Group Selection
Priced as of August 6, 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**

<table>
<thead>
<tr>
<th>Sector</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>51% / 40%</td>
<td>★ / ✱</td>
<td>-1% / 13%</td>
</tr>
<tr>
<td>Materials</td>
<td>53% / 42%</td>
<td>★ / ✱</td>
<td>6% / 19%</td>
</tr>
<tr>
<td>Industrials</td>
<td>61% / 43%</td>
<td>★ / ✱</td>
<td>-5% / 12%</td>
</tr>
<tr>
<td>CMR Disc</td>
<td>65% / 49%</td>
<td>★ / ✱</td>
<td>-11% / 4%</td>
</tr>
<tr>
<td>CMR Stap</td>
<td>71% / 49%</td>
<td>★ / ✱</td>
<td>-8% / 8%</td>
</tr>
<tr>
<td>Hlth Care</td>
<td>54% / 35%</td>
<td>★ / ✱</td>
<td>-10% / 2%</td>
</tr>
<tr>
<td>Financials</td>
<td>65% / 46%</td>
<td>★ / ✱</td>
<td>-10% / 9%</td>
</tr>
<tr>
<td>Info Tech</td>
<td>57% / 43%</td>
<td>★ / ✱</td>
<td>-13% / 1%</td>
</tr>
<tr>
<td>Telecom</td>
<td>62% / 43%</td>
<td>★ / ✱</td>
<td>2% / 22%</td>
</tr>
<tr>
<td>Utilities</td>
<td>67% / 46%</td>
<td>★ / ✱</td>
<td>3% / 19%</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.
Energy

OG RfMkt
41 stocks; $187bn

Int O&G
40 stocks; $2012bn

OG Drill
30 stocks; $88bn

OG StTr
56 stocks; $252bn

OG Equip
75 stocks; $325bn

OG E&P
215 stocks; $852bn

Coal&Uran
51 stocks; $132bn

Momentum

Strength
**Momentum**

**Strength**

- **Gold**
  - 118 stocks: $212bn
- **IndusGas**
  - 10 stocks: $11bn
- **FrstPrd**
  - 14 stocks: $14bn
- **PrecMet**
  - 56 stocks: $116bn
- **Fert&Ag**
  - 40 stocks: $216bn
- **DvrsMng**
  - 156 stocks: $705bn
- **SpecChm**
  - 50 stocks: $151bn
- **MtGlsCnt**
  - 13 stocks: $35bn
- **DiversChm**
  - 19 stocks: $191bn
- **ComdChm**
  - 27 stocks: $177bn
- **Steel**
  - 72 stocks: $647bn
- **CstrMat**
  - 27 stocks: $174bn
- **PaperPkg**
  - 10 stocks: $26bn
- **PapProd**
  - 30 stocks: $86bn

**Materials**
August 6, 2010

Consumer Discretionary

Momentum

Strength

AutoParts — 36 stocks; $136bn
Broadcast — 24 stocks; $79bn

Cabl&Sat — 19 stocks; $178bn
Broadcast — 24 stocks; $79bn

Tire&Rub — 18 stocks; $127bn
DeptStrs — 19 stocks; $66bn

AutoParts — 36 stocks; $136bn
AutoMfg — 27 stocks; $568bn

Textiles — 3 stocks; $3bn
InetRtl — 16 stocks; $100bn

Broadcast — 24 stocks; $79bn
CmrElec — 14 stocks; $47bn

Cabl&Sat — 19 stocks; $178bn
Textiles — 3 stocks; $3bn

CmrElec — 14 stocks; $47bn

InetRtl — 16 stocks; $100bn

AutoMfg — 27 stocks; $568bn

AutoRtl — 14 stocks; $36bn

HmImpRtl — 8 stocks; $97bn

Footwear — 14 stocks; $53bn
Mov&Ent — 3 stocks; $15bn

Hti&Rsrt — 22 stocks; $106bn
Tire&Rub — 18 stocks; $127bn

LeisFcil — 11 stocks; $27bn
HmImpRtl — 8 stocks; $97bn

DeptStrs — 19 stocks; $66bn

Hti&Rsrt — 22 stocks; $106bn

AutoRtl — 14 stocks; $36bn

HmFrnsh — 10 stocks; $78bn

LeisPrd — 16 stocks; $56bn

Rstaurnt — 42 stocks; $184bn

Advert — 19 stocks; $66bn

HmFrnsh — 10 stocks; $78bn

HmFrnsh — 10 stocks; $78bn

AppraiRtl — 50 stocks; $223bn
HhldApl — 12 stocks; $84bn

Rstaurnt — 42 stocks; $184bn

SpecStors — 25 stocks; $48bn

SpCmSrV — 14 stocks; $18bn

Distrib — 11 stocks; $39bn

Publishing — 29 stocks; $115bn

GMrchStrs — 13 stocks; $79bn

Hrsturn — 21 stocks; $38bn

LeisFcil — 11 stocks; $27bn

Publishing — 29 stocks; $115bn

HomeBld — 29 stocks; $55bn

Hrtnrtn — 21 stocks; $33bn

CatalgRtl — 42 stocks; $184bn

HomeFurn — 29 stocks; $115bn

CmpElRtl — 13 stocks; $47bn

Educat — 21 stocks; $38bn

Hrtnrtn — 21 stocks; $33bn

HmImpRtl — 8 stocks; $97bn

HhldApl — 12 stocks; $84bn

CmpElRtl — 13 stocks; $47bn

CatalgRtl — 42 stocks; $184bn

CmrElec — 14 stocks; $47bn
IndusREIT 11 stocks; $24bn

SpecialFin 29 stocks; $128bn

DivCpMkt 11 stocks; $175bn

REstSrv 10 stocks; $13bn

InvBnkBrk 40 stocks; $261bn

MitSecHld 14 stocks; $77bn

REstDvAct 27 stocks; $245bn

AsstMgmt 67 stocks; $237bn

OthrDivFS 16 stocks; $509bn

DiversBnk 158 stocks; $3509bn

ConsmrFin 23 stocks; $111bn

REstOpCo 16 stocks; $48bn

ResidREIT 18 stocks; $49bn

RetailREIT 68 stocks; $161bn

OfficeREIT 92 stocks; $52bn

SpecREIT 81 stocks; $94bn

DiversREIT 21 stocks; $73bn

InsurBrkr 10 stocks; $36bn

RegionBnk 123 stocks; $236bn

Multi-LnIns 23 stocks; $335bn

LifeHthIns 41 stocks; $402bn

P&C Insur 63 stocks; $257bn

MortgREIT 20 stocks; $25bn

ResidREIT 18 stocks; $49bn
**Telecommunication Services**

<table>
<thead>
<tr>
<th>Momentum</th>
<th>Strength</th>
</tr>
</thead>
<tbody>
<tr>
<td>IntegTelSr</td>
<td>67 stocks; $1094bn</td>
</tr>
<tr>
<td>AltCar</td>
<td>16 stocks; $28bn</td>
</tr>
<tr>
<td>WlsTelSrv</td>
<td>45 stocks; $867bn</td>
</tr>
</tbody>
</table>

Mark Steele (416) 359-4641
Momentum Strength

Utilities

WaterUtil ➲
24 stocks: $32bn

MultiUtil ➲
41 stocks: $402bn

GasUtil ➲
31 stocks: $144bn

ElecUtil ➲
75 stocks: $853bn

IPPTrad ➢
58 stocks: $176bn
**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 groups 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 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.
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”
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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