Group Selection

Priced as of May 14, 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
Table of Contents

1. Sector View
2. Strength Changes Last Session
3. Resource Summary
4. Energy
5. Materials
6. Industrials
7. Consumer Discretionary
8. Consumer Staples
9. Health Care
10. Financials
11. Telecom
12. Utilities
13. User Guide
**Sector Relative Strength Profiles**

<table>
<thead>
<tr>
<th>Sector</th>
<th>% Outperforming GBL</th>
<th>% Outperforming CDA</th>
<th>Reward/Risk</th>
<th>Reward/Risk</th>
<th>Trend Psn GBL</th>
<th>Trend Psn CDA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy</td>
<td>68%</td>
<td>52%</td>
<td><strong>/</strong></td>
<td></td>
<td>-4%</td>
<td>-15%</td>
</tr>
<tr>
<td>Materials</td>
<td>62%</td>
<td>51%</td>
<td><strong>/</strong></td>
<td></td>
<td>6%</td>
<td>-5%</td>
</tr>
<tr>
<td>Industrials</td>
<td>65%</td>
<td>49%</td>
<td>**/*</td>
<td>**/*</td>
<td>16%</td>
<td>0%</td>
</tr>
<tr>
<td>CMR Disc</td>
<td>76%</td>
<td>65%</td>
<td><strong>/</strong></td>
<td><strong>/</strong></td>
<td>9%</td>
<td>-6%</td>
</tr>
<tr>
<td>CMR Stap</td>
<td>61%</td>
<td>40%</td>
<td>**/*</td>
<td></td>
<td>12%</td>
<td>-5%</td>
</tr>
<tr>
<td>Hlth Care</td>
<td>65%</td>
<td>49%</td>
<td>**/*</td>
<td></td>
<td>12%</td>
<td>-2%</td>
</tr>
<tr>
<td>Financials</td>
<td>68%</td>
<td>50%</td>
<td><strong>/</strong></td>
<td></td>
<td>8%</td>
<td>-5%</td>
</tr>
<tr>
<td>Info Tech</td>
<td>73%</td>
<td>52%</td>
<td><strong>/</strong></td>
<td></td>
<td>7%</td>
<td>-5%</td>
</tr>
<tr>
<td>Telecom</td>
<td>52%</td>
<td>34%</td>
<td>**/*</td>
<td></td>
<td>13%</td>
<td>-5%</td>
</tr>
<tr>
<td>Utilities</td>
<td>56%</td>
<td>31%</td>
<td>**/*</td>
<td></td>
<td>17%</td>
<td>-2%</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

May 14, 2010

Mark Steele (416) 359-4641

Strength Changes Last Session

OfficeServ → SoftDrnks → BldPrdcts → PrecMet → OthrDivFS →

Hsware → GasUtil →

Rstaurnt → InsurBrkers →

SpCmSrv → HCFacility → Railroads → AutoParts → BldPrdcts →

Hsware →

GasUtil →

Rstaurnt →

OffceServ → SoftDrnks → BldPrdcts → PrecMet → OthrDivFS →

MarineSrv → CmclPrt →

HREmpl →

Rstaurnt → InsurBrkers →

SpCmSrv → HCFacility → Railroads → AutoParts → BldPrdcts →

Hsware →

GasUtil →

Rstaurnt →

OffceServ → SoftDrnks → BldPrdcts → PrecMet → OthrDivFS →

ITConsult → Coal&Uran →

DiversBnk →

Hsware →

GasUtil →

Rstaurnt →

OffceServ → SoftDrnks → BldPrdcts → PrecMet → OthrDivFS →

MarineSrv → CmclPrt →

HREmpl →

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ITConsult → Coal&Uran →

DiversBnk →

Hsware →

GasUtil →

Rstaurnt →

OffceServ → SoftDrnks → BldPrdcts → PrecMet → OthrDivFS →
Momentum

Strength

May 14, 2010

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Energy

Coal & Uran
51 stocks; $128bn

OG Drill
30 stocks; $62bn

Int O&G
40 stocks; $195bn

OG StTr
55 stocks; $222bn

OG Equip
74 stocks; $316bn

OG RfMkt
41 stocks; $187bn

OG E&P
217 stocks; $846bn

OG StTr
55 stocks; $222bn

OG Equip
74 stocks; $316bn

OG RfMkt
41 stocks; $187bn

OG E&P
217 stocks; $846bn
**Consumer Discretionary**

- **Momentum**
  - **Hsware**
    - 9 stocks: $20bn
  - **GMrchStrs**
    - 13 stocks: $80bn
  - **Restaunt**
    - 43 stocks: $162bn
  - **SpecStors**
    - 24 stocks: $50bn
  - **SpCmSrvi**
    - 14 stocks: $20bn
  - **HomeFurn**
    - 13 stocks: $110bn
  - **HmFrsnsh**
    - 10 stocks: $200bn
  - **AutoParts**
    - 37 stocks: $116bn
  - **HhldApl**
    - 16 stocks: $40bn
  - **AutoMfg**
    - 24 stocks: $520bn
  - **ApparlRtl**
    - 50 stocks: $118bn
  - **DeptStrs**
    - 18 stocks: $109bn
  - **MotcyMfg**
    - 3 stocks: $16bn
  - **AutoRtl**
    - 14 stocks: $35bn
  - **Footwear**
    - 13 stocks: $52bn
  - **SpCmSrvt**
    - 17 stocks: $34bn
  - **HmlPrtl**
    - 9 stocks: $119bn
  - **Cabl&Sat**
    - 20 stocks: $169bn
  - **Advert**
    - 19 stocks: $64bn
  - **Publishing**
    - 31 stocks: $117bn
  - **Mov&Ent**
    - 4 stocks: $191bn
  - **Cmprtl**
    - 14 stocks: $53bn
  - **CmrElc**
    - 12 stocks: $116bn
  - **CatalgRtl**
    - 11 stocks: $16bn

- **Strength**
  - **Restaunt**
    - 43 stocks: $162bn
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    - 14 stocks: $53bn
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    - 12 stocks: $116bn
  - **CatalgRtl**
    - 11 stocks: $16bn

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**May 14, 2010**

*Mark Steele (416) 359-4641*
Financials

May 14, 2010

Mark Steele (416) 359-4641

Momentum

Strength

InsurBrkers ↩
10 stocks; $37bn

P&C Insur ↘
10 stocks; $37bn

RegionBnk ↩
52 stocks; $267bn

Thrft&Mtg ↘
48 stocks; $86bn

SpecREIT
32 stocks; $90bn

OfficeREIT
22 stocks; $59bn

ResidREIT
18 stocks; $46bn

IndusREIT ↩
10 stocks; $22bn

SpecialFin ↩
16 stocks; $125bn

AsstMgmt
68 stocks; $255bn

REstSrvc ↩
10 stocks; $12bn

RetailREIT ↩
17 stocks; $141bn

ConsmrFin ↩
23 stocks; $107bn

MortgREIT ↩
19 stocks; $22bn

DiversREIT ↩
23 stocks; $216bn

REstSrvc ↩
10 stocks; $67bn

RetailREIT ↩
17 stocks; $141bn

ConsmrFin ↩
23 stocks; $107bn

MortgREIT ↩
19 stocks; $22bn

DiversREIT ↩
23 stocks; $216bn

InvBnkBrk ↩
42 stocks; $262bn

DivCpMkt ↩
11 stocks; $146bn

OthrDivFS ↩
16 stocks; $519bn

LifeHthIns ↗
40 stocks; $401bn

REstOpCo ↗
14 stocks; $36bn

Reinsuran
19 stocks; $86bn

DiversBnk ↗
152 stocks; $3127bn

RestOpCo ↗
14 stocks; $36bn

OthrDivFS ↩
16 stocks; $519bn

LifeHthIns ↗
40 stocks; $401bn

REstOpCo ↗
14 stocks; $36bn

Reinsuran
19 stocks; $86bn

DiversBnk ↗
152 stocks; $3127bn

RegionBnk ↩
52 stocks; $267bn

Thrft&Mtg ↘
48 stocks; $86bn

SpecREIT
32 stocks; $90bn

OfficeREIT
22 stocks; $59bn

ResidREIT
18 stocks; $46bn

IndusREIT ↩
10 stocks; $22bn

SpecialFin ↩
16 stocks; $125bn

AsstMgmt
68 stocks; $255bn

REstSrvc ↩
10 stocks; $12bn

RetailREIT ↩
17 stocks; $141bn

ConsmrFin ↩
23 stocks; $107bn

MortgREIT ↩
19 stocks; $22bn

DiversREIT ↩
23 stocks; $216bn

InvBnkBrk ↩
42 stocks; $262bn

DivCpMkt ↩
11 stocks; $146bn
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.
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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