Group Selection

Priced as of August 31, 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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*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.
**Resources**

August 31, 2010

Mark Steele (416) 359-4641

- **PrecMet**
  - 57 stocks; $111bn

- **Fert&Ag**
  - 40 stocks; $224bn

- **OG Equip**
  - 74 stocks; $283bn

- **OG RFMkt**
  - 42 stocks; $173bn

- **OG E&P**
  - 212 stocks; $301bn

- **Coal&Uran**
  - 51 stocks; $123bn

- **SpecChm**
  - 59 stocks; $141bn

- **CstrMat**
  - 21 stocks; $110bn

- **OG StTr**
  - 59 stocks; $244bn

- **IndusGas**
  - 19 stocks; $102bn

- **ComdChm**
  - 27 stocks; $174bn

- **Int O&G**
  - 38 stocks; $188bn

- **DvrsMng**
  - 156 stocks; $646bn

- **FrstPrd**
  - 14 stocks; $13bn

- **Alumin**
  - 11 stocks; $56bn

- **MtGlsCnt**
  - 13 stocks; $34bn

- **PapProd**
  - 30 stocks; $80bn

- **DiversChm**
  - 19 stocks; $178bn

- **OG Drill**
  - 30 stocks; $779bn

- **Steel**
  - 71 stocks; $552bn

**Gold**
- 118 stocks; $331bn

**SpecChm**
- 50 stocks; $141bn

**Coal&Uran**
- 51 stocks; $123bn

**CstrMat**
- 21 stocks; $110bn

**OG StTr**
- 59 stocks; $244bn

**IndusGas**
- 19 stocks; $102bn

**ComdChm**
- 27 stocks; $174bn

**Int O&G**
- 38 stocks; $188bn

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**PapProd**
- 30 stocks; $80bn

**DiversChm**
- 19 stocks; $178bn

**OG Drill**
- 30 stocks; $779bn

**Steel**
- 71 stocks; $552bn
Momentum
Strength

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Materials

PrecMet
57 stocks; $111bn

Fert&Ag
40 stocks; $224bn

Gold
118 stocks; $331bn

SpecChm
50 stocks; $149bn

IndusGas
10 stocks; $102bn

ComdChm
27 stocks; $174bn

PaperPkg
10 stocks; $256bn

DvrsMng
156 stocks; $646bn

FrstPrd
14 stocks; $13bn

Alumin
13 stocks; $502bn

CstrMat
21 stocks; $110bn

MtGlsCnt
13 stocks; $34bn

PapProd
30 stocks; $80bn

DiversChm
19 stocks; $176bn

Steel
71 stocks; $502bn

PrecMet
57 stocks; $111bn

Fert&Ag
40 stocks; $224bn

Gold
118 stocks; $331bn

SpecChm
50 stocks; $149bn

IndusGas
10 stocks; $102bn

ComdChm
27 stocks; $174bn

PaperPkg
10 stocks; $256bn

DvrsMng
156 stocks; $646bn

FrstPrd
14 stocks; $13bn

Alumin
13 stocks; $502bn

CstrMat
21 stocks; $110bn

MtGlsCnt
13 stocks; $34bn

PapProd
30 stocks; $80bn

DiversChm
19 stocks; $176bn

Steel
71 stocks; $502bn
Consumer Staples

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Momentum

Strength

FdRetail
34 stocks; $253bn

Dist&Vnt
14 stocks; $129bn

PkgFdMt
10 stocks; $642bn

DrugRetail
10 stocks; $78bn

SprCntrs
4 stocks; $363bn

Brewers
16 stocks; $364bn

PersPrdct
28 stocks; $165bn

FdDistri
11 stocks; $39bn

SoftDrnks
16 stocks; $294bn

AgriProd
29 stocks; $123bn

HhldPrdct
14 stocks; $329bn

Tobacco
16 stocks; $355bn
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Health Care

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Momentum

Strength

MngHCare
16 stocks; $95bn

HCService
38 stocks; $709bn

LfSciSrv
29 stocks; $69bn

HCFacility
27 stocks; $31bn

Pharma
81 stocks; $140bn

HCSuppls
22 stocks; $86bn

HCEquip
80 stocks; $287bn

HCDistrib
12 stocks; $48bn

Biotech
105 stocks; $234bn

HCareTec
11 stocks; $17bn
Momentum

Strength

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Telecommunication Services

AltCar
16 stocks; $26bn

IntegTelSrv
67 stocks; $166bn

WlsTelSrv
45 stocks; $84bn
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Utilities

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WaterUtil
24 stocks; $3.3bn

ElecUtil
75 stocks; $82bn

GasUtil
37 stocks; $138bn

IPPTrad
58 stocks; $170bn

MultiUtil
41 stocks; $387bn
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 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”
- 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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