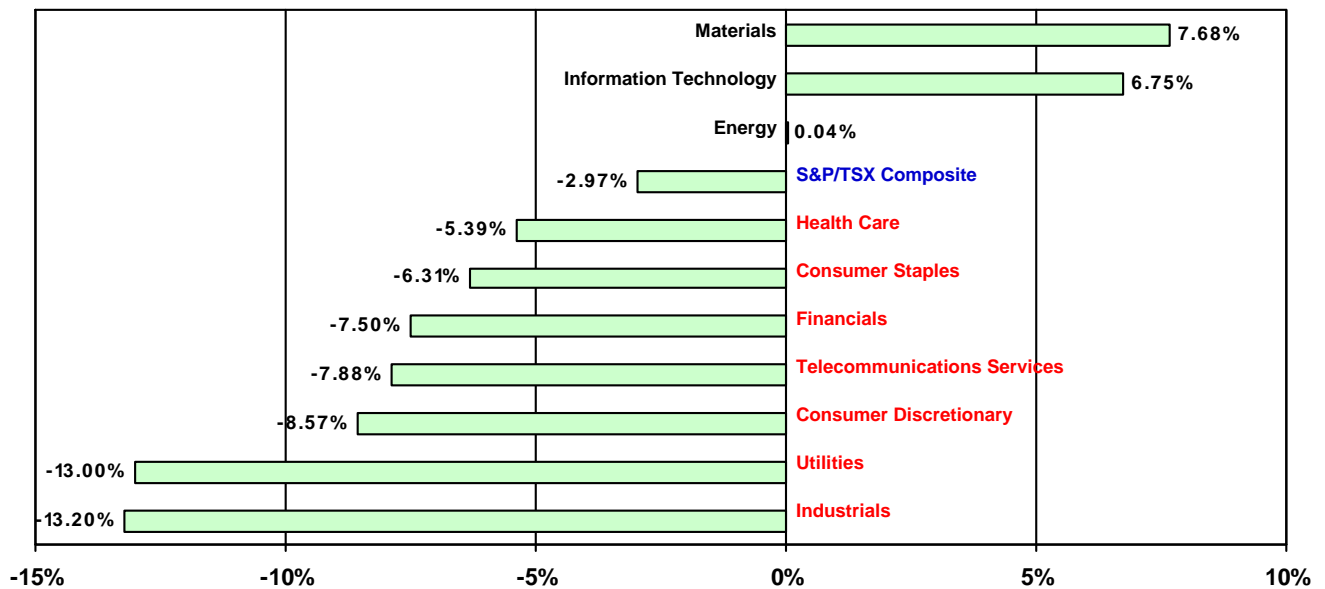


**2009 Q1: Canadian markets suffer third consecutive negative quarter**  
 Financials and Industrials lead market lower; Materials and Tech bright spots

**2009 Q1 Sector Returns**



- After double digit declines in Q3 and Q4 of 2008 and a very severe downturn in January and February 2009, the TSX Composite rallied 7.4% in March and closed down only 2.97% in Q1.
- Breadth was poor as only 78 of the 226 stocks (35%) in the TSX Composite during Q1 were up.
- The TSX 60 (large cap) outperformed Mid- and Small-Cap stocks as it has in all but one (Q4 2008) of the last seven quarters.
- In Q1, the Canadian market outperformed the US market. US returns were -11.7% in US dollars and -8.5% in Canadian dollars).
- Detractors were spread across several sectors, but the life insurance sub-sector of the Financials led the decline. Still, Canadian financials substantially outperformed global financials (Canada -7.5%, US -29.5%, Global -23.2%).
- Canadian sector performance largely mirrored global trends. Info Tech and Materials were the leading sectors globally and were #2 and #1 in Canada, respectively. Industrials and Utilities stocks lagged in Canada as they did abroad.
- Materials were led by gold and fertilizer stocks.
- The Energy sector generated flat overall returns, although less than a third of energy stocks rose. The sector did outperform global counterparts.

| 2009 Index Returns           | Q1            | YTD           |
|------------------------------|---------------|---------------|
| <b>S&amp;P/TSX Composite</b> | <b>-2.97%</b> | <b>-2.97%</b> |
| S&P/TSX 60 (Large Cap)       | +2.28%        | +2.28%        |
| S&P/TSX Mid Cap              | -5.41%        | -5.41%        |
| S&P/TSX Small Cap            | -4.85%        | -4.85%        |

**Q1 Biggest Contributors**    **Q1 Biggest Detractors**

|                          |                       |
|--------------------------|-----------------------|
| Imperial Oil             | Manulife Financial    |
| Suncor Energy            | Rogers Communications |
| Potash Corporation       | EnCana                |
| Petro-Canada             | Husky Energy          |
| Goldcorp                 | Barrick Gold          |
| Research in Motion       | Sun Life Financial    |
| Ivanhoe Mines            | Great-West Lifeco     |
| Yamana Gold              | Thomson Reuters       |
| Canadian Oil Sands Trust | Bombardier            |
| National Bank            | Power Financial       |

| Sector  | Q1 Return | Biggest Impacts  |
|---|-----------|--|
| <b>Materials</b><br>20% of S&P/TSX Composite                  | +7.68%    | <ul style="list-style-type: none"> <li>Materials stocks were buoyed by apparent bottoming in the prices of industrial metals and agricultural commodities.</li> <li>Potash Corp (+14%) led contributors, recouping some of its late-2008 losses due to firming potash prices.</li> <li>Gold stocks were also mostly contributors with Goldcorp (+11%), Yamana Gold (+25%), Agnico-Eagle Mines (+16%) and Iamgold (+43%) leading the way as gold remained firm on inflation fears.</li> <li>Firming copper and industrial metals prices were reflected in the increases in Ivanhoe Mines (+138%), First Quantum Minerals (+102%) and Teck-Cominco (+17%).</li> <li>Barrick Gold (-9%) led sector detractors on disappointing earnings and a correction in valuation.</li> </ul> |
| <b>Information Technology</b><br>4% of S&P/TSX Composite      | +6.75%    | <ul style="list-style-type: none"> <li>Research in Motion (+10%) recouped part of its 56% 2008 loss. Investors stepped back in, as with many names in the IT space, as sales remained robust and valuations seemed more compelling.</li> <li>Nortel Networks (-63%) was removed from the index on January 15 after it announced it would file for bankruptcy protection.</li> </ul>  |
| <b>Energy</b><br>28% of S&P/TSX Composite                     | +0.04%    | <ul style="list-style-type: none"> <li>After dropping into the \$30s, the price of oil rebounded above \$50 near quarter-end, particularly aiding stocks with oil sands exposure.</li> <li>Less than a third of energy stocks rose in Q1. Larger companies tended to do better while in general smaller energy trusts lagged.</li> <li>Leading sector contributors were Imperial Oil (+12%), Suncor (+19%), Petro-Canada (+27%), Canadian Oil Sands Trust (+15%) and Talisman (+10%). Petro-Canada largely rose on a takeover offer from Suncor, whose shares have dropped 9% since making the offer.</li> <li>Big detractors were EnCana (-9%) and Husky Energy (-13%).</li> </ul>  |
| <b>Health Care</b><br><1% of S&P/TSX Composite                | -5.39%    | <ul style="list-style-type: none"> <li>The sector has very little impact on the Canadian market.</li> <li>Biovail (+19%) was the biggest contributor to sector performance while MDS (-22%) was the biggest detractor.</li> </ul>  |
| <b>Consumer Staples</b><br>3% of S&P/TSX Composite            | -6.31%    | <ul style="list-style-type: none"> <li>Shoppers Drug Mart (-10%) and Loblaws (-10%) were the major detractors during Q1, when most of the sector was down. Both suffered from reduced 2009 earnings estimates from analysts.</li> </ul>  |
| <b>Financials</b><br>28% of S&P/TSX Composite                 | -7.50%    | <ul style="list-style-type: none"> <li>Financials performed poorly, on the backs of life insurance companies due to their exposure to equity markets. Manulife (-32%), Sun Life (-20%) and Great-West Life (-14%) led financials downward. Power Financial (-14%) lost due to its position in Great-West Lifeco.</li> <li>National Bank (+29%) was the leading contributor in Q1 largely due to its Canadian focus. The big banks were mixed with Royal Bank (+2%) and Bank of Montreal (+6%) contributing, TD Bank (0%) flat and Bank of Nova Scotia (-7%) and CIBC (-10%) detracting.</li> </ul>   |
| <b>Telecommunications Services</b><br>6% of S&P/TSX Composite | -7.88%    | <ul style="list-style-type: none"> <li>Rogers Communications (-21%) was the biggest detractor on a negative earnings surprise and reduced earnings expectations due to a slowing economy.</li> <li>Telus (-7%) also declined on reduced earnings expectations.</li> </ul>  |
| <b>Consumer Discretionary</b><br>4% of S&P/TSX Composite      | -8.57%    | <ul style="list-style-type: none"> <li>Thomson Reuters (-9%) was the biggest detractor on reduced earnings estimates due to the weaker economy.</li> <li>Shaw Communications (-11%) also detracted in spite of what appears to be strong performance. Concerns about competition with Telus in BC may be impacting stock performance.</li> </ul>   |
| <b>Utilities</b><br>2% of S&P/TSX Composite                   | -13.00%   | <ul style="list-style-type: none"> <li>Globally, Utilities stocks are among the worst performers, probably due to fears about increased environmental regulations.</li> <li>Eight of nine stocks in the sector declined led by Transalta (-24%).</li> </ul>  |
| <b>Industrials</b><br>6% of S&P/TSX Composite                 | -13.20%   | <ul style="list-style-type: none"> <li>There has been a worldwide decline in Industrials, which includes transportation stocks. Only 2 of 21 Canadian names were up in Q1.</li> <li>Bombardier (-34%) and SNC-Lavalin (-19%), which often move together, both fell on concerns about global infrastructure spending.</li> </ul>  |