Group Selection
Priced as of October 29, 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>17% / 20% / 18%</td>
<td>/ /</td>
<td>4% / 4% / 14%</td>
</tr>
<tr>
<td>Materials</td>
<td>34% / 37% / 34%</td>
<td>/ /</td>
<td>16% / 9% / 22%</td>
</tr>
<tr>
<td>Industrials</td>
<td>39% / 44% / 41%</td>
<td>/ /</td>
<td>18% / 14% / 27%</td>
</tr>
<tr>
<td>CMR Disc</td>
<td>36% / 40% / 38%</td>
<td>/ /</td>
<td>15% / 11% / 21%</td>
</tr>
<tr>
<td>CMR Stap</td>
<td>42% / 46% / 42%</td>
<td>/ /</td>
<td>-4% / -8% / 2%</td>
</tr>
<tr>
<td>Hlth Care</td>
<td>35% / 38% / 37%</td>
<td>/ /</td>
<td>6% / 2% / 13%</td>
</tr>
<tr>
<td>Financials</td>
<td>35% / 41% / 37%</td>
<td>/ /</td>
<td>14% / 11% / 26%</td>
</tr>
<tr>
<td>Info Tech</td>
<td>46% / 51% / 49%</td>
<td>/ /</td>
<td>8% / 3% / 15%</td>
</tr>
<tr>
<td>Comm Srv</td>
<td>34% / 39% / 37%</td>
<td>/ /</td>
<td>1% / -3% / 6%</td>
</tr>
<tr>
<td>Utilities</td>
<td>52% / 59% / 55%</td>
<td>/ /</td>
<td>-10% / -15% / -4%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>53% / 58% / 56%</td>
<td>/ /</td>
<td>3% / 0% / 13%</td>
</tr>
</tbody>
</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.
Mark Steele (416) 359-4641

**Materials**

- **FirstPrd**: 10 stocks; $22bn
- **Gold**: 71 stocks; $275bn
- **Silver**: 9 stocks; $22bn
- **PaperPkg**: 19 stocks; $101bn
- **DiversMng**: 47 stocks; $365bn
- **Copper**: 14 stocks; $81bn
- **Alumin**: 10 stocks; $31bn
- **Steel**: 60 stocks; $359bn
- **IndusGas**: 71 stocks; $662bn
- **PrecMet**: 12 stocks; $51bn
- **SpecChm**: 20 stocks; $165bn
- **DiversChm**: 20 stocks; $185bn
- **MtGlsCnt**: 15 stocks; $72bn
- **PapProd**: 32 stocks; $95bn
- **CstrMat**: 49 stocks; $389bn
- **ComdChm**: 49 stocks; $389bn
- **Fert&Ag**: 27 stocks; $129bn
October 29, 2019

Health Care

- HCareTec: 19 stocks; $93bn
- Pharma: 136 stocks; $2739bn
- LfSciSrv: 32 stocks; $419bn
- HCSuppls: 27 stocks; $193bn
- MngHCare: 10 stocks; $399bn
- Biotech: 120 stocks; $1002bn
- HCDistrib: 17 stocks; $110bn
- HCEquip: 77 stocks; $1279bn
- HCService: 25 stocks; $291bn
- HCFacility: 33 stocks; $180bn
Information Technology

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ElecInstr
44 stocks; $329bn

Semi
80 stocks; $1522bn

InetSrv&In
16 stocks; $130bn

SystmSwr
39 stocks; $1511bn

SemiEqp
43 stocks; $381bn

TechDist
14 stocks; $64bn

ApplicSwr
113 stocks; $1131bn

ElecComp
41 stocks; $346bn

DataProc
48 stocks; $1290bn

EMS
18 stocks; $157bn

HdwrSt&P
39 stocks; $1660bn

ComEquip
42 stocks; $387bn

ITConsult
49 stocks; $741bn

48 stocks; $1260bn
Utilities

Momentum

Strength

October 29, 2019

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GasUtil
- 36 stocks; $281bn

IPPTrad
- 25 stocks; $130bn

RenewElec
- 25 stocks; $141bn

ElecUtil
- 83 stocks; $129bn

MultiUtil
- 34 stocks; $542bn

WaterUtil
- 23 stocks; $103bn
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 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>
<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 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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- 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;
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