Group Selection

Priced as of November 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>30% / 44% / 48%</td>
<td>/ / /</td>
<td>-13% / -18% / -20%</td>
</tr>
<tr>
<td>Materials</td>
<td>19% / 27% / 30%</td>
<td>/ / /</td>
<td>12% / 5% / 7%</td>
</tr>
<tr>
<td>Industrials</td>
<td>27% / 38% / 40%</td>
<td>/ / /</td>
<td>11% / 3% / 5%</td>
</tr>
<tr>
<td>CMR Disc</td>
<td>25% / 33% / 35%</td>
<td>/ / /</td>
<td>8% / -2% / 1%</td>
</tr>
<tr>
<td>CMR Stap</td>
<td>29% / 43% / 46%</td>
<td>/ / /</td>
<td>26% / 20% / 20%</td>
</tr>
<tr>
<td>Hlth Care</td>
<td>46% / 58% / 58%</td>
<td>/ / /</td>
<td>-5% / -12% / -10%</td>
</tr>
<tr>
<td>Financials</td>
<td>19% / 36% / 42%</td>
<td>/ / /</td>
<td>28% / 16% / 16%</td>
</tr>
<tr>
<td>Info Tech</td>
<td>36% / 48% / 51%</td>
<td>/ / /</td>
<td>-7% / -15% / -14%</td>
</tr>
<tr>
<td>Comm Srv</td>
<td>31% / 43% / 45%</td>
<td>/ / /</td>
<td>15% / 13% / 13%</td>
</tr>
<tr>
<td>Utilities</td>
<td>35% / 52% / 53%</td>
<td>/ / /</td>
<td>53% / 39% / 43%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>35% / 52% / 55%</td>
<td>/ / /</td>
<td>37% / 25% / 28%</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
Strength Changes Last Session

Momentum

LeisPrd  \rightarrow  MarineSrv  \rightarrow  HmlImpRtl  \rightarrow  Sec&Alm  \rightarrow  MltSecHld
DiversREIT  \rightarrow  IntgTelSrv  \rightarrow  CmclPrt  \rightarrow  HhldApI  \rightarrow  Htl&Rsrt
EnviroServ  \leftarrow  Hwy&Rail  \leftarrow  RsrcCslt  \leftarrow  REstDevl  \leftarrow  Advert
GasUtil  \leftarrow  IPPTrad  \leftarrow  CmclPrt  \leftarrow  BldPrdcts  \leftarrow  Semi
FnIExchDt  \leftarrow  LifeHthIns  \leftarrow  AltCar  \leftarrow  AirFrght  \leftarrow  Steel
SpecREIT  \leftarrow  SoftDrnks  \leftarrow  CmrElec  \leftarrow  Htl&Rsrt  \leftarrow  Trucking

Rstaurnt  \leftarrow  SpCmSrv  \leftarrow  WlsTelSrv  \leftarrow  ElecInstr  \leftarrow  Copper  \leftarrow  DivCpMkt
SpCmSrv  \leftarrow  HCFacility  \leftarrow  OfficeServ  \leftarrow  HhldApI  \leftarrow  Aprl&Gds  \leftarrow  OthrDivFS
SystmSwr  \leftarrow  OG Drill  \leftarrow  ElcCmpEq  \leftarrow  Cns&Eng  \leftarrow  SpecialFin  \leftarrow  Marine
Com EQUIp  \leftarrow  Coal&Uran  \leftarrow  HmFrnsh  \leftarrow  DrugRetail  \leftarrow  DrugRetail
DeptStrs  \leftarrow  ComEQUIp  \leftarrow  HCEquip  \leftarrow  AgriProd  \leftarrow  AirprtSrv  \leftarrow  IntMeSer
GMrchStrs  \leftarrow  Fert&Ag  \leftarrow  HcemFrnsh  \leftarrow  HREmpl  \leftarrow  Biotech

HCFacility  \leftarrow  Aprl&Gds  \leftarrow  HmFrnsh  \leftarrow  DeptStrs  \leftarrow  AsstMgmt

Momentum

Strength

Int O&G
31 stocks, $166bn

OG RfMkt
41 stocks, $484bn

OG Drill
14 stocks, $29bn

Coal&Uran
71 stocks, $77bn

OG StTr
80 stocks, $611bn

OG E&P
112 stocks, $784bn

OG Equip
99 stocks, $225bn

OG RfMkt
41 stocks, $484bn

OG Equip
99 stocks, $225bn

November 19, 2018

Mark Steele (416) 359-4641

BMO Capital Markets
November 19, 2018

**Utilities**

- **ElecUtil** 88 stocks; $1169bn
- **IPPTrad** 23 stocks; $114bn
- **MultiUtil** 35 stocks; $449bn
- **GasUtil** 35 stocks; $236bn
- **WaterUtil** 22 stocks; $83bn
- **RenewElec** 20 stocks; $53bn

Momentum

Strength
November 19, 2018

Real Estate

Mark Steele (416) 359-4641

DiversREIT
32 stocks; $147bn

REstOpCo
38 stocks; $246bn

ResidREIT
27 stocks; $169bn

OfficeREIT
34 stocks; $161bn

REstDvAct
34 stocks; $289bn

HotelREIT
18 stocks; $54bn

SpecREIT
32 stocks; $348bn

IndusREIT
23 stocks; $123bn

REstDevl
34 stocks; $290bn

HCareREIT
17 stocks; $103bn

RetailREIT
50 stocks; $286bn

REstSrv
12 stocks; $35bn

36 stocks; $147bn
34 stocks; $246bn
34 stocks; $289bn
34 stocks; $290bn
18 stocks; $54bn
32 stocks; $348bn
23 stocks; $123bn
34 stocks; $290bn
17 stocks; $103bn
50 stocks; $286bn
12 stocks; $35bn
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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<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.
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(S) = Speculative investment;
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