Group Selection

Priced as of September 23, 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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<tbody>
<tr>
<td>Energy</td>
<td>15% / 17% / 16%</td>
<td>18% / 17% / 11%</td>
<td></td>
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<tr>
<td>Materials</td>
<td>31% / 34% / 32%</td>
<td>12% / 9% / 4%</td>
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<tr>
<td>Industrials</td>
<td>36% / 40% / 38%</td>
<td>7% / 4% / -1%</td>
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<tr>
<td>CMR Disc</td>
<td>33% / 37% / 35%</td>
<td>10% / 8% / 3%</td>
<td></td>
</tr>
<tr>
<td>CMR Stap</td>
<td>40% / 44% / 42%</td>
<td>7% / 5% / -3%</td>
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<tr>
<td>Hlth Care</td>
<td>35% / 39% / 36%</td>
<td>2% / 1% / -2%</td>
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<tr>
<td>Financials</td>
<td>32% / 40% / 35%</td>
<td>11% / 8% / 2%</td>
<td></td>
</tr>
<tr>
<td>Info Tech</td>
<td>49% / 54% / 51%</td>
<td>1% / -1% / -4%</td>
<td></td>
</tr>
<tr>
<td>Comm Srv</td>
<td>34% / 39% / 37%</td>
<td>4% / 1% / -5%</td>
<td></td>
</tr>
<tr>
<td>Utilities</td>
<td>47% / 54% / 52%</td>
<td>4% / 2% / -1%</td>
<td></td>
</tr>
<tr>
<td>Real Estate</td>
<td>48% / 54% / 50%</td>
<td>7% / 5% / 1%</td>
<td></td>
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</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 (\(\uparrow\) / \(\downarrow\) 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.
Momentum

Strength

September 23, 2019

Mark Steele (416) 359-4641

Energy

OG StTr
42 stocks; $591bn

OG E&P
90 stocks; $642bn

Int O&G
31 stocks; $1729bn

OG RfMkt
35 stocks; $458bn

Coal&Uran
22 stocks; $70bn

OG Drill
10 stocks; $17bn

OG Equip
51 stocks; $177bn
September 23, 2019

Consumer Staples

Mark Steele (416) 359-4641

Momentum

Strength

Dist&Vnt
22 stocks; $599bn

SoftDrinks
19 stocks; $598bn

PersPrdct
36 stocks; $517bn

AgriProd
20 stocks; $713bn

PersPrdct

HhldPrdct
19 stocks; $674bn

PkgFdMt
124 stocks; $1444bn

Tobacco
13 stocks; $432bn

DrugRetail
7 stocks; $71bn

Brewers
14 stocks; $464bn

SprCntrs
16 stocks; $600bn

FdRetail
33 stocks; $367bn

FdDistri
2 stocks; $67bn

FdRetail

DrugRetail

Brewers

SprCntrs

FdDistri

Tobacco

HhldPrdct

PkgFdMt

Dist&Vnt

AgriProd

SoftDrinks
Health Care

Momentum

Strength

HCareTec
19 stocks; $94bn

HCEquip
30 stocks; $129bn

LfSciSrv
32 stocks; $416bn

HCSupps
26 stocks; $157bn

HCService
25 stocks; $261bn

HCDistrib
17 stocks; $107bn

HCFacility
33 stocks; $175bn

Biotech
122 stocks; $958bn

MngHCare
10 stocks; $367bn

Pharma
135 stocks; $2668bn

Health Care

Biotech

HCareTec

HCEquip

LfSciSrv

HCSupps

HCService

HCDistrib

HCFacility

MngHCare

Pharma
<table>
<thead>
<tr>
<th>Sector</th>
<th>Momentum</th>
<th>Strength</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>ITConsult</td>
<td>↓</td>
<td>↑</td>
<td>49 stocks; $747bn</td>
</tr>
<tr>
<td>ApplicSwr</td>
<td>↑</td>
<td>↓</td>
<td>177 stocks; $1,120bn</td>
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<tr>
<td>DataProc</td>
<td>↑</td>
<td>↓</td>
<td>46 stocks; $1,251bn</td>
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<tr>
<td>EMS</td>
<td>↓</td>
<td>↑</td>
<td>18 stocks; $1,470bn</td>
</tr>
<tr>
<td>TechDist</td>
<td>↑</td>
<td>↓</td>
<td>14 stocks; $562bn</td>
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<tr>
<td>Semi</td>
<td>↓</td>
<td>↑</td>
<td>79 stocks; $1,435bn</td>
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<tr>
<td>SemiEqp</td>
<td>↓</td>
<td>↑</td>
<td>44 stocks; $350bn</td>
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<tr>
<td>ElecInstr</td>
<td>↓</td>
<td>↑</td>
<td>45 stocks; $321bn</td>
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<tr>
<td>ElecComp</td>
<td>↓</td>
<td>↑</td>
<td>41 stocks; $321bn</td>
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<tr>
<td>ComEquip</td>
<td>↓</td>
<td>↑</td>
<td>43 stocks; $408bn</td>
</tr>
<tr>
<td>HdwrSt&amp;P</td>
<td>↓</td>
<td>↑</td>
<td>39 stocks; $1,528bn</td>
</tr>
<tr>
<td>InetSrv&amp;In</td>
<td>↓</td>
<td>↑</td>
<td>16 stocks; $1,32bn</td>
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</table>
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 groups members are outperforming
2. How consistent that outperformance is
3. How the are members 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”
- 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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