Group Selection

Priced as of February 7, 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 View

**Sector Relative Strength Profiles***

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy</td>
<td>29% / 43% / 51%</td>
<td>12% / 4% / 7%</td>
<td></td>
</tr>
<tr>
<td>Materials</td>
<td>19% / 27% / 37%</td>
<td>21% / 14% / 17%</td>
<td></td>
</tr>
<tr>
<td>Industrials</td>
<td>35% / 49% / 61%</td>
<td>24% / 15% / 15%</td>
<td></td>
</tr>
<tr>
<td>CMR Disc</td>
<td>35% / 49% / 59%</td>
<td>18% / 12% / 16%</td>
<td></td>
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<tr>
<td>CMR Stap</td>
<td>37% / 56% / 72%</td>
<td>0% / -11% / -10%</td>
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<tr>
<td>Hlth Care</td>
<td>34% / 49% / 60%</td>
<td>16% / 11% / 12%</td>
<td></td>
</tr>
<tr>
<td>Financials</td>
<td>33% / 51% / 60%</td>
<td>19% / 13% / 18%</td>
<td></td>
</tr>
<tr>
<td>Info Tech</td>
<td>35% / 46% / 57%</td>
<td>20% / 13% / 14%</td>
<td></td>
</tr>
<tr>
<td>Telecom</td>
<td>21% / 36% / 52%</td>
<td>2% / -7% / -9%</td>
<td></td>
</tr>
<tr>
<td>Utilities</td>
<td>30% / 53% / 65%</td>
<td>-6% / -20% / -12%</td>
<td></td>
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</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.
February 7, 2012

Mark Steele (416) 359-4641

Energy

- **OG Equip** 79 stocks; $430bn
- **OG RfMkt** 45 stocks; $260bn
- **OG Drill** 29 stocks; $108bn
- **Coal&Uran** 52 stocks; $163bn
- **OG E&P** 223 stocks; $1060bn
- **OG StTr** 71 stocks; $413bn
- **Int O&G** 37 stocks; $2441bn
<table>
<thead>
<tr>
<th>Sector</th>
<th>Stocks</th>
<th>Market Cap</th>
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<tbody>
<tr>
<td>SpecChm</td>
<td>59</td>
<td>$244bn</td>
</tr>
<tr>
<td>CstrMat</td>
<td>23</td>
<td>$133bn</td>
</tr>
<tr>
<td>PaperPkg</td>
<td>18</td>
<td>$46bn</td>
</tr>
<tr>
<td>ComdChm</td>
<td>30</td>
<td>$251bn</td>
</tr>
<tr>
<td>DiversChm</td>
<td>18</td>
<td>$251bn</td>
</tr>
<tr>
<td>MtGlsCnt</td>
<td>72</td>
<td>$33bn</td>
</tr>
<tr>
<td>PapProd</td>
<td>45</td>
<td>$59bn</td>
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<tr>
<td>FrstPrd</td>
<td>14</td>
<td>$13bn</td>
</tr>
<tr>
<td>PrecMet</td>
<td>58</td>
<td>$136bn</td>
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<tr>
<td>Alumin</td>
<td>13</td>
<td>$56bn</td>
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<tr>
<td>DvrsMng</td>
<td>152</td>
<td>$841bn</td>
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<tr>
<td>IndusGas</td>
<td>10</td>
<td>$130bn</td>
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<tr>
<td>Gold</td>
<td>130</td>
<td>$372bn</td>
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</table>
February 7, 2012

Health Care

Momentum

Strength

HCFacility ← 28 stocks; $49bn

Biotech → 116 stocks; $296bn

HCareTec ↓ 13 stocks; $27bn

HSVC service ↓ 36 stocks; $151bn

LiSciSrv ↓ 34 stocks; $96bn

MngHCare ← 15 stocks; $143bn

HCSuppls → 22 stocks; $43bn

HCEquip ↓ 85 stocks; $360bn

HCDistrib ↓ 16 stocks; $71bn

Pharma 92 stocks; $1714bn
February 7, 2012

**Financials**

- **Momentum**
  - Thrft&Mtg: 30 stocks, $69bn
  - REstSrV: 10 stocks, $15bn
  - Resrv: 10 stocks, $15bn

- **Strength**
  - Multi-LnIns: 25 stocks, $337bn
  - MitSecHld: 13 stocks, $61bn
  - OthrDivFS: 18 stocks, $428bn
  - AsstMgmt: 78 stocks, $277bn

- **RetailREIT**: 42 stocks, $212bn
- **DiversREIT**: 31 stocks, $92bn
- **P&C Insur**: 62 stocks, $457bn
- **RegionBnk**: 136 stocks, $280bn

- **IndusREIT**: 13 stocks, $33bn
- **OfficeREIT**: 29 stocks, $86bn
- **SpecREIT**: 99 stocks, $169bn

- **Reinsuran**: 19 stocks, $97bn
- **ConsmrFin**: 22 stocks, $133bn
- **REstOpCo**: 17 stocks, $66bn

- **InsurBrkrs**: 9 stocks, $51bn
- **ResidREIT**: 23 stocks, $82bn

- **MortgREIT**: 25 stocks, $47bn

- **LifeHthIns**: 44 stocks, $469bn

- **DiversBnk**: 163 stocks, $3402bn
- **DivCpMkt**: 10 stocks, $137bn
- **InvBnkBrk**: 40 stocks, $224bn

- **ResidREIT**: 23 stocks, $82bn
- **REstDvAct**: 27 stocks, $248bn
- **REstDevl**: 36 stocks, $138bn
### Momentum vs. Strength

<table>
<thead>
<tr>
<th>Sector</th>
<th>Strength</th>
<th>Momentum</th>
</tr>
</thead>
<tbody>
<tr>
<td>WaterUtil</td>
<td>20 stocks; $44bn</td>
<td>19 stocks; $14bn</td>
</tr>
<tr>
<td>MultiUtil</td>
<td>41 stocks; $391bn</td>
<td>28 stocks; $147bn</td>
</tr>
<tr>
<td>ElecUtil</td>
<td>80 stocks; $832bn</td>
<td>80 stocks; $832bn</td>
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<tr>
<td>GasUtil</td>
<td>28 stocks; $147bn</td>
<td>28 stocks; $147bn</td>
</tr>
<tr>
<td>IPPTrad</td>
<td>48 stocks; $180bn</td>
<td>48 stocks; $180bn</td>
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</tbody>
</table>
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).
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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<td>Buy</td>
<td>Outperform</td>
<td>35.8%</td>
<td>11.9%</td>
<td>31.8%</td>
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<td>Hold</td>
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<td>62.2%</td>
<td>14.7%</td>
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<tr>
<td>Sell</td>
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<td>0.0%</td>
<td>3.0%</td>
<td>1.3%</td>
<td>4.8%</td>
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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.
*** Reflects rating distribution of all companies from which BMO Capital Markets Corp. has received compensation for Investment Banking services as percentage of Investment Banking clients.
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- **OP** = Outperform - Forecast to outperform the market;
- **Mkt** = Market Perform - Forecast to perform roughly in line with the market;
- **Und** = Underperform - Forecast to underperform the market;
- (S) = speculative investment;
- **NR** = No rating at this time;
- **R** = Restricted - Dissemination of research is currently restricted.

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