Group Selection

Priced as of February 25, 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**

<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% / 62%</td>
<td>★★ / ★</td>
<td>3% / -2%</td>
</tr>
<tr>
<td>Materials</td>
<td>66% / 62%</td>
<td>★ / ★</td>
<td>-1% / -7%</td>
</tr>
<tr>
<td>Industrials</td>
<td>54% / 47%</td>
<td>★ / ⬤</td>
<td>4% / -3%</td>
</tr>
<tr>
<td>CMR Disc</td>
<td>58% / 51%</td>
<td>★ / ★</td>
<td>14% / 6%</td>
</tr>
<tr>
<td>CMR Stap</td>
<td>63% / 53%</td>
<td>★ / ★</td>
<td>15% / 3%</td>
</tr>
<tr>
<td>Hlth Care</td>
<td>59% / 51%</td>
<td>★ / ★</td>
<td>11% / 1%</td>
</tr>
<tr>
<td>Financials</td>
<td>49% / 39%</td>
<td>⬤ / ⬤</td>
<td>18% / 6%</td>
</tr>
<tr>
<td>Info Tech</td>
<td>57% / 49%</td>
<td>★ / ⬤</td>
<td>11% / 4%</td>
</tr>
<tr>
<td>Telecom</td>
<td>48% / 39%</td>
<td>⬤ / ⬤</td>
<td>2% / -6%</td>
</tr>
<tr>
<td>Utilities</td>
<td>56% / 41%</td>
<td>★ / ⬤</td>
<td>0% / -8%</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
Momentum

Strength

February 25, 2010

Mark Steele (416) 359-4641

Consumer Discretionary

Mov&Ent
22 stocks; $183bn

Cabl&Sat
20 stocks; $167bn

ApparlRtl
11 stocks; $65bn

GMrchStrs
16 stocks; $193bn

LeisPrd
17 stocks; $37bn

Rstaurnt
11 stocks; $103bn

AutoParts
20 stocks; $161bn

Hsware
9 stocks; $16bn

HmFrnsh
10 stocks; $14bn

HhdlApl
17 stocks; $36bn

Broadcast
19 stocks; $55bn

LeisFcil
11 stocks; $20bn

SpecStors
23 stocks; $47bn

DeptStrs
10 stocks; $117bn

Footwear
13 stocks; $46bn

Advert
18 stocks; $68bn

Hlt&Rsrt
21 stocks; $88bn

Appl&Gds
40 stocks; $187bn

Furn&Ent
15 stocks; $54bn

InetRtl
40 stocks; $187bn

CmpElRtl
22 stocks; $488bn

HmImpRtl
16 stocks; $54bn

AutoRtl
14 stocks; $32bn

CatalgRtl
11 stocks; $15bn

HomeBld
19 stocks; $56bn

AutoMfg
22 stocks; $488bn

Tire&Rub
10 stocks; $49bn

CmrElec
16 stocks; $54bn

Publishing
30 stocks; $111bn

Cas&Gam
90 stocks; $380bn

HhldAppl
17 stocks; $36bn

CatalgRtl
11 stocks; $15bn

CatalgRtl
11 stocks; $15bn
February 25, 2010

**Consumer Staples**

- **Momentum**
  - **FdDistri** (17 stocks; $220bn)
  - **Tobacco** (16 stocks; $350bn)
  - **HhdlPrdct** (14 stocks; $347bn)
  - **PkgFdMt** (10 stocks; $507bn)
  - **AgriProd** (23 stocks; $113bn)
  - **PersPrdct** (30 stocks; $161bn)
  - **SprCntrs** (14 stocks; $385bn)
  - **Brewers** (25 stocks; $232bn)
  - **SoftDrnks** (16 stocks; $283bn)

- **Strength**
  - **DrugRetail** (10 stocks; $101bn)
  - **Dist&Vnt** (13 stocks; $126bn)
  - **FdRetail** (33 stocks; $237bn)
  - **AgriProd** (23 stocks; $113bn)
  - **PersPrdct** (30 stocks; $161bn)
  - **SprCntrs** (14 stocks; $385bn)
  - **Brewers** (25 stocks; $232bn)
  - **SoftDrnks** (16 stocks; $283bn)
  - **Tobacco** (16 stocks; $350bn)
  - **HhdlPrdct** (14 stocks; $347bn)
  - **PkgFdMt** (10 stocks; $507bn)

**Notes:**
- 11 stocks; $29bn
- 16 stocks; $350bn
- 14 stocks; $347bn
- 10 stocks; $101bn
- 13 stocks; $126bn
- 33 stocks; $237bn
- 14 stocks; $385bn
- 16 stocks; $283bn
- 25 stocks; $232bn
- 23 stocks; $113bn
- 30 stocks; $161bn
- 10 stocks; $507bn
- 17 stocks; $220bn

**Mark Steele (416) 359-4641**
Utilities

- GasUtil: 37 stocks; $137bn
- MultiUtil: 32 stocks; $427bn
- ElecUtil: 72 stocks; $849bn
- WaterUtil: 24 stocks; $31bn
- IPPTrad: 52 stocks; $163bn

February 25, 2010
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”
- 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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