Group Selection

Priced as of July 3, 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></th>
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<tr>
<td>Energy</td>
<td>19% / 23% / 21%</td>
<td>-4% / -5% / -7%</td>
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<tr>
<td>Materials</td>
<td>30% / 33% / 31%</td>
<td>3% / 3% / 3%</td>
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<tr>
<td>Industrials</td>
<td>38% / 41% / 40%</td>
<td>2% / 3% / 2%</td>
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<tr>
<td>CMR Disc</td>
<td>35% / 38% / 36%</td>
<td>-1% / 0% / 0%</td>
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<tr>
<td>CMR Stap</td>
<td>38% / 43% / 40%</td>
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<tr>
<td>Hlth Care</td>
<td>39% / 42% / 41%</td>
<td>2% / 1% / 0%</td>
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<tr>
<td>Financials</td>
<td>33% / 38% / 35%</td>
<td>2% / 1% / 0%</td>
<td></td>
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<tr>
<td>Info Tech</td>
<td>53% / 57% / 56%</td>
<td>0% / 0% / -2%</td>
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<tr>
<td>Comm Srv</td>
<td>36% / 39% / 38%</td>
<td>2% / 0% / 1%</td>
<td></td>
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<tr>
<td>Utilities</td>
<td>41% / 47% / 44%</td>
<td>1% / 2% / 3%</td>
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<tr>
<td>Real Estate</td>
<td>46% / 54% / 51%</td>
<td>-4% / -4% / -4%</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.
July 3, 2019

**Consumer Staples**

**Momentum**

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

- **DrugRetail**
  - 6 stocks, $67bn

- **FdRetail**
  - 32 stocks, $351bn

- **FdDistri**
  - 11 stocks, $61bn

- **HhdlPrdct**
  - 18 stocks, $648bn

- **PkgFdMt**
  - 126 stocks, $1449bn

- **SprCntrs**
  - 16 stocks, $581bn

- **Dist&Vnt**
  - 20 stocks, $594bn

- **SoftDrnks**
  - 19 stocks, $598bn

- **PersPrdct**
  - 32 stocks, $531bn

- **AgriProd**
  - 28 stocks, $117bn

**Strength**

14 stocks; $465bn

6 stocks; $67bn

32 stocks; $351bn

11 stocks; $61bn

18 stocks; $648bn

126 stocks; $1449bn

16 stocks; $581bn

20 stocks; $594bn

19 stocks; $598bn

32 stocks; $531bn

28 stocks; $117bn
July 3, 2019

**Health Care**

<table>
<thead>
<tr>
<th>Sector</th>
<th>Number of Stocks</th>
<th>Market Value</th>
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<tbody>
<tr>
<td>Biotech</td>
<td>127</td>
<td>$862bn</td>
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<tr>
<td>HCServ</td>
<td>32</td>
<td>$440bn</td>
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<tr>
<td>HCDistr</td>
<td>16</td>
<td>$109bn</td>
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<tr>
<td>Pharma</td>
<td>120</td>
<td>$2742bn</td>
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<tr>
<td>HCEquip</td>
<td>76</td>
<td>$1260bn</td>
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<tr>
<td>MngHCare</td>
<td>10</td>
<td>$394bn</td>
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<tr>
<td>HCFacility</td>
<td>34</td>
<td>$185bn</td>
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<tr>
<td>HCSuppl</td>
<td>26</td>
<td>$164bn</td>
</tr>
<tr>
<td>LfSciSrv</td>
<td>92</td>
<td>$440bn</td>
</tr>
<tr>
<td>HCareTec</td>
<td>77</td>
<td>$993bn</td>
</tr>
<tr>
<td>HC Service</td>
<td>24</td>
<td>$279bn</td>
</tr>
<tr>
<td>HC Distrib</td>
<td>16</td>
<td>$109bn</td>
</tr>
<tr>
<td>HC Suppl</td>
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<td>HC Suppl</td>
<td>26</td>
<td>$164bn</td>
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</table>

Mark Steele (416) 359-4641
July 3, 2019

Financials

Strength

Momentum

Thrift&Mtg
- 12 stocks; $161bn
AsstMgmt
- 78 stocks; $565bn
ConsmrFin
- 11 stocks; $375bn

RegionBnk
- 142 stocks; $956bn
DiversBnk
- 166 stocks; $520bn
OthrDivFS
- 8 stocks; $78bn

AsstMgmt
- 78 stocks; $565bn
ConsmrFin
- 11 stocks; $375bn

InvBnkBrk
- 41 stocks; $420bn
MortgREIT
- 23 stocks; $67bn

DiversBnk
- 166 stocks; $520bn
OthrDivFS
- 8 stocks; $78bn

Multi-LnIns
- 29 stocks; $532bn
Reinsuran
- 20 stocks; $142bn

P&C Insur
- 54 stocks; $565bn
Multi-LnIns
- 29 stocks; $532bn
Reinsuran
- 20 stocks; $142bn

InsurBrkrs
- 7 stocks; $155bn
MitSecHld
- 21 stocks; $424bn
LifeHthIns
- 40 stocks; $905bn

InvBnkBrk
- 41 stocks; $420bn
MortgREIT
- 23 stocks; $67bn

SpecialFin
- 9 stocks; $24bn
DivCpMkt
- 9 stocks; $151bn

P&C Insur
- 54 stocks; $565bn
FnlExchDt
- 22 stocks; $470bn

LifeHthIns
- 40 stocks; $905bn
Reinsuran
- 20 stocks; $142bn

InsurBrkrs
- 7 stocks; $155bn
MitSecHld
- 21 stocks; $424bn

FnlExchDt
- 22 stocks; $470bn
Multi-LnIns
- 29 stocks; $532bn

54 stocks; $565bn
22 stocks; $470bn
22 stocks; $470bn
Utilities

July 3, 2019

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Momentum

Strength

Utilities

IPPTrad
25 stocks; $138bn

ElecUtil
25 stocks; $142bn

RenewElec
25 stocks; $142bn

MultiUtil
35 stocks; $523bn

GasUtil
37 stocks; $288bn

WaterUtil
24 stocks; $104bn

BMO Capital Markets

GasUtil
WaterUtil

GasUtil
WaterUtil
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.
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”
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>
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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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<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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