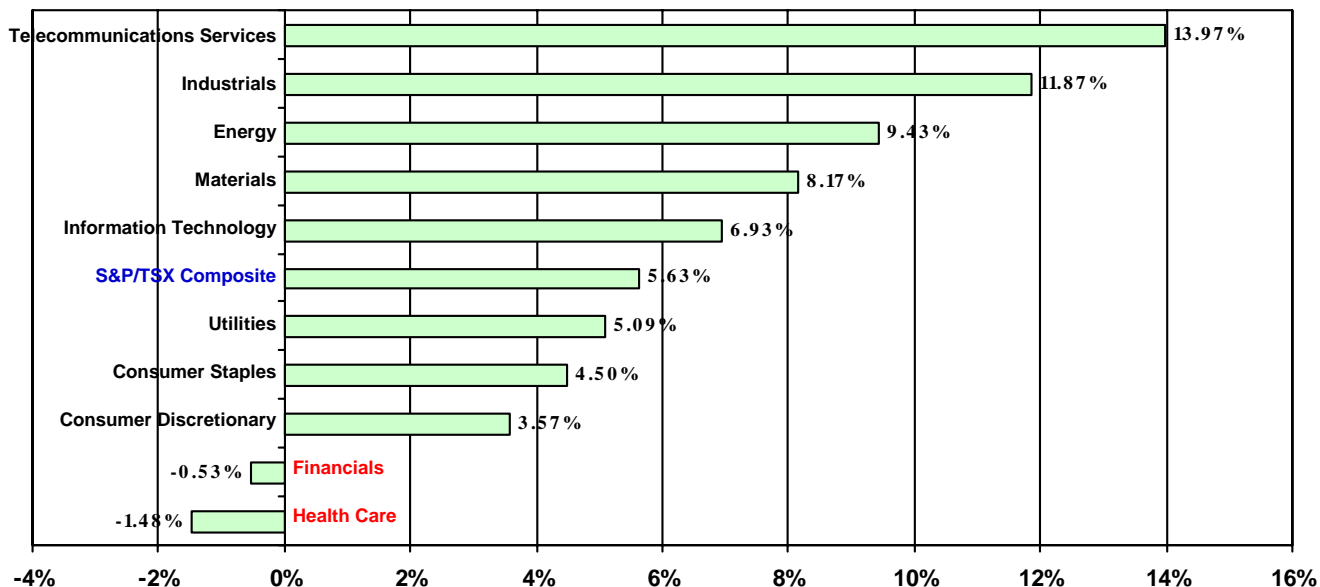


2007 Q2: Telecoms and Industrials provide double-digit returns

Takeovers have major impact on Canadian market in Q2



- TSX 60 (large cap) stocks outpaced the S&P/TSX Composite in the Second Quarter on a capital appreciation basis.
- Takeovers had a major impact on the Canadian markets. Alcan and BCE benefited as suitors competed to take them over. Rogers Communications made several acquisitions that were well received by the markets, while the market voted thumbs down on Thomson's acquisition of Reuters.
- Energy regained its momentum as five energy stocks appear on the biggest contributors list.
- Gold stocks were the biggest detractors in the Canadian market. Gold fell only about \$15/oz, but spent most of the quarter trading in a downward channel after peaking at a multi-year high in late-April. Gold touched its 200-day moving average in late June and stock prices are clearly reflecting slowing momentum in gold prices.

Index	2007 Q2 Return
S&P/TSX Composite	5.63%
S&P/TSX 60 (Large Cap)	6.28%
S&P/TSX Mid Cap	3.92%
S&P/TSX Small Cap	5.19%

Biggest Contributors

Research In Motion
Alcan
Rogers Communications
Potash Corporation
BCE
Imperial Oil
Petro-Canada
EnCana
Cdn Natural Resources
Suncor Energy

Biggest Detractors

Thomson Corp.
Barrick Gold
Goldcorp
Yamana Gold
Bank of Nova Scotia
CIBC
Nexen
Royal Bank of Canada
Fairfax Financial
SunLife Financial

Sector	Q2 Return	Biggest Impacts
Telecommunications Services 6% of S&P/TSX Composite	+13.97%	<ul style="list-style-type: none"> • Telecommunications Services is the strongest sector for the year, up over 20% through the first half. • BCE Inc.(+24%) rose when it opened itself to potential takeover. • Rogers Communications (+20%) rose based upon acquisitions that were well received in the market and a tripling of the quarterly dividend.
Industrials 6% of S&P/TSX Composite	+11.87%	<ul style="list-style-type: none"> • Bombardier (+37%) led the Industrial stocks during the quarter. Aerospace companies continue to benefit from strong worldwide demand and CAE Inc. (+9%) also benefited from this trend. • Railroads also continued to reflect the strong economy and outperformed in Canada. Canadian National (+6%) and Canadian Pacific (+13%) contributed to the sector's out-performance.
Energy 28% of S&P/TSX Composite	+9.43%	<ul style="list-style-type: none"> • Energy stocks outperformed the market in the second quarter as oil prices resumed an upward trajectory. Imperial Oil (+16%), Petro-Canada (+26%), EnCana (+12%) and Canadian Natural Resources (+11%) were the biggest contributors to performance. • Many of the small- and mid-cap energy names posted double digit gains for the quarter. • Nexen (-7%) and energy transmission and distribution companies TransCanada (-4%) and Enbridge (-5%) were the big detractors.
Materials 17% of S&P/TSX Composite	+8.17%	<ul style="list-style-type: none"> • Alcan (+44%) benefited from a takeover offer from Alcoa and speculation that Rio Tinto, BHP Billiton or Companhia Vale do Rio Doce might enter a bidding war for the company. • Potash Corporation of Saskatchewan (+36%), along with other fertilizer companies, continued to benefit from high agricultural commodity prices. • Holding the Materials sector back were gold stocks as Barrick (-6%), Goldcorp (-9%) and Yamana Gold (-29%) fell with other gold stocks as gold prices spent most of the quarter trading in a downward channel after peaking at a multi-year high in late-April.
Information Technology 4% of S&P/TSX Composite	+6.93%	<ul style="list-style-type: none"> • Research in Motion (+36%) alone was responsible for almost the entire gain in the sector as it twice guided above analyst estimates, completed an earnings restatement (removing an overhang to the share price) and introduced new BlackBerry products. • Nortel Networks (-7%) and Cognos (-6%) were the biggest detractors from sector performance.
Utilities 1% of S&P/TSX Composite	+5.09%	<ul style="list-style-type: none"> • Eight of ten Utilities stocks were up for the quarter, with Atco (+19%), Canadian Utilities (+9%) and TransAlta (+7%) the biggest contributors.
Consumer Staples 3% of S&P/TSX Composite	+4.50%	<ul style="list-style-type: none"> • Loblaw (+13%), Sobeys (+59%) and George Weston (+13%) (a major Loblaw shareholder) were the biggest contributors. A sense that Loblaw's may have finally emerged from recent problems and a takeover of Sobeys by majority owner Empire Corp (Sobeys was removed from the index after the takeover) led to outperformance.
Consumer Discretionary 5% of S&P/TSX Composite	+3.57%	<ul style="list-style-type: none"> • Magna International (+13%), Aeroplan Income Fund (+9%) and Canadian Tire (+12%) were the biggest contributors. • Thomson Corp (-9%) was the biggest detractor as the market did not react well to its takeover of Reuters International.
Financials 31% of S&P/TSX Composite	-0.53%	<ul style="list-style-type: none"> • Toronto Dominion Bank (+5%), and holding companies Brookfield Asset Management (+6%) and Power Financial (+4%) were the lead contributors during the quarter. • Three major banks, Bank of Nova Scotia (-2%), CIBC (-4%) and Royal Bank, led detractors (-2%) as concerns about rising short-term interest rates caused underperformance by the big banks.
Health Care 1% of S&P/TSX Composite	-1.48%	<ul style="list-style-type: none"> • Biovail (+8%) was the biggest contributor to the index while MDS (-1%) was the biggest detractor. Neurochem (-60%) was removed from the index after contributing to the decline.