<td>$1507bn</td>
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</table>

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Information Technology
September 10, 2019

Real Estate

Momentum

Strength

RetailREIT ➞ 67 stocks; $286bn
OfficeREIT ➞ 33 stocks; $191bn
REstSrv ➞ 12 stocks; $44bn
HotelREIT ➞ 19 stocks; $53bn
ResidREIT ➞ 29 stocks; $209bn
HCareREIT ➞ 17 stocks; $127bn
SpecREIT ➞ 31 stocks; $424bn
DiversREIT ➞ 36 stocks; $169bn
IndusREIT ➞ 25 stocks; $159bn
REstDvAct ➞ 34 stocks; $313bn
REstDevl ➞ 39 stocks; $349bn
REstOpCo ➞ 37 stocks; $236bn

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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 consistant 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.
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>
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<td>Hold</td>
<td>Market Perform</td>
<td>53.2%</td>
<td>13.1%</td>
<td>40.6%</td>
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<td>41.1%</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>
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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;
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