

**MAY 31, 2016**
**Canadian Monthly Highlights**

- The BoC held its overnight rate at 0.5% at the May meeting.
- Alberta wildfires are expected to reduce Q2 Canadian real GDP growth by 1.25% through lost oil production.
- The inflation rate in Canada was up 1.7% in April, as the impact of lower energy prices moderated and food and housing prices continued to rise.
- Benchmark oil prices, Brent and WTI, continued to rally, up 8.4% and 9.6% respectively. The price of gold declined roughly 5.9%.
- During the month, the benchmark Canadian (AECO) gas price and the benchmark U.S (Henry Hub) gas price both increased. The spread between the two benchmark gas prices narrowed slightly during the month.
- After the weakest US jobs update in nearly six years, expectations for an imminent rate hike have been moderated. This news, along with the rally in energy prices has brought the Canadian dollar back to around 78 cents USD.

**Equity Index Total Returns (%)**

|                               | 1 Mth | YTD  | 1 Yr. | 5Yrs. |
|-------------------------------|-------|------|-------|-------|
| S&P/TSX Capped Composite      | 1.0   | 9.5  | -3.3  | 3.4   |
| S&P/TSX 60                    | 0.8   | 8.7  | -3.2  | 3.9   |
| S&P/TSX SmallCap              | -0.3  | 21.6 | 0.6   | -2.3  |
| S&P/TSX High Dividend Index   | 1.9   | 14.0 | -2.5  | 4.2   |
| BMO NB SmallCap (wtd)         | 0.3   | 18.9 | -2.1  | -1.0  |
| Ethical Canadian Index        | 0.8   | 8.3  | -3.0  | 4.8   |
| FTSE/TMX Canada Universe Bond | 0.9   | 2.2  | 2.8   | 4.8   |
| FTSE/TMX 91 Day Tbill         | 0.1   | 0.2  | 0.5   | 0.9   |
| FTSE/TMX High Yield Overall   | 1.8   | 5.1  | -2.2  | 3.3   |

Sources: TD Securities BMO NB, Bloomberg, and PC Bond

**Bond Sector Returns (%) - FTSE/TMX Indices\***

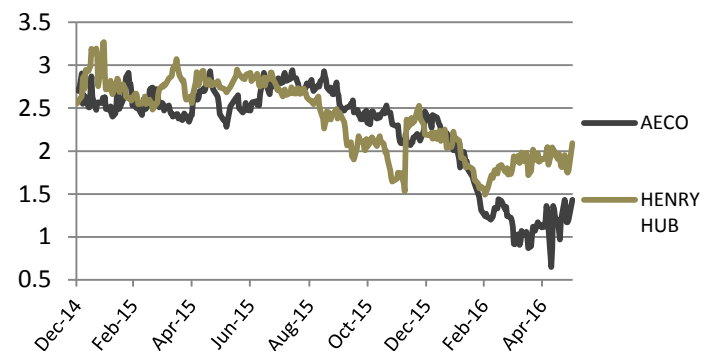
|             | 1 Month | Short Term | Mid Term | Long Term |
|-------------|---------|------------|----------|-----------|
| Federals    |         | 0.30       | 1.24     | 2.22      |
| Provincials |         | 0.38       | 1.18     | 1.27      |
| Corporates  |         | 0.39       | 1.16     | 0.86      |

Source: PC Bond \* Previously DEX.

**S&P / TSX Composite Sector Total Returns (%)**

|                            | 1 Mth | YTD   | 1 Yr. | 5 Yrs. |
|----------------------------|-------|-------|-------|--------|
| Energy                     | 1.5   | 17.1  | -9.3  | -3.5   |
| Materials                  | -6.6  | 34.7  | 0.2   | -10.5  |
| Industrials                | 1.4   | 6.3   | -0.2  | 11.7   |
| Consumer Discretionary     | 3.6   | 4.9   | -4.3  | 14.8   |
| Consumer Staples           | 4.7   | 5.9   | 16.8  | 21.7   |
| Health Care                | -6.7  | -64.9 | -82.2 | -4.7   |
| Financials                 | 1.5   | 7.8   | 4.8   | 9.5    |
| Information Technology     | 8.4   | 1.4   | 7.8   | 3.1    |
| Telecommunication Services | 3.5   | 11.9  | 14.0  | 13.4   |
| Utilities                  | 3.6   | 12.6  | 7.0   | 5.0    |

Sources: TD Securities &amp; Bloomberg

**Benchmark Natural Gas Prices**


Source: Bloomberg

|                     | P/E Ratio (Trailing 12 mth) | Dividend Yield % |
|---------------------|-----------------------------|------------------|
| S&P / TSX Composite | 18.5                        | 3.0              |

Source: CPMS

**Stocks of Influence for the Month**

| Top Performers        | Impact*(%) | Return**(%) |
|-----------------------|------------|-------------|
| Brookfield Asset Mgmt | 0.18       | 8.5         |
| Toronto-Dominion Bank | 0.13       | 2.3         |
| Manulife Financial    | 0.11       | 5.5         |

| Bottom Performers   | Impact*(%) | Return**(%) |
|---------------------|------------|-------------|
| Barrick Gold Corp   | -0.16      | -9.8        |
| Goldcorp            | -0.15      | -12.8       |
| Bank of Nova Scotia | -0.11      | -2.5        |

Source: TD Securities \*Impact of stock on the S&amp;P/TSX Composite \*\*Price Return

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