Group Selection

Priced as of December 10, 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 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>61% / 56%</td>
<td>* / *</td>
<td>-1% / -2%</td>
</tr>
<tr>
<td>Materials</td>
<td>67% / 65%</td>
<td>* / *</td>
<td>3% / 3%</td>
</tr>
<tr>
<td>Industrials</td>
<td>53% / 50%</td>
<td>* / *</td>
<td>3% / 0%</td>
</tr>
<tr>
<td>CMR Disc</td>
<td>59% / 54%</td>
<td>* / *</td>
<td>0% / -2%</td>
</tr>
<tr>
<td>CMR Stap</td>
<td>50% / 47%</td>
<td>* / *</td>
<td>5% / 0%</td>
</tr>
<tr>
<td>Hlth Care</td>
<td>46% / 43%</td>
<td>» / »</td>
<td>6% / 4%</td>
</tr>
<tr>
<td>Financials</td>
<td>56% / 55%</td>
<td>» / »</td>
<td>-7% / -7%</td>
</tr>
<tr>
<td>Info Tech</td>
<td>56% / 50%</td>
<td>» / »</td>
<td>1% / 1%</td>
</tr>
<tr>
<td>Telecom</td>
<td>39% / 35%</td>
<td>» / »</td>
<td>16% / 11%</td>
</tr>
<tr>
<td>Utilities</td>
<td>29% / 27%</td>
<td>» / »</td>
<td>30% / 21%</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.
December 10, 2009

**Materials**

- **Strength**
  - **PaperPkg**
    - 11 stocks; $23bn
  - **ComdChm**
    - 20 stocks; $130bn
  - **Fert&Ag**
    - 35 stocks; $235bn
  - **MtGlsCnt**
    - 13 stocks; $33bn

- **Momentum**
  - **PapProd**
    - 28 stocks; $82bn
  - **Steel**
    - 65 stocks; $516bn
  - **SpecChm**
    - 39 stocks; $105bn
  - **CstrMat**
    - 19 stocks; $134bn
  - **PrecMet**
    - 87 stocks; $104bn
  - **DiversChm**
    - 66 stocks; $177bn
  - **Alumin**
    - 10 stocks; $49bn
  - **FrstPrd**
    - 14 stocks; $19bn
  - **Gold**
    - 98 stocks; $277bn
  - **DvrsMng**
    - 143 stocks; $772bn
  - **IndusGas**
    - 10 stocks; $107bn

**BMO Capital Markets**

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Consumer Discretionary

- **Broadcast**: 16 stocks, $46bn
- **Footwear**: 11 stocks, $39bn
- **CmpElRtl**: 15 stocks, $56bn
- **CmrElec**: 12 stocks, $11bn
- **Cabl&Sat**: 20 stocks, $163bn
- **AutoMfg**: 20 stocks, $57bn
- **Mov&Ent**: 20 stocks, $160bn
- **Dept strs**: 16 stocks, $118bn
- **AutoParts**: 92 stocks, $106bn
- **ApparlRtl**: 43 stocks, $178bn
- **CmrElec**: 12 stocks, $11bn
- **Hsware**: 9 stocks, $16bn
- **GMrchStrs**: 10 stocks, $56bn
- **LeisFcil**: 10 stocks, $22bn
- **InetRtl**: 15 stocks, $96bn
- **HmFrnsh**: 9 stocks, $16bn
- **Tire&Rub**: 10 stocks, $52bn
- **HhldApl**: 10 stocks, $36bn
- **Advert**: 18 stocks, $59bn
- **HtlnsRt**: 19 stocks, $18bn
- **CatalgRtl**: 11 stocks, $15bn
- **HtlnsRt**: 19 stocks, $18bn
- **HmImpRtl**: 9 stocks, $103bn
- **AutoRtl**: 14 stocks, $31bn
- **Cas&Gam**: 30 stocks, $91bn
- **SpCmSrv**: 30 stocks, $91bn
- **HmFrnsh**: 9 stocks, $16bn
- **Rstaurnt**: 40 stocks, $194bn
- **AutoRtl**: 18 stocks, $59bn
- **HhldApl**: 10 stocks, $36bn
- **HomeBld**: 26 stocks, $52bn
- **HhldApl**: 10 stocks, $36bn
- **Aprl&Gds**: 37 stocks, $187bn
- **HhldApl**: 10 stocks, $36bn
- **Publishing**: 28 stocks, $98bn
- **HhldApl**: 10 stocks, $36bn
- **HomeFurn**: 12 stocks, $12bn
- **CatalgRtl**: 11 stocks, $15bn
- **HhldApl**: 10 stocks, $36bn
- **HhldApl**: 10 stocks, $36bn
- **HomeImpRtl**: 9 stocks, $103bn
- **SpecStors**: 22 stocks, $42bn
- **HhldApl**: 10 stocks, $36bn
- **HhldApl**: 10 stocks, $36bn

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December 10, 2009

Markets

Strength

Momentum
Telecommunication Services

Momentum

Strength

December 10, 2009

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Telcar
17 stocks; $35bn

WlsTelSrv
45 stocks; $761bn

IntegTelSr
61 stocks; $1114bn
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.
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 moving average (momentum).

- Each chart is hyperlinked to the group membership, in our RS Filter Toolkit.
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