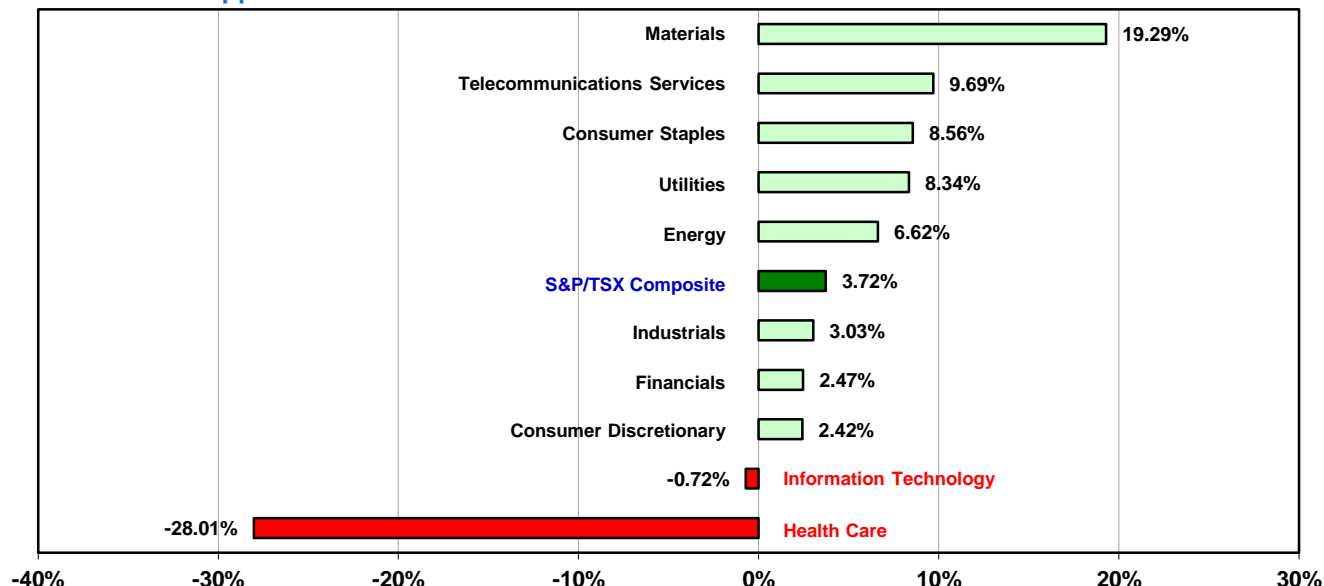


2016 Q1: TSX wages strong recovery from January lows Defensive sectors lead market higher in Q1

2016 Q1 Capped Sector Performance



- The S&P/TSX Composite returned +3.7% in Q1.
- Of the 243 stocks that were in the TSX Composite at some point during Q1, 154 (63%) recorded a gain.
- Small Cap outperformed Mid Cap (Completion Index) which outperformed Large Cap (TSX 60) in Q1. The TSX 60 underperformed the TSX Composite.
- In Q1, the Canadian market outperformed the US market in home currency terms (US returned +0.8%) and in Canadian dollar terms (US market returned -5.4% in C\$ terms). The US dollar fell 6.2% against the Canadian dollar in Q1.
- Defensive sectors led. While on a global basis Materials is not thought of as a defensive sector, in Canada it is dominated by precious metals producers and therefore is highly sensitive to gold prices. The Materials sector was joined by Telecommunications Services, Consumer Staples and Utilities as the top sectors in Q1.
- The main detractor was Health Care primarily due to a 76% loss in Valeant Pharmaceuticals, which alone lost more market capitalization in Q1 than the other 88 declining stocks in the Composite combined.

2016 Index Returns	Q1	YTD
S&P/TSX Composite	+3.72%	+3.72%
S&P/TSX 60 (Large Cap)	+3.45%	+3.45%
S&P/TSX Completion (Mid)	+4.61%	+4.61%
S&P/TSX Small Cap	+7.77%	+7.77%

Q1 Biggest Contributors

Bank Of Nova Scotia
Barrick Gold
Canadian Natural Resources
BCE
Goldcorp
TransCanada Corporation
Enbridge
Toronto-Dominion Bank
Saputo
Loblaw Companies

Q1 Biggest Detractors

Valeant Pharmaceuticals
Manulife Financial
Alimentation Couche-Tard
Imperial Oil
Potash Corporation
Agrium
BlackBerry
Concordia Healthcare
Element Financial
Constellation Software

Sector	Q1 Return	Biggest Impacts
Materials 11% of S&P/TSX Composite	+19.29%	<ul style="list-style-type: none"> • Gold prices rose around 17% in Q1 amid a declining US dollar and global market jitters causing Barrick Gold (+72%), Goldcorp (+32%), Franco-Nevada (+26%), Agnico-Eagle (+29%), Kinross (+76%) and Yamana (+53%) to lead contributors from the sector. • Stronger industrial metals prices helped propel Teck Resources (+84%) and Frist Quantum Minerals (+32%) to strong Q1 gains. • Continued weakness in agricultural prices caused Potash Corp (-7%) and Agrium (-7%) to lead detractors from the sector.
Telecommunications Services 6% of S&P/TSX Composite	+9.69%	<ul style="list-style-type: none"> • All four sector components rose between +8% and +11% in Q1 as investors sought safety in the sector's high dividend yields. Due to their size, BCE (+11%), TELUS (+11%) and Rogers Communications (+9%) all made strong contributions to overall index performance.
Consumer Staples 5% of S&P/TSX Composite	+8.56%	<ul style="list-style-type: none"> • Saputo (+26%) led sector contributors on an earnings beat and rising expectations as dairy consumption volumes grow. • Loblaw (+11%) and Metro Inc. (+16%) made strong contributions on expected 2016 earnings growth of 12% and 16% respectively. • Alimentation Couche-Tard (-5%) was the leading detractor from the sector as quarterly earnings missed expectations.
Utilities 3% of S&P/TSX Composite	+8.34%	<ul style="list-style-type: none"> • The sector benefited from investor flight to safety and high dividend yields with Canadian Utilities (+14%) and Fortis (+9%) making the largest contributions to sector performance mostly due to their size.
Energy 19% of S&P/TSX Composite	+6.62%	<ul style="list-style-type: none"> • Optimism over a potential bottom in crude oil prices helped Q1 performance as Canadian Natural Resources (+16%), Husky Energy (+13%) and Seven Generations Energy (+45%) led contributors. • Pipelines were also strong contributors on earnings beats, high dividend yields and crude oil bottom enthusiasm with TransCanada (+13%), Enbridge (+10%) and Pembina (+16%) gaining. • Imperial Oil (-4%) led detractors as it appears investment fund flows moved from integrated names to producers as crude prices rose.
Industrials 8% of S&P/TSX Composite	+3.03%	<ul style="list-style-type: none"> • Canadian National Railways (+5%) led sector contributors on an earnings beat and optimism of a commodity price pickup. However Canadian Pacific (-2%) led detractors on unenthusiastic market reaction to its attempt to buy US competitors and concerns that fund Pershing Square might dump shares to cover losses in Valeant.
Financials 38% of S&P/TSX Composite	+2.47%	<ul style="list-style-type: none"> • Banks mostly saw modest Q1 gains amid 2016 earnings expected to grow at low single digit rates. Bank of Nova Scotia (+13%) made back its 2015 underperformance as Latin American prospects rose. TD (+3%), CIBC (+6%), RBC (+1%) and BMO (+1%) were positive. • Life insurers were mixed with Manulife (-11%) and Sun Life (-3%) down while Great-West Life (+4%) was up.
Consumer Discretionary 7% of S&P/TSX Composite	+2.42%	<ul style="list-style-type: none"> • Dollarama (+14%) and Canadian Tire (+14%) led sector contributors on substantial positive quarterly earnings surprises. • RONA (+92%) also contributed strongly as a result of a takeover offer from US home improvement retailer Lowe's.
Information Technology 3% of S&P/TSX Composite	-0.72%	<ul style="list-style-type: none"> • CGI Group (+12%) was the largest sector contributor as it announced a positive quarterly earnings surprise during Q1. • BlackBerry (-18%) was the largest sector detractor as it continues to struggle transitioning from a hardware company to one where software and intellectual property licensing become key drivers.
Health Care 1% of S&P/TSX Composite	-28.01%	<ul style="list-style-type: none"> • Valeant Pharmaceuticals (-76%) has dropped about 90% from its August 2015 high. In Q1 it announced restatement of financial results for 2014 and 2015 related to its relationship with specialty pharmacy Philidor, withdrew 2016 guidance (later cutting 2016 revenue forecasts), disclosed it was under US SEC investigation, announced its CEO would step down and delayed financial statements that could lead to a breach in its debt covenants.