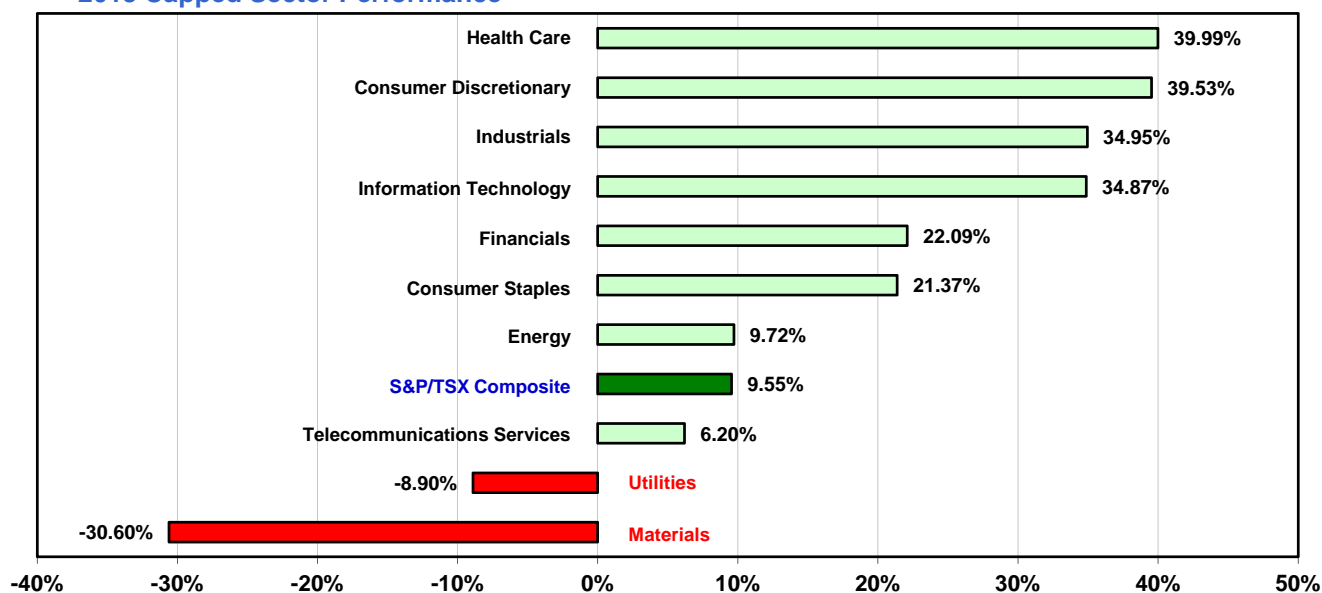


2013: Strong second half propels TSX Composite to gains for the year Six of ten sectors gain at least 20% in 2013

2013 Capped Sector Performance



- The S&P/TSX Composite returned +6.5% in Q4 and +9.6% for the year.
- Of the 264 stocks that were in the TSX Composite at some point during the year, 149 (56%) were higher in 2013.
- The TSX 60 (large cap) modestly outperformed the broader market in 2013 while the Completion (mid cap) index modestly underperformed and small caps underperformed significantly.
- In 2013, the Canadian market severely underperformed the US market in home currency terms (US returned +29.6%) and in Canadian dollar terms (US market returned +38.6% in C\$ terms).
- Seven sectors outperformed the market with six sectors returning 20% or more (Health Care, Consumer Discretionary, Industrials, Information Technology, Financials and Consumer Staples).
- Two sectors generated negative returns for 2013 (Materials and Utilities). Materials stocks were led down by very large declines among gold stocks, many of which lost in excess of one-third of their value in 2013. All ten of the largest detractors for 2013 were from the Materials sector.

2013 Index Returns	Q4	YTD
S&P/TSX Composite	+6.53%	+9.55%
S&P/TSX 60 (Large Cap)	+6.94%	+9.81%
S&P/TSX Completion (Mid)	+5.31%	+8.79%
S&P/TSX Small Cap	+6.01%	+4.36%

2013 Biggest Contributors 2013 Biggest Detractors

Valeant Pharmaceuticals	Barrick Gold
Royal Bank	Goldcorp
Toronto Dominion Bank	Yamana Gold
Manulife Financial	Kinross Gold
Bank of Nova Scotia	Teck Resources
Canadian National Railways	Silver Wheaton Corp
Canadian Pacific Railways	Eldorado Gold
Thomson Reuters	Potash Corporation
Magna International	Agnico-Eagle Mines
Great-West Lifeco	Turquoise Hill Resources

Sector	2013 Return	Biggest Impacts
Health Care 3% of S&P/TSX Composite	+39.99%	<ul style="list-style-type: none"> Valeant Pharmaceuticals (+110%) was responsible for virtually the entire outperformance of the sector on very favourable market reaction to its takeover of contact lens maker Bausch & Lomb and rapidly rising forward earnings expectations in the back half of 2013.
Consumer Discretionary 6% of S&P/TSX Composite	+39.53%	<ul style="list-style-type: none"> Thomson Reuters (+40%) was the biggest contributor as it generated positive earnings surprises each quarter and moved in a manner that largely mirrored moves in the S&P 500. Magna International (+75%) rose on four positive earnings surprises and increased company guidance and earnings expectations.
Industrials 8% of S&P/TSX Composite	+34.95%	<ul style="list-style-type: none"> Canadian National Railways (+34%) was the biggest contributor based on a 16% Q4 gain on a very positive earnings surprise. Canadian Pacific Railways (+59%) generated a 31% Q1 gain on hopes of greater efficiencies under new management and an activist board and a 26% Q4 gain as some of those hopes were realized.
Information Technology 2% of S&P/TSX Composite	+34.87%	<ul style="list-style-type: none"> CGI Group (+55%) led contributors on positive earnings surprises and rising forward earnings expectations on prospects of increased business as a result of US health care reform. Blackberry (-33%) led detractors on poor sales, downward guidance, a workforce reduction, a major restructuring charge and a failed attempt to sell the company.
Financials 35% of S&P/TSX Composite	+22.09%	<ul style="list-style-type: none"> Big banks all contributed with double-digit gains in 2013 with Royal Bank (+19%), Toronto Dominion Bank (+20%), Bank of Nova Scotia (+16%), Bank of Montreal (+16%), and CIBC (+13%) all rising. Stocks rose despite generally in-line earnings results during the year. Life insurers contributed strongly as hopes rose that stock market gains might be reflected in future earnings growth with Manulife Financial (+55%), Great-West Lifeco (+35%) and Sun Life Financial (+42%) all rising substantially.
Consumer Staples 3% of S&P/TSX Composite	+21.37%	<ul style="list-style-type: none"> Alimentation Couche-Tard (+63%) led contributors on strong sales and earnings growth after recent acquisitions including adding Scandinavia to its geographical scope.
Energy 25% of S&P/TSX Composite	+9.72%	<ul style="list-style-type: none"> The sector generally put in weak performance in the first half of the year but gained strength in the second half of the year. Canadian Natural Resources (+25%), Suncor Energy (+14%) and Husky Energy (+15%) led contributors.
Telecommunications Services 5% of S&P/TSX Composite	+6.20%	<ul style="list-style-type: none"> After a strong Q1, the stock performance of telecommunications players in Canada was largely impacted by the potential for new competition, possibly from major foreign players. In Q2, TELUS was blocked by the government from taking over a smaller player based on potential concentration in the market. Rumours arose that Verizon might enter the market, which Verizon later denied. The government has continued to raise concerns about the anti-competitive nature of the wireless industry in Canada. In spite of profitability concerns this issue has raised BCE (+8%), TELUS (+12%) and Rogers Communications (+6%) all had a positive year.
Utilities 2% of S&P/TSX Composite	-8.90%	<ul style="list-style-type: none"> The sector broadly declined with 8 of 11 constituents who were in the index all year declining. Atlantic Power (-67%) led detractors after it announced a cut of more than 50% to its dividend rate.
Materials 12% of S&P/TSX Composite	-30.60%	<ul style="list-style-type: none"> Gold and precious metals stocks led detractors as gold prices declined about 30% in 2013. In conjunction, Barrick Gold (-46%), Goldcorp (-37%), Yamana Gold (-46%) and Kinross Gold (-52%) led detractors. Teck Resources (-24%) declined significantly during the first half of the year as weak commodity prices called into question earnings prospects for the company. The stock price recovered some in the back half of the year as general economic prospects brightened.