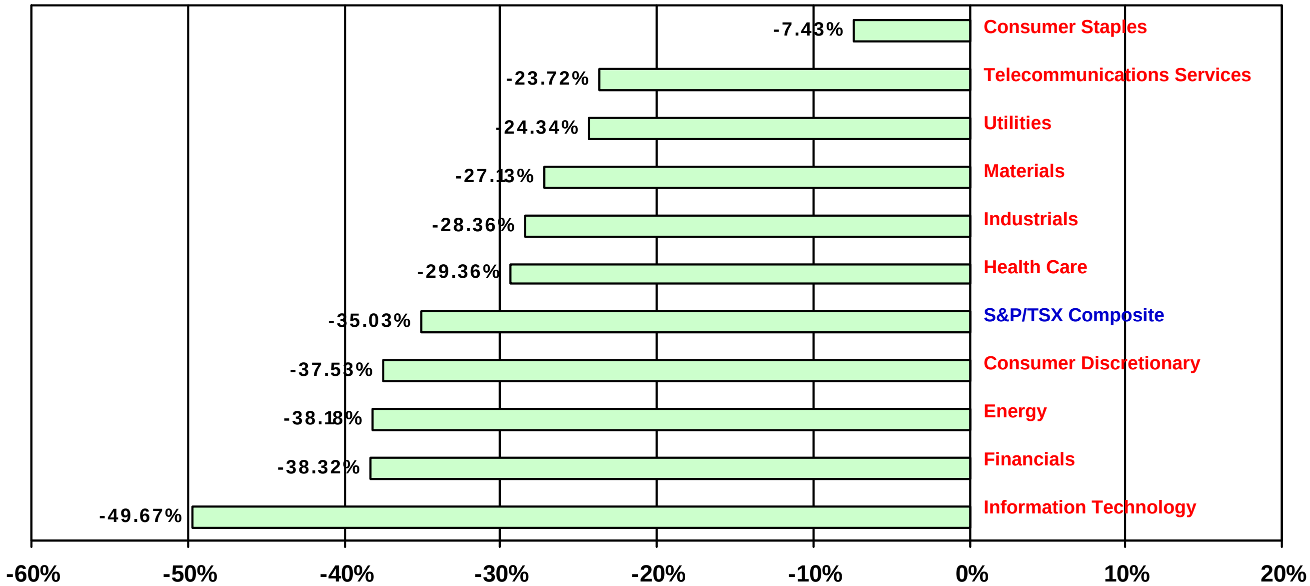
2008: Canadian markets suffer worst year since 1931, down 35%

TSX down 24% in Q4 on back of weakness in Energy and Financials

2008 Sector Returns



- Of the 269 stocks that were in the TSX Composite at some point during the year only 33 were up (and 13 of those had been removed prior to year-end primarily due to takeovers).
- For the year, TSX 60 (large cap) outperformed, but in Q4, for the first time since Q2 2007, Mid Cap stocks outperformed the TSX 60.
- In 2008, the Canadian market outperformed the US market (-35.0% vs. -38.5%) in home currency terms. However in Canadian dollar terms, the US market outperformed Canada (-24.4% in the US vs. -35.0% in Canada).
- Financial stocks were the primary culprit as all major Canadian banks and life insurance companies declined together with their global counterparts. Canadian financials substantially outperformed global financials (European and US financials declined more than 50% in 2008).
- Energy stocks were the other major reason for the decline in the index, although only one energy stock made the list of biggest detractors. Crude oil prices fell from a peak of around $145 per barrel in Q2 to less than $45 at the year-end. Canadian energy sector declines were similar to those seen in the global energy sector.
- Gold stocks were the biggest bright spot in 2008.

2008 Index Returns	Q4	YTD
S&P/TSX Composite	**-23.53%**	**-35.03%**
S&P/TSX 60 (Large Cap)	-26.35%	-35.57%
S&P/TSX Mid Cap	-23.91%	-41.44%
S&P/TSX Small Cap	-27.93%	-47.87%

2008 Biggest Contributors	**2008 Biggest Detractors**
Fording Coal Trust	Research in Motion
Goldcorp	Manulife Financial
Duvernay Oil	Suncor Energy
Barrick Gold	Toronto Dominion Bank
Kinross Gold	Royal Bank of Canada
Fairfax Financial	Potash Corporation
Eldorado Gold	Bank of Nova Scotia
Metro Inc.	Sun Life Financial
Agnico-Eagle Mines	Great-West Lifeco
George Weston Limited	Teck Cominco

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Sector	08 Return	Biggest Impacts
Consumer Staples 3% of S&P/TSX Composite	-7.43%	• Dairy producer Saputo (-26%), pharmacies Shoppers Drug Mart (-10%) and Jean Coutu Group (-26%) and convenience store chain Alimentation Couche-Tard (-21%) were the major detractors in 2008. • Two of the biggest bright spots were traditional defensive plays – food retailer and distributor Metro Inc. (+40%) and food producer and distributor George Weston Ltd. (+11%).
Telecommunications Services 6% of S&P/TSX Composite	-23.72%	• BCE (-37%) was the biggest detractor from sector performance as the bid to take BCE private collapsed when auditors refused to grant a favourable solvency opinion for the company. • Rogers Communications (-19%) and Telus (-25%) also detracted on concerns about increasing competition in wireless and reduced earnings expectations due to a slowing economy.
Utilities 2% of S&P/TSX Composite	-24.34%	• Nine of the ten stocks in the sector declined. Power producers were hit particularly hard. • Transalta (-27%) and Atco (-31%) were the biggest detractors.
Materials 18% of S&P/TSX Composite	-27.13%	• A perception that commodity prices had peaked and would fall going forward caused the sector to decline in Q3 and Q4. • Potash Corp (-38%) led detractors despite record earnings as 2009 earnings expectations dropped by about one-third late in the year. • Fording Canadian Coal Trust (+144%) was the biggest contributor due to a generous takeover from Teck Cominco (-83%), which was the second largest detractor due to solvency concerns post-takeover. • Otherwise, gold stocks were the only other contributors in the sector with Goldcorp (+14%), Kinross (+23%), Barrick Gold (+7%), Agnico-Eagle Mines (+15%) and Eldorado Gold (+66%) leading the way.
Industrials 6% of S&P/TSX Composite	-28.36%	• Industrial stocks were almost universally down during the year. • Canadian Pacific Railways (-36%) fell on disappointing results, lowered guidance and concerns about falling commodity prices. • Air Canada parent ACE Aviation Holdings (-78%), Bombardier (-25%) and Finning (-50%) fell on falling demand due to the weakening economy and credit market concerns.
Health Care <1% of S&P/TSX Composite	-29.36%	• The sector has very little impact on the Canadian market. • MDS (-61%) was the significant detractor to sector performance on continued weaker than expected financial performance.
Consumer Discretionary 5% of S&P/TSX Composite	-37.53%	• Every stock in the sector declined in 2008, but the sector did outperform the broader market in Q3 and Q4. • Magna International (-54%), Yellow Pages Income Fund (-52%) and Gildan Activewear (-65%) led detractors in the sector.
Energy 27% of S&P/TSX Composite	-38.18%	• The Energy sector was pummelled due to the drop in crude prices. • Virtually all energy stocks in the index at year-end were down. • Leading sector detractors were Suncor (-56%), Imperial Oil (-25%), Petro-Canada (-50%) and Canadian Natural Resources (-33%). • Duvernay Oil (+186%) was the biggest contributor on its takeover.
Financials 29% of S&P/TSX Composite	-38.32%	• Financials got hammered in Q4 on global credit concerns and on dilution concerns as several companies announced share issues. • The decline in the sector was broadly based with Manulife (-49%), Toronto Dominion Bank (-37%), Royal Bank (-29%), Bank of Nova Scotia (-34%), Sun Life (-49%), Great-West Lifeco (-42%), Bank of Montreal (-45%) and Power Financial (-41%) leading detractors. • Fairfax Financial (+36%) was the bright spot among Financials as their defensive investment strategy paid off while markets declined.
Information Technology 3% of S&P/TSX Composite	-49.67%	• Research in Motion (-56%) was the biggest detractor in the sector and the market amid valuation concerns, forecasted future margin deterioration and declining analyst earnings expectations. • Nortel Networks (-98%) lost virtually all of its market capitalization in 2008 and is no longer a significant part of the index.