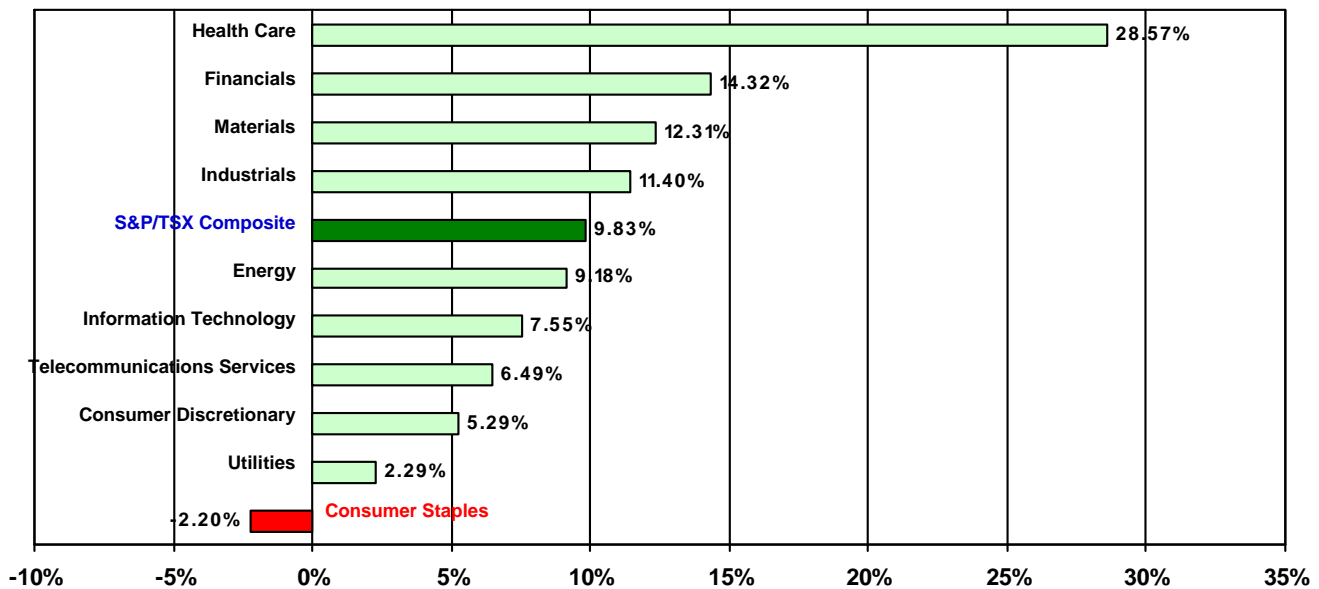


2009 Q3: Canadian Market Delivers Back-to-Back Big Quarters
 Nine of Ten Sectors Gain for Second Consecutive Quarter

2009 Q3 Sector Returns



- The S&P/TSX Composite gained 9.8% in Q3 – a very solid follow up to the 19.0% gain in Q2.
- Breadth improved as 84% (176 of 210) of stocks in the Composite during Q3 were up (82% in Q2).
- We have gone back to the traditional bull market pattern of small-cap and mid-cap stocks outperforming the TSX 60 (large cap).
- In Q3, the Canadian market lagged the US market in home currency terms but outperformed in Canadian dollar terms. US returns were 15.0% in US\$ but only 5.9% in C\$.
- Health Care was the top performer, but its small weighting in the index made this quite irrelevant.
- Financials were major contributors led by the big banks and insurance companies. Nevertheless, the sector significantly lagged global counterparts which is not surprising as Canadian financials are generally viewed as “safer.”
- Materials and Industrials both benefited from investor shifts to more cyclical names and outperformed the broad market.
- Consumer Staples was the only negative sector.
- Most Canadian sectors lagged US and global counterparts in Q3, but Canadian dollar appreciation made C\$ returns more comparable.

2009 Index Returns	Q3	YTD
S&P/TSX Composite	+9.83%	+26.78%
S&P/TSX 60 (Large Cap)	+7.70%	+30.26%
S&P/TSX Mid Cap	+17.33%	+31.14%
S&P/TSX Small Cap	+19.08%	+37.33%

Q3 Biggest Contributors

Q3 Biggest Detractors

Royal Bank of Canada	Research in Motion
Toronto Dominion Bank	Imperial Oil
Teck Resources	Potash Corp.
Cdn Natural Resources	Husky Energy
Bank of Nova Scotia	Shoppers Drug Mart
Manulife Financial	Loblaws Companies
Great-West Lifeco	Nexen
EnCana	Magna International
Bank of Montreal	Metro Inc.
Ivanhoe Mines	George Weston Ltd.

Sector	Q3 Return	Biggest Impacts
Health Care <1% of S&P/TSX Composite	+28.57%	<ul style="list-style-type: none"> The sector has very little impact on the Canadian market. Results were primarily driven by SXC Health Solutions (+69%) and MDS Inc. (+44%).
Financials 32% of S&P/TSX Composite	+14.32%	<ul style="list-style-type: none"> The rally in Financials was broad-based with 36 of 37 stocks in the sector rising in Q3. The big banks were the biggest contributors with Royal Bank (+21%), Toronto-Dominion Bank (+15%), Bank of Nova Scotia (+13%), Bank of Montreal (+11%) and CIBC (+12%) all contributing. The life insurance sub-sector also contributed due to its exposure to equity markets. Manulife (+11%) and Great-West Life (+16%) were the leaders.
Materials 18% of S&P/TSX Composite	+12.31%	<ul style="list-style-type: none"> Diversified metals and mining companies Teck Resources (+59%) and Ivanhoe Mines (+113%) were among leading contributors due to high leverage to industrial metals prices. Ivanhoe benefited from a change in Mongolian tax law where they have a copper/gold interest. Gold stocks were also contributors in Q3 with Goldcorp (+6%), Agnico-Eagle Mines (+18%) and Kinross Gold (+10%) leading the way as gold again challenged the \$1000/oz level. Potash Corp (-10%) was the only really big detractor as it reduced profit forecasts based on weaker demand for potash.
Industrials 5% of S&P/TSX Composite	+11.40%	<ul style="list-style-type: none"> Stocks benefiting from infrastructure spending were the strongest contributors: Bombardier (+44%) and SNC-Lavalin (+13%). Canadian National Railways (+6%) and Canadian Pacific Railways (+8%) were also among the leading contributors.
Energy 27% of S&P/TSX Composite	+9.18%	<ul style="list-style-type: none"> 83% of stocks in the sector were up in Q3. Most of the smaller players and energy trusts produced double-digit gains in Q3 while larger integrated names generally underperformed. Leading contributors included Canadian Natural Resources (+18%), EnCana (+8%), TransCanada Corp (+7%), Talisman (+11%) and Suncor (+6%). Imperial Oil (-10%), Husky Energy (-7%) and Nexen (-4%) led detractors.
Information Technology 4% of S&P/TSX Composite	+7.55%	<ul style="list-style-type: none"> CGI Group (+21%) and Celestica (+29%) led sector contributors. Research in Motion (-12%) was up most of the quarter, but the stock got crushed after, on September 24, the company met earnings expectations but reported lighter than expected revenue and lower than expected subscriber additions.
Telecommunications Services 4% of S&P/TSX Composite	+6.49%	<ul style="list-style-type: none"> BCE (+10%) and Telus (+12%) were the leading contributors in Q3. The Canadian telecommunications services sector is still the worst performing sector in Canada YTD and is lagging worldwide peers due to fears about increasing competition for existing players.
Consumer Discretionary 4% of S&P/TSX Composite	+5.29%	<ul style="list-style-type: none"> Canadian Consumer Discretionary stocks continued to lag worldwide counterparts. The leading contributor was Thomson Reuters (+6%), whose fortunes often improve when financial companies perform better. Clothing manufacturer Gildan Activewear (+23%) also contributed. Manga International (-8%) was the biggest detractor as markets appear concerned with its plans to acquire GM's Opel operations.
Utilities 2% of S&P/TSX Composite	+2.29%	<ul style="list-style-type: none"> Most Utilities stocks had Q3 performance near the flatline. Just Energy Income Fund (+23%) and Canadian Hydro Developers (+38%) led contributors in Q3.
Consumer Staples 3% of S&P/TSX Composite	-2.20%	<ul style="list-style-type: none"> Grocery and pharmacy retailers had a poor showing with Shoppers Drug Mart (-12%), Loblaws (-9%), Metro (-8%) and George Weston (-4%) all detracting from performance. Convenience store chain Alimentation Couche Tard (+33%) led contributors on far better than expected financial performance.