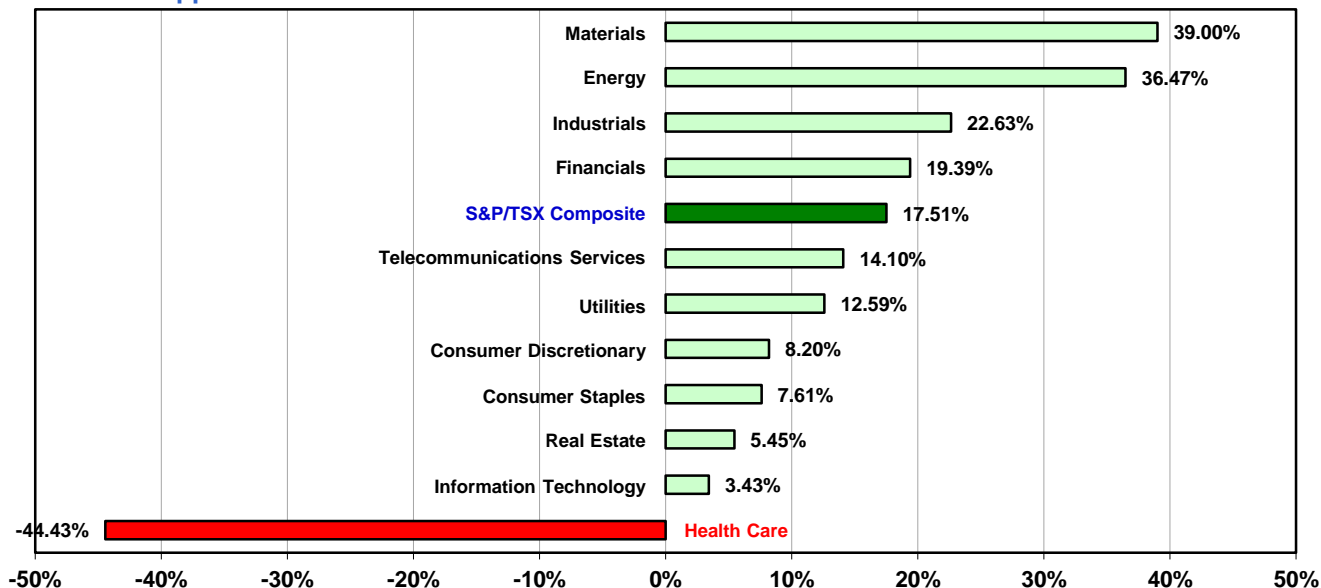


2016: TSX posts best annual gain since 2009 Energy, Materials and Industrials all post 20%+ gains for the year

2016 Capped Sector Performance



- The S&P/TSX Composite returned +3.8% in Q4 and +17.5% for the entire year.
- Of the 263 stocks that were in the TSX Composite at some point during 2016, 203 (77%) recorded a gain.
- In 2016 Small Cap outperformed Mid Cap (Completion Index) and Large Cap (TSX 60), which both performed broadly in line with the TSX Composite.
- In 2016, the Canadian market outperformed the US market in home currency terms (US returned +9.5%) and in Canadian dollar terms (US market returned +6.3% in C\$ terms).
- Commodity-related sectors led in 2016 with Materials and Energy the strongest performers as commodity prices rebounded after two consecutive down years. Industrials (which are dominated by Transportation stocks in Canada and benefit from moving commodities) also saw strong gains as did Financials (whose gains mostly came after the US election in Q4).
- Health Care was the only negative sector in 2016 mostly due to an 86% decline by Valeant Pharmaceuticals. Valeant lost more market capitalization in 2016 than the other 59 declining stocks in the Composite combined.

2016 Index Returns	Q4	YTD
S&P/TSX Composite	+3.81%	+17.51%
S&P/TSX 60 (Large Cap)	+4.84%	+17.72%
S&P/TSX Completion (Mid)	+0.83%	+17.09%
S&P/TSX Small Cap	+2.46%	+35.15%

2016 Biggest Contributors 2016 Biggest Detractors

Royal Bank of Canada	Valeant Pharmaceuticals
Bank of Nova Scotia	Empire Company
Toronto-Dominion Bank	Concordia Healthcare
Canadian Natural Resources	BlackBerry
Barrick Gold Corporation	Gildan Activewear
Teck Resources	Cameco Corporation
Bank of Montreal	Linamar Corporation
Suncor Energy	DH Corporation
TransCanada Corporation	Hudson's Bay Company
Canadian National Railway	Brookfield Property Partners

LINDE EQUITY

Independent Research & Advice

Suite 330 - 1385 W. 8th Ave.
Vancouver, BC V6H 3V9
Tel: 604-738-5600
www.lindeequity.com

Sector	2016 Return	Biggest Impacts
Materials 12% of S&P/TSX Composite	+39.00%	<ul style="list-style-type: none"> Precious metals producers delivered strong performances in 2016, far exceeding gold's 8% and silver's 15% price gains. Barrick Gold (+110%) was the sector's leading contributor while Agnico-Eagle Mines (+55%), Silver Wheaton (+51%) and Franco-Nevada (+27%) made strong contributions. Teck Resources (+403%) and First Quantum Minerals (+158%) were the second and third leading sector contributors on an 18% rise in industrial metals prices along with better prospects for coal demand in the case of Teck.
Energy 21% of S&P/TSX Composite	+36.47%	<ul style="list-style-type: none"> West Texas Intermediate crude oil prices rose 45% (best gain since 2009) and NYMEX natural gas prices rose 59% (best gain since 2005) causing Canadian Natural Resources (+42%), Suncor (+23%) and EnCana (+124%) to be among the sector's leading contributors to index performance. TransCanada Corp (+34%) and Enbridge (+23%) were also top contributors from the sector. Pipelines were favoured by investors seeking yield and higher energy prices made those yields seem more secure.
Industrials 9% of S&P/TSX Composite	+22.63%	<ul style="list-style-type: none"> Canadian National Railways (+17%) was the sector's biggest contributor on the back of four consecutive earnings beats and as rail traffic showed considerable improvement since May. Canadian Pacific (+8%) contributed to a lesser degree due to less consistent results.
Financials 35% of S&P/TSX Composite	+19.39%	<ul style="list-style-type: none"> The five big banks -- Royal Bank (+23%), Bank of Nova Scotia (+34%), Toronto Dominion (+22%), Bank of Montreal (+24%) and CIBC (+20%) -- ranked #1 through #5 as sector contributors as future earnings estimates rose in Q4 on interest rates increases and prospects for lower regulation in the wake of Donald Trump's election in the US. National Bank (+35%) ranked #9 among sector contributors but actually outperformed the five big banks. Life insurers Manulife (+15%) and Sun Life (+19%) screamed higher to provide the sixth and seventh best contributions from the sector entirely based on a Q4 rally driven by higher interest rates in the wake of Trump's election.
Telecommunications Services 5% of S&P/TSX Composite	+14.10%	<ul style="list-style-type: none"> BCE (+9%) was the largest contributor from the sector due to its large market capitalization. TELUS (+12%) and Rogers Communications (+9%) also made sizable contributions. Most of the sector's gains occurred in Q1 when investors were seeking the security of high dividend yields. In Q2 BCE proposed to take over Manitoba Telecom (+28%), which gained 17% in Q2 on that news.
Utilities 3% of S&P/TSX Composite	+12.59%	<ul style="list-style-type: none"> Utilities' gains occurred primarily in the first half of the year with the sector down since. Twelve of fourteen constituents rose in 2016 with Fortis (+11%), Canadian Utilities (+13%) and Atco (+25%) the leading contributors.
Consumer Discretionary 5% of S&P/TSX Composite	+8.20%	<ul style="list-style-type: none"> Restaurant Brands International (+24%), Dollarama (+23%) and Canadian Tire (+18%) were the leading contributors from the sector as each posted four consecutive quarters of better than expected earnings.
Consumer Staples 4% of S&P/TSX Composite	+7.61%	<ul style="list-style-type: none"> Saputo (+44%) led sector contributors on four consecutive earnings beats and an 11% dividend increase. Loblaw Co (+8%) was also a major contributor. Empire Company (-39%) was the major sector detractor as it struggled to integrate its recent acquisition of Safeway stores in Western Canada.
Real Estate 3% of S&P/TSX Composite	+5.45%	<ul style="list-style-type: none"> Gains occurred in the first half of 2016 when investors were seeking security in higher yields. RioCan REIT (+12%) and H&R REIT (+12%) led contributors primarily due to higher market capitalizations than other sector constituents.
Information Technology 3% of S&P/TSX Composite	+3.43%	<ul style="list-style-type: none"> CGI Group (+16%) and Open Text Corp (+25%) were the largest contributors from the sector in 2016. BlackBerry (-28%) led sector detractors as it struggled in its transition from a hardware to a software/intellectual property licensing company.
Health Care 1% of S&P/TSX Composite	-44.43%	<ul style="list-style-type: none"> Valeant Pharmaceuticals (-86%) was the largest detractor from index performance in 2016. In Q1 it restated 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 leading to concerns about a potential debt covenant breach. They delivered a negative earnings surprise and slashed their outlook during Q2 causing analysts to reduce future estimates substantially.