Group Selection
Priced as of July 9, 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 View**

**Sector Relative Strength Profiles**

<table>
<thead>
<tr>
<th>Hyperlink</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>54% / 40%</td>
<td>★ / ★</td>
<td>-1% / 2%</td>
</tr>
<tr>
<td>Materials</td>
<td>57% / 40%</td>
<td>★ / ★</td>
<td>-5% / -2%</td>
</tr>
<tr>
<td>Industrials</td>
<td>62% / 42%</td>
<td>★ / ★</td>
<td>-3% / -1%</td>
</tr>
<tr>
<td>CMR Disc</td>
<td>70% / 52%</td>
<td>★ / ★</td>
<td>-15% / -13%</td>
</tr>
<tr>
<td>CMR Stap</td>
<td>71% / 44%</td>
<td>★★ / ★</td>
<td>3% / 5%</td>
</tr>
<tr>
<td>Hlth Care</td>
<td>60% / 40%</td>
<td>★ / ★</td>
<td>-13% / -10%</td>
</tr>
<tr>
<td>Financials</td>
<td>68% / 45%</td>
<td>★★ / ★</td>
<td>0% / 3%</td>
</tr>
<tr>
<td>Info Tech</td>
<td>62% / 41%</td>
<td>★ / ★</td>
<td>-8% / -3%</td>
</tr>
<tr>
<td>Telecom</td>
<td>65% / 31%</td>
<td>★ / ★</td>
<td>16% / 13%</td>
</tr>
<tr>
<td>Utilities</td>
<td>66% / 32%</td>
<td>★ / ★</td>
<td>10% / 12%</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.
July 9, 2010

Momentum

Strength

Energy

OG Equip
74 stocks; $296bn

Int O&G
40 stocks; $188bn

Coal & Uran
51 stocks; $122bn

OG Drill
30 stocks; $82bn

OG StTr
55 stocks; $240bn

OG RfMkt
41 stocks; $184bn

OG E&P
214 stocks; $811bn

OG Equip
74 stocks; $296bn

Int O&G
40 stocks; $188bn

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41 stocks; $184bn

OG E&P
214 stocks; $811bn
Industrials

Strength

Momentum

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Airline
36 stocks; $113bn

AirFrght
16 stocks; $128bn

IndCongl
35 stocks; $577bn

DvSpSrv
21 stocks; $30bn

ElcCmpEq
50 stocks; $168bn

MarineSrv
14 stocks; $40bn

Cns&Eng
66 stocks; $231bn

Ind Mach
52 stocks; $308bn

Aero&Def
54 stocks; $410bn

CmclPrt
13 stocks; $24bn

Marine
25 stocks; $87bn

Trucking
29 stocks; $41bn

Railroads
12 stocks; $192bn

OffceServ
13 stocks; $17bn

TrdgDist
37 stocks; $184bn

Sec&Alm
8 stocks; $26bn

EnvionSer
29 stocks; $61bn

HREmpl
16 stocks; $30bn

BldPrdcts
25 stocks; $65bn

RsrcCslt
27 stocks; $49bn
July 9, 2010

**Consumer Discretionary**

**Momentum**
- Cabl&Sat: 19 stocks; $167bn
- April&Gds: 42 stocks; $212bn
- DeptStrs: 18 stocks; $120bn
- Footwear: 14 stocks; $49bn
- Distrib: 10 stocks; $36bn
- Rstaurnt: 43 stocks; $178bn
- GMrchStrs: 12 stocks; $75bn
- LeisPrd: 17 stocks; $36bn

**Strength**
- Tire&Rub: 10 stocks; $54bn
- Broadcast: 23 stocks; $73bn
- Hi&Sl: 22 stocks; $95bn
- Hhl&Appl: 12 stocks; $43bn
- Htl&Rst: 22 stocks; $95bn
- Advert: 19 stocks; $60bn
- Mov&Ent: 22 stocks; $186bn
- AppralRtl: 14 stocks; $18bn
- Rstaurnt: 43 stocks; $178bn
- HmFrnsh: 10 stocks; $17bn
- MotycMfg: 14 stocks; $17bn
- Publsihng: 39 stocks; $114bn
- Publsihng: 30 stocks; $114bn
- SpecStors: 24 stocks; $45bn
- SpecStors: 24 stocks; $45bn
- HomeFurn: 12 stocks; $10bn
- AutoRtl: 14 stocks; $34bn
- HomeFurn: 12 stocks; $10bn

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**Industry**
- Consumer Discretionary
- Tire & Rubber
- Cable & Satellite
- Broadcasting
- Department Stores
- Footwear
- Distribution
- Restaurants
- Footwear
- Merchandise 
- Leisure Products
- Publishing
- Special Stores
- Home Furnishings
- Auto Retail
- Entertainment
- Advertising
- Internet Retail
- Hardware
- Consumer Electronics
- Motorycles
- Auto Parts
- Specialty Stores
- Home Improvement
- Home Furnishings
- Leisure Facilities
- LeisFcl

**Markets**
- 10 stocks; $54bn
- 22 stocks; $95bn
- 22 stocks; $95bn
- 23 stocks; $73bn
- 18 stocks; $120bn
- 14 stocks; $49bn
- 10 stocks; $36bn
- 42 stocks; $212bn
- 18 stocks; $120bn
- 22 stocks; $95bn
- 19 stocks; $60bn
- 22 stocks; $186bn
- 14 stocks; $18bn
- 43 stocks; $178bn
- 10 stocks; $17bn
- 14 stocks; $17bn
- 17 stocks; $34bn
- 30 stocks; $114bn
- 24 stocks; $45bn
- 12 stocks; $10bn
- 14 stocks; $34bn
- 33 stocks; $120bn
- 11 stocks; $20bn

**Markets**
- $167bn
- $212bn
- $120bn
- $49bn
- $36bn
- $178bn
- $17bn
- $75bn
- $36bn
- $167bn
- $212bn
- $120bn
- $49bn
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- $178bn
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- $167bn
- $212bn
- $120bn
- $49bn
- $36bn
- $178bn
- $17bn
- $75bn
- $36bn
Consumer Staples

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Brewers
16 stocks; $258bn

Tobacco
16 stocks; $344bn

SprCntrs
14 stocks; $358bn

SoftDrinks
15 stocks; $284bn

PkgFdMt
45 stocks; $639bn

Tobacco
16 stocks; $258bn

Dist&Vnt
13 stocks; $121bn

SprCntrs
14 stocks; $358bn

SoftDrinks
15 stocks; $284bn

PkgFdMt
45 stocks; $639bn

Tobacco
16 stocks; $258bn

Dist&Vnt
13 stocks; $121bn

SprCntrs
14 stocks; $358bn

SoftDrinks
15 stocks; $284bn

PkgFdMt
45 stocks; $639bn

AgriProd
22 stocks; $107bn

DrugRetail
10 stocks; $83bn

PersPrdct
28 stocks; $166bn

FdDistri
10 stocks; $29bn

HhldPrdct
14 stocks; $346bn

FdRetail
24 stocks; $247bn

AgriProd
22 stocks; $107bn

DrugRetail
10 stocks; $83bn

PersPrdct
28 stocks; $166bn

FdDistri
10 stocks; $29bn

HhldPrdct
14 stocks; $346bn

FdRetail
24 stocks; $247bn
Information Technology

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ElecComp 23 stocks; $147bn
Semi 111 stocks; $562bn

TechDist 15 stocks; $24bn
CompHdwr 19 stocks; $449bn
SystmSwr 35 stocks; $411bn

ComEquip 73 stocks; $391bn
HmEntSwr 12 stocks; $77bn
OffElectr 20 stocks; $60bn

PCStor&P 25 stocks; $98bn
ITConsult 39 stocks; $372bn
EMS 25 stocks; $76bn

Eleclnstr 30 stocks; $78bn
ApplicSwr 79 stocks; $202bn

SemiEqp 41 stocks; $94bn
InetSftSrv 64 stocks; $317bn
DataProc 36 stocks; $190bn

SemiEqp 41 stocks; $94bn
InetSftSrv 64 stocks; $317bn
DataProc 36 stocks; $190bn
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:
  ...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.
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