Group Selection
Priced as of May 24, 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*

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</thead>
<tbody>
<tr>
<td>Energy</td>
<td>30% / 32% / 26%</td>
<td>/ / -10%</td>
<td>/ -7% / -10%</td>
</tr>
<tr>
<td>Materials</td>
<td>33% / 35% / 32%</td>
<td>/ / -13%</td>
<td>/ -13% / -19%</td>
</tr>
<tr>
<td>Industrials</td>
<td>41% / 44% / 42%</td>
<td>/ / -3%</td>
<td>/ -2% / -6%</td>
</tr>
<tr>
<td>CMR Disc</td>
<td>42% / 43% / 39%</td>
<td>/ / -11%</td>
<td>/ -10% / -13%</td>
</tr>
<tr>
<td>CMR Stap</td>
<td>44% / 46% / 43%</td>
<td>/ / 4%</td>
<td>/ 7% / 2%</td>
</tr>
<tr>
<td>Hlth Care</td>
<td>43% / 43% / 40%</td>
<td>/ / 1%</td>
<td>/ 4% / 0%</td>
</tr>
<tr>
<td>Financials</td>
<td>36% / 39% / 35%</td>
<td>/ / 8%</td>
<td>/ 10% / 5%</td>
</tr>
<tr>
<td>Info Tech</td>
<td>63% / 66% / 62%</td>
<td>/ / -15%</td>
<td>/ -12% / -15%</td>
</tr>
<tr>
<td>Comm Srv</td>
<td>38% / 42% / 39%</td>
<td>/ / -2%</td>
<td>/ 0% / -4%</td>
</tr>
<tr>
<td>Utilities</td>
<td>44% / 48% / 48%</td>
<td>/ / 7%</td>
<td>/ 11% / 0%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>55% / 60% / 52%</td>
<td>/ / 7%</td>
<td>/ 7% / 2%</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.
May 24, 2019

Momentum

Strength

Energy

Int O&G
32 stocks; $174bn

OG RfMkt
35 stocks; $452bn

Coal&Uran
21 stocks; $80bn

OG StTr
68 stocks; $631bn

OG Equip
58 stocks; $184bn

OG E&P
98 stocks; $711bn

OG Drill
10 stocks; $19bn
Momentum

Strength

IndusGas
7 stocks; $215bn

CstrMat
39 stocks; $244bn

PaperPkg
17 stocks; $105bn

Copper
14 stocks; $76bn

PrecMet
15 stocks; $42bn

Silver
10 stocks; $16bn

Alumin
10 stocks; $32bn

Steel
61 stocks; $383bn

FrstPrd
11 stocks; $19bn

PapProd
24 stocks; $81bn

MtGlsCnt
13 stocks; $67bn

Gold
54 stocks; $191bn

Fert&Ag
29 stocks; $136bn

SpecChm
72 stocks; $620bn

DvrsMng
57 stocks; $372bn

ComdChm
36 stocks; $370bn

DiversChm
21 stocks; $172bn

Alum
10 stocks; $32bn

Steel
61 stocks; $383bn

FrstPrd
11 stocks; $19bn

PapProd
24 stocks; $81bn

SpecChm
72 stocks; $620bn

May 24, 2019

Mark Steele (416) 359-4641

Materials

BMO Capital Markets
**Consumer Staples**

- **PersPrdct**: 49 stocks; $531bn
- **Brewers**: 14 stocks; $427bn
- **PkgFdMt**: 27 stocks; $139.5bn
- **Dist&Vnt**: 20 stocks; $532bn
- **FdRetail**: 35 stocks; $347bn
- **PkgFdMt**: 27 stocks; $139.5bn
- **FdDistri**: 11 stocks; $63bn
- **DrugRetail**: 9 stocks; $57bn
- **AgriProd**: 28 stocks; $109bn
- **SprCntrs**: 16 stocks; $542bn
- **Tobacco**: 12 stocks; $501bn
- **FdDistri**: 11 stocks; $63bn
- **SoftDrnks**: 19 stocks; $578bn
- **HhldPrdct**: 18 stocks; $620bn

**Momentum**

**Strength**

- **Mark Steele**: (416) 359-4641
Utilities

Momentum

Strength

RenewElec
25 stocks; $132bn

ElecUtil
16 stocks; $123bn

WaterUtil
24 stocks; $97bn

GasUtil
34 stocks; $252bn

MultiUtil
35 stocks; $506bn

IPPTrad
25 stocks; $132bn

25 stocks; $131bn

86 stocks; $1236bn

24 stocks; $97bn

34 stocks; $252bn

35 stocks; $506bn

25 stocks; $132bn
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”
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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<tr>
<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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(S) = Speculative investment;
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(January 2010 - April 2013)

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