Group Selection

Priced as of August 12, 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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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>51% / 40%</td>
<td>★ / ★</td>
<td>-5% / 6%</td>
</tr>
<tr>
<td>Materials</td>
<td>53% / 43%</td>
<td>★ / ★</td>
<td>6% / 11%</td>
</tr>
<tr>
<td>Industrials</td>
<td>61% / 45%</td>
<td>★ / ★</td>
<td>-10% / 1%</td>
</tr>
<tr>
<td>CMR Disc</td>
<td>64% / 50%</td>
<td>★ / ★</td>
<td>-10% / -1%</td>
</tr>
<tr>
<td>CMR Stap</td>
<td>70% / 49%</td>
<td>★ / ★</td>
<td>5% / 16%</td>
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<tr>
<td>Hlth Care</td>
<td>54% / 36%</td>
<td>★ / ★</td>
<td>-4% / 8%</td>
</tr>
<tr>
<td>Financials</td>
<td>64% / 47%</td>
<td>★ / ★</td>
<td>-8% / 3%</td>
</tr>
<tr>
<td>Info Tech</td>
<td>55% / 43%</td>
<td>★ / ★</td>
<td>-18% / -8%</td>
</tr>
<tr>
<td>Telecom</td>
<td>61% / 44%</td>
<td>★ / ★</td>
<td>13% / 27%</td>
</tr>
<tr>
<td>Utilities</td>
<td>68% / 50%</td>
<td>★ / ★</td>
<td>10% / 22%</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.
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**Resources**

**Momentum**

- **Gold**
  - 118 stocks; $312bn
- **ComdChm**
  - 27 stocks; $172bn
- **PrecMet**
  - 56 stocks; $111bn
- **OG RfMkt**
  - 42 stocks; $178bn
- **IndusGas**
  - 10 stocks; $108bn
- **Int O&G**
  - 40 stocks; $192bn
- **DiversChm**
  - 19 stocks; $182bn
- **SpecChm**
  - 50 stocks; $144bn
- **OG StTr**
  - 10 stocks; $25bn
- **MtGlsCnt**
  - 13 stocks; $36bn

**Strength**

- **Coal&Uran**
  - 51 stocks; $125bn
- **FrstPrd**
  - 14 stocks; $13bn
- **Fert&Ag**
  - 40 stocks; $210bn
- **DiversChm**
  - 19 stocks; $182bn
- **OG RfMkt**
  - 42 stocks; $178bn
- **Alumin**
  - 11 stocks; $60bn
- **OG Drill**
  - 30 stocks; $82bn
- **Steel**
  - 72 stocks; $578bn
- **OG E&P**
  - 215 stocks; $813bn
- **OG Equip**
  - 75 stocks; $305bn
- **CstrMat**
  - 21 stocks; $115bn
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Momentum

Strength

Energy

Coal&Uran
51 stocks; $125bn

OG RfMkt
42 stocks; $179bn

Int O&G
40 stocks; $192bn

OG StTr
56 stocks; $240bn

OG Drill
30 stocks; $82bn

OG E&P
215 stocks; $813bn

OG Equip
75 stocks; $305bn
Gold (118 stocks; $312bn)
ComdChm (27 stocks; $172bn)
PrecMet (56 stocks; $111bn)
FrstPrd (14 stocks; $13bn)
Alumin (11 stocks; $60bn)
IndusGas (10 stocks; $106bn)
DiversChm (19 stocks; $182bn)
Fert&Ag (40 stocks; $210bn)
SpecChm (30 stocks; $144bn)
PaperPkg (10 stocks; $23bn)
DvrsMng (156 stocks; $658bn)
Steel (72 stocks; $578bn)
MtGlsCnt (13 stocks; $34bn)
PapProd (30 stocks; $92bn)
CstrMat (27 stocks; $153bn)
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 groups 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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