Group Selection

Priced as of December 19, 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**

*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.
December 19, 2019

Mark Steele (416) 359-4641

OG RfMkt
35 stocks; $499bn

OG E&P
88 stocks; $649bn

OG StTr
99 stocks; $577bn

Coal & Uran
21 stocks; $68bn

OG Equip
49 stocks; $188bn

Int O&G
11 stocks; $173bn

OG Drill
10 stocks; $17bn
<table>
<thead>
<tr>
<th>Sector</th>
<th>Momentum</th>
<th>Strength</th>
<th>Stocks</th>
<th>Market Cap</th>
</tr>
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<tbody>
<tr>
<td>DrugRetail</td>
<td>Up</td>
<td></td>
<td>7</td>
<td>$75bn</td>
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<tr>
<td>FdDistri</td>
<td></td>
<td></td>
<td>11</td>
<td>$69bn</td>
</tr>
<tr>
<td>PersPrdct</td>
<td>Down</td>
<td></td>
<td>36</td>
<td>$51bn</td>
</tr>
<tr>
<td>Tobacco</td>
<td></td>
<td></td>
<td>13</td>
<td>$46bn</td>
</tr>
<tr>
<td>AgriProd</td>
<td>Down</td>
<td></td>
<td>27</td>
<td>$122bn</td>
</tr>
<tr>
<td>FdRetail</td>
<td></td>
<td></td>
<td>33</td>
<td>$365bn</td>
</tr>
<tr>
<td>PkgFdMt</td>
<td>Up</td>
<td></td>
<td>124</td>
<td>$1481bn</td>
</tr>
<tr>
<td>Dist&amp;Vnt</td>
<td>Down</td>
<td></td>
<td>20</td>
<td>$596bn</td>
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<tr>
<td>HhldPrdct</td>
<td></td>
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<td>19</td>
<td>$671bn</td>
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</tbody>
</table>

**Consumer Staples**

December 19, 2019

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Information Technology

Momentum

Strength

SemiEqp
43 stocks; $408bn

ElecComp ➡
41 stocks; $372bn

ComEquip⬅
42 stocks; $397bn

EMS
16 stocks; $179bn

TechDist
33 stocks; $659bn

Semi
60 stocks; $1677bn

43 stocks; $408bn

41 stocks; $372bn

42 stocks; $397bn

18 stocks; $179bn

48 stocks; $1362bn

40 stocks; $1621bn

15 stocks; $141bn

13 stocks; $659bn

44 stocks; $355bn

113 stocks; $1239bn

50 stocks; $795bn

38 stocks; $1836bn

173 stocks; $1228bn

EMS ➡
48 stocks; $1362bn

DataProc ➡
48 stocks; $1362bn

SystmSwr ➡
40 stocks; $1621bn

InetSrv&In
15 stocks; $141bn

TechDist ➡
48 stocks; $1362bn

ElecInstr ➡
44 stocks; $355bn

ApplicSwr
173 stocks; $1228bn

ITConsult ➡
60 stocks; $795bn

HdwrSt&P ➡
38 stocks; $1836bn

ITConsult ➡
60 stocks; $795bn
<table>
<thead>
<tr>
<th>Sector</th>
<th>Momentum</th>
<th>Strength</th>
</tr>
</thead>
<tbody>
<tr>
<td>IntMeSer</td>
<td>44 stocks; $1648bn</td>
<td></td>
</tr>
<tr>
<td>Advert</td>
<td>18 stocks; $120bn</td>
<td></td>
</tr>
<tr>
<td>Broadcast</td>
<td>56 stocks; $104bn</td>
<td></td>
</tr>
<tr>
<td>AltCar</td>
<td>10 stocks; $42bn</td>
<td></td>
</tr>
<tr>
<td>IntgTelSrv</td>
<td>54 stocks; $1370bn</td>
<td></td>
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<tr>
<td>WlsTelSrv</td>
<td>42 stocks; $841bn</td>
<td></td>
</tr>
<tr>
<td>Publishing</td>
<td>24 stocks; $591bn</td>
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</tr>
<tr>
<td>Cabl&amp;Sat</td>
<td>23 stocks; $438bn</td>
<td></td>
</tr>
<tr>
<td>Mov&amp;Ent</td>
<td>26 stocks; $561bn</td>
<td></td>
</tr>
<tr>
<td>IntHmEnt</td>
<td>23 stocks; $282bn</td>
<td></td>
</tr>
</tbody>
</table>
Real Estate

Strength

Momentum

- SpecREIT 31 stocks, $426bn
- REstOpCo 37 stocks, $256bn
- REstSrv 12 stocks, $498bn
- IndusREIT 26 stocks, $172bn
- ResidREIT 26 stocks, $211bn
- HCareREIT 17 stocks, $121bn
- DiversREIT 34 stocks, $170bn
- OfficeREIT 34 stocks, $204bn

- HotelREIT 18 stocks, $558bn
- REstDev 39 stocks, $397bn
- REstDvAct 34 stocks, $326bn
- RetailREIT 51 stocks, $282bn

- REstOpCo 37 stocks, $256bn
- REstSrv 12 stocks, $498bn
- IndusREIT 26 stocks, $172bn
- ResidREIT 26 stocks, $211bn
- HCareREIT 17 stocks, $121bn
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December 19, 2019

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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 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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<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>
<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.
** 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.
**** Reflects rating distribution of all companies covered by BMO Capital Markets equity research analysts.
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(S) = Speculative investment;
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