Group Selection
Priced as of December 14, 2011

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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*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

- OffElectr
- CmclPrt
- LeisFcil
- FdRetail

- Pharma

- AltCar
- Airline
- Marine

- FdDistri
- Broadcast

- HcService
- OfficeREIT
- InetStSrV
- REstOpCo

- ElecInstr

- AgriProd
- Aero&Df
- Multi-LnIns

- BldPrdcts
- ITConsult

- ResidREIT
- ElecUtil
- HCDistrib
- PaperPkg

- HhldPrdct

- GMrchStrs
- Footwear

- SoftDrnks

- CompHdwr

- DvSpSrv

- TechDist

- Int O&G

- OffceServ

- AsstMgmt

- DiversChm

- Dist&Vnt

- EnviroServ

- SprCntrs

- Cas&Gam

- LifeHthIns

- OG Equip

- Ind Mach

- MltSecHld

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December 14, 2011
IndusGas ↑ 10 stocks; $116bn

PaperPkg ↓ 18 stocks; $41bn

MtGlsCnt ↓ 12 stocks; $30bn

ComdChm ↓ 30 stocks; $226bn

Fert&Ag ↑ 40 stocks; $236bn

Alumin ↑ 13 stocks; $45bn

PrecMet ↑ 68 stocks; $116bn

PapProd ↑ 45 stocks; $84bn

Steel ↑ 72 stocks; $429bn

Gold ↓ 45 stocks; $84bn

DiversMng ↓ 129 stocks; $344bn

DiversChm ↑ 19 stocks; $207bn

SpecChm ↓ 56 stocks; $198bn

CstrMat 23 stocks; $109bn
December 14, 2011

**Industrials**

- **Momentum**
  - Railroads: 20 stocks; $257bn
  - Trucking: 31 stocks; $45bn
  - CmclPrt: 15 stocks; $206bn
  - HREmpl: 18 stocks; $30bn
  - Aero&Def: 52 stocks; $428bn
  - Airline: 37 stocks; $103bn
  - Marine: 31 stocks; $70bn
  - MarineSrV: 14 stocks; $48bn
  - HvyElcEq: 20 stocks; $111bn
  - Hvy&Rail: 9 stocks; $49bn
  - DvSpSrV: 24 stocks; $53bn
  - TrdgDist: 36 stocks; $211bn
  - IndCongl: 35 stocks; $628bn
  - OfficeSrV: 14 stocks; $19bn
  - RsrcCslt: 30 stocks; $81bn
  - EnviroSrV: 32 stocks; $62bn
  - Ind Mach: 99 stocks; $368bn
  - OffceServ: 14 stocks; $19bn
  - Cns&Eng: 71 stocks; $218bn
  - ElcCmpEq: 44 stocks; $170bn
  - AirprtSrV: 3 stocks; $2.3bn
  - CnstFmM: 32 stocks; $62bn

**Strength**
### Consumer Staples

**December 14, 2011**

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<table>
<thead>
<tr>
<th>Sector</th>
<th>Segment</th>
<th>Number of Stocks</th>
<th>Market Cap ($bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Agri Prod</strong></td>
<td></td>
<td>26</td>
<td>117</td>
</tr>
<tr>
<td>Tobacco</td>
<td></td>
<td>17</td>
<td>468</td>
</tr>
<tr>
<td>Hhld Prdct</td>
<td></td>
<td>16</td>
<td>365</td>
</tr>
<tr>
<td>Pers Prdct</td>
<td></td>
<td>25</td>
<td>162</td>
</tr>
<tr>
<td>Pkg Fd Mt</td>
<td></td>
<td>84</td>
<td>703</td>
</tr>
<tr>
<td>Brewers</td>
<td></td>
<td>17</td>
<td>302</td>
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<tr>
<td>Drug Retail</td>
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<td>10</td>
<td>95</td>
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<tr>
<td>Soft Drnks</td>
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<tr>
<td>Dist &amp; Vnt</td>
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<td>15</td>
<td>155</td>
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<tr>
<td>Spr Cntrs</td>
<td></td>
<td>13</td>
<td>378</td>
</tr>
</tbody>
</table>

**Graphical Representation**

- **Strength** axis
  - FdRetail: 38 stocks, $285bn
  - FdDistri: 10 stocks, $30bn
- Agri Prod: 26 stocks, $117bn
- Tobacco: 17 stocks, $498bn
- Hhld Prdct: 16 stocks, $365bn
- Pers Prdct: 25 stocks, $162bn
- Pkg Fd Mt: 84 stocks, $703bn
- Brewers: 17 stocks, $302bn
- Drug Retail: 10 stocks, $95bn
- Soft Drnks: 16 stocks, $313bn
- Dist & Vnt: 15 stocks, $155bn
- Spr Cntrs: 13 stocks, $378bn
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”
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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<tr>
<th>Rating Category</th>
<th>BMO Rating</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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<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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<tr>
<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>
</tr>
<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>
</tr>
</tbody>
</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.
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(S) = speculative investment;
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