

Canadian Equity Grid Fall2015
September 2015

	SECTORS	FOCUS LIST (PRIMARY RECOMMENDATIONS)	ALTERNATIVES (Recommended for 5% POSITIONS)	ALTERNATIVES (Recommended for 2.5% POSITIONS)	ALTERNATIVES (Recommended for <=2% POSITIONS)
INTEREST SENSITIVE	Financials # of positions: 8 S&P/TSX Weight: 35.7%	TD Bank (TD) Royal Bank (RY) Bank of Nova Scotia (BNS) National Bank (NA) Sun Life (SLF) Brookfield Asset Mgmt (BAM.A) CREIT (REF.UN) - 2.5% Onex (OCX) -2.5%	Bank of Montreal (BMO) Manulife (MFC) Power Financial (PWF) Power Corp (POW) First Capital Realty (FCR) H&R REIT (HR.UN)	CIBC (CM) Intact (IFC) CI Financial (CIX) Brookfield Property Partners (BPY.UN)* CAP REIT (CAR.UN) Industrial Alliance (IAG) Element Financial (EFN)	Granite Real Estate (GRT) Canadian Western Bank (CWB) IGM Financial (IGM)
	Utilities # of positions: 0 S&P/TSX Weight: 2.2%		Enbridge (ENB)* Emera (EMA) Fortis (FTS) Atco (ACO.X)	Brookfield Renewable Energy (BEP.UN)*	Innergex (INE) Brookfield Infrastructure (BIP.UN)*
	Telecom Services # of positions: 1 S&P/TSX Weight: 5.2%	Telus (T) - 2.5%	BCE (BCE)	Shaw Communications (SJR.B)* Rogers Communications (RCI.B) Manitoba Telecom (MBT)	
CONSUMER	# of Positions in Bucket: 9				
	Consumer Discretionary # of positions: 4 S&P/TSX Weight: 6.9%	Restaurant Brands (QSR) Magna International (MG) - 2.5% Dollarama (DOL) - 2.5% Canadian Tire (CTC.A) - 2.5%	Thomson (TRI) Quebecor Inc (QBR.B)	Shaw Communications (SJR.B) Gildan (GIL)	
	Consumer Staples # of positions: 3 S&P/TSX Weight: 4.2%	Metro (MRU) Loblaw (L) - 2.5% Saputo (SAP) - 2.5%	Weston (WN)	Jean-Coutu (PJC.A) Maple Leaf Foods (MFI) Alimentation Couche-Tard (ATD.B)	
	Health Care # of positions: 0 S&P/TSX Weight: 6.0%			Valeant Pharmaceuticals (VRX)	
INDUSTRIAL	# of Positions in Bucket: 7				
	Industrials # of positions: 3 S&P/TSX Weight: 8.0%	CN Rail (CNR) Toromont (TIH) CP Rail (CP) - 2.5%		BRP (DOO) WestJet (WJA) Transcontinental (TCL.A) Finning (FTT) Westshore Terminals (WTE) Transforce (TFI) SNC Lavalin (SNC) Stantec (STN) CAE (CAE) Stella-Jones (SJ) CGI Group (GIB.A)	
	Information Technology # of positions: 1 S&P/TSX Weight: 2.8%	MacDonald Dettwiler (MDA) - 2.5%			Open Text (OTC)
RESOURCE	# of Positions in Bucket: 4				
	Energy # of positions: 5 S&P/TSX Weight: 19.5%	Canadian Natural Res. (CNQ) Suncor (SU) - 2.5% Cenovus (CVE) -2.5% Enbridge (ENB) Pembina (PPL) - 2.5%	Imperial Oil (IMO) Husky (HSE) TransCanada (TRP)	AltaGas (ALA) Keyera (KEY) Inter Pipeline (IPL) Encana (ECA) ARC Resources (ARX) MEG Energy (MEG) Newalta (NAL) Shawcor (SCL) Mullen Group (MTL) Enerflex (EFX)	Canadian Energy Services (CEU) Crew (CR)
	Basic Materials # of positions: 2 S&P/TSX Weight: 9.5%	Agrium (AGU) Methanex (MX) - 2.5%	Claymore Gold Bullion ETF (CGL)	Franco Nevada (FNV) Silver Wheaton (SLW) Domtar (UFS) Cameco (CCO) Potash (POT) Teck Resources (TCK.B)	
	# of Positions in Bucket: 7				
	Total # of Positions	27			

*Note that distribution from BIP.UN is considered a foreign dividend and will be taxed as regular income. Thus, position is more suitable for non-taxable accounts.
*Shaw is treated as either a Telecom Services or Consumer Discretionary, as the Committee believes it offers exposure to both segments of the market. Similarly, Enbridge is treated as both a Utility and an Energy stock for the same reasons.

Required Disclosures

Explanation of RBC Capital Markets Rating System

Definitions of Rating Categories

An analyst's "sector" is the universe of companies for which the analyst provides research coverage. Accordingly, the rating assigned to a particular stock represents solely the analyst's view of how that stock will perform over the next 12 months relative to the analyst's sector.

Ratings:

Top Pick (TP): Represents best in Outperform category; analyst's best ideas; expected to significantly outperform the sector over 12 months; provides best risk-reward ratio; approximately 10% of analyst's recommendations.

Outperform (O): Expected to materially outperform sector average over 12 months.

Sector Perform (SP): Returns expected to be in line with sector average over 12 months.

Underperform (U): Returns expected to be materially below sector average over 12 months.

Risk Ratings

As of March 31, 2013, RBC Capital Markets suspends its Average and Above Average risk ratings. The Speculative risk rating reflects a security's lower level of financial or operating predictability, illiquid share trading volumes, high balance sheet leverage, or limited operating history that result in a higher expectation of financial and/or stock price volatility.

Distribution of Ratings, Firmwide

For purposes of disclosing ratings distributions, regulatory rules require member firms to assign all rated stocks to one of three rating categories—Buy, Hold/Neutral, or Sell—regardless of a firm's own rating categories. Although RBC Capital Markets' stock ratings of Top Pick/Outperform, Sector Perform and Underperform most closely correspond to Buy, Hold/Neutral and Sell, respectively, the meanings are not the same because our ratings are determined on a relative basis (as described above).

Distribution of Ratings RBC Capital Markets, Equity Research As of 30-Jun-2015				
Rating	Count	Percent	Investment Banking Serv./Past 12 Mos.	
			Count	Percent
BUY [Top Pick/Outperform]	935	53.16	293	31.34
HOLD [Sector Perform]	707	40.19	124	17.54
SELL [Underperform]	117	6.65	6	5.13

In the event that this is a compendium report (covers six or more subject companies), RBC Dominion Securities may choose to provide specific disclosures for the subject companies by reference. To access current disclosures, clients should send a request to RBC Dominion Securities, Attention: Manager, Portfolio Advisory Group, 155 Wellington Street West, 17th Floor, Toronto, ON M5V 3K7.

Dissemination of Research

RBC Capital Markets endeavours to make all reasonable efforts to provide research simultaneously to all eligible clients. RBC Capital Markets' Equity research is posted to our proprietary websites to ensure eligible clients receive coverage initiations and changes in rating, targets and opinions in a timely manner. Additional distribution may be done by the sales personnel via email, fax or regular mail. Clients may also receive our research via third party vendors. Please contact your investment advisor or institutional salesperson for more information regarding RBC Capital Markets research.

Important Disclosures

RBC Capital Markets Conflicts Disclosures

To access our disclosures, clients should refer to <https://www.rbccm.com/global/file-414164.pdf> or send a request to RBC CM Research Publishing, P.O. Box 50, 200 Bay Street, Royal Bank Plaza, 29th floor, South Tower, Toronto, Ontario M5J 2W7. We reserve the right to amend or supplement this policy at any time.

The author(s) of this report are employed by RBC Dominion Securities Inc., a securities broker-dealer with principal offices located in Toronto, Canada.

With respect to the companies that are the subject of this publication, clients may access current disclosures by mailing a request for such information to RBC Dominion Securities, Attention: Manager, Portfolio Advisory Group, 155 Wellington Street West, 17th Floor, Toronto, ON M5V 3K7.

The information contained in this report has been compiled by RBC Dominion Securities Inc. ("RBC DS") from sources believed by it to be reliable, but no representations or warranty, express or implied, are made by RBC DS or any other person as to its accuracy, completeness or correctness. All opinions and estimates contained in this report constitute RBC DS's judgment as of the date of this report, are subject to change without notice and are provided in good faith but without legal responsibility. This report is not an offer to sell or a solicitation of an offer to buy any securities. Additionally, this report is not, and under no circumstances should be construed as, a solicitation to act as securities broker or dealer in any jurisdiction by any person or company that is not legally permitted to carry on the business of a securities broker or dealer in that jurisdiction. This material is prepared for general circulation to Investment Advisors and does not have regard to the particular circumstances or needs of any specific person who may read it. RBC DS and its affiliates may have an investment banking or other relationship with some or all of the issuers mentioned herein and may trade in any of the securities mentioned herein either for their own account or the accounts of their customers. RBC DS and its affiliates may also issue options on securities mentioned herein and may trade in options issued by others. Accordingly, RBC DS or its affiliates may at any time have a long or short position in any such security or option thereon.

Neither RBC DS nor any of its affiliates, nor any other person, accepts any liability whatsoever for any direct or consequential loss arising from any use of this report or the information contained herein. This report may not be reproduced, distributed or published by any recipient hereof for any purpose.

RBC Dominion Securities Inc.* and Royal Bank of Canada are separate corporate entities which are affiliated.

*Member— Canadian Investor Protection Fund. ®Registered trademark of Royal Bank of Canada. Used under licence.

RBC Dominion Securities is a registered trademark of Royal Bank of Canada. Used under licence. ©Copyright 2014.

All rights reserved.