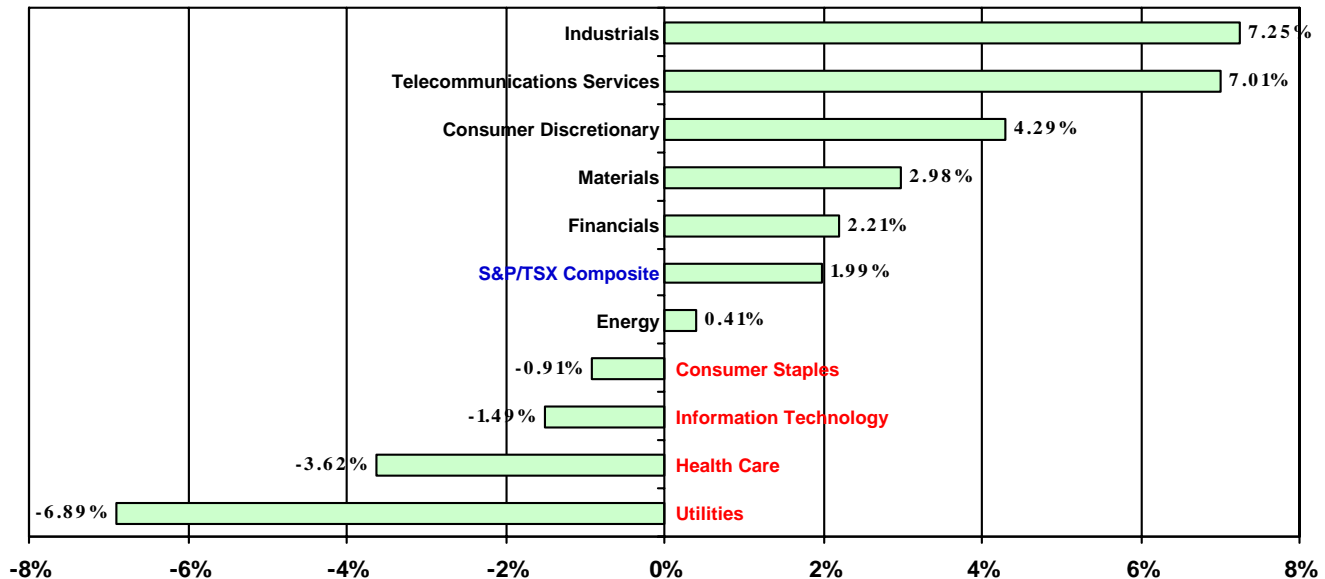


2007 Q1: Industrials and Telecom lead S&P/TSX Composite

Small caps outpace larger companies in Q1



- Small Caps and Mid Caps outpaced the S&P/TSX Composite in the First Quarter on a capital appreciation basis.
- The S&P/TSX 60 lagged the Composite as several large cap Materials and Energy stocks underperformed during the quarter.
- The nature of the Canadian market means that overall market direction is determined primarily by the TSX 60 (large cap) stocks.
- The appearance of EnCana and Nexen on the winners' list and five energy stocks on the detractors list shows that the days of energy stocks moving in unison are over and that stock selection is becoming increasingly important in that space.
- Gold stocks were the biggest detractors in the Canadian market in spite of a \$25/oz rise in the price of gold. Goldcorp and Barrick were the two biggest losers of market capitalization during the quarter. Gold stocks fell hard in late February as gold failed to make new technical highs and as fears that the carry trade was unwinding hit gold and gold stocks.

Index	2007 Q1 Return
S&P/TSX Composite	1.99%
S&P/TSX 60 (Large Cap)	1.30%
S&P/TSX Mid Cap	3.67%
S&P/TSX Small Cap	4.40%

Biggest Contributors

EnCana
 Royal Bank
 Ipsco
 Sun Life Financial
 TELUS
 Potash Corporation
 Rogers Communications
 Nexen Inc.
 Research In Motion
 Brookfield Asset Mgmt

Biggest Detractors

Goldcorp
 Barrick Gold
 Canadian Oil Sands
 Suncor Energy
 Teck Cominco
 Nortel Networks
 Petro-Canada
 TransCanada Corp
 Enbridge
 Agnico-Eagle Mines

Sector	Q1 Return	Biggest Impacts
Industrials 5% of S&P/TSX Composite	+7.25%	<ul style="list-style-type: none"> • Bombardier (+18%) and CAE (+21%) led the Industrial stocks during the quarter. Aerospace companies had a strong quarter worldwide. • Railroads also outperformed both in Canada and the US. Canadian Pacific (+6%) and Canadian National (+2%) contributed to the sector's out-performance. • Finning (+11%) benefited from strong demand for construction and farm machinery.
Telecommunications Services 5% of S&P/TSX Composite	+7.01%	<ul style="list-style-type: none"> • Strong performance of this sector in Canada paralleled that in the US. • TELUS (+10%) and Rogers Communications (+9%) drove most of the gain. TELUS has begun gaining back ground lost after it had to abandon its plan to convert to a trust last fall.
Consumer Discretionary 5% of S&P/TSX Composite	+4.29%	<ul style="list-style-type: none"> • Shaw Communications (+15%) and Gildan Activewear (+25%) drove the gains. • Strong earnings growth at Glidan has propelled the stock forward this year.
Materials 17% of S&P/TSX Composite	+2.98%	<ul style="list-style-type: none"> • Ipsco (+38%) has benefited from a worldwide increase in steel company stocks as continued consolidation is seen as helping pricing power for steel companies. • Potash Corporation of Saskatchewan (+10%) has benefited from increasing agricultural commodity prices while Novelis (+57%) rose based on a takeover offer by India's Hindalco Industries. • Holding the Materials sector back were gold stocks as Goldcorp (-16%) and Barrick (-8%) fell with other gold stocks in late February as gold failed to make new technical highs and as fears that the carry trade was unwinding hit gold and gold stocks.
Financials 32% of S&P/TSX Composite	+2.21%	<ul style="list-style-type: none"> • Royal Bank (+4%), Sun Life (+6%), Brookfield Asset Management (+7%) and Bank of Nova Scotia (+2%) drove the performance of the Financials sector as continued strong margins and ROE aid sector returns.
Energy 27% of S&P/TSX Composite	+0.41%	<ul style="list-style-type: none"> • Energy stocks underperformed the market in the first quarter as oil prices yo-yoed. EnCana (+9%) and Nexen (+10%) were the biggest contributors to performance. • Canadian Oil Sands, Suncor and Petro-Canada were the biggest detractors from performance. All have large stakes in the oil sands. Oil's pullback early in the quarter may have generated fears that oil has peaked and that prospects for the relatively high-cost oil sands have dimmed.
Consumer Staples 3% of S&P/TSX Composite	-0.91%	<ul style="list-style-type: none"> • Saputo (+25%) was the only major contributor to performance. • Loblaw (-6%) and George Weston (-6%) (a major Loblaw shareholder) were the biggest detractors as Loblaw's continues to struggle with inventory and systems problems as well as stiffer competition.
Information Technology 4% of S&P/TSX Composite	-1.49%	<ul style="list-style-type: none"> • Research in Motion (+6%), the company behind the Blackberry, was the major contributor to performance. • Nortel Networks (-12%) was the biggest detractor from sector performance as it continues having to restate past financial results.
Health Care 1% of S&P/TSX Composite	-3.62%	<ul style="list-style-type: none"> • Neurochem (-31%) and Angiotech Pharmaceuticals (-35%) were the big detractors to sector performance. Angiotech warned of lower sales of its drug-coated stents while Neurochem posted significant losses.
Utilities 1% of S&P/TSX Composite	-6.89%	<ul style="list-style-type: none"> • All ten Utilities stocks were down for the quarter, with Canadian Utilities Ltd. (-11%) contributing most to the sector decline.