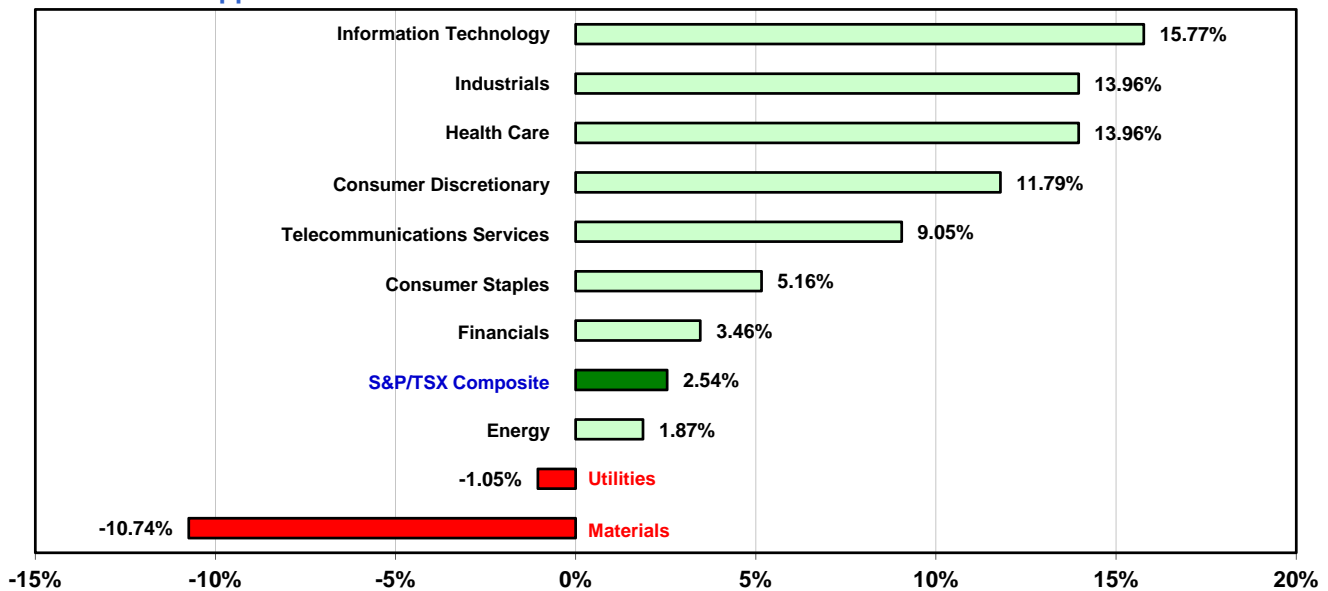


**2013 Q1: TSX Composite records modest gain in Q1**  
 Largest sectors hold index back from stronger gains

**2013 Q1 Capped Sector Performance**



- The S&P/TSX Composite gained 2.5% in Q1.
- Of the 243 stocks that were in the TSX Composite at some point during Q1, 152 (63%) were higher for the quarter.
- The TSX 60 (large cap) underperformed mid-caps but outperformed small-cap stocks in Q1.
- In Q1, the Canadian market severely underperformed the US market in home currency terms (US returned +10.0%) and in Canadian dollar terms (US market returned +12.4% in C\$ terms).
- Seven sectors outperformed the index in Q1 with Information Technology, Industrials and Health Care leading the way.
- Unfortunately the three largest sectors that dominate the Canadian market (together 74% of Canadian market capitalization) were among the four worst performing sectors in Q1, leading to the mediocre performance of the index. Materials was by far the weakest performing sector with Energy and Financials only generating moderate gains.

2013 Index Returns	Q1	YTD
<b>S&amp;P/TSX Composite</b>	<b>+2.54%</b>	<b>+2.54%</b>
S&P/TSX 60 (Large Cap)	+2.47%	+2.47%
S&P/TSX Completion (Mid)	+2.78%	+2.78%
S&P/TSX Small Cap	-0.06%	-0.06%

**Q1 Biggest Contributors**

**Q1 Biggest Detractors**

Canadian Pacific Railway	Barrick Gold
Valeant Pharmaceuticals	Teck Resources
Canadian National Railways	Suncor Energy
Cdn Natural Resources	Eldorado Gold
BCE Inc	Goldcorp
Enbridge	Kinross Gold
Thomson Reuters	Agnico-Eagle Mines
Rogers Communications	Iamgold Corporation
Great-West Lifeco	Franco-Nevada Corp
Manulife Financial	Silver Wheaton

Sector	Q1 Return	Biggest Impacts
<b>Information Technology</b> 2% of S&P/TSX Composite	+15.77%	<ul style="list-style-type: none"> <li>• Research in Motion (+28%) led contributors based on the long-awaited launch of its Blackberry 10 and a positive earnings surprise. Note however that the stock lost about 90% of its value in the past 5 years and this quarter's gain only recovered about 2% of that loss.</li> <li>• CGI Group (+20%) rose as earnings expectations remain high on prospects of increased business from US health care reform.</li> </ul>
<b>Industrials</b> 7% of S&P/TSX Composite	+13.96%	<ul style="list-style-type: none"> <li>• Canadian Pacific Railway (+31%) rose on slightly rising earnings expectations and on hope of additional efficiencies under new leadership and an activist board.</li> <li>• Canadian National Railways (+13%) rose in spite of declining earnings expectations.</li> </ul>
<b>Health Care</b> 2% of S&P/TSX Composite	+13.96%	<ul style="list-style-type: none"> <li>• Valeant Pharmaceuticals (+29%) rose despite declining earnings expectations.</li> <li>• Catamaran Corporation (+15%) rose on a slightly positive earnings surprise.</li> </ul>
<b>Consumer Discretionary</b> 5% of S&P/TSX Composite	+11.79%	<ul style="list-style-type: none"> <li>• Thomson Reuters (+15%) rose on a moderate positive earnings surprise in spite of general declining forward expectations.</li> <li>• Magna International (+20%) rose on a positive earnings surprise and rising revenue guidance (and rising earnings expectations).</li> </ul>
<b>Telecommunications Services</b> 6% of S&P/TSX Composite	+9.05%	<ul style="list-style-type: none"> <li>• BCE (+11%) rose in spite of declining forward earnings estimates and an earnings miss.</li> <li>• Rogers Communications (+15%) rose on a positive earnings surprise and rising earnings expectations.</li> </ul>
<b>Consumer Staples</b> 3% of S&P/TSX Composite	+5.16%	<ul style="list-style-type: none"> <li>• Every stock in the sector rose for the quarter led by Alimentation Couche-Tard (+13%) which rose in spite of missing earnings expectations in Q1.</li> </ul>
<b>Financials</b> 33% of S&P/TSX Composite	+3.46%	<ul style="list-style-type: none"> <li>• Life insurers contributed strongly with Great-West Life (+12%), Manulife (+11%) and Power Financial (+10%) leading as market hopes rose that market gains might be reflected in future earnings.</li> <li>• The five big banks all generated similar stock price returns in Q1 (in order of contribution to the index): Bank of Nova Scotia (+3%), Bank of Montreal (+5%), Royal Bank (+2%), Toronto Dominion Bank (+1%) and CIBC (-0%). Neither current earnings nor forward expectations were meaningfully different than expectations in Q1.</li> </ul>
<b>Energy</b> 25% of S&P/TSX Composite	+1.87%	<ul style="list-style-type: none"> <li>• Canadian Natural Resources (+14%) rose in spite of an earnings miss and declining forward estimates. Speculation has been rising it might be a takeover target since the approval of the Nexen takeover by CNOOC.</li> <li>• Enbridge (+10%) has risen as markets continue to focus on company prospects associated with infrastructure requirements from rising North American energy production.</li> <li>• Suncor Energy (-7%) was the main detractor on an earnings miss and rapidly declining forward earnings expectations.</li> </ul>
<b>Utilities</b> 2% of S&P/TSX Composite	-1.05%	<ul style="list-style-type: none"> <li>• Canadian Utilities (+12%) led contributors on better than expected earnings results.</li> <li>• Atlantic Power (-56%) led detractors after it announced a cut of more than 50% to its dividend rate.</li> </ul>
<b>Materials</b> 16% of S&P/TSX Composite	-10.74%	<ul style="list-style-type: none"> <li>• The largest gold companies were the leading detractors in Q1 with Barrick Gold (-14%), Eldorado Gold (-24%), Goldcorp (-7%), Kinross Gold (-17%) and Agnico-Eagle Mines (-20%) leading detractors. Gold companies have been underperforming the price of the commodity as the gold price only declined about 4% in Q1.</li> <li>• Teck Resources (-21%) was also a large detractor on declining earnings expectations. Commodity prices have remained weak and this is calling into question earnings prospects for the company.</li> </ul>