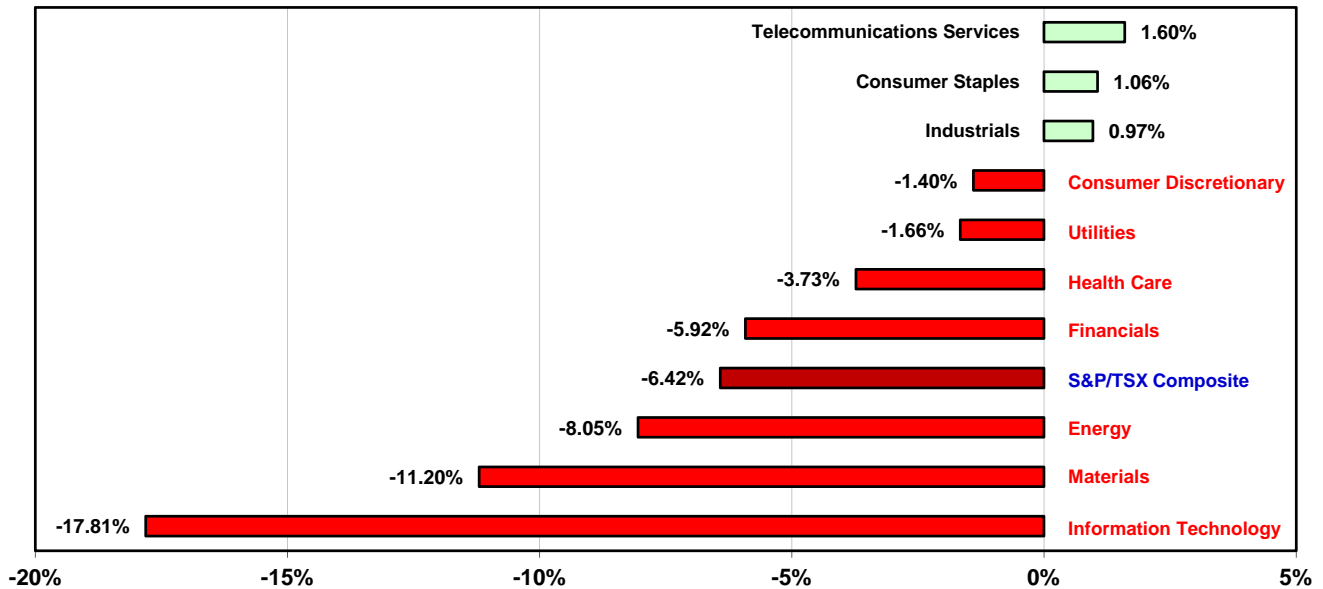


Q2 2012: TSX Composite falls amid global growth worries
 Materials and Energy among biggest losing sectors

2012 Q2



- The S&P/TSX Composite lost 6.4% in Q2.
- Of the 261 stocks that were in the TSX Composite at some point during Q2, 76 (29%) were higher for the quarter.
- The TSX 60 (large cap) outperformed mid-caps and small-cap stocks which is typical in late bull and early bear markets.
- In Q2, the Canadian market underperformed the US market in home currency terms (US returned -3.3%) and in Canadian dollar terms (US market returned -1.3% in C\$ terms).
- Defensive sectors such as Telecommunications Services and Consumer Staples were the top performers in Q2.
- The four worst performing sectors in Q2 were Information Technology, Materials, Energy and Financials. This was consistent with broader market trends as these were the four worst performing sectors in the US S&P 500 and the Global S&P 1200 indices (although in different orders). This was consistent with rising fears about a global economic slowdown.
- The very poor performance of the Information Technology sector was primarily due to a very weak quarter from Research in Motion.

2012 Index Returns	Q2	YTD
S&P/TSX Composite	-6.42%	-3.00%
S&P/TSX 60 (Large Cap)	-6.13%	-2.53%
S&P/TSX Completion (Mid)	-7.21%	-4.26%
S&P/TSX Small Cap	-13.75%	-9.15%

<u>Q2 Biggest Contributors</u>	<u>Q2 Biggest Detractors</u>
Canadian National Railways	Royal Bank of Canada
Progress Energy Resources	Cdn Natural Resources
Alimentation Couche-Tard	Goldcorp
SXC Health Solutions	Barrick Gold
Enbridge	Suncor Energy
BCE Inc	Toronto-Dominion Bank
Brookfield Asset Mgmt	Manulife Financial
Agnico-Eagle Mines	Ivanhoe Mines
EnCana Corporation	Research in Motion
TELUS Corporation	Bank of Nova Scotia

Sector	Q2 Return	Biggest Impacts
Telecommunications Services 5% of S&P/TSX Composite	+1.60%	<ul style="list-style-type: none"> The sector was a relatively strong performer on the backs of BCE (+5%) and TELUS (+6%). Both companies likely benefited from moderately positive earnings surprises and continued high dividend yields as investors returned to avoidance of riskier securities in Q2.
Consumer Staples 3% of S&P/TSX Composite	+1.06%	<ul style="list-style-type: none"> Alimentation Couche-Tard (+36%) was the main contributor primarily on favourable market reaction to its successful offer to acquire the Statoil Fuel & Retail business (the #1 Scandinavian convenience and fuel retailer) from Norway's Statoil.
Industrials 6% of S&P/TSX Composite	+0.97%	<ul style="list-style-type: none"> Canadian National Railways (+9%) led contributors on a positive earnings surprise and reaffirmed earnings guidance for the year. Finning International (-14%), the world's largest Caterpillar equipment dealer, led detractors. The stock's decline paralleled that of Caterpillar (down 20% in Q2) as economic worries intensified.
Consumer Discretionary 5% of S&P/TSX Composite	-1.40%	<ul style="list-style-type: none"> Dollarama (+32%) led contributors as its latest quarterly earnings report came in 40% above expectations on higher sales and operating margins. It also announced a share buy-back. In spite of increased revenue guidance, Magna International (-15%) led detractors as investors worried global economic problems would reduce demand for automobiles.
Utilities 2% of S&P/TSX Composite	-1.66%	<ul style="list-style-type: none"> Just Energy (-19%) led detractors on rising concerns over the sustainability of its dividend which far exceeds the company's current earnings.
Health Care 2% of S&P/TSX Composite	-3.73%	<ul style="list-style-type: none"> SXC Health Solutions (+35%) rose on favourable market reaction to its plan to buy fellow pharmacy benefits manager Catalyst Health Solutions. Valeant Pharmaceuticals (-15%) dropped as earnings appeared weaker than expected once one-time gains on asset sales and foreign exchange transactions were removed from reported numbers.
Financials 32% of S&P/TSX Composite	-5.92%	<ul style="list-style-type: none"> The five big banks were all down in Q2. Royal Bank (-10%) led detractors on weaker than expected earnings. Toronto Dominion Bank (-6%), Bank of Nova Scotia (-6%), Bank of Montreal (-5%) and CIBC (-6%) all reported earnings in-line with or above expectations yet declined during the quarter. The life insurance companies declined on the back of weak equity market performance and declining expectations. Manulife (-18%), Power Financial (-13%) and Great-West Lifeco (-10%) led detractors.
Energy 25% of S&P/TSX Composite	-8.05%	<ul style="list-style-type: none"> Energy companies generally declined in Q2 as the price of crude oil fell about \$20 per barrel during the quarter. Companies with exposure to higher cost crude oil resources were the biggest detractors: Canadian Natural Resources (-17%), Suncor (-10%), Penn West Petroleum (-30%) and Cenovus (-10%). Some energy companies contributed to performance. Progress Energy Resources (+101%) rose on a takeover offer, Enbridge (+5%) on prospects for pipeline expansion and natural gas producer EnCana (+8%) on better than expected earnings and increased forward expectations.
Materials 19% of S&P/TSX Composite	-11.20%	<ul style="list-style-type: none"> Gold companies generally fell as the price of gold fell by \$75/oz in Q2. Goldcorp (-15%) and Barrick Gold (-12%) led detractors. Two companies with exposure to industrial metals and coal – Ivanhoe Mines (-36%) and Teck Resources (-11%) – also detracted. Agnico-Eagle Mines (+24%) contributed to performance on better than expected earnings.
Information Technology 1% of S&P/TSX Composite	-17.81%	<ul style="list-style-type: none"> Research in Motion (-48%) led detractors on a massive earnings miss, weaker forward earnings guidance, corporate layoffs and an announcement that the launch of its new make-or-break BlackBerry 10 would be delayed until 2013. There are now concerns the company may run short of cash before launch of the BlackBerry 10.