Group Selection

Priced as of October 27, 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 Relative Strength Profiles*

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<tr>
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<tbody>
<tr>
<td>Energy</td>
<td>55% / 52% / 47%</td>
<td>★ / ★ / ★</td>
<td>3% / 8% / 14%</td>
</tr>
<tr>
<td>Materials</td>
<td>64% / 60% / 57%</td>
<td>★ / ★ / ★</td>
<td>5% / 11% / 15%</td>
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<tr>
<td>Industrials</td>
<td>56% / 50% / 44%</td>
<td>★ / ★ / ★</td>
<td>0% / 8% / 13%</td>
</tr>
<tr>
<td>CMR Disc</td>
<td>54% / 49% / 45%</td>
<td>★ / ★☆ / ★☆</td>
<td>3% / 8% / 13%</td>
</tr>
<tr>
<td>CMR Stap</td>
<td>69% / 69% / 63%</td>
<td>★★ / ★ / ★</td>
<td>-7% / -3% / 4%</td>
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<tr>
<td>Hlth Care</td>
<td>43% / 41% / 36%</td>
<td>★☆ / ★☆ / ★☆</td>
<td>3% / 8% / 11%</td>
</tr>
<tr>
<td>Financials</td>
<td>55% / 50% / 45%</td>
<td>★ / ★☆ / ★☆</td>
<td>-5% / 3% / 9%</td>
</tr>
<tr>
<td>Info Tech</td>
<td>50% / 46% / 41%</td>
<td>★☆ / ★☆ / ★☆</td>
<td>16% / 19% / 25%</td>
</tr>
<tr>
<td>Telecom</td>
<td>73% / 70% / 66%</td>
<td>★★ / ★★ / ★</td>
<td>-15% / -9% / 1%</td>
</tr>
<tr>
<td>Utilities</td>
<td>73% / 65% / 60%</td>
<td>★★ / ★ / ★</td>
<td>-19% / -6% / 1%</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 (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.
Consumer Staples

**Momentum**

- **SprCntrs**: 19 stocks; $419bn
- **AgriProd**: 29 stocks; $140bn
- **Tobacco**: 16 stocks; $399bn
- **FdDistri**: 11 stocks; $32bn

**Strength**

- **PersPrdct**: 27 stocks; $183bn
- **SoftDrnks**: 15 stocks; $304bn
- **Brewers**: 16 stocks; $298bn
- **HhldPrdct**: 14 stocks; $349bn
- **PkgFdMt**: 69 stocks; $677bn
- **DrugRetail**: 10 stocks; $91bn
- **FdRetail**: 34 stocks; $273bn
- **Dist&Vnt**: 14 stocks; $143bn
- **SprCntrs**: 15 stocks; $419bn
October 27, 2010

Telecommunication Services

Momentum

Strength

IntegTelSr
26 stocks; $1.14bn

AltCar
16 stocks; $29bn

WisTelSrv
46 stocks; $9.14bn
10/27/2010

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Utilities

- MultiUtil: 41 stocks; $147bn
- GasUtil: 50 stocks; $146bn
- ElecUtil: 76 stocks; $177bn
- WaterUtil: 32 stocks; $34bn
- IPPTrad: 60 stocks; $178bn
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 group's 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.
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 moving average (momentum).

Each chart is hyperlinked to the group membership, in our RS Filter Toolkit.
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