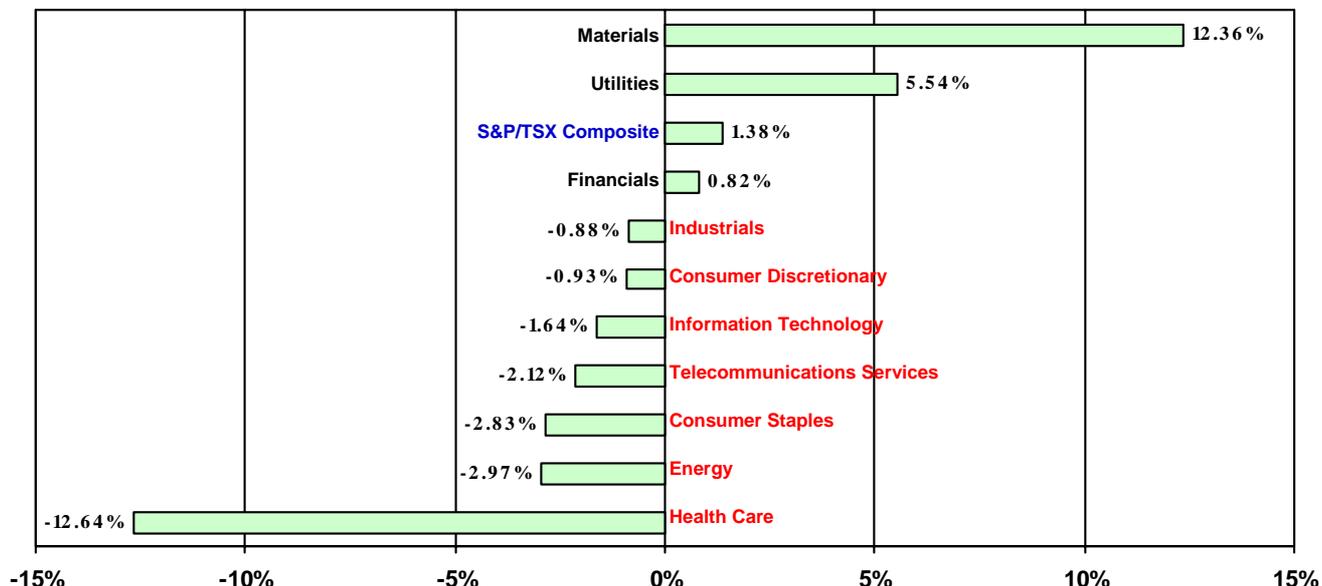


2007 Q3: TSX generates small gain thanks to Materials sector

Only Materials and Utilities outperform index during the quarter



- TSX 60 (large cap) stocks outpaced the S&P/TSX Composite in the Third Quarter on a capital appreciation basis, as is typical in a nervous market.
- The Canadian market almost exactly mirrored the moves in the US market during the quarter – however the moves were more dramatic. The chart movement during the quarter reinforced a belief that Canada is a high-beta market relative to the US.
- Materials stocks led the way with three gold stocks among the six materials stocks highlighted in this quarter’s top ten. Gold went up almost \$100/oz during the quarter.
- A variety of large cap names led the biggest detractors list during the quarter. Nortel led the way with a 34% loss in share price during the quarter. Many other names on the list only had single digit percentage losses, but their large market caps caused them to contribute most to index losses (a common occurrence in the Canadian market).

Index	2007 Q3 Return
S&P/TSX Composite	1.38%
S&P/TSX 60 (Large Cap)	2.21%
S&P/TSX Mid Cap	-0.93%
S&P/TSX Small Cap	-6.12%

Biggest Contributors

Research In Motion
 Barrick Gold
 Potash Corporation
 Alcan
 Goldcorp
 Cdn Natural Resources
 TD Bank
 Agnico-Eagle Mines
 Great-West Lifeco
 Sino-Forest Corp

Biggest Detractors

Nortel Networks
 EnCana
 Cameco
 Brookfield Asset Mgmt
 TELUS
 Royal Bank of Canada
 Husky Energy
 Loblaws Companies
 Bank of Montreal
 Talisman Energy

Sector	Q3 Return	Biggest Impacts
Materials 17% of S&P/TSX Composite	+12.36%	<ul style="list-style-type: none"> Materials is the best performing sector of the TSX this year (+25% year-to-date). Gold stocks greatly assisted the sector in Q3 with Barrick Gold (+29%), Goldcorp (+20%) and Agnico-Eagle (+27%) benefiting from a nearly \$100/oz increase in the price of gold. Potash Corporation of Saskatchewan (+26%) continued to benefit from high agricultural commodity prices. Alcan (+14%) benefited as Rio Tinto trumped Alcoa's bid to take over the aluminium producer in early July. Chinese-forest owner Sino-Forest (+47%) was up substantially on strong results and speculation it is a takeover target.
Utilities 2% of S&P/TSX Composite	+5.54%	<ul style="list-style-type: none"> TransAlta (+17%) was primarily responsible for the out-performance of the sector during the quarter, while the other two companies with the largest capitalizations, Fortis (+4%) and Canadian Utilities (+5%), also helped.
Financials 31% of S&P/TSX Composite	+0.82%	<ul style="list-style-type: none"> Toronto Dominion Bank (+5%), Great-West Lifeco (+6%) and Manulife (+3%) were the lead contributors during the quarter. Year-to-date, TD (+9%) out-performed other Big 5 banks (+1% to -6%). The biggest detractors in the financial sector were Brookfield Asset Management (-10%), Royal Bank (-3%), Bank of Montreal (-5%) and National Bank (-11%). Notably BMO was hurt by US mortgage concerns and National Bank by credit crunch issues.
Industrials 6% of S&P/TSX Composite	-0.88%	<ul style="list-style-type: none"> Canadian National Railways (+5%) led the sector contributors. It has increasingly become a US operator so US interest rate cuts reduce the likelihood of recession and help CN stock. SNC-Lavalin (+14%) reported stronger earnings based on its exposure to the energy sector and also contributed. The biggest detractors were Bombardier (-8%) and Canadian Pacific Railways (-5%).
Consumer Discretionary 5% of S&P/TSX Composite	-0.93%	<ul style="list-style-type: none"> Shaw Communications (+10%) was the biggest contributor on its fourth dividend boost in a year and rumours that it might be taken over by Rogers Communications. Thomson Corp (-4%) was the biggest detractor as doubts about its takeover of Reuters International trumped strong results.
Information Technology 4% of S&P/TSX Composite	-1.64%	<ul style="list-style-type: none"> Research in Motion (+37%) was the only major contributor to the sector as its share performance was driven by introduction of its products in China, new product offerings and rumours that Microsoft might be interested in a takeover. Nortel Networks (-34%) was the biggest detractor from sector performance, as it regularly seems to be.
Telecommunications Services 6% of S&P/TSX Composite	-2.12%	<ul style="list-style-type: none"> There were no significant contributors to the sector this month. Telus (-10%) was the major detractor in the sector on a combination of falling profits and the abandonment of its potential takeover of BCE.
Consumer Staples 3% of S&P/TSX Composite	-2.83%	<ul style="list-style-type: none"> Shoppers Drug Mart (+10%) and dairy producer Saputo (+20%) were the biggest positive contributors to sector performance. Grocery chain Loblaws (-13%) and its majority owner George Weston (-11%) were the biggest sector detractors.
Energy 27% of S&P/TSX Composite	-2.97%	<ul style="list-style-type: none"> In spite of strong oil prices, Canadian Natural Resources (+7%) was the only large contributor during the quarter while most large-cap oil names were detractors from sector performance: EnCana (-6%), Husky (-5%), Talisman (-5%) and Nexen (-8%). Cameco (-15%) was down reflecting weaker uranium prices as demand has lagged earlier industry estimates.
Health Care 1% of S&P/TSX Composite	-12.64%	<ul style="list-style-type: none"> Biovail (-36%) drove sector underperformance as the US Food & Drug Administration rejected its proposed new antidepressant drug.