Group Selection

Priced as of December 27, 2018

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 Relative Strength Profiles*

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Energy</td>
<td>27% / 35% / 41%</td>
<td>/ / -21%</td>
<td>-32% / -30%</td>
</tr>
<tr>
<td>Materials</td>
<td>24% / 29% / 37%</td>
<td>/ / 26%</td>
<td>15% / 11%</td>
</tr>
<tr>
<td>Industrials</td>
<td>29% / 38% / 44%</td>
<td>/ / 13%</td>
<td>1% / 2%</td>
</tr>
<tr>
<td>CMR Disc</td>
<td>26% / 34% / 39%</td>
<td>/ / 19%</td>
<td>6% / 8%</td>
</tr>
<tr>
<td>CMR Stap</td>
<td>36% / 47% / 55%</td>
<td>/ / 29%</td>
<td>16% / 19%</td>
</tr>
<tr>
<td>Hlth Care</td>
<td>44% / 51% / 56%</td>
<td>/ / -6%</td>
<td>-13% / -12%</td>
</tr>
<tr>
<td>Financials</td>
<td>27% / 38% / 47%</td>
<td>/ / 21%</td>
<td>8% / 9%</td>
</tr>
<tr>
<td>Info Tech</td>
<td>35% / 43% / 48%</td>
<td>/ / 8%</td>
<td>2% / 3%</td>
</tr>
<tr>
<td>Comm Srv</td>
<td>34% / 43% / 51%</td>
<td>/ / 23%</td>
<td>16% / 16%</td>
</tr>
<tr>
<td>Utilities</td>
<td>43% / 57% / 63%</td>
<td>/ / 47%</td>
<td>34% / 31%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>41% / 52% / 60%</td>
<td>/ / 28%</td>
<td>14% / 12%</td>
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</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
Strength Changes Last Session

- DvSpSrv
- Ag&Farm
- SpecialFin
- REstSrv
- AsstMgmt
- AutoParts
- InvBnkBrk
- DvSpSrv
- IntHmEnt
- HmFrnsh
- SemiEqp
- DvSpSrv
- REstSrv
- REstOpCo
- AutoRtl
- CmpElRtl
- REstDvAct
- Tobacco
- HCEquip
- ComEquip
- EnviroServ
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December 27, 2018

Momentum

Strength

Coal & Uran
21 stocks; $70bn

OG RfMkt
39 stocks; $451bn

OG Drill
12 stocks; $20bn

OG Equip
37 stocks; $173bn

OG E&P
103 stocks; $649bn

Int O&G
31 stocks; $1615bn

OG StTr
73 stocks; $531bn
### Consumer Staples

<table>
<thead>
<tr>
<th>Sector</th>
<th>Stocks</th>
<th>Market Cap ($bn)</th>
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<tbody>
<tr>
<td>SoftDrinks</td>
<td>19</td>
<td>$5198</td>
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<tr>
<td>PkgFdMt</td>
<td>19</td>
<td>$1076</td>
</tr>
<tr>
<td>AgriProd</td>
<td>25</td>
<td>$1006</td>
</tr>
<tr>
<td>Dist&amp;Vnt</td>
<td>12</td>
<td>$315</td>
</tr>
<tr>
<td>SprCntrs</td>
<td>12</td>
<td>$456</td>
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<tr>
<td>FdRetall</td>
<td>34</td>
<td>$343</td>
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<tr>
<td>FdDistri</td>
<td>11</td>
<td>$53</td>
</tr>
<tr>
<td>HhldPrdct</td>
<td>17</td>
<td>$567</td>
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<tr>
<td>Tobacco</td>
<td>13</td>
<td>$457</td>
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<tr>
<td>PersPrdct</td>
<td>33</td>
<td>$461</td>
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<tr>
<td>DrugRetail</td>
<td>6</td>
<td>$80</td>
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<tr>
<td>FdDistri</td>
<td>11</td>
<td>$53</td>
</tr>
<tr>
<td>Brewers</td>
<td>14</td>
<td>$357</td>
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Date: December 27, 2018

Mark Steele (416) 359-4641
<table>
<thead>
<tr>
<th>Sector</th>
<th>Momentum</th>
<th>Strength</th>
</tr>
</thead>
<tbody>
<tr>
<td>MultiUtil</td>
<td>35 stocks; $428bn</td>
<td></td>
</tr>
<tr>
<td>RenewElec</td>
<td>20 stocks; $51bn</td>
<td></td>
</tr>
<tr>
<td>ElecUtil</td>
<td>97 stocks; $1150bn</td>
<td></td>
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<tr>
<td>WaterUtil</td>
<td>22 stocks; $82bn</td>
<td></td>
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<tr>
<td>IPPTrad</td>
<td>23 stocks; $110bn</td>
<td></td>
</tr>
<tr>
<td>GasUtil</td>
<td>32 stocks; $222bn</td>
<td></td>
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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.
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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<tbody>
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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.
*** Reflects rating distribution of all companies from which BMO Capital Markets Corp. has received compensation for Investment Banking services as percentage of Investment Banking clients.
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Mkt = Market Perform - Forecast to perform roughly in line with the analyst’s coverage universe on a total return basis;
Und = Underperform - Forecast to underperform the analyst’s coverage universe on a total return basis;
(S) = Speculative investment;
Spd = Suspended - Coverage and rating suspended until coverage is reinstated;
NR = No Rated - No rating at this time; and
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(April 2013 - October 2016)
(January 2010 - April 2013)

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