Group Selection

Priced as of March 4, 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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<tr>
<td>Energy</td>
<td>25% / 27% / 27%</td>
<td>/ / /</td>
<td>4% / 2% / 1%</td>
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<tr>
<td>Materials</td>
<td>37% / 37% / 38%</td>
<td>/ / /</td>
<td>6% / 7% / 7%</td>
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<tr>
<td>Industrials</td>
<td>37% / 40% / 38%</td>
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<td>11% / 8% / 8%</td>
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<tr>
<td>CMR Disc</td>
<td>39% / 37% / 38%</td>
<td>/ / /</td>
<td>10% / 8% / 9%</td>
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<tr>
<td>CMR Stap</td>
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<td>/ / /</td>
<td>-8% / -12% / -9%</td>
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<tr>
<td>Hlth Care</td>
<td>44% / 46% / 45%</td>
<td>/ / /</td>
<td>6% / 4% / 4%</td>
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<tr>
<td>Financials</td>
<td>40% / 43% / 44%</td>
<td>/ / /</td>
<td>11% / 5% / 5%</td>
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<tr>
<td>Info Tech</td>
<td>48% / 49% / 48%</td>
<td>/ / /</td>
<td>18% / 15% / 15%</td>
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<tr>
<td>Comm Srv</td>
<td>47% / 49% / 50%</td>
<td>/ / /</td>
<td>0% / 1% / -3%</td>
</tr>
<tr>
<td>Utilities</td>
<td>72% / 77% / 76%</td>
<td>/ / /</td>
<td>-10% / -14% / -14%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>66% / 68% / 67%</td>
<td>/ / /</td>
<td>-4% / -5% / -8%</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
March 4, 2019

**Consumer Staples**

- **Momentum**
  - FdDistri: 11 stocks, $59bn
  - FdRetail: 35 stocks, $364bn
  - Dist&Vnt: 12 stocks, $380bn

- **Strength**
  - Brewers: 14 stocks, $418bn
  - HhldPrdct: 18 stocks, $569bn
  - SoftDrnks: 19 stocks, $534bn
  - HhldPrdct: 18 stocks, $569bn
  - PkgFdMt: 118 stocks, $1172bn
  - Tobacco: 13 stocks, $552bn
  - PersPrdct: 34 stocks, $495bn
  - SprCntrs: 13 stocks, $492bn

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BMO Capital Markets
March 4, 2019

**Health Care**

- **Biotech**
  - 120 stocks; $990bn
- **Pharma**
  - 117 stocks; $2715bn

**Momentum**

- **LfSciSrv**
  - 30 stocks; $379bn
- **HCEquip**
  - 75 stocks; $1150bn
- **HCFacility**
  - 33 stocks; $171bn
- **HCSupplis**
  - 27 stocks; $148bn
- **HCEquip**
  - 75 stocks; $1150bn
- **HCFacility**
  - 33 stocks; $171bn
- **HCSupplis**
  - 27 stocks; $148bn

**Strength**

- **HCDistrib**
  - 17 stocks; $105bn
- **HCSupplis**
  - 27 stocks; $148bn
- **MngHCare**
  - 10 stocks; $393bn
- **HCService**
  - 27 stocks; $268bn
- **HCFacility**
  - 33 stocks; $171bn
- **HCSupplis**
  - 27 stocks; $148bn
- **HCEquip**
  - 75 stocks; $1150bn
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  - 10 stocks; $393bn
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  - 33 stocks; $171bn
- **HCSupplis**
  - 27 stocks; $148bn
- **MngHCare**
  - 10 stocks; $393bn
<table>
<thead>
<tr>
<th>Sector</th>
<th>Momentum</th>
<th>Strength</th>
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<tbody>
<tr>
<td>SemiEqp</td>
<td>42 stocks; $271bn</td>
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<tr>
<td>InetSrv&amp;In</td>
<td>72 stocks; $94bn</td>
<td>42 stocks; $271bn</td>
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<tr>
<td>DataProc</td>
<td>46 stocks; $110.7bn</td>
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<tr>
<td>ITConsult</td>
<td>48 stocks; $723bn</td>
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<tr>
<td>Semi</td>
<td>73 stocks; $1302bn</td>
<td></td>
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<tr>
<td>Semi</td>
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<td>Semi</td>
<td>73 stocks; $1302bn</td>
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</tr>
<tr>
<td>ElecInstr</td>
<td>43 stocks; $256bn</td>
<td></td>
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<tr>
<td>ApplicSwr</td>
<td>63 stocks; $367bn</td>
<td></td>
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<tr>
<td>SystmSwr</td>
<td>66 stocks; $1295bn</td>
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<tr>
<td>ComEquip</td>
<td>40 stocks; $419bn</td>
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<tr>
<td>ElecComp</td>
<td>37 stocks; $277bn</td>
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<tr>
<td>EMS</td>
<td>18 stocks; $107bn</td>
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<tr>
<td>ComEquip</td>
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<tr>
<td>TechDist</td>
<td>13 stocks; $49bn</td>
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<tr>
<td>HdwrSt&amp;P</td>
<td>41 stocks; $1367bn</td>
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March 4, 2019

Real Estate

- **Momentum**
  - ResidREIT (34 stocks; $326bn)
  - IndusREIT (28 stocks; $182bn)
  - REstDEvl (24 stocks; $135bn)
  - HCareREIT (17 stocks; $110bn)
  - OfficeREIT (33 stocks; $177bn)
  - SpecREIT (31 stocks; $363bn)
  - REstOpCo (38 stocks; $253bn)
  - REstSrv (12 stocks; $40bn)
  - REstDvAct (34 stocks; $317bn)
  - RetailREIT (52 stocks; $291bn)
  - HotelREIT (12 stocks; $58bn)
  - DiversREIT (34 stocks; $147bn)

- **Strength**
  - ResidREIT (34 stocks; $326bn)
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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”
- 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>
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<td>Hold</td>
<td>Market Perform</td>
<td>53.2%</td>
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<td>Sell</td>
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<td>3.7%</td>
<td>9.5%</td>
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<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.
*** Reflects rating distribution of all companies from which BMO Capital Markets Corp. has received compensation for Investment Banking services as percentage of Investment Banking clients.
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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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(April 2013 - October 2016)
(January 2010 - April 2013)

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