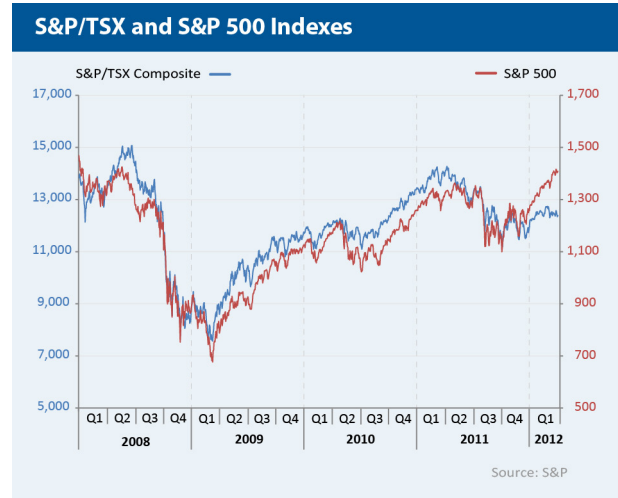


Income Seeking Investors Return to the Equity Market

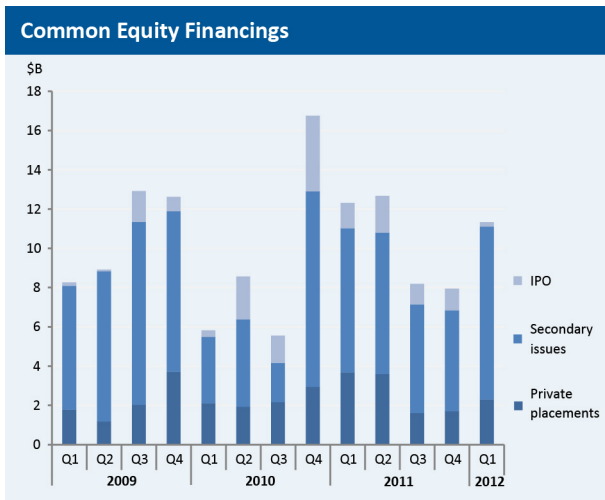
Total equity capital raised in the first quarter amounted to \$14.8B, 27% higher than Q4 2011. The surge in equity issuance was driven by robust activity in common equities. In a prolonged low interest environment, investors seeking yield above inflation turned to dividend-paying stocks. Larger issuers with less perceived risk in particular piqued investor interest and were instrumental in revitalizing equity financings. Issuance of income trusts slowed this quarter, though the decline was not as pronounced due to record levels of REIT issuance. After sustaining its first annual loss since the credit crunch, S&P/TSX Composite advanced 3.7% during the quarter with health care and financials leading the upswing momentum. Energy and raw materials, the largest constituents of TSX index, continued to lag and contributed to TSX underperforming its global counterparts.

The \$11.3B raised in common equity represents a 42% increase from the quarter prior. Renewed interest in equity was heavily skewed towards secondary issues which raised \$8.8B. This quarter marks the first since 2009 that secondary issues claimed over three-quarters of total common equity issuance. Large deals valued over \$100M catalyzed the surge in secondary issues and resulted in the average deal size increasing twofold in Q1 2012. Primary beneficiaries of increased equity investment were recognizable names with dividend-bearing stocks.

in Q4. Investment in REITs reached \$1B this quarter marking the highest level since 2006.



Following the falloff in stock prices in the fall of 2011, TSX has been slow in recuperating its losses. TSX Q1 return of 3.7% pales in comparison to the 12% growth on S&P 500. Financials led the earnings growth south of the border, while Canadian financial stocks, having largely avoided collapse in 2011, contributed little to the TSX's performance. More significantly, however, the continued depressed prices in the resource sector plagued heavier constituents of Toronto stock index and dragged on its return.



Similarly, the \$2.3B in private placement was dominated by large deals valued over \$20M. Small equity deals were not as well received in the market and remained largely off the investor radar. The IPO market virtually ground to a halt raising meagre \$200M. This figure stands in stark contrast to the \$2B investment in preferred shares as investors sought additional security. Investment in income trusts totaled ~\$1.2B, 19% lower than



On the trading front, there was a modest increase in both trading volume and value. Increased activity on TSX Venture was most pronounced, which reported a 58% increase in value traded. Total value of shares traded on ATS increased in lockstep with TSX, and ATS's market share remains unchanged at roughly one-third.

Summary of Equity Issuance

	Quarter-over-Quarter			% Change		Annual Year-over-Year			% Change	
	Q1 12	Q4 11	Q1 11	Q1/Q4 11	Q1 12/11	2011	2010	2009	2011/2010	2010/2009
\$ Billions Issuance										
Common equity	11.3	7.9	12.3	42.3%	-8.2%	41.1	36.7	42.7	12.0%	-14.1%
Income trusts	1.2	1.5	1.4	-19.2%	-16.7%	4.8	5.4	8.0	-11.7%	-32.8%
Preferred shares	2.1	2.2	1.2	-2.4%	78.1%	4.3	4.3	9.7	-0.7%	-55.7%
Limited partnerships	0.2	0.1	0.5	135.8%	-54.9%	0.7	0.7	1.4	-1.5%	-50.3%
Total Equity Issuance	14.8	11.7	15.4	26.7%	-4.1%	50.8	47.1	61.9	7.9%	-23.9%
Number Issues										
Common equity	653	675	907	-3.3%	-28.0%	2,877	2,843	2,719	1.2%	4.6%
Income trusts	15	23	12	-34.8%	25.0%	53	64	75	-17.2%	-14.7%
Preferred shares	7	11	7	-36.4%	0.0%	22	27	45	-18.5%	-40.0%
Limited partnerships	10	8	13	25.0%	-23.1%	25	36	42	-30.6%	-14.3%
Total Number of Issues	685	717	939	-4.5%	-27.1%	2,977	2,970	2,881	0.2%	3.1%

Common Equity Issuance

	Quarter-over-Quarter			% Change		Annual Year-over-Year			% Change	
	Q1 12	Q4 11	Q1 11	Q1/Q4 11	Q1 12/11	2011	2010	2009	2011/2010	2010/2009
\$ Billions Issuance										
Initial public offerings	0.2	1.1	1.3	-78.6%	-81.4%	5.3	7.8	2.6	-31.8%	204.0%
Secondary issues	8.8	5.1	7.3	71.5%	19.8%	25.2	19.8	31.5	27.6%	-37.2%
Private placements	2.3	1.7	3.7	35.5%	-37.5%	10.6	9.2	8.7	15.4%	5.2%
Total Common Equity	11.3	7.9	12.3	42.3%	-8.2%	41.1	36.7	42.7	12.0%	-14.1%
Number Issues										
Initial public offerings	44	58	56	-24.1%	-21.4%	242	209	98	15.8%	113.3%
Secondary issues	75	86	318	-12.8%	-76.4%	550	338	300	62.7%	12.7%
Private placements	534	531	533	0.6%	0.2%	2,085	2,296	2,321	-9.2%	-1.1%
Total Number of Issues	653	675	907	-3.3%	-28.0%	2,877	2,843	2,719	1.2%	4.6%

Income Trust Issuance

	Quarter-over-Quarter			% Change		Annual Year-over-Year			% Change	
	Q1 12	Q4 11	Q1 11	Q1/Q4 11	Q1 12/11	2011	2010	2009	2011/2010	2010/2009
\$ Billions Issuance										
Initial public offerings	0.2	0.3	0.6	-36.5%	-65.2%	2.1	1.9	2.5	9.0%	-23.6%
Secondary issues	1.0	1.2	0.9	-13.9%	15.3%	2.7	3.4	5.3	-21.4%	-35.5%
Private placements	0.0	0.0	0.0	-100.0%	n.m.	0.0	0.1	0.3	-83.4%	-66.0%
Total Trust Issuance	1.2	1.5	1.4	-19.2%	-16.7%	4.8	5.4	8.0	-11.7%	-32.8%
Number Issues										
Initial public offerings	3	8	4	-62.5%	-25.0%	20	19	22	5.3%	-13.6%
Secondary issues	12	13	8	-7.7%	50.0%	29	43	49	-32.6%	-12.2%
Private placements	0	2	0	-100.0%	n.m.	4	2	4	100.0%	-50.0%
Total Number of Issues	15	23	12	-34.8%	25.0%	53	64	75	-17.2%	-14.7%

Trading Volume and Value

	Quarter-over-Quarter			% Change		Annual Year-over-Year			% Change	
	Q1 12	Q4 11	Q1 11	Q1/Q4 11	Q1 12/11	2011	2010	2009	2011/2010	2010/2009
Billions of shares	Volume									
TSX	24.7	24.1	30.3	2.4%	-18.6%	103.6	104.6	118.5	-0.9%	-11.8%
TSX Venture	14.4	11.8	25.2	22.5%	-42.9%	65.0	67.9	46.8	-4.3%	45.1%
ATS	18.3	18.9	25.1	-3.3%	-27.4%	85.6	65.0	27.4	31.7%	137.2%
Total Trading Volume	57.3	54.7	80.7	4.7%	-28.9%	254.2	237.5	192.7	7.0%	23.2%
\$ Billions	Value									
TSX	357.0	334.6	418.8	6.7%	-14.8%	1,480.2	1,390.7	1,398.4	6.4%	-0.5%
TSX Venture	8.5	5.4	17.0	58.2%	-49.9%	42.5	34.4	16.1	23.8%	113.5%
ATS	212.5	198.2	235.4	7.2%	-9.7%	856.5	674.5	325.8	27.0%	107.0%
Total Trading Value	578.0	538.2	671.3	7.4%	-13.9%	2,379.2	2,099.6	1,740.3	13.3%	20.6%

Source: TSX

Top Common Equity Issues

Issuer	Value (\$ Millions)	% of total
Source: IIAC, FP		
Bank of Nova Scotia	1,658.3	14.7%
Crescent Point Energy Corp.	604.2	5.3%
Gibson Energy Inc.	581.8	5.2%
AltaGas Ltd.	403.5	3.6%
Sprott Physical Gold Trust	347.2	3.1%

Common Equity Issuance by Sector

Sector	Value (\$ Millions)	% of total
Source: IIAC, FP		
Financial	3,423.1	30.3%
Forestry	27.0	0.2%
Manufacturing	234.8	2.1%
Mining	2,647.6	23.4%
Oil and Gas	3,796.3	33.6%
Other	621.6	5.5%
Real Estate	417.6	3.7%
Services	127.7	1.1%
Utilities	1.0	0.0%
Total	11,296.6	

Income Trust Issuance by Sector

Sector	Value (\$ Millions)	% of total
Source: IIAC, FP		
Financial	190.8	16.1%
Real Estate	994.3	83.9%
Total	1,185.1	

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Comments

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