Group Selection
Priced as of December 21, 2009

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>Hyperlink</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>64% / 60%</td>
<td>* / *</td>
<td>8% / 7%</td>
</tr>
<tr>
<td>Materials</td>
<td>68% / 65%</td>
<td>** / *</td>
<td>0% / -4%</td>
</tr>
<tr>
<td>Industrials</td>
<td>54% / 49%</td>
<td>* / o</td>
<td>8% / 8%</td>
</tr>
<tr>
<td>CMR Disc</td>
<td>57% / 54%</td>
<td>* / o</td>
<td>8% / 5%</td>
</tr>
<tr>
<td>CMR Stap</td>
<td>50% / 46%</td>
<td>* / o</td>
<td>3% / 2%</td>
</tr>
<tr>
<td>Hlth Care</td>
<td>46% / 43%</td>
<td>o / o</td>
<td>18% / 13%</td>
</tr>
<tr>
<td>Financials</td>
<td>54% / 51%</td>
<td>* / *</td>
<td>2% / -2%</td>
</tr>
<tr>
<td>Info Tech</td>
<td>55% / 50%</td>
<td>* / o</td>
<td>13% / 10%</td>
</tr>
<tr>
<td>Telecom</td>
<td>39% / 34%</td>
<td>o / o</td>
<td>11% / 9%</td>
</tr>
<tr>
<td>Utilities</td>
<td>29% / 28%</td>
<td>o / o</td>
<td>33% / 22%</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 consistant 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.
December 21, 2009

Strength Changes Last Session

OG E&P ← FrstPrd ← HCDistrib ← April&Gds ← HCFacility →
CmpEIRlt ← AirprtSrv → LeisPrd ← AsstMgmt →
SimPrd ← AirFrght → CnstrtM ← Cns&Eng ← HCSuppls →
OG StTr ← HCServ ← SoftDrinks ← HmImpRtl ← SpecStors →
OG StTr ← HCServ ← SoftDrinks ← HmImpRtl ← SpecStors →
HhldApl ← RetailREIT ← BldPrdcts ← ITConsult ← SpecialFin →
InetRtl ← RetailREIT ← BldPrdcts ← ITConsult ← SpecialFin →
PersPrdct ← Broadcast ← Coal&Uran ← ElecInstr ← AutoRtl ←
PrecMet ← Broadcast ← Coal&Uran ← ElecInstr ← AutoRtl ←
ApplicSwr ← HCEquip ← OthrDivFS ← REstDvAct ← LifeHthIns ←
DeptStrs ← HCEquip ← OthrDivFS ← REstDvAct ← LifeHthIns ←
SemiEqp ← CmClPrt ← Htl&Rsr ← OffElectr ←
Brewers ← CmClPrt ← Htl&Rsr ← OffElectr ←
AutoParts ← Gold ← IndCongl ← SystmSwr ← Steel ←
Footwear ← SystmSwr ← Steel ←
InetSftSrv ← Dist&Vnt ← ApparlRtl ← Railroads ← HhldPrdct ← Reinsuran ←
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Mark Steele (416) 359-4641
Momentum

Strength

December 21, 2009

Mark Steele (416) 359-4641

Materials

FrstPrd
14 stocks; $19bn

Alumin
12 stocks; $51bn

SpecChm
19 stocks; $105bn

DiversChm
16 stocks; $178bn

PaperPkg
10 stocks; $26bn

CstrMat
19 stocks; $138bn

PrecMet
57 stocks; $102bn

DvrsMng
143 stocks; $768bn

Gold
37 stocks; $253bn

PapProd
28 stocks; $81bn

IndusGas
10 stocks; $106bn

Fert&Ag
35 stocks; $225bn

MtGlsCnt
14 stocks; $33bn

ComdChm
20 stocks; $133bn

Paper Pkg
10 stocks; $26bn

Cstr Mat
19 stocks; $138bn

Prec Met
57 stocks; $102bn

Dvrs Mng
143 stocks; $768bn

Gold
37 stocks; $253bn

Pap Prod
28 stocks; $81bn

Indus Gas
10 stocks; $106bn

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35 stocks; $225bn

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10 stocks; $106bn

Fert & Ag
35 stocks; $225bn

Mt Gls Cnt
14 stocks; $33bn

Comd Chm
20 stocks; $133bn

Momentum

Strength
Telecommunication Services

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Mark Steele (416) 359-4641

WlsTelSrv
45 stocks;$750bn

AltCar
17 stocks;$36bn

IntegTelSr
61 stocks;$1091bn
Momentum
Strength

Utilities

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IPPTrad ➔
41 stocks; $157bn

WaterUtil ➕
16 stocks; $18bn

GasUtil ➔
28 stocks; $125bn

MultiUtil ➔
36 stocks; $404bn

ElecUtil ➕
66 stocks; $888bn

Utilities

Mark Steele (416) 359-4641
**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 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.
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.
BMO NB hereby certifies that the views expressed in this report accurately reflect the firm's quantitative research model. BMO NB also certifies that no part of the firm's compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in this report.

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