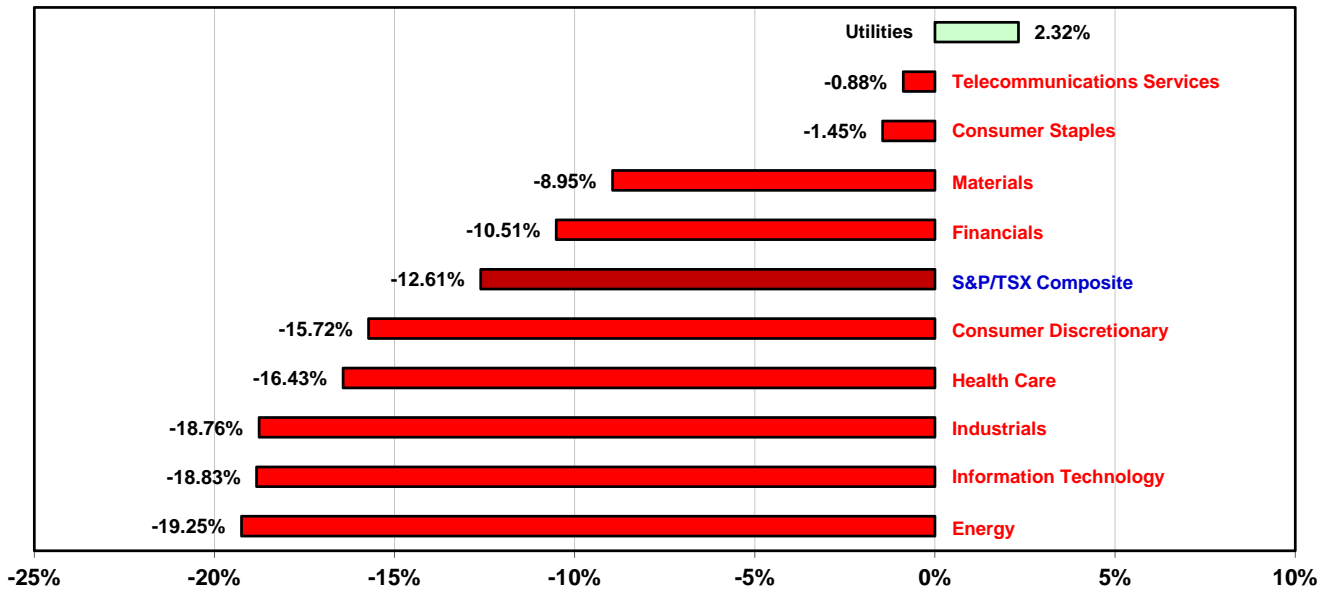


2011 Q3: TSX Composite has worst quarter since the financial crisis
 Nine of ten sectors lose ground in Q3

Q3 Sector Returns



- The S&P/TSX Composite lost 12.6% in Q3.
- Of the 263 stocks that were in the TSX Composite at some point during Q2, 203 (77%) lost ground in the quarter.
- The TSX 60 (large cap) matched mid-caps and outperformed small-cap stocks.
- In Q3, the Canadian market outperformed the US market in home currency terms (US returned -13.9%) but lagged in Canadian dollar terms (US market returned -6.4% in C\$ terms).
- Economically sensitive sectors (Energy, Information Technology and Industrials) were the worst market performers as fears rise over a weakening global economy.
- Financials outperformed the Canadian market and US and global counterparts as Canada's banking sector is viewed as among the world's best (Financials were the second worst performing sector worldwide and in the US).
- Materials outperformed the Canadian market due to high concentration in gold (the sector was the worst performing in the world and in the US).
- Defensive sectors like Utilities, Telecom Services and Consumer Staples had the strongest Q3 performance, but together constitute less than 10% of Canadian market cap.

| 2011 Index Returns | Q3 | YTD |
|------------------------------|----------------|----------------|
| S&P/TSX Composite | -12.61% | -13.53% |
| S&P/TSX 60 (Large Cap) | -12.67% | -13.22% |
| S&P/TSX Completion (Mid) | -12.50% | -14.58% |
| S&P/TSX Small Cap | -18.00% | -22.41% |

Q3 Biggest Contributors

Barrick Gold
 Yamana Gold
 Eldorado Gold
 Enbridge
 Goldcorp
 BCE Inc
 Iamgold Corp
 Centerra Gold
 Canadian Utilities
 Alacer Gold

Q3 Biggest Detractors

Suncor Energy
 Teck Resources
 Cdn Natural Resources
 Royal Bank of Canada
 Manulife Financial
 Potash Corporation
 Talisman Energy
 EnCana Corporation
 Thomson Reuters
 Imperial Oil

| Sector | Q3 Return | Biggest Impacts |
|---|-----------|--|
| Utilities 2% of S&P/TSX Composite | +2.32% | <ul style="list-style-type: none"> Canadian Utilities (+11%) and Transalta (+11%) were the biggest contributors as investors flee to the perceived safety of companies with regulated revenue increases and high dividends. |
| Telecommunications Services 5% of S&P/TSX Composite | -0.88% | <ul style="list-style-type: none"> As in Q2, there was little variation in performance between the five sector constituents in Q3 (+4% to -6%). BCE (+4%) was the only positive performer likely due to earnings that beat analyst expectations. Investors continue to be attracted by the defensive nature and high dividend yields of telecommunications services stocks. |
| Consumer Staples 3% of S&P/TSX Composite | -1.45% | <ul style="list-style-type: none"> All 11 sector constituents outperformed the broad market in Q3. Saputo (-11%) detracted from sector performance on lower than expected earnings resulting from Canadian dollar strength. |
| Materials 23% of S&P/TSX Composite | -8.95% | <ul style="list-style-type: none"> Diversified metals and mining stocks led the sector lower on fears of broad economic weakness with Teck Resources (-37%), First Quantum Minerals (-47%) and Ivanhoe Mines (-41%) leading detractors. Potash Corp (-17%) was also among leading detractors on fears of declining agricultural commodity prices. Virtually every positive stock in the sector was gold-related with Barrick Gold (+12%), Yamana Gold (+28%) and Eldorado Gold (+27%) leading contributors. |
| Financials 30% of S&P/TSX Composite | -10.51% | <ul style="list-style-type: none"> All five big banks declined in Q3, but four managed to outperform the broad market – only Royal Bank (-13%) underperformed. Toronto-Dominion Bank (-9%), Bank of Nova Scotia (-9%), Bank of Montreal (-4%) and CIBC (-4%) dropped less than the broad market. The life insurance stocks detracted significantly in Q3 with Manulife (-30%), Great-West Lifeco (-19%), Power Financial (-14%) and Sun Life (-14%) all declining due to their exposure to equity markets. |
| Consumer Discretionary 4% of S&P/TSX Composite | -15.72% | <ul style="list-style-type: none"> Thompson Reuters (-22%) was the leading detractor based on declining earnings estimates and concerns about the health of the financial industry (a key purchaser of their services). Magna International (-34%) declined on a negative earnings surprise and declining forward estimates. Yellow Media (-93%) is pricing in a near-bankruptcy scenario after it eliminated its dividend and announced a large restructuring charge in Q3. |
| Health Care 1% of S&P/TSX Composite | -16.43% | <ul style="list-style-type: none"> Virtually the entire sector move was driven by Valeant Pharmaceuticals (-22%) on declining analyst earnings expectations based on disappointing organic revenue growth. |
| Industrials 5% of S&P/TSX Composite | -18.76% | <ul style="list-style-type: none"> Bombardier (-47%), Canadian National Railways (-9%) and SNC-Lavalin (-25%) led sector detractors on fears that slowing global economic growth would impact sales and earnings for this economically sensitive sector. |
| Information Technology 2% of S&P/TSX Composite | -18.83% | <ul style="list-style-type: none"> All six stocks in the sector declined in Q3. Research in Motion (-23%) was the leading detractor based on continuing deterioration in its share of the smartphone market, a negative earnings surprise, lowered analyst expectations and a rumour it is about to exit the tablet market. |
| Energy 25% of S&P/TSX Composite | -19.25% | <ul style="list-style-type: none"> The Energy sector saw broad-based weakness in Q3 with Suncor (-29%), Canadian Natural Resources (-24%), Talisman Energy (-35%), EnCana (-32%) and Imperial Oil (-16%) all detracting as both crude oil and natural gas trade near new 52-week lows. Energy pipeline company Enbridge (+7%) was able to buck the downward trend in the sector and was the leading contributor. |