Group Selection
Priced as of January 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**

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<tbody>
<tr>
<td>Energy</td>
<td>29% / 42% / 45%</td>
<td>- / - / -</td>
<td>10% / 6% / 3%</td>
</tr>
<tr>
<td>Materials</td>
<td>20% / 30% / 35%</td>
<td>- / - / -</td>
<td>7% / 4% / -1%</td>
</tr>
<tr>
<td>Industrials</td>
<td>26% / 39% / 45%</td>
<td>- / - / -</td>
<td>10% / 7% / 3%</td>
</tr>
<tr>
<td>CMR Disc</td>
<td>33% / 48% / 53%</td>
<td>- / - / -</td>
<td>3% / 0% / -5%</td>
</tr>
<tr>
<td>CMR Stap</td>
<td>52% / 66% / 74%</td>
<td>- / - / -</td>
<td>-4% / -11% / -16%</td>
</tr>
<tr>
<td>Hlth Care</td>
<td>32% / 47% / 53%</td>
<td>- / - / -</td>
<td>6% / 5% / -1%</td>
</tr>
<tr>
<td>Financials</td>
<td>29% / 45% / 48%</td>
<td>- / - / -</td>
<td>11% / 8% / 2%</td>
</tr>
<tr>
<td>Info Tech</td>
<td>30% / 41% / 45%</td>
<td>- / - / -</td>
<td>1% / -1% / -5%</td>
</tr>
<tr>
<td>Telecom</td>
<td>39% / 50% / 56%</td>
<td>- / - / -</td>
<td>-7% / -7% / -11%</td>
</tr>
<tr>
<td>Utilities</td>
<td>52% / 61% / 67%</td>
<td>- / - / -</td>
<td>-6% / -7% / -14%</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.
January 3, 2012

**Momentum**

- **CstrMat**: 23 stocks; $117bn
- **ComdChm**: 30 stocks; $231bn
- **DiversChm**: 19 stocks; $227bn
- **Steel**: 72 stocks; $460bn
- **PapProd**: 45 stocks; $92bn
- **DvrsMng**: 149 stocks; $736bn
- **FrstPrd**: 14 stocks; $12bn
- **PaperPkg**: 18 stocks; $43bn
- **MtGlsCnt**: 12 stocks; $32bn
- **IndusGas**: 10 stocks; $126bn
- **SpecChm**: 36 stocks; $212bn
- **Fert&Ag**: 39 stocks; $254bn
- **Alumin**: 13 stocks; $46bn
- **PrecMet**: 57 stocks; $122bn
- **Gold**: 179 stocks; $355bn

**Strength**

- **Materials**:
  - CstrMat: 23 stocks; $117bn
  - ComdChm: 30 stocks; $231bn
  - DiversChm: 19 stocks; $227bn
  - Steel: 72 stocks; $460bn
  - PapProd: 45 stocks; $92bn
  - DvrsMng: 149 stocks; $736bn
  - FrstPrd: 14 stocks; $12bn
  - PaperPkg: 18 stocks; $43bn
  - MtGlsCnt: 12 stocks; $32bn
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  - SpecChm: 36 stocks; $212bn
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  - Alumin: 13 stocks; $46bn
  - PrecMet: 57 stocks; $122bn
  - Gold: 179 stocks; $355bn
January 3, 2012

Consumer Discretionary

Momentum

Strength

Cas&Gam 13 stocks; $194bn
HomeFurn 13 stocks; $91bn
Advert 22 stocks; $69bn
CmpElRtl 14 stocks; $56bn
Htl&Rsrt 28 stocks; $96bn
Educat 24 stocks; $32bn

HmImpRtl 36 stocks; $194bn
LeisFcil 17 stocks; $26bn
GMrchStrs 15 stocks; $86bn
HomeBld 31 stocks; $56bn
Publishing 28 stocks; $31bn
Textiles 6 stocks; $2bn
Footwear 13 stocks; $16bn

Distrib 6 stocks; $44bn
Cabl&Sat 31 stocks; $222bn
LeisPrd 16 stocks; $71bn
CmrElec 13 stocks; $70bn
AutoMfg 33 stocks; $66bn

Rstaurnt 77 stocks; $251bn
ApparRtl 52 stocks; $248bn
SpCmSrv 73 stocks; $21bn
InetRtl 18 stocks; $13bn

Mov&Ent 18 stocks; $173bn
Hsware 7 stocks; $12bn
SpecStors 25 stocks; $63bn
Tire&Rub 8 stocks; $51bn

DeptStrs 20 stocks; $134bn
January 3, 2012

Health Care

Momentum

Strength

HCEquip 84 stocks; $333bn
HCFacility 28 stocks; $43bn
HCService 36 stocks; $144bn
Pharma 92 stocks; $171bn
Biotech 115 stocks; $271bn

MngHCare 16 stocks; $145bn
HCDistrib 16 stocks; $66bn
HCareTec 12 stocks; $25bn
HCSuppls 22 stocks; $41bn

LfSciSrv 34 stocks; $81bn

Health Care

BMO Capital Markets
Mark Steele (416) 359-4641
January 3, 2012

Utilities

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MultiUtil
41 stocks; $385bn

ElecUtil
80 stocks; $82bn

IPP Trad
48 stocks; $172bn

GasUtil
28 stocks; $146bn

WaterUtil
21 stocks; $41bn

Momentum

Strength
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.
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 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>
<td>40.7%</td>
<td>44.2%</td>
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<td>Hold</td>
<td>Market Perform</td>
<td>62.2%</td>
<td>14.7%</td>
<td>68.2%</td>
<td>56.2%</td>
<td>54.6%</td>
<td>39.3%</td>
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<tr>
<td>Sell</td>
<td>Underperform</td>
<td>2.0%</td>
<td>0.0%</td>
<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;
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