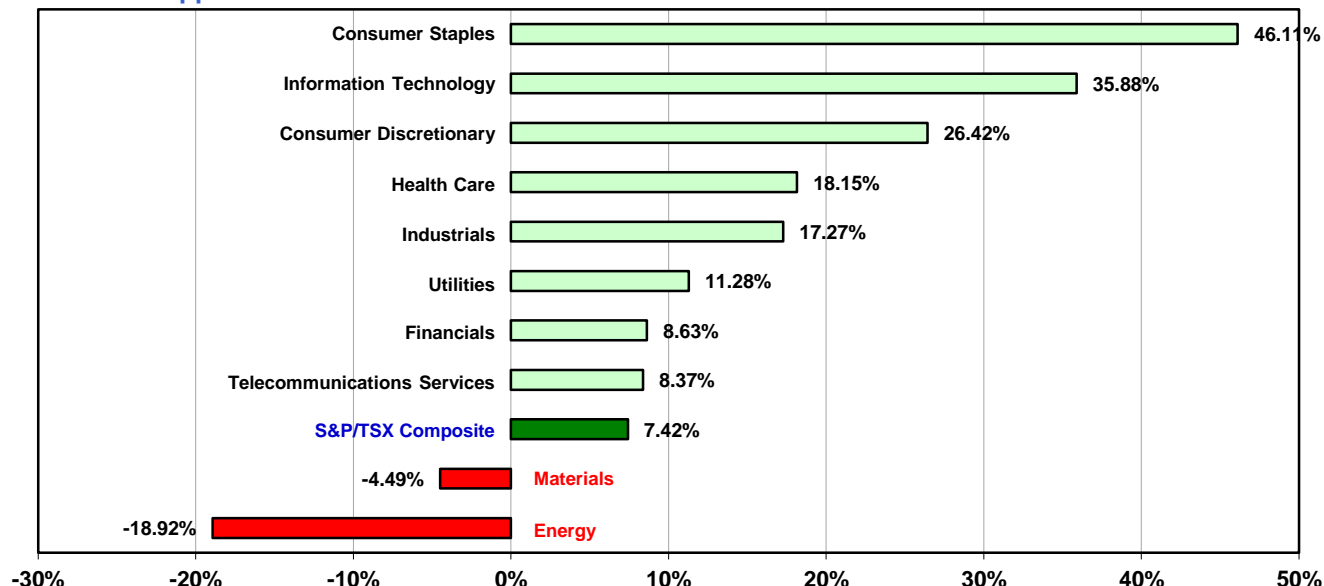


**2014: TSX rises for third year in a row**

Poor performance of Energy and Materials sectors limits TSX percentage gains to single digits

**2014 Capped Sector Performance**



- The S&P/TSX Composite returned +7.4% in 2014.
- Of the 264 stocks that were in the TSX Composite at some point during 2014, 139 (53%) finished the year in positive territory.
- The TSX 60 (large cap) was by far the best performer in 2014 outpacing the broader Composite index. The Completion Index (mid-caps) made a small gain but trailed the Composite. Canadian Small Caps not only ended the year in negative territory but are in an official bear market as their December low was 25.2% below their July 2014 high.
- In 2014, the Canadian market underperformed the US market in home currency terms (US returned +11.4%) and in Canadian dollar terms (US market returned +21.5% in C\$ terms). The US dollar rose 9.1% against the Canadian dollar in 2014. This is the fourth consecutive year the US market has outperformed Canada.
- You often hear the term “stock picker’s market” but 2014 was a sector picker’s market. Three sectors generated better than 20% returns (Consumer Staples, Information Technology, Consumer Discretionary) while two sectors ended in negative territory (Energy, Materials).

2014 Index Returns	Q4	YTD
<b>S&amp;P/TSX Composite</b>	<b>-2.19%</b>	<b>+7.42%</b>
S&P/TSX 60 (Large Cap)	-1.09%	+9.07%
S&P/TSX Completion (Mid)	-5.36%	+2.79%
S&P/TSX Small Cap	-9.47%	-5.19%

**2014 Biggest Contributors 2014 Biggest Detractors**

Canadian National Railways	Barrick Gold
Valeant Pharmaceuticals	Teck Resources
Royal Bank	Husky Energy
Enbridge	Crescent Point Energy
Brookfield Asset Mgmt	Cenovus Energy
Toronto-Dominion Bank	Canadian Oil Sands
Canadian Pacific Railways	Pacific Rubiales Energy
Alimentation Couche-Tard	Yamana Gold
Magna International	Talisman Energy
Bank of Montreal	Penn West Petroleum

Sector	2014 Return	Biggest Impacts
<b>Consumer Staples</b> 4% of S&P/TSX Composite	+46.11%	<ul style="list-style-type: none"> <li>The sector's strength was broad-based with 9 of 10 constituents rising in 2014 and 7 by more than 20%. Almost half of 2014 gains were in Q4 suggesting fund flows from Energy sector dispositions.</li> <li>Alimentation Couche-Tard (+83%), Loblaw Companies (+47%) and Saputo (+44%) were the leading contributors on consistently strong and growing earnings results that exceeded analysts expectations.</li> </ul>
<b>Information Technology</b> 2% of S&P/TSX Composite	+35.88%	<ul style="list-style-type: none"> <li>Strength was broad-based with 8 of 9 sector constituents posting gains and 6 by more than 20%.</li> <li>Main contributors were BlackBerry (+61%) on favourable product launches and improving earnings prospects, Constellation Software (+54%) on strong revenue growth as a result of its aggressive acquisition strategy and Open Text Corporation (+38%) on a positive earnings surprise in Q3 backed by strong revenue growth.</li> </ul>
<b>Consumer Discretionary</b> 6% of S&P/TSX Composite	+26.42%	<ul style="list-style-type: none"> <li>Magna International (+45%) was the leading sector contributor on positive earnings beats as auto sales strengthened in 2014.</li> <li>Thomson Reuters (+17%) was the second leading contributor on positive earnings surprises in the last three quarters.</li> <li>Tim Hortons (+60%) was the third largest sector contributor on its takeover by US fast food chain Burger King.</li> </ul>
<b>Health Care</b> 4% of S&P/TSX Composite	+18.15%	<ul style="list-style-type: none"> <li>Valeant Pharmaceuticals (+33%) rose strongly in Q1 on a positive earnings surprise and rising analyst expectations. The stock treaded water for most of the rest of 2014 as it engaged in an unsuccessful hostile takeover attempt for Botox-maker Allergan. The stock rose as the takeover battle was resolved as earnings were strong and the company gained on the ultimate sale of Allergan to Actavis.</li> </ul>
<b>Industrials</b> 9% of S&P/TSX Composite	+17.27%	<ul style="list-style-type: none"> <li>Canadian National Railways (+32%) and Canadian Pacific Railways (+39%) were the biggest contributors for the sector on positive earnings surprises and rising forward earnings expectations but stock performance stalled in Q4 on disappointing earnings and emerging concerns about the impact of falling energy sector demand for rails.</li> </ul>
<b>Utilities</b> 2% of S&P/TSX Composite	+11.28%	<ul style="list-style-type: none"> <li>About two-thirds of the sector's 2014 gain occurred in Q1. Of 13 companies that were in the sector in 2014, 8 generated gains for the year with Fortis (+28%) the leading contributor.</li> </ul>
<b>Financials</b> 36% of S&P/TSX Composite	+8.63%	<ul style="list-style-type: none"> <li>In 2014 banks mostly contributed with Royal Bank (+12%), Toronto Dominion Bank (+11%), Bank of Montreal (+16%) and CIBC (+10%) rising and Bank of Nova Scotia (-0%) flat, hurt by its exposure to the weak Latin American economies.</li> <li>Brookfield Asset Management (+41%) was a major contributor on a series of positive earnings surprises.</li> </ul>
<b>Telecommunications Services</b> 5% of S&P/TSX Composite	+8.37%	<ul style="list-style-type: none"> <li>BCE (+16%) and TELUS (+15%) contributed to sector performance as earnings have generally been near or slightly above expectations.</li> <li>Rogers Communications (-6%) has been the big sector detractor as it has missed earnings expectations in six of the last seven quarters.</li> </ul>
<b>Materials</b> 11% of S&P/TSX Composite	-4.49%	<ul style="list-style-type: none"> <li>Although the gold price was only down modestly in 2014, gold stocks were big sector detractors with Barrick Gold (-33%), Yamana Gold (-49%), Kinross (-30%) and Goldcorp (-7%) all falling.</li> <li>Teck Resources (-43%) and First Quantum Minerals (-14%) fell amid falling coal and industrial metals prices.</li> <li>Potash Corporation (+17%) and Agrium (+13%) contributed as share prices gained as agricultural commodity prices improved in Q4.</li> </ul>
<b>Energy</b> 22% of S&P/TSX Composite	-18.92%	<ul style="list-style-type: none"> <li>The S&amp;P GSCI Energy (Commodity) Index declined 44% in 2014 causing 55 of 70 sector constituents to decline in 2014. Leading detractors were Husky Energy (-18%), Crescent Point Energy (-35%), Cenovus Energy (-21%) and Canadian Oil Sands (-48%).</li> <li>Pipeline companies – Enbridge (+29%) and TransCanada Corporation (+18%) – and integrated oil companies – Imperial Oil (+6%) and Suncor (-1%) – saved the sector from even deeper losses.</li> </ul>