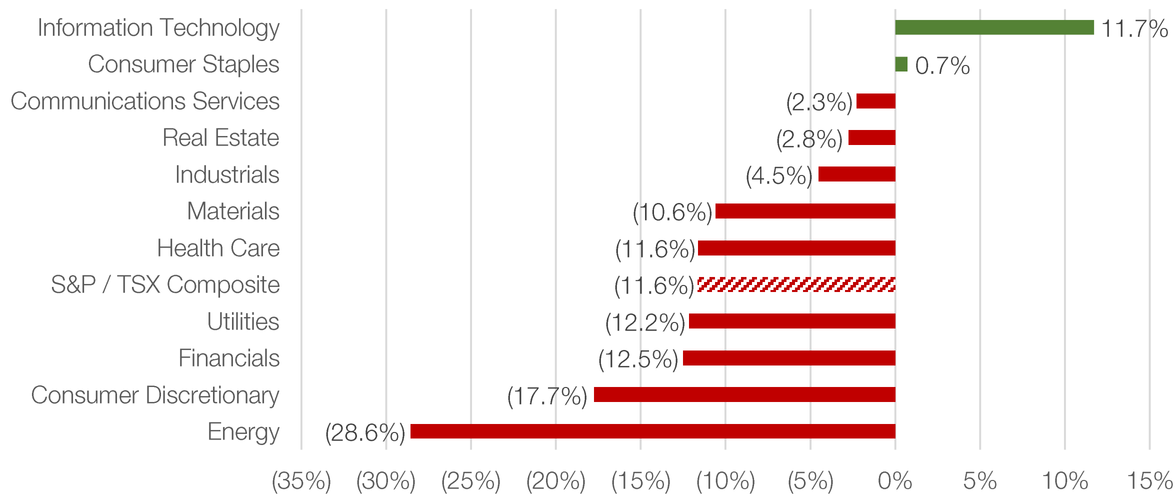
2018: TSX posts worst annual loss since 2008

Six sectors post double-digit percentage declines in 2018 led down by the Energy sector

2018 Capped Sector Performance



2018 Highlights

- The S&P/TSX Composite returned -11.6% in 2018. Most of the year's losses were recorded in Q4, where the index returned -10.9%, marking its worst quarter since the third quarter of 2011.
- Of the 259 stocks that were in the TSX Composite at some point during 2018, 61 (24%) recorded a gain.
- In 2018, there was a notable capitalization effect. Large cap (S&P/TSX 60) outperformed mid caps (Completion index) which outperformed small caps.
- In 2018, the Canadian market underperformed the US market in home currency terms (US returned -6.2%) and in Canadian dollar terms (US market returned +2.0% in C$ terms).
- Information Technology and Consumer Staples were the only two sectors that were positive for 2018.
- Energy (the TSX's second largest sector) was the weakest sector with a 28.6% decline (entirely in Q4) as the S&P GSCI Energy commodity price index fell 34% in Q4 and 17% for the entire year.
- The Consumer Discretionary, Financials, Utilities, Health Care and Materials sectors also recorded double-digit percentages losses for the year.

2018 Index Returns	Q4	YTD
S&P/TSX Composite	-10.9%	-11.6%
S&P/TSX 60 (Large Cap)	-9.8%	-10.5%
S&P/TSX Completion (Mid Cap)	-14.3%	-15.2%
S&P/TSX SmallCap	-15.0%	-20.1%

2018 Biggest Contributors	2018 Biggest Detractors
Thomson Reuters	Bank of Nova Scotia
Shopify	Canadian Natural Resources
CGI	Manulife Financial
Kirkland Lake Gold	Royal Bank of Canada
Waste Connections	Suncor Energy
Rogers Communications	Enbridge
Constellation Software	TransCanada Corporation
Canada Goose Holdings	Toronto-Dominion Bank
Canadian Pacific Railway	CIBC
Metro Inc.	EnCana Corp

Sector	2018 Returns	Biggest Impacts
Information Technology 4% of S&P/TSX Composite	+11.7%	• Shopify (+49%), CGI (+22%) and Constellation Software (+15%) were the largest sector contributors in 2018 with most of the share price gains occurring in the first half of the year, primarily on the back of earnings announcements that beat analyst expectations. Constellation Software's earnings missed expectations in the back half of the year, weighing on late year performance.
Consumer Staples 4% of S&P/TSX Composite	+0.7%	• Grocery and convenience store operators Metro (+18%), Alimentation Couche-Tard (+4%) and Empire Company (+18%) led sector contributors, benefiting from a Q4 investor rush towards defensive stocks amid poor broad market performance and late-year earnings which encouraged investors. • Loblaw Companies (-10%) appeared to lose ground but it was due to an arrangement to transfer its shares in Choice Properties REIT to George Weston. Loblaw shareholders received Weston shares as compensation. Adjusting for this transaction Loblaw shares rose 12%, boosting sector performance. • Leading sector detractors were George Weston (-18%) and Saputo (-13%).
Communications Services 6% of S&P/TSX Composite	-2.3%	• BCE (-11%) was the leading detractor from the sector as 2018 year-over-year earnings growth appears likely to come in at only around 3%. • Rogers Communications (+9%) was the leading sector contributor with 2018 year-over-year earnings growth projected to come in at around 21%.
Real Estate 3% of S&P/TSX Composite	-2.8%	• Brookfield Property Partners (-21%) was the leading sector detractor in 2018. Earlier in the year, it acquired the remaining 66% of shares in US mall operator GGP that it did not already own.
Industrials 11% of S&P/TSX Composite	-4.5%	• Maxar Technologies (-80%) was the leading sector detractor on a series of earnings announcements that disappointed the markets. Bombardier (-33%), SNC-Lavalin (-20%) and Canadian National Railway (-2%) were also leading detractors from the sector. • Waste Connections (+14%) and Canadian Pacific Railway (+5%) were the leading sector contributors on earnings that consistently exceeded analyst expectations.
Materials 11% of S&P/TSX Composite	-10.6%	• Weak industrial metals prices caused First Quantum Minerals (-37%), Turquoise Hill Resources (-48%) and Teck Resources (-11%) to be the first, second and fourth leading sector detractors, respectively. • While gold prices fell around 2% in 2018, operating and exploration success helped differentiate share price performance. For example, Kirkland Lake Gold (+85%) led sector contributors on strong operating results and rising production targets while Goldcorp (-17%) was the third leading sector detractor on lower-than-expected production and higher-than-expected costs.
Health Care 2% of S&P/TSX Composite	-11.6%	• Cannabis companies were the key drivers of sector performance in 2018 as share prices fluctuated wildly ahead of the legalization of recreational marijuana use in Canada. Aurora Cannabis (-38%) and Aphria (-58%) were the leading sector detractors while Canopy Growth (+23%) led sector contributors as US alcoholic beverage company Constellation Brands furthered its investment in the company.
Utilities 4% of S&P/TSX Composite	-12.2%	• Altagas (-51%) led sector detractors on a less-than-enthusiastic market reaction to a reorganization plan and a big late-year earnings disappointment while Brookfield Infrastructure Partners (-16%) was the second leading sector detractor on a series of earnings disappointments.
Financials 33% of S&P/TSX Composite	-12.5%	• A flattening yield curve, a Canadian housing slowdown and economic growth fears caused the five big banks to decline in 2018 (in order of sector detraction): #1 Bank of Nova Scotia (-16%), #3 Royal Bank (-9%), #4 Toronto-Dominion Bank (-8%), #5 CIBC (-17%) and #6 Bank of Montreal (-11%). • Life insurers also fared poorly with Manulife (-26%), Great-West Lifeco (-20%), Power Financial (-25%) and Sun Life (-13%) the second, seventh, eighth and ninth leading sector detractors. • Thomson Reuters (+20%) ranked as top sector contributor after announcing two late-year earnings beats and a plan for a $9 billion share repurchase program.
Consumer Discretionary 4% of S&P/TSX Composite	-17.7%	• Dollarama (-38%) was the leading sector detractor as Q2 and Q3 earnings missed estimates and the company reduced full-year same store sales guidance and cited growing pricing pressures. • Auto parts makers Magna International (-13%) and Linamar (-38%) were the second and third leading sector detractors as quarterly earnings missed analyst expectations and trade pressures grew. • Canada Goose Holdings (+50%) was the leading sector contributor as earnings over the course of the year far exceeded expectations as the popularity of their products grows.
Energy 18% of S&P/TSX Composite	-28.6%	• With the big 2018 decline in energy commodity prices, Canadian Natural Resources (-27%), Suncor Energy (-17%) and EnCana (-53%) were the first, second and fifth largest detractors from the sector. • Large pipeline names Enbridge (-14%) and TransCanada Corp (-20%) were the third and fourth biggest detractors from the sector as political uncertainty regarding future pipeline prospects and rising interest rates weighed on these high-yielding stocks.