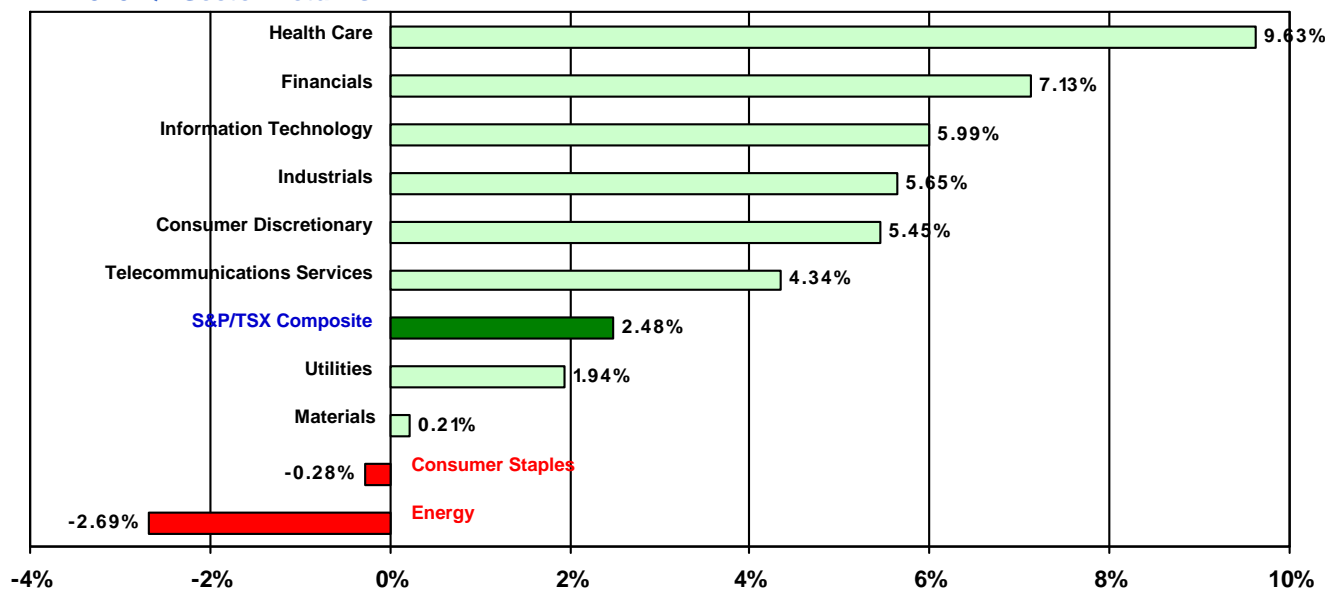


2010 Q1: Financials Lead Canadian Market to Moderate Gain in Q1
 Eight of Ten Sectors Rise; Energy and Materials Lag Market

2010 Q1 Sector Returns



- The S&P/TSX Composite gained 2.5% in Q1.
- Of the 223 stocks that were in the TSX Composite at some point during the quarter, 131 (59%) showed a gain for the quarter.
- Small-cap and mid-cap stocks outperformed the TSX 60 (large cap) for the quarter.
- In Q1, the Canadian market lagged the US market in home currency terms (US returned 4.9%) but beat the US market in Canadian dollar terms (US returned 1.4% in C\$ terms).
- Health Care was the top sector in Canada but it is largely irrelevant due to its small size.
- Financials was the second leading sector (#2 in US and #3 globally) on global growth prospects and indications short-term interest rates would remain low (aiding continued strong margins). Financials represented five of the top ten contributors to TSX market cap gains.
- Economically sensitive sectors were strong with Information Technology, Industrials and Consumer Discretionary all having good quarters (Industrials were #1 in US and globally).
- Energy and the gold portion of the Materials sector were the weakest areas with all ten of the biggest detractors from market performance coming from these areas.

2010 Index Returns	Q1	YTD
S&P/TSX Composite	+2.48%	+2.48%
S&P/TSX 60 (Large Cap)	+2.07%	+2.07%
S&P/TSX Completion (Mid)	+4.36%	+4.36%
S&P/TSX Small Cap	+4.16%	+4.16%

Q1 Biggest Contributors **Q1 Biggest Detractors**

Toronto Dominion Bank	Suncor Energy
Teck Resources	Goldcorp Inc.
Royal Bank of Canada	Cameco Corporation
Bank of Montreal	Barrick Gold
Thomson Reuters	Talisman Energy
CIBC	EnCana Corporation
Bombardier Inc.	Kinross Gold
Research in Motion	Eldorado Gold
Great-West Lifeco	Yamana Gold
Canadian National Railway	Imperial Oil

Sector	Q1 Return	Biggest Impacts
Health Care <1% of S&P/TSX Composite	+9.63%	<ul style="list-style-type: none"> The sector has very little impact on the Canadian market. Results were primarily driven by Biovail (+16%) on new collaborations and positive guidance and SXC Health Solutions (+20%) on winning a key pharmacy benefit management contract.
Financials 32% of S&P/TSX Composite	+7.13%	<ul style="list-style-type: none"> The big banks were the biggest contributors with Toronto-Dominion Bank (+15%), Royal Bank (+5%), Bank of Montreal (+10%), CIBC (+9%) and Bank of Nova Scotia (+3%) all contributing. Favourable yield curves, low levels of distressed loans in Canada and stronger US banking operations are contributing to favourable outlooks. The life insurance sub-sector also contributed with Great-West Life (+8%), its parent Power Financial (+8%), Sun Life (+8%) and Manulife (+4%) all contributing.
Information Technology 4% of S&P/TSX Composite	+5.99%	<ul style="list-style-type: none"> Research in Motion (+6%) was the major sector contributor since its market capitalization dwarfs the rest of the Canadian IT space combined. RIM rose in Q1 due to a number of analyst upgrades and growing optimism regarding earnings expectations. (Note: RIM announced earnings slightly below expectations after close on the last day of Q1 and fell around 5% in after-hours trading that evening.)
Industrials 6% of S&P/TSX Composite	+5.65%	<ul style="list-style-type: none"> Bombardier (+30%) led contributors on announcement of a deal to sell 40 of its new C Series aircraft. Canadian National Railways (+8%) was a leading contributor on rising earnings expectations. SNC-Lavalin (-8%) was the biggest detractor as the Canadian government expressed concerns it was being overcharged by the company for building maintenance.
Consumer Discretionary 4% of S&P/TSX Composite	+5.45%	<ul style="list-style-type: none"> Thomson Reuters (+9%) was the leading contributor on a number of small acquisitions and in spite of declining earnings expectations. Magna International (+18%) contributed based on brighter prospects for the automobile industry.
Telecommunications Services 4% of S&P/TSX Composite	+4.34%	<ul style="list-style-type: none"> TELUS (+11%), Rogers Communications (+6%) and BCE (+3%) all contributed to sector performance. Only Rogers had an upside earnings surprise during the quarter, but future earnings expectations have risen for both Rogers and BCE. These stocks may be rising in a chase for high dividend yield as they all have above average yields.
Utilities 2% of S&P/TSX Composite	+1.94%	<ul style="list-style-type: none"> Utilities stocks were mixed in Q1 with six stocks up and four down. Canadian Utilities (+12%) was the leading contributor on better than expected earnings and rising earnings expectations.
Materials 19% of S&P/TSX Composite	+0.21%	<ul style="list-style-type: none"> Diversified metals and mining companies mostly had very good Q1 price action. Teck Resources (+20%) led contributors due to high leverage to industrial metals prices and rising earnings expectations. Fertilizer companies Potash Corporation (+6%) and Agrium (+10%) were the other big contributors on rising earnings expectations. Gold stocks were the biggest detractors with Goldcorp (-8%), Barrick Gold (-6%), Kinross Gold (-10%), Eldorado Gold (-17%) and Yamana Gold (-16%) declining as gold prices stabilized in Q1.
Consumer Staples 3% of S&P/TSX Composite	-0.28%	<ul style="list-style-type: none"> Grocer Loblaw's (+11%) led contributors on better than expected earnings. Parent George Weston (+5%) also benefited. Alimentation Couche-Tard (-11%) led detractors on a significant earnings miss. Shoppers Drug Mart (-4%) also detracted.
Energy 26% of S&P/TSX Composite	-2.69%	<ul style="list-style-type: none"> Energy stocks were down in Q1. Oil prices rose moderately during the quarter, but natural gas prices continued their long-term decline. Large-cap Energy stocks generally underperformed the market in Q1. Leading detractors included Suncor (-11%), Cameco (-18%), Talisman (-12%), EnCana (-7%) and Imperial Oil (-4%). Penn-West Energy Trust (+16%) was the leading contributor most likely reflecting outperformance by income trusts, better than expected earnings and takeover speculation.