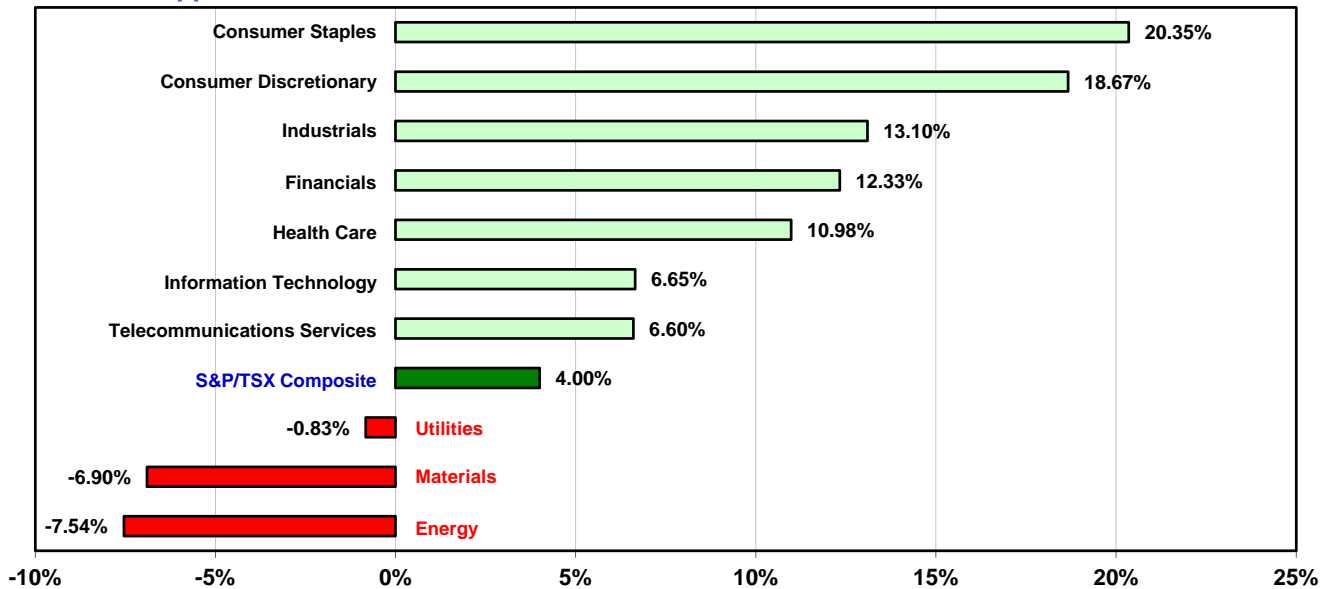


2012: TSX Composite records modest gain for year

High market weightings in Materials and Energy hold index back from stronger gains

2012 Capped Sector Performance



- The S&P/TSX Composite gained 4.0% in 2012.
- Of the 269 stocks that were in the TSX Composite at some point during 2012, 149 (55%) were higher for the year.
- The TSX 60 (large cap) outperformed mid-caps and small-cap stocks in 2012 and very strongly in Q4.
- In 2012, the Canadian market underperformed the US market in home currency terms (US returned +13.4%) and in Canadian dollar terms (US market returned +10.9% in C\$ terms).
- Seven sectors outperformed the index for 2012 with Consumer Staples and Consumer Discretionary leading the way.
- Financials were the biggest contributor to overall market return due to their 4th place finish in terms of sector returns and their position as the largest weighted sector in the overall index.
- Energy and Materials were the two weakest sectors for the year. This really hurt overall returns as these are the second and third largest sectors by market capitalization. Concerns over slowing growth in China constrained commodity prices for the year which impacted results for these two sectors.

2012 Index Returns	Q4	YTD
S&P/TSX Composite	+0.94%	+4.00%
S&P/TSX 60 (Large Cap)	+1.54%	+4.82%
S&P/TSX Completion (Mid)	-0.73%	+1.72%
S&P/TSX Small Cap	-2.69%	-4.89%

2012 Biggest Contributors 2012 Biggest Detractors

Royal Bank of Canada	Barrick Gold
Toronto-Dominion Bank	Cdn Natural Resources
Bank of Nova Scotia	Goldcorp
Canadian Pacific Railway	Turquoise Hill Resources
Nexen	Penn West Petroleum
Husky Energy	Imperial Oil
Brookfield Asset Mgmt	Legacy Oil & Gas
Manulife Financial	Kinross Gold
Enbridge	Enerplus Corporation
Sun Life Financial	Centerra Gold

Sector	2012 Return	Biggest Impacts
Consumer Staples 3% of S&P/TSX Composite	+20.35%	<ul style="list-style-type: none"> Alimentation Couche-Tard (+54%) rose primarily on favourable market reaction to its successful offer to acquire the Statoil Fuel & Retail business (the #1 Scandinavian convenience and fuel retailer) from Norway's Statoil. Saputo (+29%) and Viterro (+51%) (which was taken over by Glencore during the year) were the other largest contributors.
Consumer Discretionary 5% of S&P/TSX Composite	+18.67%	<ul style="list-style-type: none"> Magna International (+46%) led as it regularly delivered positive earnings surprises and raised revenue and earnings guidance over the course of the year. Gildan Activewear (+90%) was the second leading contributor on strong and growing earnings and rising earnings expectations.
Industrials 6% of S&P/TSX Composite	+13.10%	<ul style="list-style-type: none"> Canadian Pacific Railway (+46%) led contributors as activist investor Bill Ackman led a shareholder revolt which caused the replacement of the CEO with former CN CEO Hunter Harrison. Canadian National Railways (+13%) rose primarily on the back of one positive earnings surprise earlier in the year.
Financials 33% of S&P/TSX Composite	+12.33%	<ul style="list-style-type: none"> The five big banks all generated similar stock price returns for 2012 (in order of contribution to the index): Royal Bank (+15%), Toronto Dominion Bank (+10%), Bank of Nova Scotia (+13%), Bank of Montreal (+9%) and CIBC (+8%). Life insurers contributed strongly with strength in Manulife (+25%), Sun Life (+40%) and Great-West Life (+19%) seemingly reflecting equity market gains but in a more pronounced manner. Brookfield Asset Management (+30%) also was a main contributor.
Health Care 2% of S&P/TSX Composite	+10.98%	<ul style="list-style-type: none"> Catamaran Corporation (+72%) and Valeant Pharmaceuticals (+25%) both rose on positive market reaction to recent acquisitions and generally strong operating results.
Information Technology 1% of S&P/TSX Composite	+6.65%	<ul style="list-style-type: none"> CGI Group (+19%) was the main contributor, moving with a very strong correlation to the US technology sector in general. Research in Motion (-20%) led detractors based on a Q2 warning of a massive earnings miss, weaker forward guidance, corporate layoffs and a delayed launch of the Blackberry 10.
Telecommunications Services 5% of S&P/TSX Composite	+6.60%	<ul style="list-style-type: none"> The sector continued to be a consistent and steady performer with slightly rising earnings expectations and strong dividend yields. TELUS (+13%) and Rogers Communications (+15%) led contributors for the year.
Utilities 2% of S&P/TSX Composite	-0.83%	<ul style="list-style-type: none"> Utilities put in a mediocre performance in 2012 though that hid some significant variation within the sector. Canadian Utilities (+17%) and Atco (+34%) led contributors while Transalta (-28%) led detractors.
Materials 19% of S&P/TSX Composite	-6.90%	<ul style="list-style-type: none"> The largest gold companies were the leading detractors in 2012 with Barrick Gold (-25%) and Goldcorp (-19%) leading detractors in spite of the fact gold prices ended the year higher than they started. Turquoise Hill Resources (formerly Ivanhoe Mines) (-58%) also was a leading detractor as industrial metals and coal prices were weaker, raising questions about the potential profitability of their main project. Agrium (+45%) was the largest contributor based on stronger than expected agricultural commodity prices, positive earnings surprises in the first three quarters and rising forward estimates.
Energy 25% of S&P/TSX Composite	-7.54%	<ul style="list-style-type: none"> Canadian Natural Resources (-25%) and Penn West Petroleum (-47%) were the largest detractors on falling earnings expectations and exposure to high cost crude oil assets. Nexen (+64%) was the largest contributor as it rose on a takeover offer by CNOOC – a state-controlled Chinese oil company. Husky Energy (+20%), Enbridge (+13%) and Suncor Energy (+11%) were also main contributors.