Group Selection

Priced as of May 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 GBL / CDA</th>
<th>Reward/Risk GBL / CDA</th>
<th>Trend Psn GBL / CDA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy</td>
<td>68% / 53%</td>
<td>**/ ✭</td>
<td>-12% / -16%</td>
</tr>
<tr>
<td>Materials</td>
<td>61% / 50%</td>
<td>✭/ ✭</td>
<td>-5% / -9%</td>
</tr>
<tr>
<td>Industrials</td>
<td>65% / 49%</td>
<td>✭/ ✭</td>
<td>10% / 3%</td>
</tr>
<tr>
<td>CMR Disc</td>
<td>76% / 65%</td>
<td>**/ ✭</td>
<td>3% / -1%</td>
</tr>
<tr>
<td>CMR Stap</td>
<td>62% / 40%</td>
<td>✭/ ✭</td>
<td>14% / 8%</td>
</tr>
<tr>
<td>Hlth Care</td>
<td>65% / 49%</td>
<td>✭/ ✭</td>
<td>15% / 6%</td>
</tr>
<tr>
<td>Financials</td>
<td>68% / 50%</td>
<td>✭/ ✭</td>
<td>6% / 0%</td>
</tr>
<tr>
<td>Info Tech</td>
<td>72% / 52%</td>
<td>**/ ✭</td>
<td>2% / -2%</td>
</tr>
<tr>
<td>Telecom</td>
<td>53% / 34%</td>
<td>✭/ ✭</td>
<td>16% / 6%</td>
</tr>
<tr>
<td>Utilities</td>
<td>56% / 31%</td>
<td>✭/ ✭</td>
<td>21% / 11%</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

<table>
<thead>
<tr>
<th>Momentum</th>
<th>Strength</th>
</tr>
</thead>
<tbody>
<tr>
<td>GasUtil</td>
<td>BldPrdcts</td>
</tr>
<tr>
<td>InsurBrkrs</td>
<td>HomeFurn</td>
</tr>
<tr>
<td>Aero&amp;Def</td>
<td>LeisPrd</td>
</tr>
<tr>
<td>SoftDrnks</td>
<td>SpecStors</td>
</tr>
<tr>
<td>OG StTr</td>
<td>HCEquip</td>
</tr>
<tr>
<td>HCFacility</td>
<td>ApparlRtl</td>
</tr>
<tr>
<td>MtGlsCnt</td>
<td>Broadcast</td>
</tr>
</tbody>
</table>
May 18, 2010

Momentum

Strength

OG Equip ↓
74 stocks; $311bn

Coal & Uran ↑
7 stocks; $122bn

OG E&P ↑
216 stocks; $826bn

OG StTr ↑
55 stocks; $225bn

OG Drill ↑
30 stocks; $79bn

Int O&G ↑
40 stocks; $193bn

OG RfMkt
41 stocks; $162bn

Energy

OG E&P

OG StTr

OG RfMkt

OG Equip

Coal & Uran

OG Drill

Int O&G

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Mark Steele (416) 359-4641

74 stocks; $311bn

55 stocks; $225bn

41 stocks; $162bn

216 stocks; $826bn

30 stocks; $79bn

40 stocks; $193bn

OG E&P

Coal & Uran

OG StTr

OG RfMkt

OG Equip

Coal & Uran

OG StTr

OG RfMkt

OG Equip

Coal & Uran

OG StTr

OG RfMkt
May 18, 2010

Materials

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Momentum

Strength

PapProd
30 stocks; $79bn

PrecMet
57 stocks; $112bn

DiversChm
20 stocks; $187bn

Gold
115 stocks; $308bn

DiversMng
161 stocks; $714bn

PaperPkg
10 stocks; $26bn

Steel
69 stocks; $473bn

ComdChm
26 stocks; $167bn

CstrMat
22 stocks; $133bn

SpecChm
47 stocks; $130bn

Fert&Ag
40 stocks; $193bn

MtGlsCnt
14 stocks; $34bn

Alumin
10 stocks; $38bn

IndusGas
10 stocks; $98bn

FrisPrd
14 stocks; $20bn

FrstPrd
14 stocks; $20bn

FrstPrd
14 stocks; $20bn

ComdChm
26 stocks; $167bn

SpecChm
47 stocks; $130bn

MtGlsCnt
14 stocks; $34bn
Telecommunication Services

Momentum

Strength

WlsTelSrv ↑
45 stocks;$742bn

AltCar
16 stocks;$26bn

IntegTelSr ↑
67 stocks;$965bn
Utilities

Momentum

Strength

GasUtil
22 stocks; $114bn

WaterUtil
25 stocks; $34bn

IPPTrad
55 stocks; $161bn

Utilities

WattUtil
5 stocks; $143bn

ElecUtil
74 stocks; $792bn

MultiUtil
41 stocks; $406bn
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 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.
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 moving average (momentum).

- Each chart is hyperlinked to the group membership, in our RS Filter Toolkit.
BMO NB hereby certifies that the views expressed in this report accurately reflect the firm’s quantitative research model. BMO NB also certifies that no part of the firm’s compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in this report.

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