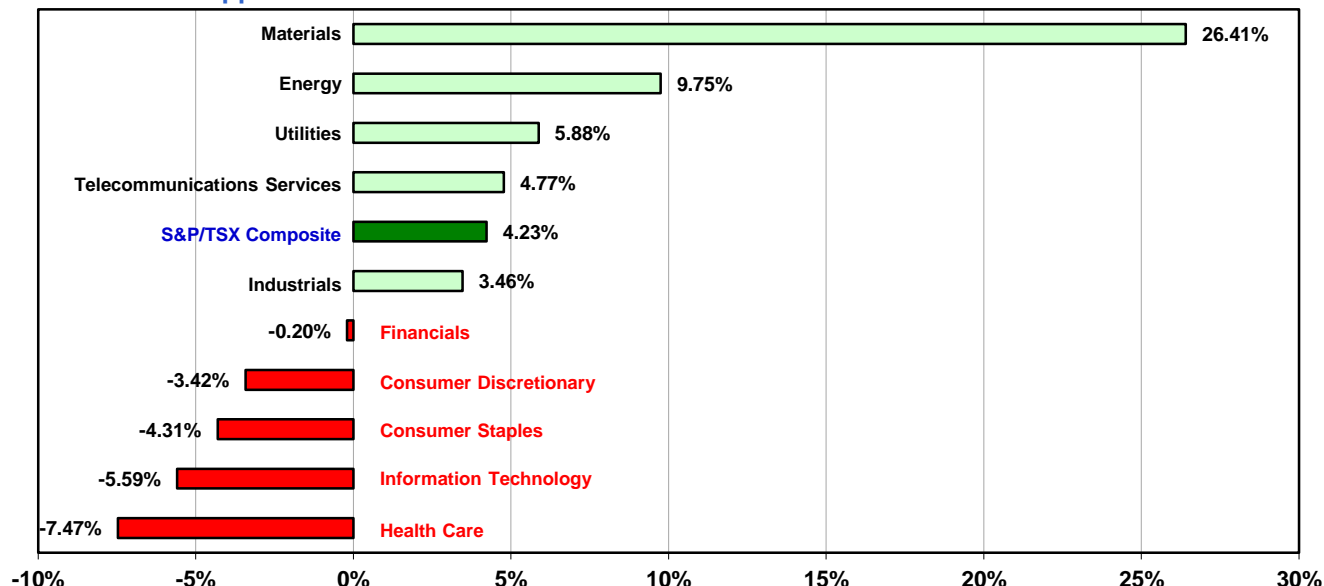


## 2016 Q2: TSX records two straight positive quarters to start 2016 Materials and Energy lead market higher in Q2

### 2016 Q2 Capped Sector Performance



- The S&P/TSX Composite returned +4.2% in Q2.
- Of the 243 stocks that were in the TSX Composite at some point during Q2, 158 (65%) recorded a gain.
- Small Cap outperformed Mid Cap (Completion Index) which outperformed Large Cap (TSX 60) in Q2. The TSX 60 underperformed the TSX Composite.
- The S&P/TSX Composite Equal Weight Index more than doubled the performance of the Composite with a +9.2% return.
- In Q2, the Canadian market outperformed the US market in home currency terms (US returned +1.9%) and in Canadian dollar terms (US market returned +1.4% in C\$ terms).
- Resource sectors led with Materials and Energy both rising strongly on commodity price strength. Gold miners were the biggest stand outs within the Materials sector.
- High-yielding defensive sectors also were strong with Utilities and Telecommunications Services benefiting from investors' search for yield.
- Health Care and Information Technology were the biggest decliners but as they are the two smallest sectors in the Composite had little impact on overall market performance.

2016 Index Returns	Q2	YTD
<b>S&amp;P/TSX Composite</b>	<b>+4.23%</b>	<b>+8.11%</b>
S&P/TSX 60 (Large Cap)	+3.38%	+6.95%
S&P/TSX Completion (Mid)	+6.91%	+11.84%
S&P/TSX Small Cap	+17.27%	+26.38%

#### Q2 Biggest Contributors

Barrick Gold  
 TransCanada Corporation  
 Canadian Natural Resources  
 Agnico-Eagle Mines  
 Teck Resources  
 Enbridge  
 Silver Wheaton Corp.  
 Franco-Nevada Corporation  
 Goldcorp  
 Yamana Gold

#### Q2 Biggest Detractors

Magna International  
 Canadian National Railway  
 Valeant Pharmaceuticals  
 Brookfield Asset Mgmt  
 Imperial Oil  
 Power Financial Corp  
 CGI Group  
 Great-West Lifeco  
 Loblaw Companies  
 Manulife Financial

Sector	Q2 Return	Biggest Impacts
<b>Materials</b> 14% of S&P/TSX Composite	+26.41%	<ul style="list-style-type: none"> <li>• Gold prices rose around 8% in Q2 against a backdrop of global political and market uncertainty and negative interest rates. Barrick Gold (+56%), Agnico-Eagle (+47%), Franco-Nevada (+23%), Goldcorp (+17%) and Yamana Gold (+71%) all were among the top ten contributors to overall index performance. From the silver space, Silver Wheaton (+41%) was also a top contributor.</li> <li>• Teck Resources (+73%), Turquoise Hill Resources (+32%) and First Quantum Minerals (+33%) gained on stronger industrial metals prices.</li> </ul>
<b>Energy</b> 20% of S&P/TSX Composite	+9.75%	<ul style="list-style-type: none"> <li>• TransCanada Corp (+14%), Enbridge (+8%) and Pembina (+12%) were among top contributors from the sector. Pipelines were favoured by investors seeking yield and higher oil prices made those yields seem more secure.</li> <li>• Crude oil prices almost doubled from Q1 lows leading Canadian Natural Resources (+13%), EnCana (+27%), Seven Generations Energy (+26%) and Tourmaline Oil (+24%) to also lead contributors from the sector.</li> <li>• Imperial Oil (-6%) led detractors from the sector on a quarterly loss and disruption to their Alberta operations as a result of the Fort McMurray fires.</li> </ul>
<b>Utilities</b> 3% of S&P/TSX Composite	+5.88%	<ul style="list-style-type: none"> <li>• Utilities benefited (12 of 13 went higher in Q2) from investor flight to safety, high dividend yields and improving oil prices (as most constituents operate in Alberta). Fortis (+7%) and Atco (+15%) led contributors from the sector.</li> </ul>
<b>Telecommunications Services</b> 6% of S&P/TSX Composite	+4.77%	<ul style="list-style-type: none"> <li>• Contributions to the overall index were primarily driven by BCE (+3%) due to its large market capitalization but Manitoba Telecom (+17%) also contributed strongly as a result of a takeover bid by BCE. Manitoba Tel is still trading at a discount to the BCE bid due to uncertainty over potential regulatory approval.</li> </ul>
<b>Industrials</b> 8% of S&P/TSX Composite	+3.46%	<ul style="list-style-type: none"> <li>• Bombardier (+47%) led contributors from the sector as it has gathered momentum in sales of its new CSeries aircraft.</li> <li>• SNC-Lavalin (+14%) and Richie Bros Auctioneers (+24%) also made strong contributions as both delivered positive earnings surprises.</li> <li>• Canadian National Railways (-6%) and Canadian Pacific (-4%) led sector detractors as rail traffic in 2016 is considerably below the pace of recent years.</li> </ul>
<b>Financials</b> 36% of S&P/TSX Composite	-0.20%	<ul style="list-style-type: none"> <li>• Bank of Montreal (+4%), Royal Bank (+2%), CIBC (0%), Bank of Nova Scotia (0%) and Toronto Dominion Bank (-1%) were essentially flat in Q2 as current fiscal year earnings (year-end Oct 31) are expected to be only moderately higher than last year's for all the big banks.</li> <li>• Brookfield Asset Management (-5%) was the leading detractor from the sector after announcing earnings that missed analyst expectations.</li> <li>• The very low interest rate environment is calling into question the business model of life insurers which has been reflected in stock performance with Power Financial (-9%), Great-West Life (-5%), Manulife (-4%) and Sun Life (+1%) faring poorly in Q2.</li> </ul>
<b>Consumer Discretionary</b> 6% of S&P/TSX Composite	-3.42%	<ul style="list-style-type: none"> <li>• Auto parts makers Magna International (-19%) and Linamar (-26%) were the biggest detractors from the sector as auto parts makers have suffered from the perception that automotive sales may slow in coming quarters.</li> </ul>
<b>Consumer Staples</b> 4% of S&P/TSX Composite	-4.31%	<ul style="list-style-type: none"> <li>• Loblaw Co (-5%), Alimentation Couche-Tard (-4%) and Saputo (-8%) were the leading detractors from the sector as companies in the sector have been giving back some of the substantial outperformance of past quarters.</li> </ul>
<b>Information Technology</b> 3% of S&P/TSX Composite	-5.59%	<ul style="list-style-type: none"> <li>• CGI Group (-11%) was the largest sector detractor on weaker than expected earnings and their European exposure in the wake of the UK referendum vote.</li> <li>• BlackBerry (-18%) was the second largest sector detractor in spite of a positive earnings surprise.</li> <li>• Open Text Corp (+14%) was the leading contributor from the sector.</li> </ul>
<b>Health Care</b> 1% of S&P/TSX Composite	-7.47%	<ul style="list-style-type: none"> <li>• Valeant Pharmaceuticals (-23%) was the biggest sector detractor but things settled down in Q2 compared to the previous few quarters. They finally announced their delayed earnings but delivered a negative earnings surprise and slashed their outlook. Analysts then reduced estimates substantially for the coming quarters and years. New CEO Joseph Papa also announced a turnaround plan, named a respected new Chief Accounting Officer and began the process of pursuing asset sales to reduce the company's large debt load.</li> </ul>