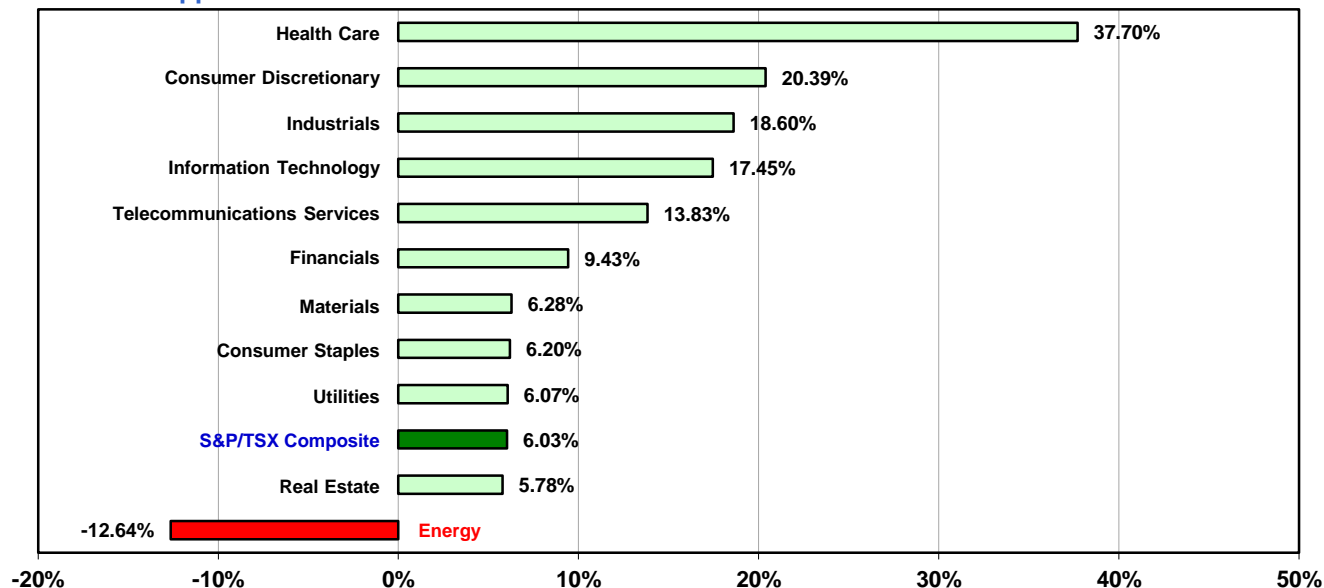


2017: Energy sector weakness holds TSX to only 6% gain for year Ten of eleven sectors post gains for the year; five deliver double-digit percentage gains

2017 Capped Sector Performance



- The S&P/TSX Composite returned +3.7% in Q4 and +6.0% for the entire year.
- Of the 264 stocks that were in the TSX Composite at some point during 2017, 162 (61%) recorded a gain.
- In 2017 Large Cap (TSX 60) outperformed Mid Cap (Completion Index) which outperformed Small Cap.
- In 2017, the Canadian market underperformed the US market in home currency terms (US returned +19.4%) and in Canadian dollar terms (US market returned +11.6% in C\$ terms).
- Five sectors (health care, consumer discretionary, industrials, information technology and telecommunications services) saw double-digit percentage gains in 2017. These sectors have relatively small weightings in the index.
- The Energy sector was the only losing sector in 2017. It's large weighting (around one-fifth of the index) weighed down overall index performance.
- Financials, the largest sector representing more than one-third of the index, posted a high single-digit percentage return. Four of the top five contributors to overall market performance came from the sector since many of the TSX's largest companies reside there.

2017 Index Returns	Q4	YTD
S&P/TSX Composite	+3.67%	+6.03%
S&P/TSX 60 (Large Cap)	+4.11%	+6.63%
S&P/TSX Completion (Mid)	+2.29%	+4.24%
S&P/TSX Small Cap	+4.11%	+0.28%

2017 Biggest Contributors 2017 Biggest Detractors

Royal Bank of Canada	Cenovus Energy
Toronto-Dominion Bank	Enbridge
Brookfield Asset Management	Imperial Oil
Canadian National Railway	Crescent Point Energy
Bank of Nova Scotia	Seven Generations Energy
Dollarama	Barrick Gold Corporation
Rogers Communications	Tourmaline Oil Corp
Canadian Pacific Railway	Peyto Exploration
CIBC	ARC Resources
Waste Connections	Thomson Reuters

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Sector	2017 Return	Biggest Impacts
Health Care 1% of S&P/TSX Composite	+37.70%	<ul style="list-style-type: none"> • Canopy Growth (+179%) led sector contributors and was the greatest percentage gainer in the entire index since its addition in March. In Q4 the move towards marijuana legalization made progress in Canada and California. Also in Q4, Constellation Brands, a major US alcoholic beverage company, agreed to acquire 9.9% of the company with an option to buy more later. • Valeant Pharmaceuticals (+35%) was the sector's second major contributor. Its stock price fluctuated wildly during the year as investors alternated between excitement over better than expected earnings and debt reduction prospects and concerns over revenue contraction from divestitures designed to reduce debt. The stock closed the year at more than double its intra-year low.
Consumer Discretionary 5% of S&P/TSX Composite	+20.39%	<ul style="list-style-type: none"> • Dollarama (+60%) was the leading sector contributor on four consecutive positive earnings surprises, producing 10%+ share price gains in each quarter. • Magna International (+22%) was the second leading sector contributor as optimism rose about future automotive sales prospects while Restaurant Brands International (+21%) was the third leading contributor on positive reaction to its takeover of Popeyes Louisiana Kitchen.
Industrials 10% of S&P/TSX Composite	+18.60%	<ul style="list-style-type: none"> • Canadian National Railway (+15%) and Canadian Pacific Railway (+20%) led sector contributors as Canadian rail traffic picked up substantially from 2015 & 2016 levels. Canadian National also engaged in significant buybacks while Canadian Pacific benefited from a late-year boost to its earning guidance. • Waste Connections (+27%) was the #3 sector contributor on a series of positive earnings surprises.
Information Technology 3% of S&P/TSX Composite	+17.45%	<ul style="list-style-type: none"> • Constellation Software (+25%) led sector contributors on optimism about future earnings growth potential while Blackberry (+52%) was second on a CAD\$1 billion+ award from Qualcomm in a royalty payment dispute and increasing optimism about potential growth in its automotive software line.
Telecommunications Services 5% of S&P/TSX Composite	+13.83%	<ul style="list-style-type: none"> • Rogers Communications (+24%) was the leading sector contributor on a series of quarterly earnings results that exceeded analyst expectations. • TELUS (+11%) was the second leading contributor while BCE (+4%) lagged.
Financials 35% of S&P/TSX Composite	+9.43%	<ul style="list-style-type: none"> • The five big banks (listed by contribution) – 1 Royal Bank (+13%), 2 Toronto Dominion (+11%), 4 Bank of Nova Scotia (+9%), 5 CIBC (+12%) and 8 Bank of Montreal (+4%) – all rose as a more positive interest rate environment took hold and FY2017 (ending October) EPS growth rose between 8% and 14%. • In terms of life insurers Manulife (+10%) was the sixth leading sector contributor but Sun Life (+1%) and Great-West Life (0%) were essentially flat. • Brookfield Asset Management (+24%) was third among sector contributors.
Materials 12% of S&P/TSX Composite	+6.28%	<ul style="list-style-type: none"> • Specific company news moved gold stocks with Franco-Nevada (+25%) and Kirkland Lake Gold (+175%) the #1 and #4 sector contributors while Barrick Gold (-15%), Tahoe Resources (-52%) and Goldcorp (-12%) led detractors. • Teck Resources (+22%) and First Quantum Minerals (+32%) were the #2 and #3 leading sector contributors on stronger industrial metals prices. • West Fraser Timber (+62%) was #5 among sector contributors in spite of US-imposed countervailing/anti-dumping duties against Canadian producers.
Consumer Staples 4% of S&P/TSX Composite	+6.20%	<ul style="list-style-type: none"> • Alimentation Couche-Tard (+8%) led sector contributors (mostly due to its large market capitalization) while Empire Company (+56%) was next on a series of positive earnings surprises that is convincing investors it has turned around the poor results of its Canada Safeway subsidiary in Western Canada.
Utilities 4% of S&P/TSX Composite	+6.07%	<ul style="list-style-type: none"> • Three quarters of sector constituents gained in 2017 with Fortis (+11%) the leading contributor due to its large market capitalization within the sector.
Real Estate 3% of S&P/TSX Composite	+5.78%	<ul style="list-style-type: none"> • The leading contributors from the sector (in order) were commercial real estate firm Colliers International Group (+53%), property manager FirstService Corporation (+38%) and Canadian Apartment Properties REIT (+19%).
Energy 20% of S&P/TSX Composite	-12.64%	<ul style="list-style-type: none"> • In spite of a 6% gain in the S&P/GSCI Energy commodity price index in 2017 stocks in various industries within the sector put in yearly losses with the worst sector detractors being Cenovus Energy (-43%), Enbridge (-13%), Imperial Oil (-16%), Crescent Point Energy (-48%) and Seven Generations Energy (-43%).