Group Selection
Priced as of January 18, 2010

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*

<table>
<thead>
<tr>
<th>Sector</th>
<th>% Outperforming</th>
<th>Reward/Risk</th>
<th>Trend Psn</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>GBL / CDA</td>
<td>GBL / CDA</td>
<td>GBL / CDA</td>
</tr>
<tr>
<td>Energy</td>
<td>69% / 64%</td>
<td>★ / ★</td>
<td>11% / 10%</td>
</tr>
<tr>
<td>Materials</td>
<td>68% / 66%</td>
<td>★★ / ★</td>
<td>9% / 7%</td>
</tr>
<tr>
<td>Industrials</td>
<td>55% / 52%</td>
<td>★ / ★</td>
<td>8% / 6%</td>
</tr>
<tr>
<td>CMR Disc</td>
<td>56% / 54%</td>
<td>★ / ★</td>
<td>6% / 4%</td>
</tr>
<tr>
<td>CMR Stap</td>
<td>53% / 50%</td>
<td>★ / ★</td>
<td>8% / 3%</td>
</tr>
<tr>
<td>Hlth Care</td>
<td>48% / 47%</td>
<td>★ / ★</td>
<td>11% / 10%</td>
</tr>
<tr>
<td>Financials</td>
<td>51% / 47%</td>
<td>★ / ★</td>
<td>3% / 2%</td>
</tr>
<tr>
<td>Info Tech</td>
<td>55% / 48%</td>
<td>★ / ★</td>
<td>8% / 6%</td>
</tr>
<tr>
<td>Telecom</td>
<td>40% / 37%</td>
<td>★ / ★</td>
<td>4% / 7%</td>
</tr>
<tr>
<td>Utilities</td>
<td>36% / 36%</td>
<td>★ / ★</td>
<td>8% / 4%</td>
</tr>
</tbody>
</table>

*Three terms define the relative performance Z-Score rating versus the markets (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 (star/bomb 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.

See Help Pages for further details.
Strength Changes Last Session

HCEquip ← ComdChm →
IndusREIT ←

Brewers ← SprCntrs →
Tire&Rub ← Aero&Def →

PCStor&P → Aprl&Gds ←
AltCar → DeptStrs ←
Broadcast ←
PersPrdct ← ElecComp →
SoftDrnks ←
EMS ← Mov&Ent →

CmrElec → AirFrght ←
MultiUtil ←
LeisFcil ←

WaterUtil ←
Thrt&Mtg ←
SpecialFin ←
Cas&Gam ←

Thrft&Mtg ←
SpecialFin ←
Cas&Gam ←

OthrDivFS ← IndCongl ←

SystmSwr ← Hsware ←
HmImpRtl ←

Int O&G ← Cns&Eng ←
Distrib ←
CatalgRtl ←
Figure 1: Energy Sector Momentum and Strength

- **OG Drill**: 29 stocks, $112bn
- **OG E&P**: 193 stocks, $827bn
- **OG StTr**: 51 stocks, $212bn
- **OG Equip**: 66 stocks, $321bn
- **Coal & Uran**: 50 stocks, $143bn
- **OG RfMkt**: 34 stocks, $182bn
- **Int O&G**: 39 stocks, $222bn
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Momentum

Strength

ComdChm → 21 stocks; $145bn

FrstPrd 14 stocks; $20bn

SpecChm 30 stocks; $111bn

CstrMat 19 stocks; $141bn

PapProd 30 stocks; $85bn

Fert&Ag 38 stocks; $238bn

IndusGas 10 stocks; $105bn

Gold 107 stocks; $294bn

PaperPkg 10 stocks; $26bn

DiversChm 16 stocks; $183bn

Steel 66 stocks; $569bn

DvrsMng 150 stocks; $875bn

MtGlsCnt 14 stocks; $33bn

PrecMet 58 stocks; $114bn

Alumin 50 stocks; $57bn

IndusGas 10 stocks; $105bn

DiversChm 16 stocks; $183bn

Fert&Ag 38 stocks; $238bn

PapProd 30 stocks; $85bn

ComdChm 21 stocks; $145bn

Strong
Consumer Staples

January 18, 2010

Mark Steele (416) 359-4641

Dist&Vnt 12 stocks; $136bn
Brewers 15 stocks; $249bn
SprCntrs 14 stocks; $385bn
PkgFdMt 70 stocks; $619bn
Tobacco 16 stocks; $333bn
FdDistrib 11 stocks; $29bn
FdRetail 30 stocks; $241bn
HhldPrdct 14 stocks; $342bn
DrugRetail 10 stocks; $102bn
PersProdct 26 stocks; $152bn
SoftDrinks 16 stocks; $287bn
AgriProd 22 stocks; $115bn

Consumer Staples

Momentum

Strength
Momentum

Strength

Utilities

January 18, 2010

Mark Steele (416) 359-4641

MultiUtil
36 stocks; $407bn

GasUtil
29 stocks; $129bn

ElecUtil
46 stocks; $906bn

WaterUtil
21 stocks; $25bn

IPPTrad
45 stocks; $171bn
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 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 4,000 securities.
- Groups have a:
  ...Minimum of 9 constituents
  ...Median depth of 17
  ...Average depth of 26

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”
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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