Group Selection

Priced as of December 7, 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 View**

**Sector Relative Strength Profiles**

- **Energy**: 64% / 61% / 58%  ★ / ★ / ★  15% / 22% / 15%
- **Materials**: 72% / 69% / 67%  ★★ / ★★ / ★★  9% / 14% / 9%
- **Industrials**: 60% / 54% / 48%  ★ / ★ / ★  8% / 16% / 7%
- **CMR Disc**: 59% / 56% / 52%  ★ / ★ / ★  9% / 12% / 8%
- **CMR Stap**: 64% / 59% / 51%  ★ / ★ / ★  -8% / -1% / -9%
- **Hlth Care**: 44% / 40% / 35%  ★ / ★ / ★  0% / 3% / -4%
- **Financials**: 52% / 48% / 42%  ★ / ★ / ★  -4% / 2% / -6%
- **Info Tech**: 55% / 51% / 47%  ★ / ★ / ★  14% / 19% / 11%
- **Telecom**: 62% / 59% / 54%  ★ / ★ / ★  -17% / -13% / -20%
- **Utilities**: 58% / 51% / 46%  ★ / ★ / ★  -20% / -16% / -22%

*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 (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.
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<thead>
<tr>
<th>Sector</th>
<th>Stocks</th>
<th>Market Value</th>
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<tbody>
<tr>
<td>Airport Services (AirprtSrv)</td>
<td>9</td>
<td>$27bn</td>
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<tr>
<td>Construction &amp; Engineering (Cns&amp;Eng)</td>
<td>67</td>
<td>$275bn</td>
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<tr>
<td>Building Products (BldPrdcts)</td>
<td>26</td>
<td>$76bn</td>
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<tr>
<td>Trucking</td>
<td>30</td>
<td>$49bn</td>
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<tr>
<td>Air Freight (AirFrght)</td>
<td>17</td>
<td>$153bn</td>
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<tr>
<td>Military (CmclPrt)</td>
<td>12</td>
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<tr>
<td>Industrial Machinery (Ind Mach)</td>
<td>99</td>
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<td>Electrical Equipment (ElcCmpEq)</td>
<td>50</td>
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<tr>
<td>Office Services (OfficeServ)</td>
<td>13</td>
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<tr>
<td>Airline</td>
<td>36</td>
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<tr>
<td>Marine</td>
<td>34</td>
<td>$96bn</td>
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<td>Industrial Conglomerates (IndCongl)</td>
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<td>Resource Consulting (RsncSlt)</td>
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<td>Security &amp; Alarm (Sec&amp;Alm)</td>
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<td>Development Services (DvSpSrv)</td>
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<td>Heavy Electrical Equipment (HvyElcEq)</td>
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<td>Marine Services (MarineSrv)</td>
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<td>Sector</td>
<td>Momentum</td>
<td>Strength</td>
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<td>EMS</td>
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</table>
December 7, 2010

Utilities

Mark Steele (416) 359-4641

IPP Trad
57 stocks; $173bn

Elec Util
76 stocks; $877bn

Multi Util
41 stocks; $400bn

Gas Util
30 stocks; $142bn

Water Util
23 stocks; $35bn
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.
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”
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>
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<td>Buy</td>
<td>Outperform</td>
<td>36.5%</td>
<td>13.6%</td>
<td>40.7%</td>
<td>40.4%</td>
<td>49.1%</td>
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<tr>
<td>Hold</td>
<td>Market Perform</td>
<td>60.2%</td>
<td>11.3%</td>
<td>55.9%</td>
<td>55.6%</td>
<td>49.1%</td>
<td>39.7%</td>
</tr>
<tr>
<td>Sell</td>
<td>Underperform</td>
<td>3.3%</td>
<td>12.5%</td>
<td>3.4%</td>
<td>4.0%</td>
<td>1.9%</td>
<td>4.8%</td>
</tr>
</tbody>
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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 market;
(S) = speculative investment;
NR = No rating at this time;
R = Restricted - Dissemination of research is currently restricted.

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