Group Selection

Priced as of September 13, 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 Relative Strength Profiles*

<table>
<thead>
<tr>
<th>Sector</th>
<th>% Outperforming</th>
<th>Reward/Risk</th>
<th>Trend Psn</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy</td>
<td>15% / 16% / 16%</td>
<td>/ / /</td>
<td>17% / 15% / 18%</td>
</tr>
<tr>
<td>Materials</td>
<td>32% / 34% / 33%</td>
<td>/ / /</td>
<td>22% / 19% / 24%</td>
</tr>
<tr>
<td>Industrials</td>
<td>36% / 40% / 39%</td>
<td>/ / /</td>
<td>19% / 17% / 22%</td>
</tr>
<tr>
<td>CMR Disc</td>
<td>32% / 37% / 36%</td>
<td>/ / /</td>
<td>19% / 17% / 23%</td>
</tr>
<tr>
<td>CMR Stap</td>
<td>41% / 45% / 43%</td>
<td>/ / /</td>
<td>8% / 5% / 11%</td>
</tr>
<tr>
<td>Hlth Care</td>
<td>35% / 39% / 36%</td>
<td>/ / /</td>
<td>-4% / -5% / 0%</td>
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<tr>
<td>Financials</td>
<td>30% / 39% / 34%</td>
<td>/ / /</td>
<td>21% / 18% / 24%</td>
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<tr>
<td>Info Tech</td>
<td>49% / 54% / 52%</td>
<td>/ / /</td>
<td>0% / -2% / 4%</td>
</tr>
<tr>
<td>Comm Srv</td>
<td>34% / 37% / 37%</td>
<td>/ / /</td>
<td>6% / 5% / 9%</td>
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<tr>
<td>Utilities</td>
<td>47% / 54% / 52%</td>
<td>/ / /</td>
<td>4% / 1% / 6%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>47% / 54% / 51%</td>
<td>/ / /</td>
<td>1% / -2% / 5%</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

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<th>Strength Changes</th>
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<tr>
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<td>DvSpSrv</td>
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<tr>
<td>ElcCmpEq</td>
<td>Hware</td>
</tr>
<tr>
<td>Ind Mach</td>
<td>Airline</td>
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<td>BldPrdcts</td>
<td>Footwear</td>
</tr>
<tr>
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<td>SpecChm</td>
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<tr>
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<td>HREmpl</td>
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<tr>
<td>CnstMch&amp;Tr</td>
<td>PaperPkg</td>
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<td>DivCpMkt</td>
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<td>OG Drill</td>
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<td>DvrsMng</td>
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<tr>
<td>Fert&amp;Ag</td>
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</table>

Mark Steele (416) 359-4641
September 13, 2019

**Consumer Staples**

- **FdDistri**
  - 11 stocks; $366bn

- **DrugRetail**
  - 7 stocks; $72bn

- **FdRetail**
  - 23 stocks; $369bn

- **Tobacco**
  - 13 stocks; $444bn

- **Dist&Vnt**
  - 20 stocks; $590bn

- **AgriProd**
  - 28 stocks; $116bn

- **SprCntrs**
  - 16 stocks; $165bn

- **PkgFdMt**
  - 14 stocks; $465bn

- **Brewers**
  - 14 stocks; $465bn

- **SoftDrks**
  - 19 stocks; $599bn

- **HhdPrdct**
  - 19 stocks; $664bn

- **PersPrdct**
  - 36 stocks; $518bn

**Momentum**

**Strength**
Utilities

- RenewElec
  - 25 stocks; $144bn

- MultiUtil
  - 24 stocks; $523bn

- ElecUtil
  - 83 stocks; $1296bn

- IPPTrad
  - 25 stocks; $132bn

- WaterUtil
  - 24 stocks; $101bn

- GasUtil
  - 36 stocks; $276bn

- GasUtil
  - 36 stocks; $276bn

Momentum

September 13, 2019

Mark Steele (416) 359-4641
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 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”
- 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>
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<td>Hold</td>
<td>Market Perform</td>
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<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>
</tr>
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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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***** Reflects rating distribution of all companies from which BMO Capital Markets has received compensation for Investment Banking services as percentage of Investment Banking clients.
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OP = Outperform - Forecast to outperform the analyst’s coverage universe on a total return basis;
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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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