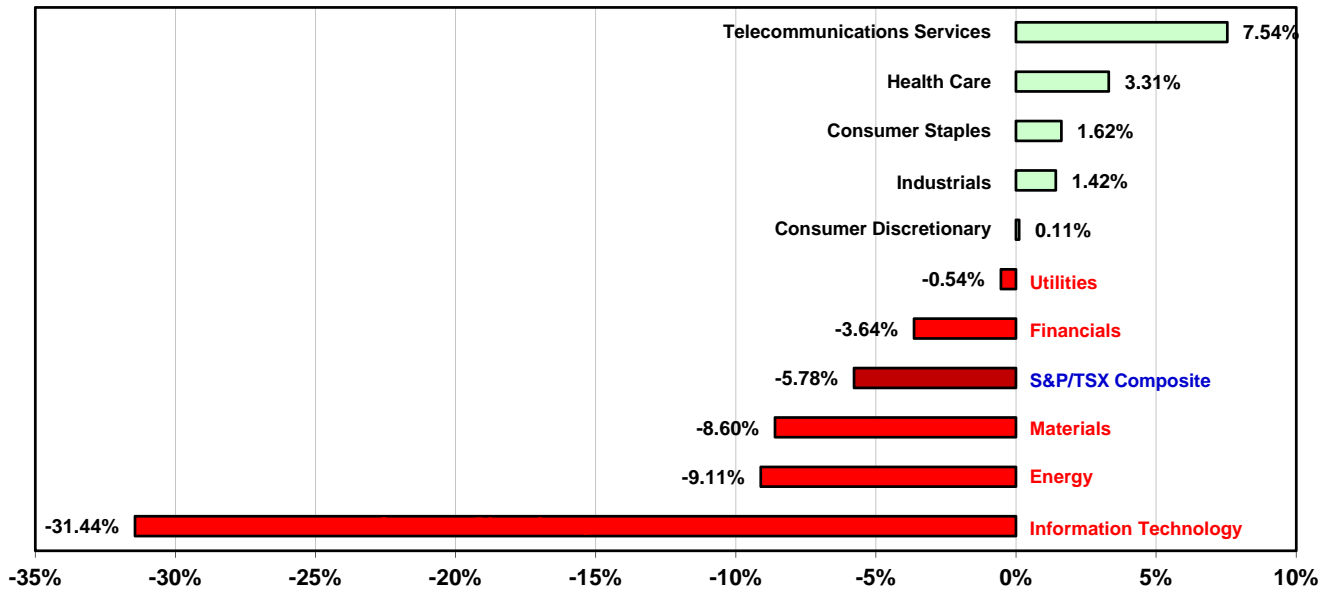


**2011 Q2: TSX Composite gives back Q1 gains**  
 Most important sectors all register losses in Q2

**Q2 Sector Returns**



- The S&P/TSX Composite lost 5.8% in Q2.
- Of the 265 stocks that were in the TSX Composite at some point during Q2, 177 (67%) lost ground in the quarter.
- The TSX 60 (large cap) outperformed mid-cap and small-cap stocks for the second straight quarter, consistent with late-bull market periods.
- In Q2, the Canadian market lagged the US market in home currency terms (US returned -0.4%) and in Canadian dollar terms (US returned -0.9% in C\$ terms).
- Information Technology was the worst performing sector due to weakness from Research in Motion.
- Energy (Canada's 2<sup>nd</sup> biggest sector) was the second worst performing sector on weakening oil and gas prices (worst sector worldwide).
- Materials (Canada's 3<sup>rd</sup> biggest sector) dropped on weakening commodity prices. Even gold stocks weakened in spite of stronger gold prices.
- Financials (Canada's biggest sector) dropped with international peers (second weakest sector worldwide) on fears about increasing bank reserve requirements.
- Telecommunications Services was the best performer probably due to its defensive nature, high dividend yields and strong results.

2011 Index Returns	Q2	YTD
<b>S&amp;P/TSX Composite</b>	<b>-5.78%</b>	<b>-1.06%</b>
S&P/TSX 60 (Large Cap)	-5.59%	-0.62%
S&P/TSX Completion (Mid)	-6.32%	-2.38%
S&P/TSX Small Cap	-8.75%	-5.37%

**Q2 Biggest Contributors**

- BCE Inc
- TransCanada Corporation
- Equinox Minerals
- Rogers Communications
- Canadian National Railways
- Enbridge
- First Quantum Minerals
- Magna International
- TELUS Corporation
- CGI Group

**Q2 Biggest Detractors**

- Research in Motion
- Suncor Energy
- Cdn Natural Resources
- Barrick Gold
- Royal Bank of Canada
- Sino-Forest Corporation
- Talisman Energy
- Imperial Oil
- CIBC
- Silver Wheaton Corp

Sector	Q2 Return	Biggest Impacts
<b>Telecommunications Services</b> 4% of S&P/TSX Composite	+7.54%	<ul style="list-style-type: none"> <li>Remarkably, all five stocks in the Telecommunications Services sector rose between 7% and 9% during Q2 as investors were attracted by their defensive nature, high dividend yields and rising earnings estimates.</li> <li>Therefore larger market cap companies contributed most with BCE (+7%), Rogers Communications (+8%) and TELUS (+7%) leading.</li> </ul>
<b>Health Care</b> 1% of S&P/TSX Composite	+3.31%	<ul style="list-style-type: none"> <li>Results were primarily driven by Valeant Pharmaceuticals (+4%) on continued strong operating performance and rising future earnings expectations.</li> </ul>
<b>Consumer Staples</b> 3% of S&P/TSX Composite	+1.62%	<ul style="list-style-type: none"> <li>Saputo (+6%), George Weston (+6%) and Alimentation Couche-Tard (+10%) were leading sector contributors on stronger food pricing trends.</li> </ul>
<b>Industrials</b> 6% of S&P/TSX Composite	+1.42%	<ul style="list-style-type: none"> <li>Canadian National Railways (+5%) rose on slightly increased forward earnings expectations.</li> <li>SNC-Lavalin (+7%) gained 4% on June 30 in reaction to its acquisition of CANDU reactor assets from Atomic Energy of Canada.</li> </ul>
<b>Consumer Discretionary</b> 4% of S&P/TSX Composite	+0.11%	<ul style="list-style-type: none"> <li>Magna International (+12%) led contributors in the sector.</li> <li>Yellow Media (-56%) led detractors on declining prospects for its core business, fears about its debt load, a potential cut in ratings from bond agencies and a potential dividend cut.</li> <li>Thompson Reuters (-5%) also detracted based on a negative earnings surprise and declining forward guidance.</li> </ul>
<b>Utilities</b> 2% of S&P/TSX Composite	-0.54%	<ul style="list-style-type: none"> <li>Fortis (-2%) was the biggest detractor in spite of decent earnings.</li> <li>Canadian Utilities (+6%) was the biggest contributor on higher than expected earnings.</li> </ul>
<b>Financials</b> 29% of S&P/TSX Composite	-3.64%	<ul style="list-style-type: none"> <li>All five big banks gave back at least part of their hefty Q1 gains with losses of between 2% and 9%, with Royal Bank (-8%), CIBC (-9%) and Toronto-Dominion Bank (-5%) detracting most. Banks worldwide suffered during Q2 as consensus emerged among regulators about the need for higher capital requirements for large banks, which could detract from future profitability. In addition both Royal Bank and CIBC had negative earnings surprises during the quarter.</li> <li>Great-West Lifeco (-5%) and its parent Power Financial (-5%) also detracted as a result of weaker investment income and a charge for earthquake and tsunami losses in Japan and New Zealand.</li> </ul>
<b>Materials</b> 22% of S&P/TSX Composite	-8.60%	<ul style="list-style-type: none"> <li>Barrick Gold (-13%) was the biggest detractor due primarily to negative market reaction to its takeover of Equinox Minerals (+42%), which was the largest contributor to sector performance. Gold stocks in general had negative returns in Q2.</li> <li>Sino-Forest (-87%) declined on allegations by Muddy Waters Research the company has materially overstated its timber holdings.</li> <li>Silver Wheaton (-24%) plunged on a significant drop in silver prices.</li> <li>Potash Corp (-4%) also detracted from sector performance.</li> </ul>
<b>Energy</b> 27% of S&P/TSX Composite	-9.11%	<ul style="list-style-type: none"> <li>The Energy sector saw broad-based weakness in Q2 with Suncor (-13%), Canadian Natural Resources (-16%), Talisman Energy (-17%), Imperial Oil (-9%), EnCana (-11%) and Husky Energy (-11%) all detracting.</li> <li>Energy pipeline companies seemed to be immune, perhaps due to their strong dividend yields, with TransCanada Corp (+8%) and Enbridge (+6%) leading contributors.</li> </ul>
<b>Information Technology</b> 2% of S&P/TSX Composite	-31.44%	<ul style="list-style-type: none"> <li>Research in Motion (-49%) was the leading detractor based on very disappointing Blackberry sales and continuing rapid deterioration in its share of the smartphone market.</li> <li>CGI Group (+17%) was the leading contributor, gaining significantly after peer Accenture beat estimates and issued a positive outlook.</li> </ul>