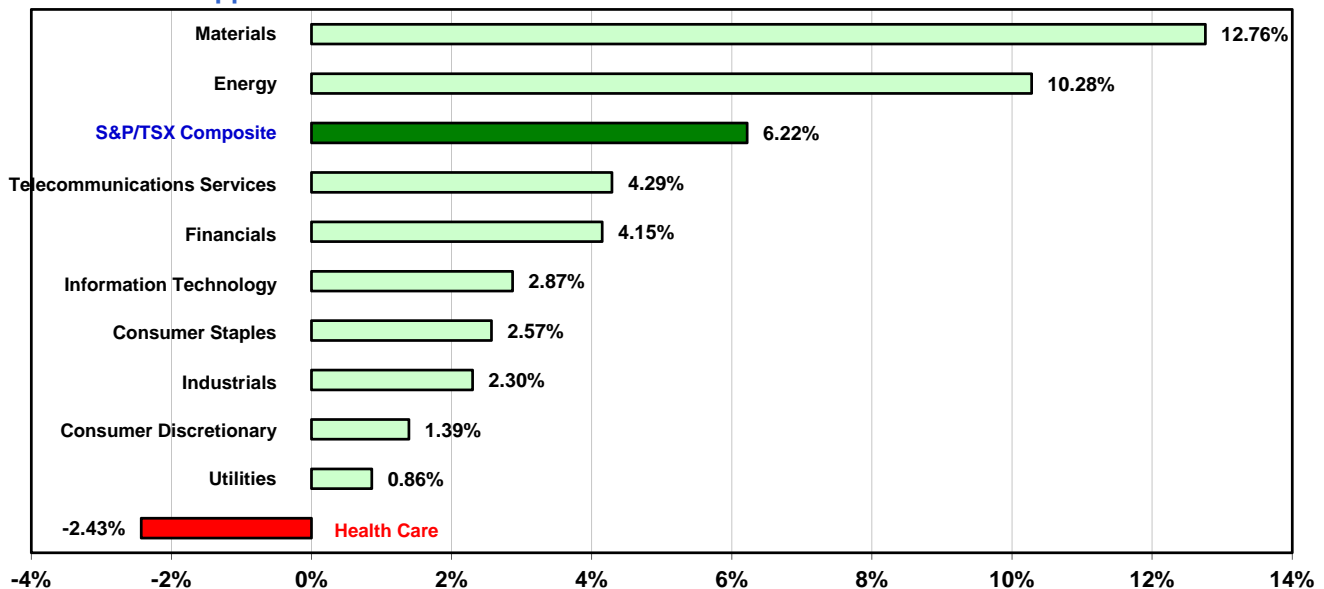


Q3 2012: TSX Composite rebounds, recapturing Q2 losses
 Materials and Energy both post double digit gains

2012 Q3 Capped Sector Performance



- The S&P/TSX Composite gained 6.2% in Q3.
- Of the 245 stocks that were in the TSX Composite at some point during Q3, 185 (76%) were higher for the quarter.
- The TSX 60 (large cap) underperformed mid-caps and small-cap stocks in Q3 but is still outperforming for the year-to-date.
- In Q3, the Canadian market outperformed the US market in home currency terms (US returned +5.8%) and in Canadian dollar terms (US market returned +2.1% in C\$ terms).
- Only two sectors – Materials and Energy – outperformed the index in Q3. They had been two of the three worst performing sectors in Q2. These sectors benefited from the belief that central bank stimulus would create inflation in commodity prices.
- Defensive sectors like Health Care, Utilities and Consumer Staples were in the bottom half of sector performers, consistent with a market that wanted to take on risk.
- Six of the top ten contributing stocks in Q3 were among the ten biggest detractors in Q2. The strongest performing stocks in Q3 were typically ones that rebounded from poor Q2 performance.

2012 Index Returns	Q3	YTD
S&P/TSX Composite	+6.22%	+3.03%
S&P/TSX 60 (Large Cap)	+5.91%	+3.23%
S&P/TSX Completion (Mid)	+7.03%	+2.47%
S&P/TSX Small Cap	+7.59%	-2.25%

Q3 Biggest Contributors

- Royal Bank of Canada
- Goldcorp
- Silver Wheaton
- Nexen
- Suncor Energy
- Cdn Natural Resources
- Barrick Gold
- Valeant Pharmaceuticals
- Toronto-Dominion Bank
- Yamana Gold

Q3 Biggest Detractors

- Potash Corporation
- Teck Resources
- Enbridge
- Cameco Corporation
- Brookfield Properties
- Bombardier
- Thomson Reuters
- Westport Innovations
- Fairfax Financial
- Intact Financial

Sector	Q3 Return	Biggest Impacts
Materials 19% of S&P/TSX Composite	+12.76%	<ul style="list-style-type: none"> • Gold and silver companies were the leading contributors as prospects for further central bank stimulus caused precious metals prices to rise as an inflation hedge. Goldcorp (+18%), Silver Wheaton (+43%), Barrick Gold (+7%), Yamana Gold (+20%) and Kinross Gold (+21%) were leading contributors. • Fertilizer stocks have been mixed with Agrium (+13%) contributing on a positive earnings surprise and rising forward estimates while Potash Corporation (-4%) fell on an earnings miss and falling forward estimates. • Teck Resources (-8%) also detracted on an earnings miss and a sharp reduction in analysts' forward earnings expectations.
Energy 27% of S&P/TSX Composite	+10.28%	<ul style="list-style-type: none"> • Nexen (+44%) was the largest contributor as it rose on a takeover offer by CNOOC – a state-controlled Chinese oil company. • Other oil companies benefited from rising oil prices in Q3 with Suncor (+10%), Canadian Natural Resources (+11%), Crescent Point Resources (+15%) and Imperial Oil (+6%) the largest contributors. • There were two major detractors from sector performance with Enbridge (-6%) falling amidst rising political opposition to its proposed Northern Gateway pipeline and Cameco (-14%) falling in spite of generally consistent forward prospects.
Telecommunications Services 5% of S&P/TSX Composite	+4.29%	<ul style="list-style-type: none"> • The sector continued to be a consistent performer with all five constituents rising during Q3. Rogers Communications (+8%) led contributors on slightly higher forward earnings estimates. BCE (+3%) also contributed on an earnings beat and continued strong earnings prospects.
Financials 31% of S&P/TSX Composite	+4.15%	<ul style="list-style-type: none"> • For the third consecutive quarter the five big banks all moved in the same direction with four of the five beating analyst expectations in Q3 (Bank of Nova Scotia did not). Royal Bank (+8%) led contributors as forward earnings expectations rose more than for the other banks. Toronto Dominion Bank (+3%), CIBC (+7%), Bank of Nova Scotia (+2%) and Bank of Montreal (+3%) all contributed to performance. • Manulife (+7%) rose despite weaker earnings prospects and seemed to reflect market movement but in a more pronounced way.
Information Technology 1% of S&P/TSX Composite	+2.87%	<ul style="list-style-type: none"> • CGI Group (+8%) was the main contributor but there was no obvious catalyst. The stock's movement largely reflected that of the technology sector but in a more pronounced manner. • Research in Motion (-0%) finally did not detract as the market reacted positively to a smaller than expected loss at quarter end.
Consumer Staples 4% of S&P/TSX Composite	+2.57%	<ul style="list-style-type: none"> • Companies with interest in grocery distribution were the strongest contributors with George Weston (+9%), Metro (+12%), Alimentation Couche-Tard (+2%) and Loblaws (+5%) all contributing likely due to higher food prices leading to the prospects for higher sales levels.
Industrials 5% of S&P/TSX Composite	+2.30%	<ul style="list-style-type: none"> • Canadian Pacific Railway (+9%) led contributors on higher earnings expectations for next year. • Bombardier (-8%) and Westport Innovations (-27%) led detractors.
Consumer Discretionary 5% of S&P/TSX Composite	+1.39%	<ul style="list-style-type: none"> • Magna International (+6%) led contributors on better than expected earnings. • Thomson Reuters (-2%) led detractors on declining forward earnings prospects.
Utilities 2% of S&P/TSX Composite	+0.86%	<ul style="list-style-type: none"> • The stock performance of utilities companies was generally positive in Q3 (7 up, 3 down), but Transalta (-13%) pulled the sector down due to a negative earnings surprise and a significant drop in forward earnings expectations.
Health Care 2% of S&P/TSX Composite	-2.43%	<ul style="list-style-type: none"> • Valeant Pharmaceuticals (+19%) was the big contributor for the sector as the market reacted positively to its several recent acquisitions.