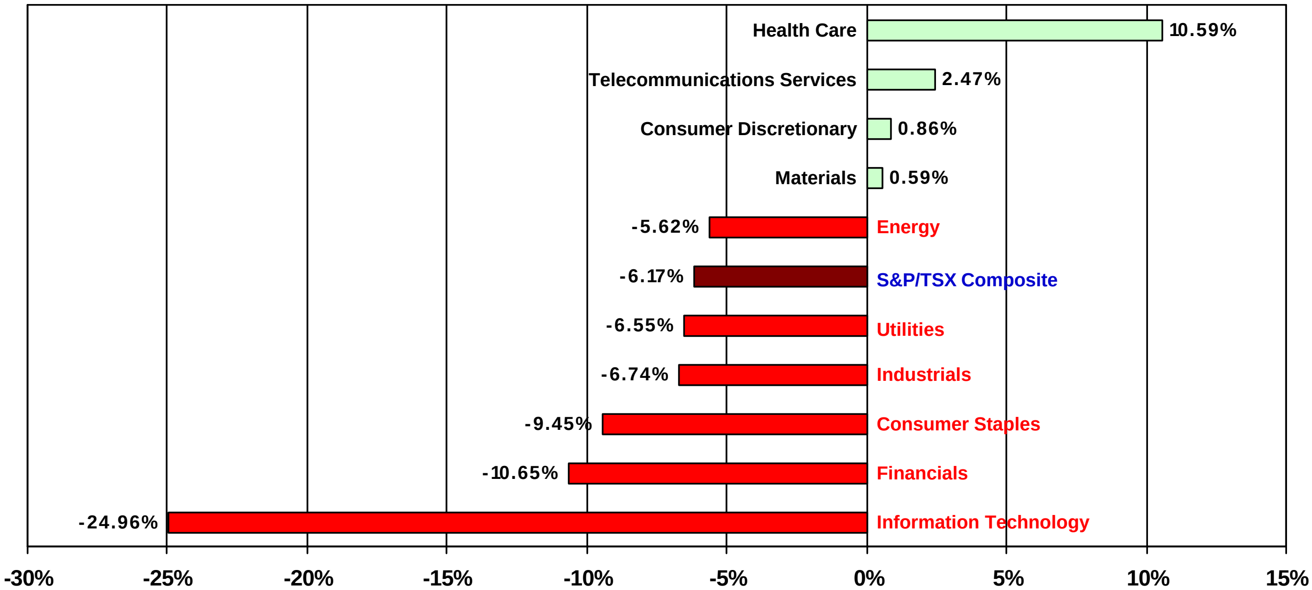
LINDE EQUITY RESEARCH *TSX Performance Review*

2010 Q2: Canadian Market plunges with World Markets

Info Tech and Financials Lead Decliners

2010 Q2 Sector Returns



- The S&P/TSX Composite lost 6.2% in Q2.
- Of the 230 stocks that were in the TSX Composite at some point during the quarter, 76 (33%) showed a gain for the quarter.
- Small-cap and mid-cap stocks outperformed the TSX 60 (large cap) for the quarter which is more typical during bull market corrections than during bear markets.
- In Q2, the Canadian market beat the US market in home currency terms (US returned -11.9%) and in Canadian dollar terms (US returned -7.7% in C$ terms).
- Information Technology was the worst performing sector due to Research in Motion.
- Financials was the second worst performing sector (second worst sector in US) on a flattening global yield curve and sovereign debt concerns. Financials represented five of the top ten detractors from TSX market cap gains.
- The Canadian market is one of the few major world markets very exposed to gold mining which greatly aided Canadian returns in Q2. Most of the top ten contributors had exposure to gold. As a result the Materials sector (which includes gold) was up in Canada but the worst performing sector in the US (which has little gold exposure).

2010 Index Returns	Q2	YTD
S&P/TSX Composite	**-6.17%**	**-3.85%**
S&P/TSX 60 (Large Cap)	-6.34%	-4.40%
S&P/TSX Completion (Mid)	-5.66%	-1.55%
S&P/TSX Small Cap	-5.32%	-1.38%

Q2 Biggest Contributors	Q2 Biggest Detractors
Barrick Gold	Research in Motion
Goldcorp Inc	Royal Bank of Canada
Eldorado Gold	Potash Corporation
Iamgold Corporation	Manulife Financial
Silver Wheaton Corp	Teck Resources
Gerdau Ameristeel	Toronto Dominion Bank
Red Back Mining	Great-West Lifeco
Agnico-Eagle Mines	Power Financial Corp
Pacific Rubiales Energy	Husky Energy
Thomson Reuters	Agrium Inc

LINDE EQUITY
Independent Research & Advice

9 – 1301 Johnston St.
Vancouver, BC V6H 3R9
Tel: 604-738-5600
www.lindeequity.com

Sector	Q2 Return	Biggest Impacts
Health Care **1%** of S&P/TSX Composite	+10.59%	• The sector has very little impact on the Canadian market. • Results were primarily driven by Biovail (+21%) on positive market reaction to its merger with Valeant Pharmaceuticals and SXC Health Solutions (+14%) on increased earnings guidance.
Telecommunications Services **5%** of S&P/TSX Composite	+2.47%	• BCE (+4%) and TELUS (+6%) were major contributors to sector performance. These stocks are benefiting from a relatively stable earnings profile, reaffirmed guidance and relatively high dividend yields. These companies are being seen as safe investments during the recent market turmoil.
Consumer Discretionary **5%** of S&P/TSX Composite	+0.86%	• Thomson Reuters (+3%) was the leading contributor on a number of small acquisitions and prospects for the return to revenue growth. • Magna International (+12%) contributed primarily based on a raised revenue outlook.
Materials **21%** of S&P/TSX Composite	+0.59%	• Performance in the Materials sector is generally based on the performance of three sub-groups which is in turn driven by the commodity price outlooks for those groups: gold, diversified metals and mining and fertilizer companies. • Gold stocks were the biggest contributors led by Barrick Gold (+24%), Goldcorp (+23%) and Eldorado Gold (+55%). • Diversified metals and mining companies were down led by Teck Resources (-29%) and First Quantum Materials (-36%). • Fertilizer companies Potash Corporation (-24%) and Agrium (-28%) were also big detractors.
Energy **27%** of S&P/TSX Composite	-5.62%	• Energy stocks were down in Q2 on a decline in oil prices due to concern of slowing economic growth and general negative sentiment towards the sector after the BP oil spill in the Gulf of Mexico. • Integrated names Husky (-13%) and Suncor (-5%) led detractors. • Oil and gas producers Canadian Natural Resources (-6%) and Nexen (-17%) were also big detractors as was uranium producer Cameco (-19%).
Utilities **2%** of S&P/TSX Composite	-6.55%	• Transalta (-12%) led detractors most likely due to falling energy prices while Canadian Utilities (-8%) was also a leading detractor, falling in line with the broad market.
Industrials **6%** of S&P/TSX Composite	-6.74%	• Sector weakness was broad-based with 19 of 21 issues declining. • Bombardier (-22%) and SNC-Lavalin (-14%) led detractors on worries that slowing economic growth and government fiscal restraint could curtail demand for their products and services.
Consumer Staples **3%** of S&P/TSX Composite	-9.45%	• Shoppers Drug Mart (-25%) was the biggest detractor as the Government of Ontario announced plans to reduce generic drug costs and the amount pharmacists could receive for filling these prescriptions. The company warned of lower prescription revenues and announced plans to reduce capital expenditures as a result. • Grain handler Viterra (-26%) dropped on weaker earnings as a result of lower world grain prices and lower crop volumes.
Financials **30%** of S&P/TSX Composite	-10.65%	• The big banks were the biggest detractors with Royal Bank (-15%), Toronto-Dominion Bank (-9%) and CIBC (-11%) leading detractors. Royal Bank earnings were considered disappointing and concerns abound around TD's high exposure to the US banking market. • The life insurance sub-sector was substantially lower due to lower equity markets with Manulife (-23%), Great-West Life (-17%), its parent Power Financial (-19%), and Sun Life (-14%) all detracting.
Information Technology **3%** of S&P/TSX Composite	-24.96%	• Research in Motion (-30%) was the major sector detractor as growth expectations declined due to competition with the Apple iPhone . RIM actually disappointed twice in Q2 with lower than expected earnings at the beginning of the quarter and poorer than expected shipment data near quarter-end.