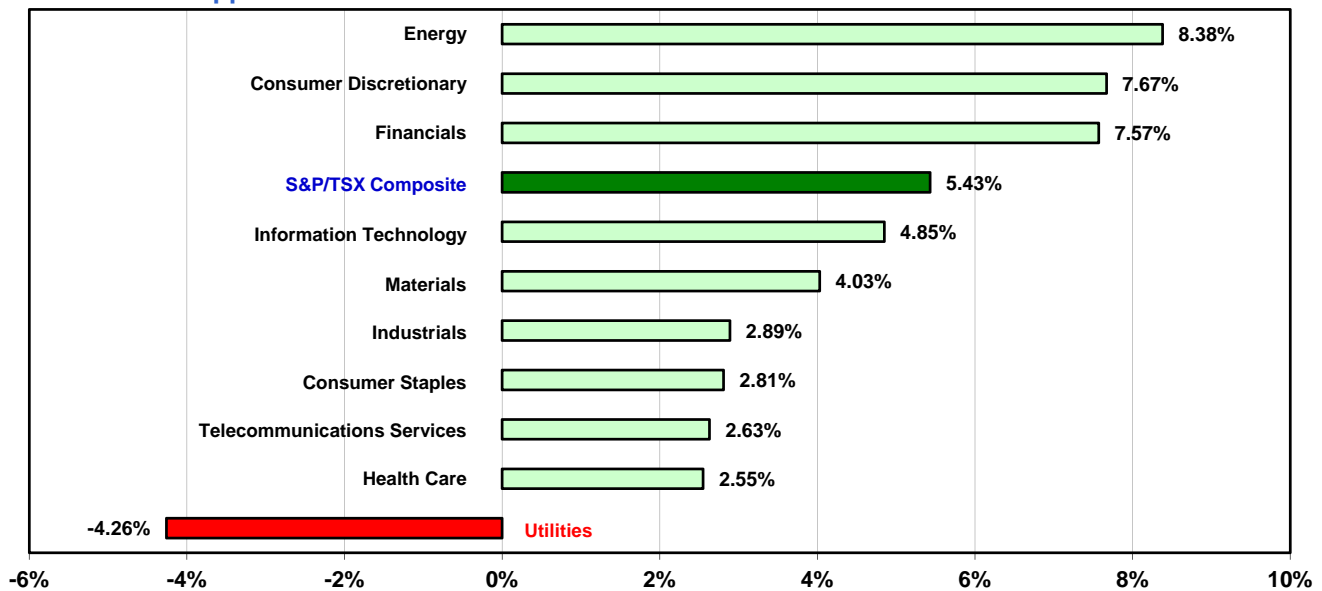


2013 Q3: TSX Composite sees strong gains in Q3
Gains are broad based with nine of ten sectors gaining at least 2%

2013 Q3 Capped Sector Performance



- The S&P/TSX Composite returned +5.4% in Q3 and +2.8% for the year-to-date.
- Of the 241 stocks that were in the TSX Composite at some point during Q3, 173 (72%) were higher for the quarter.
- The TSX 60 (large cap) and Completion (mid cap) indices essentially market performed in Q3 and year-to-date. Small caps outperformed for the quarter but underperformed year-to-date.
- In Q3, the Canadian market moderately outperformed the US market in home currency terms (US returned +4.7%) and in Canadian dollar terms (US market returned +2.5% in C\$ terms).
- Only three sectors (Energy, Consumer Discretionary and Financials) outperformed the index in Q3. The good news was these three sectors represent 66% of Canadian market cap.
- Traditionally defensive sectors (Utilities, Health Care, Telecommunications Services and Consumer Staples) were the worst performing sectors in Q3. Utilities were additionally likely hurt by higher interest rates since it is a very high yielding sector.

2013 Index Returns	Q3	YTD
S&P/TSX Composite	+5.43%	+2.84%
S&P/TSX 60 (Large Cap)	+5.37%	+2.69%
S&P/TSX Completion (Mid)	+5.58%	+3.31%
S&P/TSX Small Cap	+7.13%	-1.56%

Q3 Biggest Contributors

Q3 Biggest Detractors

Suncor	Potash Corporation
Toronto Dominion Bank	Turquoise Hill Resources
Royal Bank	Blackberry
Bank of Montreal	Cameco Corporation
Valeant Pharmaceuticals	Enbridge
Imperial Oil	Agrium
Bank of Nova Scotia	Catamaran Corporation
CIBC	Metro Inc
Teck Resources	Bell Aliant
Canadian Natural Resources	Shaw Communications

Sector	Q3 Return	Biggest Impacts
Energy 25% of S&P/TSX Composite	+8.38%	<ul style="list-style-type: none"> The large oil and gas companies all contributed to performance with Suncor Energy (+19%), Imperial Oil (+13%) and Canadian Natural Resources (+9%) leading the way on rising oil prices for most of the quarter (prices began to fall near quarter-end). Cameco (-14%) detracted from performance on continued weak uranium prices and declining sales projections. Enbridge (-3%) declined on a negative earnings surprise and weakening forward earnings estimates.
Consumer Discretionary 6% of S&P/TSX Composite	+7.67%	<ul style="list-style-type: none"> Magna International (+13%) rose on a positive earnings surprise and increased earnings expectations. Thomson Reuters (+5%) also contributed, moving in a manner almost completely consistent with the S&P 500 over the quarter.
Financials 35% of S&P/TSX Composite	+7.57%	<ul style="list-style-type: none"> Big banks contributed to returns in Q3 with Toronto Dominion Bank (+10%), Royal Bank (+8%), Bank of Montreal (+13%), Bank of Nova Scotia (+5%) and CIBC (+10%) all rising. All banks beat earnings estimates except for Toronto Dominion Bank. While representing a relatively small proportion of the sector, REITs were a disappointment with more than three-quarters of REITs losing ground in Q3, likely due to competition from rising interest rates.
Information Technology 2% of S&P/TSX Composite	+4.85%	<ul style="list-style-type: none"> CGI Group (+17%) led contributors on a positive earnings surprise and rising forward earnings expectations. Blackberry (-27%) led detractors as it guided down quarterly revenues by about half and announced a 40% workforce reduction and a nearly \$1 billion inventory and restructuring charge. Within days of that announcement the company agreed to be acquired by a consortium led by Fairfax Financial.
Materials 13% of S&P/TSX Composite	+4.03%	<ul style="list-style-type: none"> Teck Resources (+23%) and First Quantum Minerals rose on growing optimism that economic growth was picking up in China and Europe which would increase prospects for commodity prices and therefore the earnings of these companies. Barrick Gold (+16%) contributed to performance in a much bigger way than other major gold mining companies on a positive earnings surprise and growing focus on the company's low valuation. Potash Corporation (-20%) was the largest detractor as the company significantly reduced earnings guidance.
Industrials 7% of S&P/TSX Composite	+2.89%	<ul style="list-style-type: none"> The railroads – Canadian National Railways (+2%) and Canadian Pacific Railways (-0%) – which are the largest components of the sector, were essentially flat in Q3. Westport Innovations (-30%) led detractors after it reduced its 2013 revenue guidance.
Consumer Staples 3% of S&P/TSX Composite	+2.81%	<ul style="list-style-type: none"> Shoppers Drug Mart (+22%) led contributors based on a takeover offer from Loblaws Companies which plans to use Shoppers Drug Mart to widen its food offerings particularly in urban areas.
Telecommunications Services 5% of S&P/TSX Composite	+2.63%	<ul style="list-style-type: none"> News that US major telecom player Verizon was not planning to expand into the Canadian market to the degree expected by the markets helped the shares of Canadian telecom players TELUS (+11%), Rogers (+8%) and BCE (+2%). It is notable that none of these companies gained back the loses of the previous quarter in Q3 as the spectre of increased competition in the Canadian wireless industry still has investors on edge that competition will lead to lower profitability for the three majors.
Health Care 3% of S&P/TSX Composite	+2.55%	<ul style="list-style-type: none"> Valeant Pharmaceuticals (+18%) led contributors on increased earnings guidance and rapidly rising forward earnings expectations.
Utilities 2% of S&P/TSX Composite	-4.26%	<ul style="list-style-type: none"> The Utilities sector was the only declining sector as rising interest rates decreased the attractiveness of this traditionally high dividend yielding sector. Emera (-10%) led detractors.