Group Selection

Priced as of June 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*

A graphical representation showing the relative performance of different sectors.

- **Strength**
  - 2010-06-28

- **Momentum**
  - 2010-06-28

**Hyperlink**

<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>59% / 42%</td>
<td>★ / ★★</td>
<td>3% / 5%</td>
</tr>
<tr>
<td>Materials</td>
<td>60% / 42%</td>
<td>★ / ★★</td>
<td>1% / 4%</td>
</tr>
<tr>
<td>Industrials</td>
<td>63% / 42%</td>
<td>★ / ★★</td>
<td>1% / 3%</td>
</tr>
<tr>
<td>CMR Disc</td>
<td>72% / 56%</td>
<td>★★ / ★★</td>
<td>-12% / -10%</td>
</tr>
<tr>
<td>CMR Stap</td>
<td>68% / 42%</td>
<td>★ / ★★</td>
<td>10% / 16%</td>
</tr>
<tr>
<td>Hlth Care</td>
<td>62% / 42%</td>
<td>★ / ★★</td>
<td>2% / 4%</td>
</tr>
<tr>
<td>Financials</td>
<td>67% / 45%</td>
<td>★★ / ★★</td>
<td>3% / 7%</td>
</tr>
<tr>
<td>Info Tech</td>
<td>67% / 43%</td>
<td>★ / ★★</td>
<td>-5% / 0%</td>
</tr>
<tr>
<td>Telecom</td>
<td>61% / 30%</td>
<td>★ / ★★</td>
<td>24% / 25%</td>
</tr>
<tr>
<td>Utilities</td>
<td>62% / 26%</td>
<td>★ / ★★</td>
<td>18% / 18%</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.
June 28, 2010

Momentum

Strength

OG RfMkt
41 stocks; $186bn

Coal&Uran
62 stocks; $121bn

OG StTr
55 stocks; $236bn

OG Drill
30 stocks; $78bn

OG E&P
214 stocks; $817bn

Int O&G
40 stocks $1616bn

OG Equip
74 stocks; $290bn

Energy

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June 28, 2010

Consumer Staples

Momentum

Strength

FdRetail
14 stocks; $336bn

PkgFdMt
28 stocks; $164bn

PersPrdct
28 stocks; $164bn

Tobacco
16 stocks; $335bn

HhldPrdct
14 stocks; $336bn

Brewers
16 stocks; $256bn

SprCntrs
14 stocks; $358bn

14 stocks; $358bn

SoftDrnks
15 stocks; $277bn

FdDistri
10 stocks; $29bn

10 stocks; $29bn

DrugRetail
10 stocks; $83bn

Dist&Vnt
13 stocks; $119bn

13 stocks; $119bn
June 28, 2010

**Momentum**
- P&C Insur: 63 stocks, $252bn
- MortgREIT: 20 stocks, $24bn

**Strength**
- ConsmrFin: 23 stocks, $108bn
- SpecialFin: 31 stocks, $131bn
- REstOpCo: 16 stocks, $46bn
- REstDvAct: 27 stocks, $234bn

**Financials**
- P&C Insur: 23 stocks, $108bn
- ConsmrFin: 16 stocks, $46bn
- SpecialFin: 31 stocks, $131bn
- REstOpCo: 27 stocks, $234bn
- REstDvAct: 20 stocks, $24bn

- InsurBrkers: 122 stocks, $235bn
- OthrDivFS: 16 stocks, $50bn
- Reinsuran: 19 stocks, $88bn
- REstDev: 32 stocks, $126bn

- LifeHthIns: 40 stocks, $388bn
- Thrft&Mtg: 48 stocks, $74bn

- ResidREIT: 18 stocks, $47bn
- RetailREIT: 99 stocks, $149bn
- SpecREIT: 33 stocks, $89bn
- OfficeREIT: 22 stocks, $48bn

- RetailREIT: 21 stocks, $67bn
- DiversREIT: 122 stocks, $235bn

- REstSrv: 10 stocks, $17bn
- IndusREIT: 11 stocks, $23bn

- DivCpMkt: 11 stocks, $141bn
- InvBnkBrk: 22 stocks, $240bn

- Multi-LnIns: 23 stocks, $300bn
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:
  - 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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