Group Selection

Priced as of December 26, 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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<tr>
<td>Energy</td>
<td>18% / 20% / 23%</td>
<td>28% / 28% / 33%</td>
<td></td>
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<tr>
<td>Materials</td>
<td>36% / 38% / 40%</td>
<td>8% / 9% / 13%</td>
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<tr>
<td>Industrials</td>
<td>45% / 48% / 49%</td>
<td>1% / 1% / 7%</td>
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<tr>
<td>CMR Disc</td>
<td>44% / 47% / 49%</td>
<td>0% / 0% / 6%</td>
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<tr>
<td>CMR Stap</td>
<td>37% / 40% / 43%</td>
<td>-8% / -8% / -1%</td>
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<tr>
<td>Hlth Care</td>
<td>37% / 40% / 42%</td>
<td>6% / 6% / 12%</td>
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<tr>
<td>Financials</td>
<td>39% / 43% / 48%</td>
<td>-2% / -1% / 7%</td>
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<tr>
<td>Info Tech</td>
<td>51% / 55% / 57%</td>
<td>1% / -1% / 5%</td>
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<tr>
<td>Comm Srv</td>
<td>30% / 34% / 39%</td>
<td>-2% / -2% / 3%</td>
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<tr>
<td>Utilities</td>
<td>41% / 46% / 47%</td>
<td>-6% / -8% / 0%</td>
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<tr>
<td>Real Estate</td>
<td>51% / 56% / 59%</td>
<td>-14% / -18% / -8%</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
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<thead>
<tr>
<th>Sector</th>
<th>Stocks</th>
<th>Market Value</th>
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<tr>
<td>OG StTr</td>
<td>59</td>
<td>$587bn</td>
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<tr>
<td>OG E&amp;P</td>
<td>57</td>
<td>$662bn</td>
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<tr>
<td>Int O&amp;G</td>
<td>31</td>
<td>$175bn</td>
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<tr>
<td>OG RfMkt</td>
<td>35</td>
<td>$492bn</td>
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<tr>
<td>OG Drill</td>
<td>10</td>
<td>$18bn</td>
</tr>
<tr>
<td>OG Equip</td>
<td>49</td>
<td>$190bn</td>
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<tr>
<td>Coal&amp;Uran</td>
<td>21</td>
<td>$68bn</td>
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December 26, 2019

Consumer Discretionary

Strength

Momentum

CmpElRtl 9 stocks; $66bn
MotcyMfg 4 stocks; $42bn
DeptStrs 17 stocks; $62bn
HomeFurn 8 stocks; $34bn
Hsware 3 stocks; $17bn
LeisFcil 8 stocks; $90bn

Htl&Rsrt 24 stocks; $277bn
Distrib 8 stocks; $53bn
ApparRtl 28 stocks; $384bn
HomeFurn 8 stocks; $34bn
LeisFcil 8 stocks; $90bn

Footwear 14 stocks; $200bn
Cas&Gam 46 stocks; $318bn
InetDmRtl 43 stocks; $2029bn
24 stocks; $277bn
8 stocks; $53bn

HhldApl 15 stocks; $191bn
SpecStors 22 stocks; $104bn
LeisPrd 21 stocks; $96bn
28 stocks; $384bn
28 stocks; $384bn

CmrElec 19 stocks; $156bn
AutoRtl 16 stocks; $134bn
Aprl&Gds 44 stocks; $889bn
HomeBld 18 stocks; $166bn
AutoPrts 54 stocks; $321bn
Tire&Rub 10 stocks; $78bn

GMrchStrs 14 stocks; $225bn
HmFrnsh 19 stocks; $97bn
SpCmSrv 8 stocks; $27bn
19 stocks; $156bn
19 stocks; $156bn

Rstaurnt 44 stocks; $518bn
HmImpRtl 7 stocks; $347bn
AutoMfg 29 stocks; $7003bn
10 stocks; $37bn
10 stocks; $37bn
December 26, 2019

Mark Steele (416) 359-4641

Consumer Staples

- Drug Retail: 7 stocks, $77bn
- FdDistri: 11 stocks, $70bn
- AgriProd: 27 stocks, $123bn
- PersPrdct: 36 stocks, $520bn
- PkgFdMt: 124 stocks, $1496bn
- Tobacco: 13 stocks, $485bn
- SprCntrs: 16 stocks, $612bn
- SoftDrinks: 19 stocks, $605bn
- HhlPrdct: 19 stocks, $676bn
- Brewers: 14 stocks, $437bn
- Dist&Vnt: 20 stocks, $595bn

Momentum

Strength
Momentum

Strength

December 26, 2019

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Financials

MortgREIT ➔ 22 stocks; $72bn

DivCpMkt ➔ 9 stocks; $159bn

OthrDivFS ➔ 7 stocks; $92bn

FnlExchDt ➔ 22 stocks; $505bn

DiversBnk ➔ 168 stocks; $5381bn

Thrift&Mtg ➔ 39 stocks; $166bn

RegionBnk ➔ 152 stocks; $732bn

Thrft&Mtg ➔ 39 stocks; $166bn

Multi-LnIns ➔ 30 stocks; $540bn

MitSecHld ➔ 21 stocks; $453bn

ConsmrFin ➔ 30 stocks; $318bn

LifeHthIns ➔ 48 stocks; $873bn

AsstMgmt ➔ 80 stocks; $620bn

MltSecHld ➔ 21 stocks; $453bn

InvBnkBrk ➔ 39 stocks; $449bn

Reinsuran ➔ 3 stocks; $156bn

P&C Insur ➔ 55 stocks; $552bn

InsurBrkers ➔ 7 stocks; $162bn

FnlExchDt ➔ 22 stocks; $505bn

RegionBnk ➔ 152 stocks; $732bn

7 stocks; $82bn

9 stocks; $159bn

168 stocks; $5381bn

39 stocks; $166bn

152 stocks; $732bn

21 stocks; $453bn

30 stocks; $318bn

48 stocks; $873bn

80 stocks; $620bn

21 stocks; $453bn

39 stocks; $449bn

3 stocks; $156bn

55 stocks; $552bn

22 stocks; $72bn

9 stocks; $159bn

7 stocks; $92bn

22 stocks; $505bn

168 stocks; $5381bn

39 stocks; $166bn

152 stocks; $732bn

21 stocks; $453bn

30 stocks; $318bn

48 stocks; $873bn

80 stocks; $620bn

39 stocks; $449bn

3 stocks; $156bn

55 stocks; $552bn
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.
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”
- 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 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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