Group Selection

Priced as of October 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**

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<tbody>
<tr>
<td>Energy</td>
<td>16% / 17% / 16%</td>
<td>/ /</td>
<td>3% / 2% / 1%</td>
</tr>
<tr>
<td>Materials</td>
<td>32% / 34% / 34%</td>
<td>/ /</td>
<td>2% / 2% / 2%</td>
</tr>
<tr>
<td>Industrials</td>
<td>36% / 40% / 38%</td>
<td>/ /</td>
<td>1% / -1% / 1%</td>
</tr>
<tr>
<td>CMR Disc</td>
<td>34% / 39% / 35%</td>
<td>/ /</td>
<td>9% / 8% / 11%</td>
</tr>
<tr>
<td>CMR Stap</td>
<td>41% / 45% / 41%</td>
<td>/ /</td>
<td>7% / 6% / 6%</td>
</tr>
<tr>
<td>Health Care</td>
<td>34% / 39% / 35%</td>
<td>/ /</td>
<td>-5% / -7% / -3%</td>
</tr>
<tr>
<td>Financials</td>
<td>33% / 41% / 35%</td>
<td>/ /</td>
<td>0% / -1% / 0%</td>
</tr>
<tr>
<td>Info Tech</td>
<td>48% / 52% / 50%</td>
<td>/ /</td>
<td>2% / 3% / 3%</td>
</tr>
<tr>
<td>Comm Srv</td>
<td>34% / 40% / 35%</td>
<td>/ /</td>
<td>5% / 2% / 7%</td>
</tr>
<tr>
<td>Utilities</td>
<td>48% / 56% / 50%</td>
<td>/ /</td>
<td>25% / 20% / 23%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>48% / 56% / 50%</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.
Momentum
Strength
October 3, 2019
Mark Steele (416) 359-4641

Energy

OG RifMkt
35 stocks; $461bn

Int O&G
31 stocks; $162bn

OG Equip
51 stocks; $159bn

Coal&Uran
22 stocks; $67bn

OG StTr
52 stocks; $568bn

OG Drill
10 stocks; $14bn

OG E&P
90 stocks; $582bn

31 stocks; $162bn

62 stocks; $568bn

51 stocks; $159bn

10 stocks; $14bn

90 stocks; $582bn
**Consumer Staples**

- **Brewers**  
  14 stocks; $451bn
- **Soft Drinks**  
  19 stocks; $596bn
- **Agri Prod**  
  28 stocks; $110bn
- **Pers Products**  
  36 stocks; $510bn
- **Drug Retail**  
  7 stocks; $70bn
- **Packaged Food/Meat**  
  122 stocks; $1422bn
- **Household Products**  
  19 stocks; $664bn
- **Dist & Vnt**  
  20 stocks; $590bn
- **Sprinklers**  
  16 stocks; $597bn
- **Food Distri**  
  11 stocks; $65bn

October 3, 2019

Mark Steele (416) 359-4641

BMO Capital Markets

**Momentum**

**Strength**
Telecommunication Services

Strength

Momentum

Mark Steele (416) 359-4641

October 3, 2019

IntgTelSrv
54 stocks; $1341bn

Cabl&Sat
23 stocks; $423bn

IntHmEnt
23 stocks; $255bn

Mov&Ent
27 stocks; $487bn

IntMeSer
43 stocks; $1446bn

AltCar
10 stocks; $99bn

WlsTelSrv
43 stocks; $914bn

Broadcast
26 stocks; $86bn

Publishing
14 stocks; $308bn

Advert
17 stocks; $109bn

IntHmEnt $255bn

Cabl&Sat $423bn

IntMeSer $1446bn

AltCar $99bn

WlsTelSrv $914bn

Broadcast $86bn

Publishing $308bn

Advert $109bn

Telecommunication Services

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October 3, 2019
October 3, 2019

Utilities

- RenewElec: 25 stocks, $147bn
- MultiUtil: 34 stocks, $537bn
- WaterUtil: 24 stocks, $100bn
- ElecUtil: 33 stocks, $129bn
- IPPTrad: 25 stocks, $128bn
- GasUtil: 36 stocks, $275bn
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).
Buy 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>
<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.
** 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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Und = Underperform - Forecast to underperform the analyst’s coverage universe on a total return basis;
(S) = Speculative investment;
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(January 2010 - April 2013)

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