Group Selection

Priced as of January 14, 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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<tr>
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</thead>
<tbody>
<tr>
<td>Energy</td>
<td>27% / 33% / 38%</td>
<td>/ / /</td>
<td>9% / 3% / -9%</td>
</tr>
<tr>
<td>Materials</td>
<td>27% / 34% / 39%</td>
<td>/ / /</td>
<td>17% / 8% / -5%</td>
</tr>
<tr>
<td>Industrials</td>
<td>30% / 36% / 43%</td>
<td>/ / /</td>
<td>19% / 9% / -4%</td>
</tr>
<tr>
<td>CMR Disc</td>
<td>29% / 35% / 40%</td>
<td>/ / /</td>
<td>23% / 14% / -1%</td>
</tr>
<tr>
<td>CMR Stap</td>
<td>41% / 50% / 59%</td>
<td>/ / /</td>
<td>17% / 11% / -7%</td>
</tr>
<tr>
<td>Hlth Care</td>
<td>44% / 50% / 56%</td>
<td>/ / /</td>
<td>1% / -4% / -15%</td>
</tr>
<tr>
<td>Financials</td>
<td>30% / 37% / 46%</td>
<td>/ / /</td>
<td>23% / 12% / -9%</td>
</tr>
<tr>
<td>Info Tech</td>
<td>36% / 42% / 46%</td>
<td>/ / /</td>
<td>12% / 3% / -8%</td>
</tr>
<tr>
<td>Comm Srv</td>
<td>38% / 46% / 53%</td>
<td>/ / /</td>
<td>18% / 11% / -5%</td>
</tr>
<tr>
<td>Utilities</td>
<td>48% / 62% / 66%</td>
<td>/ / /</td>
<td>29% / 20% / -2%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>44% / 53% / 61%</td>
<td>/ / /</td>
<td>30% / 17% / -1%</td>
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</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
Momentum

Strength

January 14, 2019

Mark Steele (416) 359-4641

Materials

MtGlsCnt
14 stocks; $63bn

PrecMet
15 stocks; $44bn

PapProd
24 stocks; $90bn

Copper
14 stocks; $70bn

DvrsMng
53 stocks; $365bn

FrstPrd
11 stocks; $23bn

Steel
59 stocks; $370bn

Gold
26 stocks; $185bn

IndusGas
7 stocks; $184bn

DiversChm
22 stocks; $196bn

ComdChm
43 stocks; $373bn

PaperPkg
17 stocks; $102bn

CstrMat
28 stocks; $207bn

SpecChm
57 stocks; $491bn

Silver
10 stocks; $177bn

Alumin
10 stocks; $35bn

Fert&Ag
29 stocks; $143bn

59 stocks; $370bn
Financials

ConsmrFin → 31 stocks; $261bn

DivCpMkt → 9 stocks; $155bn

MltSecHld → 22 stocks; $398bn

InvBnkBrk ← 36 stocks; $338bn

MortGREIT ↑ 22 stocks; $63bn

DiversBnk 160 stocks; $482bn

Thrft&Mtg 41 stocks; $127bn

InsurBrkrs ↑ 7 stocks; $120bn

Multi-LnIns ↑ 30 stocks; $468bn

Reinsuran ↑ 11 stocks; $127bn

FnlExchDt ← 21 stocks; $366bn

P&C Insur 46 stocks; $465bn

OthrDivFS ↑ 9 stocks; $88bn

SpecialFin ↑ 7 stocks; $21bn

AsstMgmt ↑ 71 stocks; $486bn

LifeHthIns ↑ 47 stocks; $789bn

P&C Insur ↑ 55 stocks; $465bn

RegionBnk ↓ 139 stocks; $582bn

DiversBnk ↓ 160 stocks; $482bn

Thrft&Mtg ↓ 41 stocks; $127bn

InsurBrkrs ↓ 7 stocks; $120bn

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LifeHthIns ↓ 47 stocks; $789bn

P&C Insur ↓ 55 stocks; $465bn

RegionBnk ↓ 139 stocks; $582bn

Momentum

Strength
Telecommunication Services

Momentum

Strength

Publishing
14 stocks; $63bn

Advert
17 stocks; $104bn

IntHmEnt
18 stocks; $208bn

IntMeSer
40 stocks; $1301bn

Mov&Ent
27 stocks; $486bn

Broadcast
28 stocks; $89bn

Cabl&Sat
23 stocks; $437bn

AltCar
10 stocks; $46bn

IntgTelSrv
37 stocks; $1265bn

WlsTelSrv
43 stocks; $857bn

January 14, 2019

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Telecommunication Services

Publishing
14 stocks; $63bn

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IntgTelSrv
37 stocks; $1265bn

WlsTelSrv
43 stocks; $857bn

January 14, 2019

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### Real Estate

**Momentum**
- DiversREIT: 35 stocks, $148bn
- SpecREIT: 31 stocks, $333bn
- HCareREIT: 17 stocks, $103bn
- ResidREIT: 28 stocks, $166bn
- REstOpCo: 38 stocks, $243bn
- IndusREIT: 24 stocks, $122bn

**Strength**
- OfficeREIT: 32 stocks, $156bn
- RetailREIT: 60 stocks, $276bn
- REstDvAct: 36 stocks, $303bn
- REstSrv: 12 stocks, $35bn
- REstDev1: 34 stocks, $293bn
- HotelREIT: 18 stocks, $52bn

**January 14, 2019**
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).
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>
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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.
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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;
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