Group Selection
Priced as of January 28, 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>Hyperlink</th>
<th>% Outperforming GBL / CDA</th>
<th>Reward/Risk GBL / CDA</th>
<th>Trend Psn GBL / CDA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy</td>
<td>70% / 65%</td>
<td>** / *</td>
<td>4% / 7%</td>
</tr>
<tr>
<td>Materials</td>
<td>68% / 65%</td>
<td>** / *</td>
<td>-9% / -8%</td>
</tr>
<tr>
<td>Industrials</td>
<td>55% / 50%</td>
<td>* / *</td>
<td>3% / 5%</td>
</tr>
<tr>
<td>CMR Disc</td>
<td>57% / 52%</td>
<td>* / *</td>
<td>9% / 12%</td>
</tr>
<tr>
<td>CMR Stap</td>
<td>57% / 51%</td>
<td>* / *</td>
<td>16% / 16%</td>
</tr>
<tr>
<td>Hlth Care</td>
<td>56% / 49%</td>
<td>* / *</td>
<td>14% / 14%</td>
</tr>
<tr>
<td>Financials</td>
<td>49% / 44%</td>
<td>* / *</td>
<td>13% / 14%</td>
</tr>
<tr>
<td>Info Tech</td>
<td>56% / 51%</td>
<td>* / *</td>
<td>7% / 8%</td>
</tr>
<tr>
<td>Telecom</td>
<td>43% / 43%</td>
<td>* / *</td>
<td>11% / 13%</td>
</tr>
<tr>
<td>Utilities</td>
<td>43% / 37%</td>
<td>* / *</td>
<td>16% / 16%</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

Momentum

Strength

PkgFdMt <-> DataProc <-> FdDistri <-> HCDistrib <-> LeisFcil <-> Hwy&Rail
Railroads <-> Advert <-> HomeFurn <-> LeisFcil <-> Reinsuran <-> MtGlscnt

Strength

HCEquip <-> InetRtl <-> MortgREIT <-> WaterUtil <-> Reinsuran <-> BldPrdcts
Brewers <-> AirprtSrv <-> Apri&Gds <-> REstOpCo <-> EnvironServ <-> GasUtil
AltCar <-> AtmosFurn <-> LfSciSrv <-> LeisFcil <-> BldPrdcts <-> MultiUtil
Broadcast <-> HomeFurn <-> LeisFcil <-> BldPrdcts <-> Railroads <-> MultiUtil
OG Equip <-> Fert&Ag <-> OffceServ <-> CmpElRtl <-> HmImpRtl <-> SpCmSrv

Strength

CompHdwr <-> Dist&Vnt <-> PaperPkg <-> Hsware <-> AirFrght <-> HCFacility
OG E&P <-> Htl&Rsrt <-> SpecChm <-> Pharma <-> SpecChm <-> Biotech
ITConsult <-> PaperPkg <-> SpecChm <-> SpecChm <-> Biotech <-> DvSpSrv
HCService <-> PaperPkg <-> SpecChm <-> SpecChm <-> Biotech <-> DvSpSrv
DiversREIT <-> PaperPkg <-> SpecChm <-> SpecChm <-> Biotech <-> DvSpSrv

Strength

AutoMfg <-> ElecInstr <-> PCStor&P <-> Coal&Uran <-> Semi -> Marine
PCStor&P <-> Coal&Uran <-> Semi -> Marine
Airline <-> AutoParts <-> Ind Mach <-> Semi -> Marine
AsstMgmt <-> AutoParts <-> Ind Mach <-> Semi -> Marine
TrdgDist <-> TrdgDist <-> Semi -> Marine

Strength

HREmpl <-> ComdChm <-> Steel <-> CnstFmM <-> Trucking
HREmpl <-> ComdChm <-> Steel <-> CnstFmM <-> Trucking
HREmpl <-> ComdChm <-> Steel <-> CnstFmM <-> Trucking
HREmpl <-> ComdChm <-> Steel <-> CnstFmM <-> Trucking
<table>
<thead>
<tr>
<th>Sector</th>
<th>Number of Stocks</th>
<th>Market Value (bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>OG RfMkt</td>
<td>34</td>
<td>$170bn</td>
</tr>
<tr>
<td>OG Equip</td>
<td>67</td>
<td>$297bn</td>
</tr>
<tr>
<td>OG StTr</td>
<td>51</td>
<td>$207bn</td>
</tr>
<tr>
<td>OG E&amp;P</td>
<td>198</td>
<td>$766bn</td>
</tr>
<tr>
<td>Coal&amp;Uran</td>
<td>50</td>
<td>$130bn</td>
</tr>
<tr>
<td>OG Drill</td>
<td>29</td>
<td>$103bn</td>
</tr>
</tbody>
</table>
January 28, 2010

Consumer Staples

Momentum

Strength

Mark Steele (416) 359-4641

PkgFdMt \( \leftarrow \) 59 stocks; $608bn

SoftDrinks \( \leftarrow \) 16 stocks; $275bn

PersPrdct \( \downarrow \) 27 stocks; $153bn

Brewers \( \leftarrow \) 15 stocks; $235bn

Tobacco \( \downarrow \) 16 stocks; $344bn

Dist&Vnt \( \leftarrow \) 13 stocks; $130bn

DrugRetail

FdDistri \( \leftarrow \) 11 stocks; $258bn

FdRetail

16 stocks; $234bn

HhldPrdct

14 stocks; $340bn

AgriProd

22 stocks; $112bn

SprCntrs

14 stocks; $373bn

Consumer Staples
Information Technology

January 28, 2010

Mark Steele (416) 359-4641

EMS
22 stocks; $83bn

DataProc
34 stocks; $196bn

InetSftSrv
59 stocks; $320bn

SystmSwr
29 stocks; $451bn

ApplicSwr
76 stocks; $188bn

HmEntSwr
16 stocks; $78bn

CompHdwr
21 stocks; $577bn

ITConsult
30 stocks; $167bn

ElecComp
28 stocks; $161bn

ElecInstr
26 stocks; $73bn

ElectDist
14 stocks; $23bn

ComEquip
69 stocks; $143bn

Semi
85 stocks; $522bn

EMS: 22 stocks; $83bn
DataProc: 34 stocks; $196bn
InetSftSrv: 59 stocks; $320bn
SystmSwr: 29 stocks; $451bn
ApplicSwr: 76 stocks; $188bn
HmEntSwr: 16 stocks; $78bn
CompHdwr: 21 stocks; $577bn
ITConsult: 30 stocks; $167bn
ElecComp: 28 stocks; $161bn
ElecInstr: 26 stocks; $73bn
ElectDist: 14 stocks; $23bn
ComEquip: 69 stocks; $143bn
Semi: 85 stocks; $522bn
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 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).

Bottom Fishing:
- Out of favour but becoming less so

Sell/Short:
- Out of favour stocks with negative momentum
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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