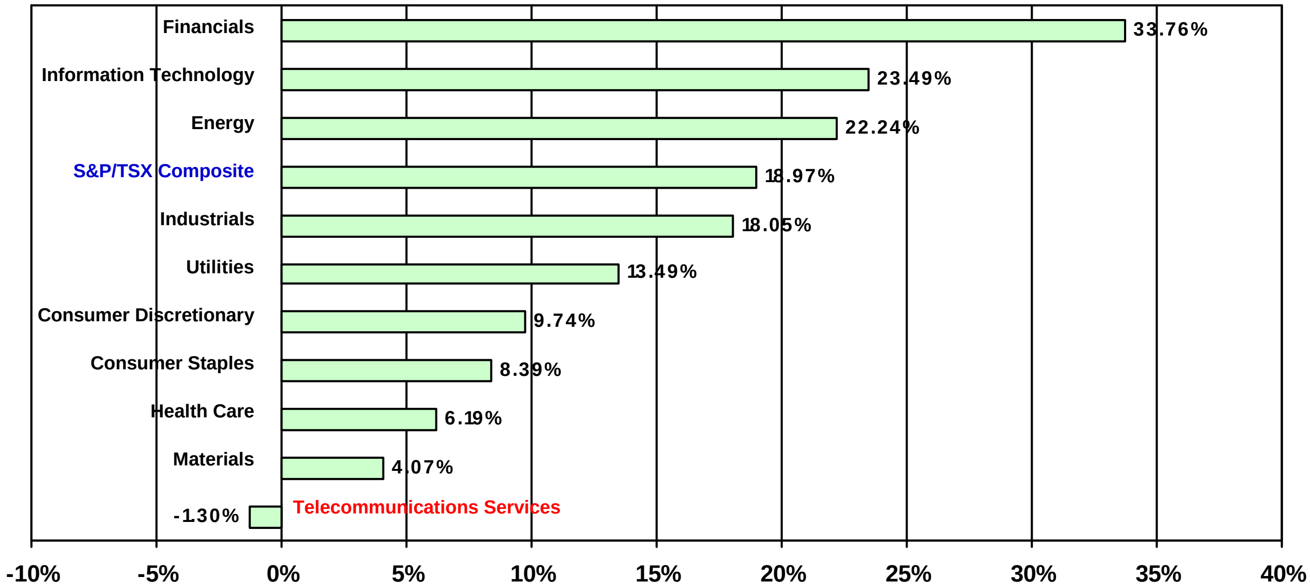
LINDE EQUITY RESEARCH *TSX Performance Review*

2009 Q2: Canadian markets have best quarter since Q4 1999

Financials, Information Technology and Energy lead market higher

2009 Q2 Sector Returns



- The market continued its rally off the March 9 lows, gaining 19.0% in Q2 – the best rally since the Nortel-driven Q4 1999 20%+ increase.
- Breadth was pretty good as 172 of the 211 stocks (82%) in the TSX Composite during Q2 were up.
- Small-Cap stocks outperformed the TSX 60 (large cap) and Mid-Cap stocks which reversed a seven quarter trend.
- In Q2, the Canadian market outperformed the US market, primarily due to its large exposure to Financials. US returns were 15.2% in US dollars and 6.2% in Canadian dollars.
- Financials were the leading sector led by the big banks. Nevertheless, the sector lagged global counterparts which is not surprising since it regularly outperformed during the bear market.
- Information Technology's performance largely mirrored global performance, led by RIM.
- Energy stocks dramatically outperformed global counterparts, benefiting from higher oil prices.
- Materials stocks significantly underperformed global counterparts due to the high proportion of gold producers in Canada.
- Telecommunications services was the only negative sector, significantly lagging global counterparts.

2009 Index Returns	Q2	YTD
S&P/TSX Composite	**+18.97%**	**+15.43%**
S&P/TSX 60 (Large Cap)	+18.25%	+20.95%
S&P/TSX Mid Cap	+18.16%	+11.76%
S&P/TSX Small Cap	+21.20%	+15.32%

Q2 Biggest Contributors	Q2 Biggest Detractors
Research in Motion	Agnico-Eagle Mines
Royal Bank of Canada	Goldcorp
Toronto Dominion Bank	Barrick Gold
Bank of Nova Scotia	BCE Inc.
Manulife Financial	Telus Corporation
Bank of Montreal	Yamana Gold
Suncor Energy	Imperial Oil
Cdn Natural Resources	Tim Hortons Inc.
Teck Resources	Empire Company
Petro-Canada	Fairfax Financial

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Sector	Q2 Return	Biggest Impacts
Financials 31% of S&P/TSX Composite	+33.76%	• Financials were the leading sector, consistent with a significant upward move in global Financials, driven by a favourable yield curve and low valuations. • The big banks were the biggest contributors with Royal Bank (+29%), Toronto-Dominion Bank (+38%), Bank of Nova Scotia (+40%) and Bank of Montreal (+49%) leading the way. CIBC (+27%) and National Bank (+34%) also contributed. • The life insurance sub-sector also contributed due to its exposure to equity markets. Manulife (+42%), Power Financial (+34%), and its subsidiary Great-West Life (+29%), and Sun Life (+38%) contributed.
Information Technology 4% of S&P/TSX Composite	+23.49%	• Research in Motion (+52%) saw its stock surge after earnings beat estimates and guidance was raised on April 2. At one point the stock was up over 70% for the quarter, but fell back around its June 18 earnings announcement. While earnings and guidance were largely in-line, profit taking ensued amid concerns of increased competition.
Energy 28% of S&P/TSX Composite	+22.24%	• Oil continued its rise from the low $50 range to the $70 range during Q2 benefiting 49 of the 54 stocks in the sector. • Larger companies led contributors: Suncor (+26%), Canadian Natural Resources (+25%), Petro-Canada (+33%), Husky Energy (+22%) and EnCana (+12%). • Smaller players and energy trusts picked up after lagging in Q1. • Imperial Oil (-1%) failed to participate in the rally as companies with exposure to refining and marketing lagged within North America.
Industrials 5% of S&P/TSX Composite	+18.05%	• Industrials experienced a worldwide rally in Q2. • Canadian National Railways (+11%) and Canadian Pacific Railways (+24%) were among the leading contributors. • Stocks exposed to infrastructure and construction also contributed: SNC-Lavalin (+34%), Bombardier (+17%) and Finning (+33%).
Utilities 2% of S&P/TSX Composite	+13.49%	• Utilities stocks recovered in Q2 with eight of nine stocks up (many stocks reversed Q1 performance and are now close to flat in '09). • Transalta (+21%) and Fortis (+15%) led contributors in Q2.
Consumer Discretionary 4% of S&P/TSX Composite	+9.74%	• Consumer Discretionary stocks had a positive quarter but Canada lagged worldwide performance in this sector. • Leading contributors were Magna (+47%), Thomson Reuters (+4%), Canadian Tire (+26%) and Gildan Activewear (+68%). • Tim Hortons (-12%) led detractors as increasing competition and slowing EPS growth raised concerns about its above-peer valuation.
Consumer Staples 3% of S&P/TSX Composite	+8.39%	• Shoppers Drug Mart (+15%) and Loblaws (+11%) were the major contributors during Q2, reversing Q1 declines. • Empire Company (-20%) fell on disappointing earnings results.
Health Care <1% of S&P/TSX Composite	+6.19%	• The sector has very little impact on the Canadian market. • Results were primarily driven by Biovail (+14%) on key drug acquisitions and successful corporate refinancing.
Materials 18% of S&P/TSX Composite	+4.07%	• Performance of the Materials sector was mixed with industrial metals and fertilizers performing well while precious metals declined. • Teck Resources (+163%) and First Quantum (+58%) were among leading contributors due to high leverage to industrial metals prices. • Potash Corp (+6%) was a leading contributor but gave back about a quarter of its value after cautioning on weaker fertilizer prices in June. • Gold stocks were the big detractors in Q2 with Agnico-Eagle Mines (-15%), Goldcorp (-5%), Barrick Gold (-4%) and Yamana Gold (-12%) leading the way as gold failed to break above $1000/oz.
Telecommunications Services 4% of S&P/TSX Composite	-1.30%	• The Canadian telecommunications services sector continues to lag the broader market and worldwide peers due to fears about increasing competition for existing players. • BCE (-4%) and Telus (-11%) were responsible for the decline.