Group Selection

Priced as of March 8, 2012

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</th>
<th>Reward/Risk</th>
<th>Trend Psn</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>US/GBL/CDA</td>
<td>US/GBL/CDA</td>
<td>US/GBL/CDA</td>
</tr>
<tr>
<td>Energy</td>
<td>36% / 49% / 59%</td>
<td></td>
<td>5% / 3% / 3%</td>
</tr>
<tr>
<td>Materials</td>
<td>25% / 32% / 43%</td>
<td></td>
<td>4% / 5% / 3%</td>
</tr>
<tr>
<td>Industrials</td>
<td>46% / 54% / 67%</td>
<td></td>
<td>1% / 0% / -1%</td>
</tr>
<tr>
<td>CMR Disc</td>
<td>39% / 49% / 62%</td>
<td></td>
<td>11% / 9% / 7%</td>
</tr>
<tr>
<td>CMR Stap</td>
<td>33% / 46% / 65%</td>
<td></td>
<td>6% / 5% / 0%</td>
</tr>
<tr>
<td>Hlth Care</td>
<td>38% / 49% / 60%</td>
<td></td>
<td>2% / 1% / 0%</td>
</tr>
<tr>
<td>Financials</td>
<td>36% / 52% / 64%</td>
<td></td>
<td>3% / 2% / 4%</td>
</tr>
<tr>
<td>Info Tech</td>
<td>38% / 48% / 59%</td>
<td></td>
<td>5% / 4% / 4%</td>
</tr>
<tr>
<td>Telecom</td>
<td>25% / 30% / 46%</td>
<td></td>
<td>1% / 2% / 2%</td>
</tr>
<tr>
<td>Utilities</td>
<td>20% / 35% / 57%</td>
<td></td>
<td>1% / -1% / -6%</td>
</tr>
</tbody>
</table>

*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 ( 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.
Strength Changes Last Session

Momentum

REstOpCo → LeisPrd
MortgREIT → Footwear → DrugRetail ← OfficeREIT → MultiUtil → IPPTrad
ITConsult → LifeHthIns → OfficeServ → ElecComp → Sec&Alm → ElecUtil
CstrMat ← SpecStors ← OG Drill ← SprCntrs ← Aprl&Gds ← Publishing
HCareTec → InsurBrkers ← Advert ← Dist&Vnt ← MITSecHld ← DiversBnk ← WlsTelSrv
DvSpSrv ← OthrDivFS ← ITConsult ← ElecComp ← Sec&Alm ← ElecUtil
IndusREIT ← DiversChm ← AirprtSrv ← REstDevl ← WaterUtil ← LFSciSrv ← Fert&Ag ← CmpElRtl

DataProc ← IndCongl ← AirFrght ← PersPrdct ← Htl&Rst ← GasUtil
OG StTr ← ComdChm ← RsrcCslt ← Aero&Def ← MarineSrv ← GasUtil
HREmpl ← Int O&G ← Distrib ← HCEquip ← Thrft&Mtg ← Railroads
BidPrdcts ← SystmSwr ← HCService ← HmFnsh ← SpecialFin ← DvrsMng
HomeFurn ← TechDist ← SpecChm ← SpCmSrv ← AutoMfg ← Cns&Eng ← ElecInstr ← Semi ← ComEquip
PCStor&P ← HmImpRtl ← SemiEqp ← AsstMgmt ← REstDvAct
Consumer Staples

- **Momentum**
  - Brewers
    - 17 stocks; $136bn
  - Tobacco
    - 17 stocks; $53bn
- **Strength**
  - DrugRetail
    - 10 stocks; $108bn
  - SprCntrs
    - 14 stocks; $408bn
  - Dist&Vnt
    - 15 stocks; $177bn
  - PkgFdMt
    - 84 stocks; $773bn
  - HhldPrdct
    - 17 stocks; $388bn
  - PersPrdct
    - 25 stocks; $186bn
  - FdRetail
    - 38 stocks; $295bn
  - AgriProd
    - 15 stocks; $226bn
  - SoftDrnks
    - 15 stocks; $326bn
  - FdDistri
    - 11 stocks; $123bn
  - FdRetail
    - 38 stocks; $295bn

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March 8, 2012
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Utilities

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Momentum

Strength

MultiUtil → 41 stocks; $393bn
IPPTrad → 49 stocks; $180bn
ElecUtil → 80 stocks; $833bn
WaterUtil → 20 stocks; $45bn
GasUtil → 28 stocks; $148bn

Utilities

BMO Capital Markets

[Graph showing different utilities with their stocks and market values]
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 are the 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 deviations from the trend. Our process is flexible, thorough, and because it is run daily, timely.

The Dataset:
- Over 5,000 securities.
- Groups have a:
  ...Median depth of 25
  ...Average depth of 35

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 of 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 5-day and 20-day moving averages (momentum).

- Each chart is hyperlinked to the group membership, in our RS Filter Toolkit.
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<th>Rating Category</th>
<th>BMO Rating</th>
<th>BMOCM US Universe*</th>
<th>BMOCM US IB Clients**</th>
<th>BMOCM US IB Clients***</th>
<th>BMOCM Universe****</th>
<th>BMOCM IB Clients*****</th>
<th>Starmine Universe</th>
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</thead>
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<tr>
<td>Buy</td>
<td>Outperform</td>
<td>35.8%</td>
<td>11.9%</td>
<td>31.8%</td>
<td>40.7%</td>
<td>44.2%</td>
<td>55.9%</td>
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<tr>
<td>Hold</td>
<td>Market Perform</td>
<td>62.2%</td>
<td>14.7%</td>
<td>68.2%</td>
<td>56.2%</td>
<td>54.6%</td>
<td>39.3%</td>
</tr>
<tr>
<td>Sell</td>
<td>Underperform</td>
<td>2.0%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>3.0%</td>
<td>1.3%</td>
<td>4.8%</td>
</tr>
</tbody>
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* Reflects rating distribution of all companies covered by BMO Capital Markets Corp. equity research analysts.
** Reflects rating distribution of all companies from which BMO Capital Markets Corp. has received compensation for Investment Banking services as percentage within ratings category.
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Und = Underperform - Forecast to underperform the market;
(S) = speculative investment;
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