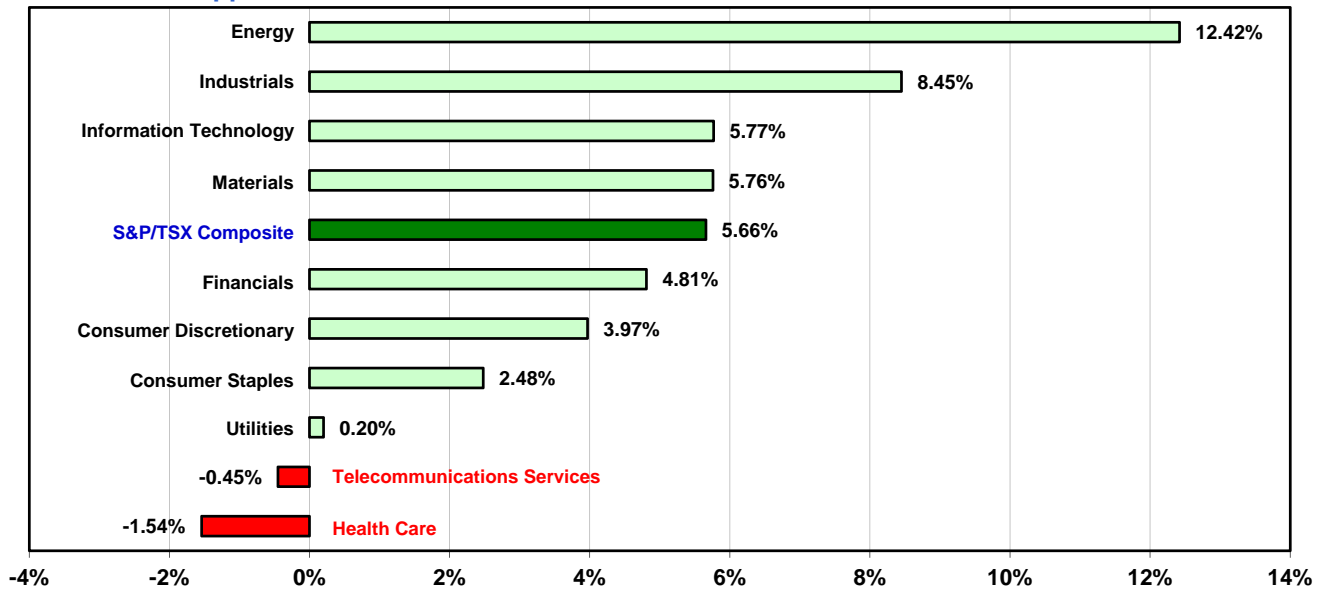


2014 Q2: TSX extends year-to-date gains to double digits
 Energy sector leads gainers amid geopolitical tensions

2014 Q2 Capped Sector Performance



- The S&P/TSX Composite returned +5.7% in Q2.
- Of the 252 stocks that were in the TSX Composite at some point during the quarter, 180 (71%) were higher in Q2.
- The TSX 60 (large cap) modestly underperformed the broader market in Q2 while the Completion (mid cap) and Small Cap Indices outperformed.
- In Q2, the Canadian market outperformed the US market in home currency terms (US returned +4.7%) and in Canadian dollar terms (US market returned +1.0% in C\$ terms).
- The Energy sector was the best performing sector in Q2 as geopolitical tensions led to increases in the price of energy, particularly oil. Almost three-fifths of the overall market gains in Q2 were attributable to Energy sector constituents.
- Industrials was the other sector to significantly outperform the market primarily on the back of a strong showing from the railroads.
- The weakest performance came from traditionally defensive sectors – Health Care, Telecommunications Services, Utilities and Consumer Staples.

2014 Index Returns	Q2	YTD
S&P/TSX Composite	+5.66%	+11.19%
S&P/TSX 60 (Large Cap)	+5.55%	+10.50%
S&P/TSX Completion (Mid)	+5.96%	+13.18%
S&P/TSX Small Cap	+8.58%	+16.32%

Q2 Biggest Contributors

Q2 Biggest Detractors

Suncor Energy	Valeant Pharmaceuticals
Bank Of Nova Scotia	Cameco Corp
Cdn Natural Resources	Rogers Communications
Toronto-Dominion Bank	Agrium
Canadian National Railways	Power Financial
Royal Bank	Bombardier
Canadian Pacific Railways	Catamaran Corp
Imperial Oil	George Weston
Bank of Montreal	Methanex
Goldcorp	Just Energy Group

Sector	Q2 Return	Biggest Impacts
Energy 27% of S&P/TSX Composite	+12.42%	<ul style="list-style-type: none"> • Most (59 of 69) Energy sector constituents rose in Q2 as oil and gas prices (and forward earnings estimates) rose in response to international tensions (Iraq, Ukraine). • Suncor Energy (+18%), Canadian Natural Resources (+16%) and Imperial Oil (+9%) were the largest sector contributors primarily due to their status as the largest companies in the group. • Cameco Corporation (-17%) was the leading detractor as 2014 earnings estimates declined and likely due to rotation away from it to sector components more likely to benefit from rising oil prices.
Industrials 8% of S&P/TSX Composite	+8.45%	<ul style="list-style-type: none"> • Canadian National Railways (+12%) and Canadian Pacific Railways (+17%) were the biggest contributors on rising forward earnings expectations amid generally improving economic prospects. • Bombardier (-8%) was the biggest detractor after failing to meet analysts' earnings expectations due to revenue and margin weakness in the aerospace division.
Information Technology 2% of S&P/TSX Composite	+5.77%	<ul style="list-style-type: none"> • Blackberry (+22%) was by far the leading sector contributor on a loss that was far less than expected and improving forward earnings estimates (where losses are expected to be much lower than were recently anticipated).
Materials 12% of S&P/TSX Composite	+5.76%	<ul style="list-style-type: none"> • Gold stocks led sector contributors as the price of gold rose by almost 4% in Q2. Goldcorp (+10%), Franco-Nevada Corporation (+21%), Eldorado Gold (+33%) and Agnico-Eagle Mines (+22%) led. • First Quantum Minerals (+12%) rose on a positive market reaction to its takeover of Lumina Copper and rising production numbers. • Agrium (-9%) was the biggest sector detractor on a negative earnings surprise and falling forward earnings estimates.
Financials 34% of S&P/TSX Composite	+4.81%	<ul style="list-style-type: none"> • All big banks contributed with Bank of Nova Scotia (+11%) Toronto Dominion Bank (+6%), Royal Bank (+5%), Bank of Montreal (+6%) and CIBC (+2%) all rising. All five banks surprised to the upside in their latest releases and forward earnings estimates are generally rising (except for CIBC whose current year estimates have declined). • Life insurers were generally flat in spite of rising equity markets which generally helps life insurance stocks with Sun Life Financial (+2%), Manulife Financial (-1%) and Great-West Lifeco (-1%) all flat.
Consumer Discretionary 5% of S&P/TSX Composite	+3.97%	<ul style="list-style-type: none"> • Magna International (+8%) was the leading contributor on rising earnings estimates as auto sales figures continue to strengthen. Linamar Corporation (+23%) also benefited from this trend. • Gildan Activewear (+13%) was also a leading contributor on its acquisition of Doris (a manufacturer of branded ladies legwear).
Consumer Staples 3% of S&P/TSX Composite	+2.48%	<ul style="list-style-type: none"> • Saputo (+15%), Canada's largest dairy producer, led contributors on a positive earnings surprise driven by strong performance in its international division.
Utilities 2% of S&P/TSX Composite	+0.20%	<ul style="list-style-type: none"> • After posting strong gains in Q1 the sector was basically flat in Q2 with 7 of 12 sector components rising. • Just Energy (-31%) was the leading detractor amid measures to shore up its balance sheet including its second dividend cut in 18 months.
Telecommunications Services 5% of S&P/TSX Composite	-0.45%	<ul style="list-style-type: none"> • Rogers Communications (-6%) was the biggest detractor when it missed earnings estimates for the fifth straight quarter and on subsequent reductions in forward earnings expectations by analysts. • The four other sector constituents all rose between 0% and 3% in Q2.
Health Care 3% of S&P/TSX Composite	-1.54%	<ul style="list-style-type: none"> • Valeant Pharmaceuticals (-7%) was the biggest detractor as it has been involved in a messy battle to attempt to takeover Botox-maker Allergan which has involved increasing its offer for Allergan, which concerned some market participants.