Group Selection

Priced as of December 18, 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>19% / 20% / 22%</td>
<td>/ / /</td>
<td>24% / 22% / 28%</td>
</tr>
<tr>
<td>Materials</td>
<td>36% / 40% / 40%</td>
<td>/ / /</td>
<td>12% / 9% / 15%</td>
</tr>
<tr>
<td>Industrials</td>
<td>44% / 47% / 49%</td>
<td>/ / /</td>
<td>8% / 5% / 13%</td>
</tr>
<tr>
<td>CMR Disc</td>
<td>41% / 46% / 48%</td>
<td>/ / /</td>
<td>6% / 4% / 11%</td>
</tr>
<tr>
<td>CMR Stap</td>
<td>39% / 42% / 45%</td>
<td>/ / /</td>
<td>-4% / -9% / 1%</td>
</tr>
<tr>
<td>Hlth Care</td>
<td>37% / 39% / 41%</td>
<td>/ / /</td>
<td>6% / 3% / 11%</td>
</tr>
<tr>
<td>Financials</td>
<td>39% / 43% / 46%</td>
<td>/ / /</td>
<td>10% / 7% / 18%</td>
</tr>
<tr>
<td>Info Tech</td>
<td>53% / 56% / 57%</td>
<td>/ / /</td>
<td>4% / 2% / 8%</td>
</tr>
<tr>
<td>Comm Srv</td>
<td>29% / 35% / 37%</td>
<td>/ / /</td>
<td>0% / -6% / 2%</td>
</tr>
<tr>
<td>Utilities</td>
<td>41% / 45% / 47%</td>
<td>/ / /</td>
<td>3% / -2% / 7%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>52% / 56% / 59%</td>
<td>/ / /</td>
<td>-18% / -21% / -14%</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
Energy

OG RfMkt 15 stocks; $495bn
OG E&P 88 stocks; $645bn
Int O&G 31 stocks; $1731bn
OG StTr 59 stocks; $576bn
OG Equip 49 stocks; $187bn
OG Drill 10 stocks; $17bn
Coal&Uran 21 stocks; $68bn
Momentum

Strength

December 18, 2019

Mark Steele (416) 359-4641

Financials

RegionBnk
152 stocks; $731bn

ConsmrFin
30 stocks; $318bn

Multi-LnIns
30 stocks; $542bn

InvBnkBrk
39 stocks; $449bn

LifeHthIns
49 stocks; $880bn

DivCpMkt
9 stocks; $160bn

Reinsuran
9 stocks; $156bn

AsstMgmt
80 stocks; $619bn

DiversBnk
168 stocks; $5367bn

Thrft&Mtg
10 stocks; $169bn

OthrDivFS
7 stocks; $83bn

SpecialFin
8 stocks; $26bn

FnlExchDt
22 stocks; $502bn

MortgREIT
22 stocks; $71bn

P&C Insur
55 stocks; $554bn

MitSecHld
21 stocks; $450bn

InsurBrkrs
7 stocks; $162bn

Thrft&Mtg
December 18, 2019

Information Technology

Momentum

Strength

Semi
80 stocks; $1672bn

SemiEquip
43 stocks; $407bn

TechDist
13 stocks; $65bn

EMS
48 stocks; $181bn

ElecComp
47 stocks; $372bn

ComEquip
42 stocks; $391bn

42 stocks; $1672bn

43 stocks; $407bn

13 stocks; $65bn

48 stocks; $181bn

47 stocks; $372bn

80 stocks; $1672bn

43 stocks; $407bn

13 stocks; $65bn

48 stocks; $181bn

47 stocks; $372bn

Information Technology

ElecInstr
44 stocks; $356bn

DataProc
49 stocks; $1354bn

ApplicSwr
112 stocks; $1225bn

HdwrSt&P
38 stocks; $1835bn

ITConsult
50 stocks; $789bn

SystmSwr
40 stocks; $1610bn

InetSrv&In
25 stocks; $141bn

EMS
18 stocks; $181bn

Semi
80 stocks; $1672bn

SemiEquip
43 stocks; $407bn

TechDist
13 stocks; $65bn

EMS
48 stocks; $181bn

ElecComp
47 stocks; $372bn

ComEquip
42 stocks; $391bn

42 stocks; $1672bn

43 stocks; $407bn

13 stocks; $65bn

48 stocks; $181bn

47 stocks; $372bn

80 stocks; $1672bn

43 stocks; $407bn

13 stocks; $65bn

48 stocks; $181bn

47 stocks; $372bn

Information Technology
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 group 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>
</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>
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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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(January 2010 - April 2013)

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