Group Selection

Priced as of September 28, 2011

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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Table of Contents

3. Sector View
4. Strength Changes Last Session
5. Resource Summary
6. Energy
7. Materials
8. Industrials
9. Consumer Discretionary
10. Consumer Staples
11. Health Care
12. Financials
13. Information Technology
14. Telecom
15. Utilities
16. User Guide
## Sector View

### Sector Relative Strength Profiles*

<table>
<thead>
<tr>
<th>Sector</th>
<th>% Outperforming</th>
<th>Reward/Risk</th>
<th>Trend Psn</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>US/GBL/CDA</td>
<td>US/GBL/CDA</td>
<td>US/GBL/CDA</td>
</tr>
<tr>
<td>Energy</td>
<td>37% / 45% / 39%</td>
<td>-38% / -33% / -9%</td>
<td></td>
</tr>
<tr>
<td>Materials</td>
<td>36% / 42% / 40%</td>
<td>-35% / -33% / -11%</td>
<td></td>
</tr>
<tr>
<td>Industrials</td>
<td>36% / 43% / 41%</td>
<td>-20% / -15% / 14%</td>
<td></td>
</tr>
<tr>
<td>CMR Disc</td>
<td>44% / 52% / 49%</td>
<td>-9% / -7% / 20%</td>
<td></td>
</tr>
<tr>
<td>CMR Stap</td>
<td>65% / 74% / 69%</td>
<td>-7% / -2% / 29%</td>
<td></td>
</tr>
<tr>
<td>Hlth Care</td>
<td>48% / 57% / 52%</td>
<td>-12% / -8% / 17%</td>
<td></td>
</tr>
<tr>
<td>Financials</td>
<td>34% / 44% / 40%</td>
<td>-20% / -17% / 15%</td>
<td></td>
</tr>
<tr>
<td>Info Tech</td>
<td>32% / 40% / 39%</td>
<td>-8% / -8% / 17%</td>
<td></td>
</tr>
<tr>
<td>Telecom</td>
<td>55% / 60% / 60%</td>
<td>-19% / -15% / 15%</td>
<td></td>
</tr>
<tr>
<td>Utilities</td>
<td>58% / 65% / 62%</td>
<td>-1% / 5% / 43%</td>
<td></td>
</tr>
</tbody>
</table>

*Three terms define the relative performance Z-Score rating versus the markets (US = S&P 500; GBL = S&P Global 1200; CDA = S&P/TSX Composite)

(a) % Outperforming - what percentage of sector members is outperforming the market,
(b) Reward/Risk - how consistent the median relative strength performance of the sector membership (ranking), and
(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.
September 28, 2011

**Consumer Staples**

- **PkgFdMt** 87 stocks; $395bn
- **HhidPrdct** 16 stocks; $350bn
- **DrugRetail** 10 stocks; $93bn
- **SprCntrs** 16 stocks; $350bn
- **SoftDrinks** 16 stocks; $316bn
- **PersPrdct** 25 stocks; $166bn
- **Brewers** 16 stocks; $288bn
- **Tobacco** 17 stocks; $447bn
- **Dist&Vnt** 15 stocks; $150bn
- **AgriProd** 25 stocks; $172bn

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**Consumer Staples**

- **Momentum**
- **Strength**

- **Consumer Staples**
  - **PkgFdMt**
  - **HhidPrdct**
  - **DrugRetail**
  - **SprCntrs**
  - **PersPrdct**
  - **Brewers**
  - **Tobacco**
  - **Dist&Vnt**
  - **AgriProd**
IT Consult
46 stocks; $432bn

Off Electr
19 stocks; $90bn

Comp Hardware
19 stocks; $505bn

Applic Software
83 stocks; $235bn

Hm Ent Software
19 stocks; $61bn

EMS
29 stocks; $69bn

Electrical Components
24 stocks; $94bn

Semiconductor
117 stocks; $566bn

Data Processing
21 stocks; $218bn

Internet Software
77 stocks; $386bn

System Software
26 stocks; $447bn

HPS
19 stocks; $61bn

Com Equipment
49 stocks; $94bn

Elec Instr
32 stocks; $75bn

PC Storage & Print
24 stocks; $94bn

Technology Distribution
17 stocks; $26bn

Semi Equip
49 stocks; $94bn

Electrical Instruments
80 stocks; $359bn

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Information Technology
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Telecommunication Services

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Momentum

Strength

AltCar
15 stocks; $27bn

IntgTelSrv
66 stocks; $1113bn

WlsTelSrv
45 stocks; $855bn
Momentum
Strength

Utilities

September 28, 2011

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ElecUtil
79 stocks; $795bn

MultiUtil
40 stocks; $372bn

WaterUtil
24 stocks; $43bn

GasUtil
29 stocks; $133bn

IPPTrad
52 stocks; $155bn
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 are the 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 deviations from the trend. Our process is flexible, thorough, and because it is run daily, timely.

The Dataset:
- Over 5,000 securities.
- Groups have a:
  ...Median depth of 25
  ...Average depth of 35

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 of 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
- 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 5-day and 20-day moving averages (momentum).

- Each chart is hyperlinked to the group membership, in our RS Filter Toolkit.
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<th>Rating Category</th>
<th>BMO Rating</th>
<th>BMOCM US Universe*</th>
<th>BMOCM US IB Clients**</th>
<th>BMOCM US IB Clients***</th>
<th>BMOCM Universe****</th>
<th>BMOCM IB Clients*****</th>
<th>Starmine Universe</th>
</tr>
</thead>
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<tr>
<td>Buy</td>
<td>Outperform</td>
<td>35.8%</td>
<td>11.9%</td>
<td>31.8%</td>
<td>40.7%</td>
<td>44.2%</td>
<td>55.9%</td>
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<tr>
<td>Hold</td>
<td>Market Perform</td>
<td>62.2%</td>
<td>14.7%</td>
<td>68.2%</td>
<td>56.2%</td>
<td>54.6%</td>
<td>39.3%</td>
</tr>
<tr>
<td>Sell</td>
<td>Underperform</td>
<td>2.0%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>3.0%</td>
<td>1.3%</td>
<td>4.8%</td>
</tr>
</tbody>
</table>

* 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 market;
(S) = speculative investment;
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R = Restricted - Dissemination of research is currently restricted.

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