Group Selection

Priced as of January 21, 2011

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

3. Sector View  
4. Strength Changes Last Session  
5. Resource Summary  
6. Energy  
7. Materials  
8. Industrials  
9. Consumer Discretionary  
10. Consumer Staples  
11. Health Care  
12. Financials  
13. Information Technology  
14. Telecom  
15. Utilities  
16. User Guide
(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.
January 21, 2011

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Energy

Int O&G 60 stocks, $124.2bn
OG RfMkt 42 stocks, $235bn
OG E&P 225 stocks, $1064bn
OG Drill 31 stocks, $112bn
OG Equip 26 stocks, $435bn
Coal & Uran 20 stocks, $175bn
OG StTr 60 stocks, $294bn
January 21, 2011

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Materials

Momentum

Strength

ComdChm ➔
27 stocks; $230bn

DiversChm ➔
20 stocks; $243bn

PapProd ➔
50 stocks; $97bn

MtGlsCnt ➔
13 stocks; $36bn

SpecChm ➔
51 stocks; $160bn

CstrMat ➔
21 stocks; $138bn

27 stocks; $230bn

DvrsMng ➔
176 stocks; $943bn

Fert&Ag ➔
47 stocks; $306bn

Alumin ➔
12 stocks; $83bn

Steel ➔
170 stocks; $701bn

PaperPkg ➔
11 stocks; $32bn

FrsPrd ➔
10 stocks; $13bn

IndusGas ➔
10 stocks; $121bn

DiversChm ➔
20 stocks; $243bn

13 stocks; $13bn

PrecMet ➔
50 stocks; $151bn

131 stocks; $359bn

PrecMet ➔
50 stocks; $151bn

27 stocks; $230bn

ComdChm ➔
27 stocks; $230bn

27 stocks; $230bn

Momentum

Strength
Consumer Staples

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Momentum

Strength

AgriProd
28 stocks; $144bn

Dist&Vnt
15 stocks; $148bn

PkgFdMt
86 stocks; $698bn

DrugRetail
10 stocks; $104bn

HhidPrdct
15 stocks; $356bn

DrugRetail
10 stocks; $104bn

HhidPrdct
15 stocks; $356bn

FdzRetail
33 stocks; $271bn

Tobacco
16 stocks; $388bn

PersPrdct
30 stocks; $184bn

SoftDrnks
15 stocks; $312bn

SprCntrs
15 stocks; $424bn

Brewers
16 stocks; $292bn

FdDistri
10 stocks; $32bn

FdRetail
33 stocks; $271bn

Tobacco
16 stocks; $388bn

PersPrdct
30 stocks; $184bn

SoftDrnks
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Brewers
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FdDistri
10 stocks; $32bn
Momentum
Strength

January 21, 2011

Telecommunication Services

AltCar
17 stocks; $31bn

IntgTelSrv
67 stocks; $108bn

WlsTelSrv
46 stocks; $92bn

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AltCar
17 stocks; $31bn

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67 stocks; $108bn

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January 21, 2011

Utilities

Momentum

Strength

Utilities

ElecUtil
76 stocks; $937bn

MultiUtil
41 stocks; $427bn

GasUtil
30 stocks; $144bn

IPPTrad
50 stocks; $177bn

WaterUtil
23 stocks; $35bn
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.
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”
- 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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<tr>
<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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<tbody>
<tr>
<td>Buy</td>
<td>Outperform</td>
<td>36.5%</td>
<td>13.6%</td>
<td>40.7%</td>
<td>40.4%</td>
<td>49.1%</td>
<td>55.4%</td>
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<tr>
<td>Hold</td>
<td>Market Perform</td>
<td>60.2%</td>
<td>11.3%</td>
<td>55.9%</td>
<td>55.6%</td>
<td>49.1%</td>
<td>39.7%</td>
</tr>
<tr>
<td>Sell</td>
<td>Underperform</td>
<td>3.3%</td>
<td>12.5%</td>
<td>3.4%</td>
<td>4.0%</td>
<td>1.9%</td>
<td>4.8%</td>
</tr>
</tbody>
</table>

* 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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- Mkt = Market Perform - Forecast to perform roughly in line with the market;
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- (S) = speculative investment;
- NR = No rating at this time;
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