Group Selection

Priced as of August 10, 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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## Sector View

### Sector Relative Strength Profiles*

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
</tr>
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<tbody>
<tr>
<td>Energy</td>
<td>46% / 50% / 48%</td>
<td>★ / ★ / ★</td>
<td>-7% / -8% / -31%</td>
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<tr>
<td>Materials</td>
<td>40% / 45% / 41%</td>
<td>★ / ★ / ★</td>
<td>3% / 3% / -13%</td>
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<tr>
<td>Industrials</td>
<td>47% / 53% / 49%</td>
<td>★ / ★ / ★</td>
<td>-22% / -23% / -43%</td>
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<tr>
<td>CMR Disc</td>
<td>50% / 54% / 51%</td>
<td>★ / ★ / ★</td>
<td>-7% / -8% / -29%</td>
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<tr>
<td>CMR Stap</td>
<td>66% / 70% / 62%</td>
<td>★ / ★★ / ★</td>
<td>26% / 24% / -1%</td>
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<tr>
<td>Hlth Care</td>
<td>61% / 65% / 60%</td>
<td>★ / ★ / ★</td>
<td>-23% / -24% / -42%</td>
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<tr>
<td>Financials</td>
<td>41% / 48% / 45%</td>
<td>★ / ★ / ★</td>
<td>-1% / -3% / -28%</td>
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<tr>
<td>Info Tech</td>
<td>41% / 44% / 42%</td>
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<td>-12% / -13% / -33%</td>
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<tr>
<td>Telecom</td>
<td>59% / 62% / 60%</td>
<td>★ / ★ / ★</td>
<td>16% / 13% / -8%</td>
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<tr>
<td>Utilities</td>
<td>59% / 67% / 59%</td>
<td>★ / ★ / ★</td>
<td>36% / 30% / -6%</td>
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</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 (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
Strength Changes Last Session

- HCSuppls → MortgREIT → Airline → Multi-LnIns
- CatalgRtl → REstDvAct → P&C Insur → Trucking → HCEquip
- HCEquip → Hsware → RegionBnk → PapProd
- PkgFdMt → SpCmSrv → FdRetail → MltSecHld → Pharma
- Pharma → MngHCare → FdDistri → HCEquip
- PPTrad → DiversBnk → HCService
- SysmSwr → IndCongl → REstDevl → DeptStrs
- WlsTelSrv → DrugRetail → CmpElRtl → Fert&Ag → TrdgDist
- RetailREIT → Aprl&Gds → DiversREIT → Footwear
- OfficeREIT → HCareTec → SpecStors → Educat → HREmpl
- AutoMfg → MarineSrv → AutoParts → DiversBnk → HCService
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August 10, 2011

Consumer Staples

Momentum

Strength

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Consumer Staples

- PkgFdMt (87 stocks, $719bn)
- HhidPrdt (16 stocks, $344bn)
- FdRetail (97 stocks, $281bn)
- SprCntrs (14 stocks, $343bn)
- FdDistri (16 stocks, $344bn)
- PersPrdt (25 stocks, $171bn)
- Tobacco (17 stocks, $442bn)
- SoftDrnks (16 stocks, $303bn)
- Brewers (16 stocks, $286bn)
- Dist&Vnt (15 stocks, $153bn)
- AgriProd (26 stocks, $118bn)
- DrugRetail (10 stocks, $91bn)
- Tobacco (17 stocks, $442bn)

87 stocks; $719bn
37 stocks; $281bn
14 stocks; $343bn
16 stocks; $344bn
25 stocks; $171bn
17 stocks; $442bn
16 stocks; $303bn
16 stocks; $286bn
15 stocks; $153bn
26 stocks; $118bn
**Health Care**

- **HCDistrib**: 15 stocks; $62bn
- **HCSuppls**: 22 stocks; $40bn
- **Pharma**: 66 stocks; $1491bn
- **MngHCare**: 16 stocks; $121bn
- **HCService**: 39 stocks; $136bn
- **HCEquip**: 83 stocks; $310bn
- **LifeSciSrv**: 33 stocks; $83bn
- **HCareTec**: 14 stocks; $24bn
- **HCFacility**: 27 stocks; $31bn
- **Biotech**: 113 stocks; $228bn

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Momentum

Strength

Utilities

GasUtil: 29 stocks, $136bn
MultiUtil: 40 stocks, $348bn
ElecUtil: 78 stocks, $786bn
WaterUtil: 24 stocks, $42bn
IPPTrad: 52 stocks, $164bn
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”
- 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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<th>Rating Category</th>
<th>BMO Rating</th>
<th>BMOCM US Universe*</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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<td>Buy</td>
<td>Outperform</td>
<td>36.5%</td>
<td>13.6%</td>
<td>40.7%</td>
<td>40.4%</td>
<td>49.1%</td>
<td>55.4%</td>
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<tr>
<td>Hold</td>
<td>Market Perform</td>
<td>60.2%</td>
<td>11.3%</td>
<td>55.9%</td>
<td>55.6%</td>
<td>49.1%</td>
<td>39.7%</td>
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<tr>
<td>Sell</td>
<td>Underperform</td>
<td>3.3%</td>
<td>12.5%</td>
<td>3.4%</td>
<td>4.0%</td>
<td>1.9%</td>
<td>4.8%</td>
</tr>
</tbody>
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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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Und = Underperform - Forecast to underperform the market;
(S) = speculative investment;
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