Group Selection
Priced as of January 13, 2020

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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<tbody>
<tr>
<td>Energy</td>
<td>21% / 21% / 26%</td>
<td>8% / 8% / 13%</td>
<td></td>
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<tr>
<td>Materials</td>
<td>35% / 37% / 39%</td>
<td>2% / 3% / 8%</td>
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<tr>
<td>Industrials</td>
<td>46% / 48% / 53%</td>
<td>-3% / -3% / 3%</td>
<td></td>
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<tr>
<td>CMR Disc</td>
<td>45% / 48% / 52%</td>
<td>-5% / -5% / 1%</td>
<td></td>
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<tr>
<td>CMR Stap</td>
<td>34% / 36% / 41%</td>
<td>-3% / -4% / 2%</td>
<td></td>
</tr>
<tr>
<td>Hlth Care</td>
<td>40% / 43% / 46%</td>
<td>8% / 7% / 11%</td>
<td></td>
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<tr>
<td>Financials</td>
<td>40% / 43% / 50%</td>
<td>-7% / -8% / 0%</td>
<td></td>
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<tr>
<td>Info Tech</td>
<td>53% / 55% / 59%</td>
<td>11% / 11% / 14%</td>
<td></td>
</tr>
<tr>
<td>Comm Srv</td>
<td>30% / 34% / 40%</td>
<td>-4% / -2% / 3%</td>
<td></td>
</tr>
<tr>
<td>Utilities</td>
<td>36% / 38% / 44%</td>
<td>-8% / -9% / -3%</td>
<td></td>
</tr>
<tr>
<td>Real Estate</td>
<td>48% / 54% / 59%</td>
<td>-7% / -7% / 1%</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 (MQ / MQ 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.
OG StTr 59 stocks; $593bn
Int O&G 31 stocks; $1775bn
Coal&Uran 21 stocks; $71bn
OG E&P 86 stocks; $673bn
OG Drill 10 stocks; $18bn
OG Equip 49 stocks; $186bn
OG RfMkt 35 stocks; $491bn
Momentum
Strength

January 13, 2020

Mark Steele (416) 359-4641

Consumer Staples

Dist&Vnt 17 stocks; $516bn
PersPrdct 35 stocks; $526bn
HhldPrdct 19 stocks; $560bn

Tobacco 13 stocks; $499bn

PersPrdct 13 stocks; $459bn

SoftDrinks 19 stocks; $610bn

DrugRetail 7 stocks; $72bn

AgriProd 27 stocks; $122bn

PkgFdMt 124 stocks; $152bn

SprCntrs 16 stocks; $608bn

Brewers 14 stocks; $434bn

FoodDistribution 10 stocks; $69bn

FdRetail 33 stocks; $364bn

DrugRetail 7 stocks; $72bn

FoodDistribution 11 stocks; $50bn

SoftDrinks 19 stocks; $610bn

AgriProd 27 stocks; $122bn

PkgFdMt 124 stocks; $152bn

Brewers 14 stocks; $434bn

SprCntrs 16 stocks; $608bn

PersPrdct 13 stocks; $459bn

Tobacco 13 stocks; $499bn

Dist&Vnt 17 stocks; $516bn

HhldPrdct 19 stocks; $560bn

Momentum
Strength
Momentum

Strength

MortgREIT 22 stocks; $71bn

AsstMgmt 42 stocks; $632bn

FinExchDt 22 stocks; $520bn

DivCpMkt 9 stocks; $164bn

FnlExchDt 22 stocks; $520bn

InsurBrkrs 7 stocks; $163bn

OthrDivFS 8 stocks; $90bn

SpecialFin 8 stocks; $28bn

InvBnkBrk 38 stocks; $456bn

ConsmrFin 30 stocks; $318bn

LifeHthIns 48 stocks; $893bn

InvBnkBrk 38 stocks; $456bn

MitSecHld 21 stocks; $456bn

Multi-LnIns 39 stocks; $541bn

P&C Insur 65 stocks; $853bn

Reinsuran 3 stocks; $165bn

Thrft&Mtg 39 stocks; $169bn

RegionBnk 152 stocks; $720bn

DiversBnk 168 stocks; $5359bn

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Financials
Telecommunication Services

January 13, 2020

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[Diagram showing various sectors like Telecommunication Services, IntMeSer, AltCar, etc. with stock numbers and market values.]
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.
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”
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>
</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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Und = Underperform - Forecast to underperform the analyst’s coverage universe on a total return basis;
(S) = Speculative investment;
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