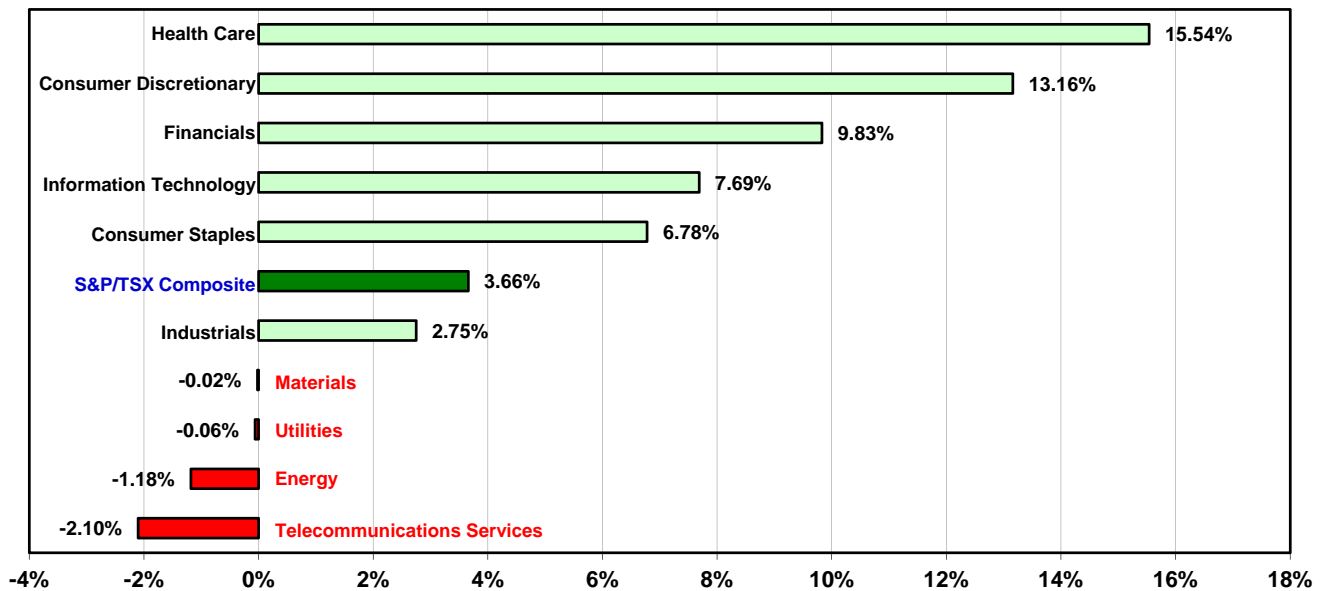


Q1 2012: TSX Composite follows world markets higher
 However Energy & Materials cause Canada to underperform global markets

2012 Q1



- The S&P/TSX Composite gained 3.7 % in Q1.
- Of the 258 stocks that were in the TSX Composite at some point during Q1, 151 (59%) were higher for the quarter.
- The TSX 60 (large cap) outperformed mid-caps and underperformed small-cap stocks.
- In Q1, the Canadian market underperformed the US market in home currency terms (US returned 12.0%) and in Canadian dollar terms (US market returned 9.9% in C\$ terms).
- Health Care and Consumer Discretionary were leading sectors but had little influence on the overall market due to their small weightings in Canada.
- Financials were the third leading Canadian sector (1st in the US and 2nd globally) and the major contributor to overall returns due to their high weighting in Canada. However Canadian financials underperformed their US and Global counterparts likely due to their perceived safety (they outperformed during 2011’s global decline).
- Commodity-related sectors (Energy & Materials), which together comprise 46% of the Canadian market, were a major drag on performance due to demand concerns, particularly related to China.

2012 Index Returns	Q1	YTD
S&P/TSX Composite	+3.66%	+3.66%
S&P/TSX 60 (Large Cap)	+3.83%	+3.83%
S&P/TSX Completion (Mid)	+3.18%	+3.18%
S&P/TSX Small Cap	+5.34%	+5.34%

Q1 Biggest Contributors

- Royal Bank of Canada
- Bank of Nova Scotia
- Toronto-Dominion Bank
- Manulife Financial
- Suncor Energy
- Great-West Lifeco
- Magna International
- Potash Corporation
- Sun Life Financial
- Agrium

Q1 Biggest Detractors

- Cdn Natural Resources
- Barrick Gold
- Kinross Gold
- BCE Inc
- Ivanhoe Mines
- SNC-Lavalin
- Trilogy Energy
- Loblaw Companies
- TransCanada Corp
- Iamgold Corp

Sector	Q1 Return	Biggest Impacts
Health Care 2% of S&P/TSX Composite	+15.54%	<ul style="list-style-type: none"> Valeant Pharmaceuticals (+12%) rose on better than expected earnings and SXC Health Solutions (+31%) rose on raised earnings guidance and contract growth.
Consumer Discretionary 4% of S&P/TSX Composite	+13.16%	<ul style="list-style-type: none"> Magna International (+40%) rose on a positive earnings surprise, increased guidance and rising earnings estimates. Thomson Reuters (+6%) contributed based on market perception of improving prospects for its main customers.
Financials 31% of S&P/TSX Composite	+9.83%	<ul style="list-style-type: none"> The five big banks contributed to sector performance. Royal Bank (+11%), Bank of Nova Scotia (+10%), Toronto Dominion Bank (+11%), Bank of Montreal (+6%) and CIBC (+3%) all came in with earnings exceeding analyst expectations during the quarter. The life insurance companies gained back some of their 2011 losses as financial markets improved. Manulife Financial (+25%), Great-West Lifeco (+20%) and Sun Life Financial (+25%) all were strong contributors to sector and market performance in Q1.
Information Technology 1% of S&P/TSX Composite	+7.69%	<ul style="list-style-type: none"> Research in Motion (-1%) declined so much in 2011 that it no longer dominates the sector. Its lower price appeared to already reflect disappointing earnings news for the stock announced in Q1. CGI Group (+16%), Open Text (+17%) and Celestica (+28%) were strong contributors in Q1 in harmony with strong performance in US technology stocks. Open Text and Celestica also delivered positive earnings surprises during Q1.
Consumer Staples 3% of S&P/TSX Composite	+6.78%	<ul style="list-style-type: none"> Viterra (+48%) was the main contributor due to a takeover attempt from Glencore International. Loblaw Companies (-12%) detracted as earnings results disappointed investors.
Industrials 6% of S&P/TSX Composite	+2.75%	<ul style="list-style-type: none"> Canadian Pacific Railway (+10%) rose as activist investor Bill Ackman attempts to gain shareholder support to replace the existing CEO of the long underperforming railway with former Canadian National Railways CEO Hunter Harrison. SNC-Lavalin Group (-22%) detracted as Q4 earnings fell 52% year-over-year and its CEO resigned amidst allegations he allowed over \$50 million of payments to "agents" in Libya and Tunisia.
Materials 20% of S&P/TSX Composite	-0.02%	<ul style="list-style-type: none"> Fertilizer companies Potash Corporation (+8%) and Agrium (+26%) were the biggest contributors as agricultural commodity prices strengthened. Gold companies Barrick Gold (-6%), Kinross Gold (-16%) and Iamgold Corporation (-18%) were among the biggest detractors, underperforming the commodity which was up slightly in Q1.
Utilities 2% of S&P/TSX Composite	-0.06%	<ul style="list-style-type: none"> Atco (+16%) and Canadian Utilities (+6%) were the biggest contributors while Transalta (-11%) was the biggest detractor. Atco beat earnings expectations while Transalta failed to achieve them.
Energy 26% of S&P/TSX Composite	-1.18%	<ul style="list-style-type: none"> Energy companies saw mixed results in Q1. Breadth was not good with about 2 sector constituents rising for every 3 falling, but larger companies fared better bringing overall sector returns close to even. Suncor (+11%), Pacific Rubiales (+56%), Cenovus (+6%), Cameco (+16%), Nexen (+13%) and Husky (+3%) led contributors. Canadian Natural Resources (-13%) dropped on rapidly declining earnings estimates, Trilogy Energy (-30%) on disappointing earnings, and TransCanada Corporation (-4%) on political delays related to its proposed Keystone Pipeline Project.
Telecommunications Services 5% of S&P/TSX Composite	-2.10%	<ul style="list-style-type: none"> The sector moved lower primarily on the back of BCE (-6%). BCE was the second best performing stock of 2011 and may be suffering some unwind as investors again become more comfortable with risk. A slight earnings disappointment, slightly lower forward earnings expectations and a lukewarm reaction to their announced takeover of Astral Media may also be factors in the stock's decline.