Group Selection

Priced as of October 6, 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
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.
October 6, 2010

Momentum

Strength

Int O&G
38 stocks; $215bn

OG Equip
75 stocks; $356bn

OG E&P
275 stocks; $927bn

OG Drill
30 stocks; $95bn

Coal & Uran
51 stocks; $146bn

OG StTr
89 stocks; $268bn

OG RfMkt
42 stocks; $229bn

OG Equip
75 stocks; $356bn

OG Drill
30 stocks; $95bn

Coal & Uran
51 stocks; $146bn

OG StTr
89 stocks; $268bn

OG RfMkt
42 stocks; $229bn
October 6, 2010

Consumer Staples

Momentum

Strength

Dist&Vnt 14 stocks; $140bn

DrugRetail 10 stocks; $94bn

PersPrdct 27 stocks; $182bn

Brewers 16 stocks; $299bn

FdBdist 11 stocks; $32bn

SoftDrnks 15 stocks; $309bn

AgriProd 28 stocks; $322bn

SprCntrs 15 stocks; $420bn

Tobacco 16 stocks; $389bn

HhldPrdct 14 stocks; $349bn

FdDistri 16 stocks; $299bn

PkgFdMt 89 stocks; $685bn

FdRetail 34 stocks; $277bn

10 stocks; $94bn

14 stocks; $140bn

15 stocks; $309bn

28 stocks; $322bn

15 stocks; $420bn

16 stocks; $389bn

14 stocks; $349bn

16 stocks; $299bn

89 stocks; $685bn

11 stocks; $32bn

27 stocks; $182bn

34 stocks; $277bn

$94bn

$140bn

$309bn

$322bn

$420bn

$389bn

$349bn

$277bn

$94bn

$140bn

$309bn

$322bn

$420bn

$389bn

$349bn

$277bn
October 6, 2010

Health Care

Momentum

Strength

11 stocks; $19bn

HCareTec

17 stocks; $39bn

HCSuppls

28 stocks; $35bn

HCFacility

12 stocks; $93bn

HCSuppls

22 stocks; $99bn

Biotech

107 stocks; $258bn

HCService

107 stocks; $258bn

Pharma

81 stocks; $152bn

MngHCare

17 stocks; $108bn

HCEquip

79 stocks; $323bn

HCDistrib

12 stocks; $52bn

LfSciSrv

29 stocks; $77bn

12 stocks; $108bn

79 stocks; $323bn

29 stocks; $77bn
October 6, 2010

Telecommunication Services

Mark Steele (416) 359-4641

IntegTelSr
66 stocks; $1145bn

AltCar
17 stocks; $29bn

WlsTelSrv
45 stocks; $912bn
October 6, 2010

Momentum

Strength

Utilities

GasUtil
30 stocks; $141bn

MultiUtil
41 stocks; $410bn

WaterUtil
23 stocks; $34bn

IPPTrad
57 stocks; $187bn

ElecUtil
76 stocks; $871bn
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.
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).
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.
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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