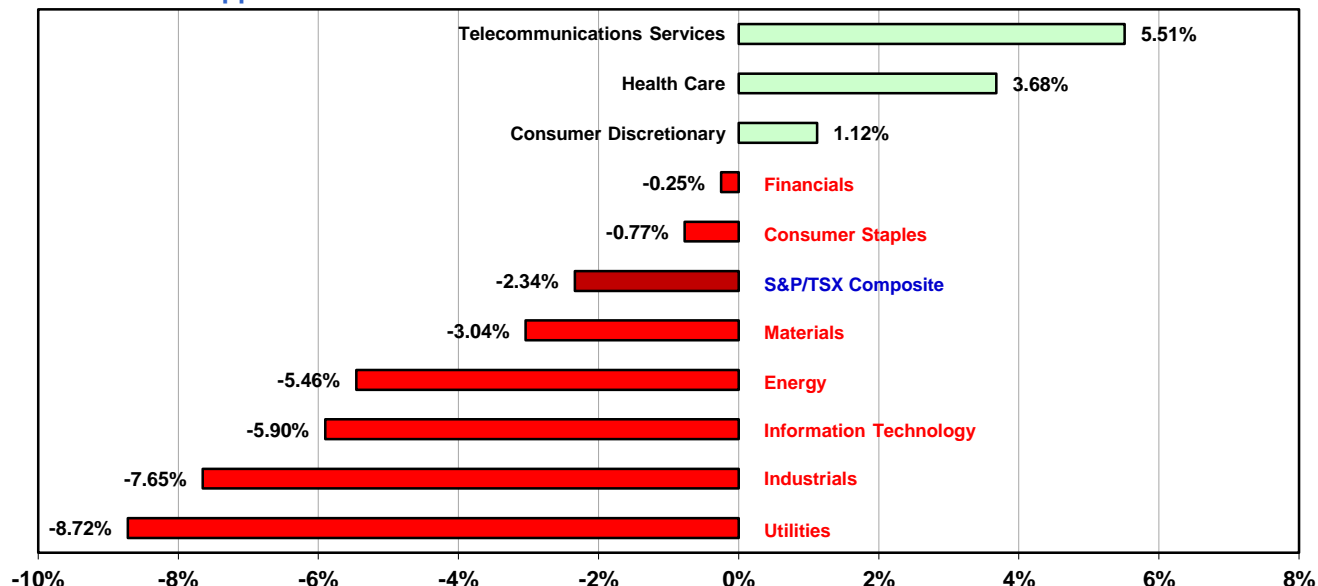


2015 Q2: Q1 giveth, Q2 taketh away

YTD gains erased in Q2 as Utilities, Industrials, Info Tech and Energy lead market down

2015 Q2 Capped Sector Performance



- The S&P/TSX Composite returned -2.3% in Q2.
- Of the 254 stocks that were in the TSX Composite at some point during Q2, 113 (44%) finished the quarter in positive territory.
- Canadian Small Caps were the best performer in Q2, posting a modest gain. The Completion Index (mid-caps) posted a mild loss but outperformed the TSX 60 (large caps) and the Composite in Q2.
- In Q2, the Canadian market underperformed the US market in home currency terms (US returned -0.2%) and in Canadian dollar terms (US market returned -1.6% in C\$ terms).
- Telecommunications Services, Health Care and Consumer Discretionary were the only three sectors to post a positive return in Q2.
- Valeant Pharmaceuticals was the top contributing stock to index performance in both Q1 and Q2. It is now the third largest company by market capitalization in Canada, trailing only Royal Bank and Toronto Dominion Bank.
- Utilities, Industrials, Information Technology and Energy all posted losses in excess of 5% in Q2. The last time four sectors lost more than 5% in a quarter was Q2-2012.

2015 Index Returns	Q2	YTD
S&P/TSX Composite	-2.34%	-0.54%
S&P/TSX 60 (Large Cap)	-2.47%	-0.83%
S&P/TSX Completion (Mid)	-1.92%	+0.36%
S&P/TSX Small Cap	+0.60%	-0.36%

Q2 Biggest Contributors

Valeant Pharmaceuticals
 Manulife Financial
 Alimentation Couche-Tard
 Sun Life Financial
 Turquoise Hill Resources
 Constellation Software
 Bank of Nova Scotia
 Gildan Activewear
 Rogers Communications
 Magna International

Q2 Biggest Detractors

Canadian National Railway
 Canadian Natural Resources
 Canadian Pacific Railway
 Suncor Energy
 Thomson Reuters
 Teck Resources
 Enbridge
 TransCanada Corporation
 Goldcorp
 Toronto-Dominion Bank

Sector	Q2 Return	Biggest Impacts
Telecommunications Services 5% of S&P/TSX Composite	+5.51%	<ul style="list-style-type: none"> Rogers Communications (+4%) and TELUS (+2%) were the biggest market contributors from the sector as Rogers announced plans to acquire Mobilicity. Indications are that the federal government will approve the acquisition, suggesting more government openness to mergers that may reduce competition in the wireless industry. Manitoba Telecom Services (+16%) rose on news it would cut the workforce and capital expenditures in its Allstream unit.
Health Care 6% of S&P/TSX Composite	+3.68%	<ul style="list-style-type: none"> Valeant Pharmaceuticals (+11%) was the largest contributor to the index again in Q2 (as in Q1) as its CEO said that even without a major deal to move the needle, Valeant could still achieve a top-line organic growth rate of about 8 percent going forward.
Consumer Discretionary 7% of S&P/TSX Composite	+1.12%	<ul style="list-style-type: none"> Gildan Activewear (+11%) led sector contributors on earnings that were in-line with analyst expectations but above market expectations. Magna International (+4%) rose on better-than-expected quarterly sales as it also increased full-year operating margin forecasts.
Financials 35% of S&P/TSX Composite	-0.25%	<ul style="list-style-type: none"> Life insurers were the leading contributors from the sector as Manulife (+8%) and Sun Life (+7%) rose amid speculation interest rates would begin to rise which helps insurance company returns. In spite of all five major banks generating earnings results above expectations, Bank of Nova Scotia (+1%), Royal Bank (0%), CIBC (0%), Bank of Montreal (-2%), and Toronto Dominion Bank (-2%) all finished near the flat line in Q2. REITs (-6%) declined as rising interest rate expectations hit high dividend yielding stocks.
Consumer Staples 4% of S&P/TSX Composite	-0.77%	<ul style="list-style-type: none"> Saputo (-13%) was the biggest detractor from the sector on quarterly earnings that missed analysts' expectations. Alimentation Couche-Tard (+6%) was the leading sector contributor.
Materials 11% of S&P/TSX Composite	-3.04%	<ul style="list-style-type: none"> Teck Resources (-29%) was the biggest detractor from the sector as low prices for coal and copper forced it to cut its dividend by two-thirds and temporarily close six Canadian coal mines. Goldcorp (-12%) was the second biggest sector detractor on its third consecutive earnings miss and general weakness in gold prices. Turquoise Hill Resources (+20%) was the big sector contributor after Mongolia approved the expansion of the Vancouver-based company's massive Oyu Tolgoi copper-gold mine.
Energy 20% of S&P/TSX Composite	-5.46%	<ul style="list-style-type: none"> In spite of the sector decline, 29 of 65 Energy sector constituents rose in Q2. Pacific Rubiales Energy (+56%) led on both a price appreciation and market cap contribution basis on a takeover offer from its largest shareholder. Losses were more frequent for larger-cap names. Nine of ten Energy sector constituents with market caps in excess of \$10 billion at the end of Q2 declined. Leading detractors were Canadian Natural Resources (-13%), Suncor Energy (-7%), Enbridge (-5%), TransCanada Corp (-6%), Imperial Oil (-5%) and Husky (-8%).
Information Technology 3% of S&P/TSX Composite	-5.90%	<ul style="list-style-type: none"> Open Text (-24%) was the leading sector detractor on an earnings miss followed by announcement of a 5% workforce reduction. CGI Group (-9%) also detracted on a slight earnings miss. Constellation Software (+13%) was the strongest contributor amid better than expected earnings.
Industrials 8% of S&P/TSX Composite	-7.65%	<ul style="list-style-type: none"> Railways were a major drag on Canadian stock performance in Q2 with Canadian National Railways (-15%) and Canadian Pacific Railways (-14%) the largest and third largest detractors to overall market performance respectively. Reduced activity in oil & gas and mining production is expected to weigh on rail freight volumes.
Utilities 2% of S&P/TSX Composite	-8.72%	<ul style="list-style-type: none"> Ten of twelve sector constituents declined in Q2 as this high dividend yielding sector dropped amid anticipation of rising interest rates. Canadian Utilities (-10%) and Fortis (-9%) led detractors.