Group Selection

Priced as of February 3, 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></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy</td>
<td>30% / 43% / 49%</td>
<td>/</td>
<td>10% / 4% / 3%</td>
</tr>
<tr>
<td>Materials</td>
<td>18% / 27% / 37%</td>
<td>/</td>
<td>26% / 21% / 20%</td>
</tr>
<tr>
<td>Industrials</td>
<td>33% / 48% / 59%</td>
<td>/</td>
<td>26% / 20% / 14%</td>
</tr>
<tr>
<td>CMR Disc</td>
<td>35% / 48% / 59%</td>
<td>/</td>
<td>21% / 16% / 13%</td>
</tr>
<tr>
<td>CMR Stap</td>
<td>38% / 57% / 71%</td>
<td>/</td>
<td>3% / -5% / -14%</td>
</tr>
<tr>
<td>Hlth Care</td>
<td>34% / 49% / 59%</td>
<td>/</td>
<td>20% / 15% / 11%</td>
</tr>
<tr>
<td>Financials</td>
<td>32% / 50% / 59%</td>
<td>/</td>
<td>26% / 18% / 16%</td>
</tr>
<tr>
<td>Info Tech</td>
<td>34% / 46% / 55%</td>
<td>/</td>
<td>27% / 20% / 16%</td>
</tr>
<tr>
<td>Telecom</td>
<td>22% / 36% / 52%</td>
<td>/</td>
<td>7% / -4% / -10%</td>
</tr>
<tr>
<td>Utilities</td>
<td>34% / 56% / 65%</td>
<td>/</td>
<td>-15% / -21% / -25%</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

Strength

Rstaurnt → Ind Mach → FdDistl → Biotech → REstSrv → IndCongl →
Ind Mach → FdDistl → Biotech → REstSrv → IndCongl →

PaperPkg → SpecChm → SprCntrs → SystmSwr → InetSftSrv → Cabl&Sat → AltCar →
SpecChm → SprCntrs → SystmSwr → InetSftSrv → Cabl&Sat → AltCar →

Trucking → CnstFmM → ElcCmpEq → AsstMgmt → AgriProd → Cas&Gam → LeisFcil →
CnstFmM → ElcCmpEq → AsstMgmt → AgriProd → Cas&Gam → LeisFcil →

OfficeServ → IndCongl → SprCntrs → SystmSwr → InetSftSrv → Cabl&Sat → AltCar →
IndCongl → SprCntrs → SystmSwr → InetSftSrv → Cabl&Sat → AltCar →

EMS → P&C Insur → HomeFurn → ResidREIT →
P&C Insur → HomeFurn → ResidREIT →

OfficeREIT → P&C Insur → HomeFurn → ResidREIT →

P&C Insur → HomeFurn → ResidREIT →

SpCmSrv → DiversREIT → HCareTec →
DiversREIT → HCareTec →

HHCare → CstrMat → Advert →
CstrMat → Advert →

TechDist → SpecStors → Reinsuran → MngHCare → BldPrdcts →
SpecStors → Reinsuran → MngHCare → BldPrdcts →

DataProc → RsrcCslt →
RsrcCslt →

HREmpl → MortgREIT →
MortgREIT →

GMrchStrs → HhldPrdct →
GMrchStrs → HhldPrdct →

HHldPrdct →

HHldPrdct →
### Materials

<table>
<thead>
<tr>
<th>Sector</th>
<th>Strength</th>
<th>Momentum</th>
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</thead>
<tbody>
<tr>
<td>PaperPkg</td>
<td>18 stocks; $46bn</td>
<td>92 stocks; $242bn</td>
</tr>
<tr>
<td>SpecChm</td>
<td></td>
<td></td>
</tr>
<tr>
<td>MtGlScnt</td>
<td>12 stocks; $35bn</td>
<td></td>
</tr>
<tr>
<td>DvrsMng</td>
<td>152 stocks; $857bn</td>
<td></td>
</tr>
<tr>
<td>PrecMet</td>
<td>68 stocks; $140bn</td>
<td></td>
</tr>
<tr>
<td>Gold</td>
<td>930 stocks; $375bn</td>
<td></td>
</tr>
<tr>
<td>CstrMat</td>
<td>23 stocks; $133bn</td>
<td></td>
</tr>
<tr>
<td>DiversChm</td>
<td>18 stocks; $252bn</td>
<td></td>
</tr>
<tr>
<td>Steel</td>
<td>72 stocks; $526bn</td>
<td></td>
</tr>
<tr>
<td>Fert&amp;Ag</td>
<td>80 stocks; $277bn</td>
<td></td>
</tr>
<tr>
<td>ComdChm</td>
<td>30 stocks; $250bn</td>
<td></td>
</tr>
<tr>
<td>Alumin</td>
<td>13 stocks; $55bn</td>
<td></td>
</tr>
<tr>
<td>PapProd</td>
<td>45 stocks; $100bn</td>
<td></td>
</tr>
<tr>
<td>IndusGas</td>
<td>10 stocks; $136bn</td>
<td></td>
</tr>
<tr>
<td>FrstPrd</td>
<td>14 stocks; $130bn</td>
<td></td>
</tr>
<tr>
<td>ComdChm</td>
<td>30 stocks; $250bn</td>
<td></td>
</tr>
</tbody>
</table>
Momentum

February 3, 2012

Strength

Consumer Discretionary

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Rstaurnt
47 stocks; $266bn

HomeBld
31 stocks; $598bn

LeisPrd
16 stocks; $465bn

HmFrnsh
13 stocks; $33bn

Cas&Gam
36 stocks; $117bn

AutoParts
39 stocks; $180bn

HlIdApl
12 stocks; $37bn

DeptStrs
9 stocks; $150bn

CatalgRtl
8 stocks; $160bn

Distrib
13 stocks; $49bn

SpecStors
26 stocks; $68bn

Tire&Rub
22 stocks; $76bn

HmImpRtl
9 stocks; $148bn

SpCmSrv
12 stocks; $23bn

Educat
24 stocks; $34bn

CmrElec
14 stocks; $22bn

AutoRtl
14 stocks; $54bn

Broadcast
28 stocks; $106bn

Tire&Rub
8 stocks; $55bn

Mov&Ent
16 stocks; $163bn

SpecStors
26 stocks; $68bn

Footwear
13 stocks; $66bn

CmpEIRtl
14 stocks; $51bn

ApparlRtl
54 stocks; $255bn

AutoMfg
33 stocks; $755bn

Textiles
5 stocks; $5bn

Autm&Ent
18 stocks; $183bn

Advert
24 stocks; $34bn

Ht&Rsrt
28 stocks; $107bn

InetRtl
18 stocks; $147bn

HmFrnsh
13 stocks; $33bn

HmFurn
13 stocks; $32bn

CmEdc
24 stocks; $34bn

Htl&Rsrt
28 stocks; $107bn

Educat
24 stocks; $34bn

HmFrnsh
13 stocks; $33bn

Cas&Gam
36 stocks; $117bn

HomeFurn
13 stocks; $32bn

AutoParts
39 stocks; $180bn

HlIdApl
12 stocks; $37bn

DeptStrs
9 stocks; $150bn

CatalgRtl
8 stocks; $160bn

Distrib
13 stocks; $49bn

SpecStors
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24 stocks; $34bn

Ht&Rsrt
28 stocks; $107bn

InetRtl
18 stocks; $147bn
February 3, 2012

**Consumer Staples**

- **Brewers**: 16 stocks; $124bn
- **FdDistri**: 11 stocks; $33bn
- **SprCntr**: 14 stocks; $125bn
- **AgriProd**: 25 stocks; $125bn
- **Dist&Vnt**: 15 stocks; $165bn
- **PersPrdct**: 25 stocks; $177bn
- **Tobacco**: 17 stocks; $504bn
- **PkgFdMt**: 84 stocks; $748bn
- **FdRetail**: 38 stocks; $294bn
- **HhldPrdct**: 17 stocks; $377bn
- **DrugRetail**: 10 stocks; $105bn
- **SoftDrnks**: 15 stocks; $328bn

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BMO Capital Markets
February 3, 2012

Information Technology

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CompHdwr
22 stocks; $59.6bn

SemiEqp
46 stocks; $110bn

Semi
118 stocks; $695bn

PCStor&P
26 stocks; $123bn

SystmSwr
27 stocks; $49.4bn

InetSftSrv
69 stocks; $45.6bn

PCStor&P
26 stocks; $123bn

ElecInstr
39 stocks; $89bn

EMS
32 stocks; $92bn

ElecComp
39 stocks; $15.4bn

ElecInstr
39 stocks; $89bn

TechDist
18 stocks; $32bn

EMS
32 stocks; $92bn

OffElectr
10 stocks; $9.1bn

DataProc
45 stocks; $27.5bn

ElecComp
39 stocks; $15.4bn

ApplicSwr
84 stocks; $277bn

HmEntSwr
20 stocks; $60bn

ComEquip
77 stocks; $40.4bn

ApplicSwr
84 stocks; $277bn

OffElectr
10 stocks; $9.1bn

TechDist
18 stocks; $32bn

DataProc
45 stocks; $27.5bn
**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>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>
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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>
</tr>
<tr>
<td>Sell</td>
<td>Underperform</td>
<td>2.0%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>3.0%</td>
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</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.
*** 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;
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