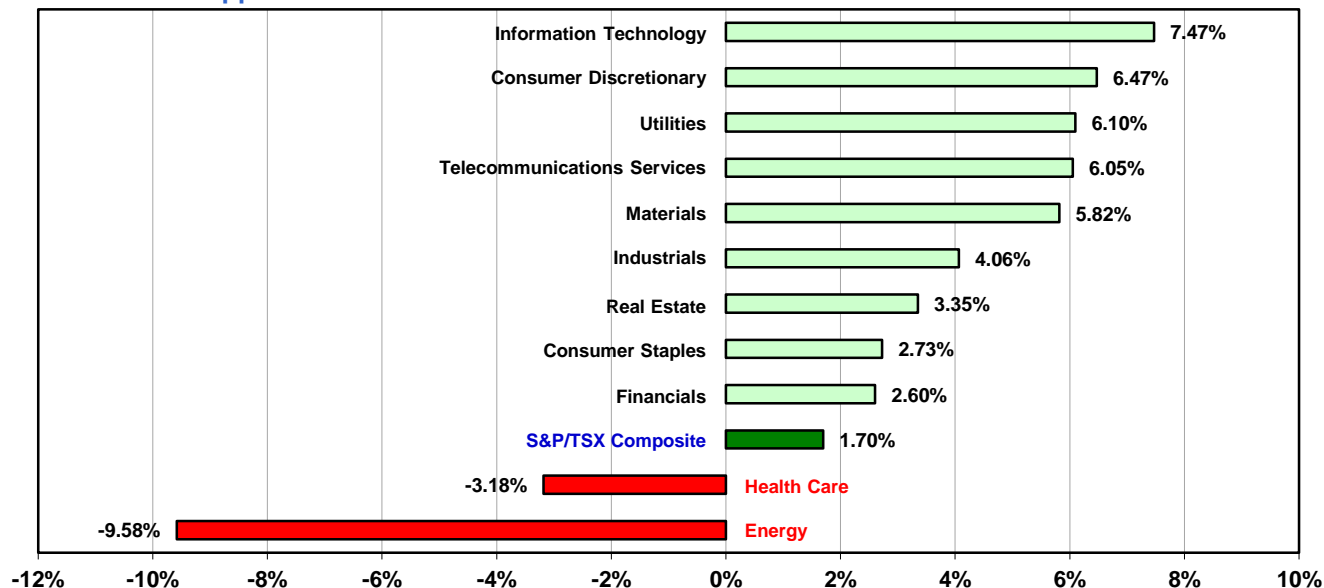


2017 Q1: Energy sector weakness limits Canadian market gains

Five sectors gain at least 5% in first quarter

2017 Q1 Capped Sector Performance



- The S&P/TSX Composite returned +1.7% in Q1.
- Of the 253 stocks that were in the TSX Composite at some point during Q1, 157 (62%) recorded a gain.
- In Q1, the TSX Composite, TSX 60 (large cap) and Completion Index (mid cap) put in broadly similar performance, while the Small Cap index lagged.
- In Q1, the Canadian market underperformed the US market in home currency terms (US returned +5.5%) and in Canadian dollar terms (US market returned +4.6% in C\$ terms).
- Since the Energy sector represents more than one-fifth of market capitalization in the index, its greater than 9% loss in Q1 created a significant drag on index performance. The largest detractors list is dominated by Energy sector constituents.
- Nine of the eleven market sectors actually outperformed the Composite in Q1 with five sectors (Information Technology, Consumer Discretionary, Utilities, Telecommunications Services and Materials) generating gains in excess of 5%.

2017 Index Returns	Q1	YTD
S&P/TSX Composite	+1.70%	+1.70%
S&P/TSX 60 (Large Cap)	+1.73%	+1.73%
S&P/TSX Completion (Mid)	+1.65%	+1.65%
S&P/TSX Small Cap	+0.86%	+0.86%

Q1 Biggest Contributors

- Royal Bank of Canada
- Canadian National Railway
- Barrick Gold Corporation
- Brookfield Asset Management
- Rogers Communications
- Bank of Nova Scotia
- Restaurant Brands Intl
- Waste Connections
- CIBC
- Bank of Montreal

Q1 Biggest Detractors

- Imperial Oil
- Suncor Energy
- Cenovus Energy
- Seven Generations Energy
- Crescent Point Energy
- Sun Life Financial
- Tourmaline Oil
- Valeant Pharmaceuticals
- ARC Resources
- Potash Corporation

Sector	Q1 Return	Biggest Impacts
Information Technology 3% of S&P/TSX Composite	+7.47%	<ul style="list-style-type: none"> Sector strength was broad-based with 11 of 12 constituents rising in Q1. Open Text Corp (+9%), on positive market reaction to its takeover of Documentum, and Constellation Software (+7%), on better than expected earnings, were the largest contributors from the sector.
Consumer Discretionary 5% of S&P/TSX Composite	+6.47%	<ul style="list-style-type: none"> Restaurant Brands International (+16%) was the largest sector contributor on positive reaction to its proposed takeover of Popeyes Louisiana Kitchen. Dollarama (+12%) contributed based on an 11% upside quarterly earnings surprise on 12% sales growth and an 8% increase in average transaction size. Canadian Tire (+13%) also was a major contributor on announced fourth quarter earnings that rose 15% compared to the same quarter last year.
Utilities 3% of S&P/TSX Composite	+6.10%	<ul style="list-style-type: none"> Sector strength was broad-based with 14 of 15 constituents rising in Q1. Fortis (+6%) was the leading contributor from the sector due to its large market cap while Atco (+16%) was the best performing stock from the sector.
Telecommunications Services 5% of S&P/TSX Composite	+6.05%	<ul style="list-style-type: none"> Sector gains were driven almost entirely by Rogers Communications (+14%) on quarterly earnings that came in ahead of expectations. BCE (+1%) and TELUS (+1%) were essentially flat. BCE closed its takeover of Manitoba Telecom (+4%), which was removed from the index in mid-March.
Materials 12% of S&P/TSX Composite	+5.82%	<ul style="list-style-type: none"> Gold stocks prospered on a 7% rise in the precious metal. Barrick Gold (+18%) was the sector's leading contributor while Franco-Nevada (+9%) and Goldcorp (+6%) also made strong contributions. Ivanhoe Mines (+83%) was the sector's best performing stock and second leading contributor on positive developments related to its high-grade Kakula Copper Discovery at the Kamo-a-Kakula Project in the Congo. Potash Corporation (-6%) and Agrium (-6%) were leading sector detractors on further weakening agricultural prices and questions about whether their proposed merger will receive necessary regulatory approvals.
Industrials 9% of S&P/TSX Composite	+4.06%	<ul style="list-style-type: none"> Canadian National Railways (+9%) led sector contributors on better-than-expected quarterly earnings and a new share buyback announcement. Waste Connections (+11%) ranked second among sector contributors on a positive quarterly earnings surprise.
Real Estate 3% of S&P/TSX Composite	+3.35%	<ul style="list-style-type: none"> Non-REIT components FirstService (+26%) and Colliers International (+27%) were the leading sector contributors on quarterly earnings that came in substantially above expectations.
Consumer Staples 4% of S&P/TSX Composite	+2.73%	<ul style="list-style-type: none"> Empire Company (+29%) led sector contributors as a positive quarterly earnings surprise has investors believing that integration difficulties springing from its acquisition of Safeway stores in Western Canada (which caused them to be the index's second largest detractor in 2016) are now behind them.
Financials 35% of S&P/TSX Composite	+2.60%	<ul style="list-style-type: none"> The five big banks (ranked by contribution) – Royal Bank (+7%), Bank of Nova Scotia (+4%), CIBC (+5%), Bank of Montreal (+3%) and Toronto Dominion (+1%) – all rose as a more positive interest rate environment took hold. Bank stocks drifted lower into quarter-end on some “sell the news” action after the US Federal Reserve raised rates and on negative headlines accusing Canadian banks of engaging in inappropriate sales practices. Toronto Dominion Bank has been the main focus of these accusations. Brookfield Asset Management (+9%) was second among sector contributors. Life insurer Great-West Lifeco (+5%) rose while Manulife (-1%) and Sun Life (-6%) declined. Sun Life suffered from a negative quarterly earnings surprise.
Health Care 1% of S&P/TSX Composite	-3.18%	<ul style="list-style-type: none"> Valeant Pharmaceuticals (-25%) was the largest detractor from sector performance in Q1 as it lowered 2017 sales guidance and as Bill Ackman's Pershing Square disclosed that it had disposed of its remaining shares.
Energy 21% of S&P/TSX Composite	-9.58%	<ul style="list-style-type: none"> The S&P/GSCI Energy commodity price index declined 10% in Q1 causing broad-based declines in the sector. Imperial Oil (-13%), Suncor Energy (-7%), Cenovus Energy (-26%), Seven Generations Energy (-22%) and Crescent Point Energy (-21%) were the leading detractors from the sector. Major pipeline companies – TransCanada Corp (+1%) and Enbridge (-1%) – were flat in Q1 in spite of positive regulatory developments in the US.