Group Selection
Priced as of December 19, 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*

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<tbody>
<tr>
<td>Energy</td>
<td>27% / 36% / 43%</td>
<td></td>
<td>-22% / -36% / -31%</td>
</tr>
<tr>
<td>Materials</td>
<td>24% / 29% / 36%</td>
<td></td>
<td>20% / 8% / 13%</td>
</tr>
<tr>
<td>Industrials</td>
<td>28% / 38% / 42%</td>
<td></td>
<td>12% / -5% / 3%</td>
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<tr>
<td>CMR Disc</td>
<td>25% / 34% / 38%</td>
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<td>18% / 3% / 11%</td>
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<tr>
<td>CMR Stap</td>
<td>33% / 46% / 53%</td>
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<td>36% / 20% / 30%</td>
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<tr>
<td>Hlth Care</td>
<td>45% / 53% / 56%</td>
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<td>-7% / -20% / -13%</td>
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<tr>
<td>Financials</td>
<td>26% / 38% / 45%</td>
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<td>13% / -8% / 5%</td>
</tr>
<tr>
<td>Info Tech</td>
<td>34% / 43% / 48%</td>
<td></td>
<td>9% / -3% / 2%</td>
</tr>
<tr>
<td>Comm Srv</td>
<td>33% / 43% / 49%</td>
<td></td>
<td>30% / 17% / 25%</td>
</tr>
<tr>
<td>Utilities</td>
<td>44% / 57% / 63%</td>
<td></td>
<td>61% / 41% / 51%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>39% / 51% / 59%</td>
<td></td>
<td>44% / 24% / 36%</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
Strength Changes Last Session

Tobacco ↠ Multi-LnIns ↠ Tire&Rub ↠ AutoMfg ↘
FdRetail ↘ LeisFcil ↠ IPPTrad ↠ PersPrdct ↠ ApparRtl ↠
AgriProd ↠ Coal&Uran ↠ HCDistrib ↠ PrecMet ↠ RenewElec ↠ Aero&Def ↘
OG StTr ↠ MultiUtil ↠ SystmSwr ↠ Cabl&Sat ↠ ComEquip ↘
MtGlsCnt ↠ HCFacility ↠

ComdChm ↠ DiversChm ↠ Cns&Eng ↘
DiversChm ↘

CstrMat ↠ Cas&Gam ↠ DivCoMkt ↘
MltSecHld ↘
OfficeServ ↠ Thrft&Mtg ↘
AutoParts ↘

Copper ↘

HvyElcEq ↠ Advert ↠ SpecChm ↠
April&Gds ↠ SpecChm ↘

CnstMch&Tr ↘
CmclPrt ↠ CmpElRtl ↘

REstSr↓
HdwrSt&P ↠ ConsmrFin ↠

December 19, 2018
Mark Steele (416) 359-4641
Momentum

Strength

December 19, 2018

Mark Steele (416) 359-4641

Financials

Multi-LnIns
30 stocks; $447bn

DiversBnk
160 stocks; $4609bn

LifeHthIns
46 stocks; $741bn

MltSecHld
22 stocks; $390bn

DivCpMkt
3 stocks; $147bn

Thrft&Mtg
41 stocks; $118bn

DivEvnt
3 stocks; $23bn

OthrDivFS
10 stocks; $97bn

MortgREIT
22 stocks; $61bn

InsurBrkrs
7 stocks; $111bn

P&C Insur
95 stocks; $454bn

FnExchDt
21 stocks; $356bn

RegionBnk
141 stocks; $536bn

InvBnkBrk
36 stocks; $317bn

Reinsuran
11 stocks; $122bn

ConsMrFin
31 stocks; $249bn

AsstMgmt
32 stocks; $455bn

SpecialFin
9 stocks; $20bn
December 19, 2018

Information Technology

Momentum

Strength

ITConsult
49 stocks; $653bn

ElecComp
36 stocks; $236bn

SemiEqp
42 stocks; $216bn

EMS
18 stocks; $95bn

ApplicSwr
97 stocks; $824bn

SystmSwr
75 stocks; $1120bn

SystmSwr
36 stocks; $1186bn

ComEquip
40 stocks; $778bn

TechDist
13 stocks; $42bn

ElecInstr
44 stocks; $529bn

InetSrv&In
12 stocks; $74bn

DataProc
47 stocks; $950bn

HdwrSt&P
40 stocks; $1215bn

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Information Technology

ITConsult
49 stocks; $653bn

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40 stocks; $1215bn
December 19, 2018

WaterUtil
22 stocks; $83bn

GasUtil
38 stocks; $236bn

IPPTrad
23 stocks; $111bn

RenewElec
20 stocks; $51bn

ElecUtil
87 stocks; $1167bn

MultiUtil
35 stocks; $447bn

Utilities

Strength

Momentum

BMO Capital Markets
Mark Steele (416) 359-4641
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’ performance is 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”
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>
<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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