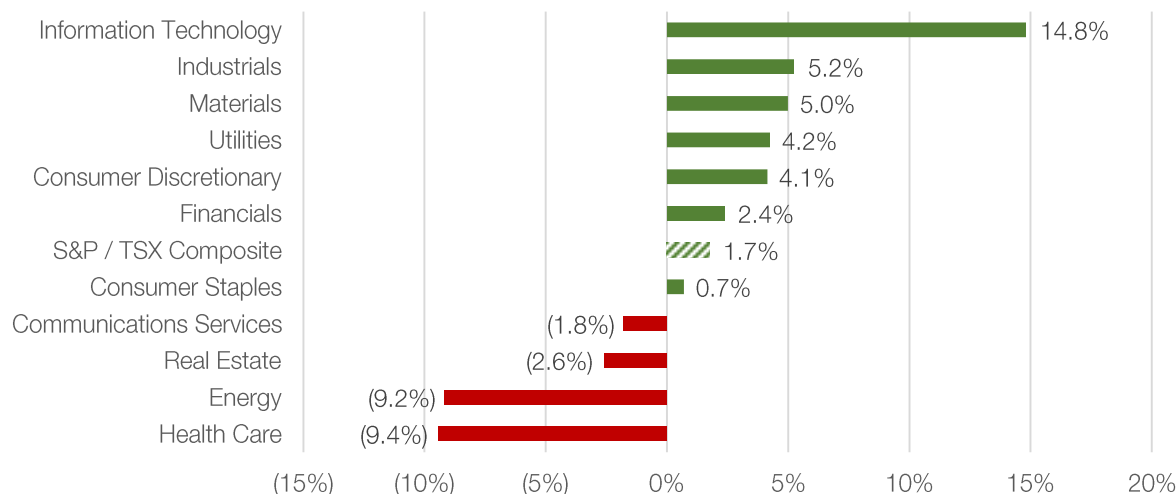


Q2 2019: TSX posts modest gains in Q2 after stellar Q1

Information Technology leads market while Health Care and Energy create drag on performance

Q2 2019 Capped Sector Performance



Q2 2019 Highlights

- The S&P/TSX Composite returned +1.7% in Q2 and +14.4% YTD.
- Of the 244 stocks that were in the TSX Composite at some point during Q2, 121 (50%) recorded a gain.
- In Q2, larger capitalization stocks generally outperformed with the TSX 60 the best performing capitalization index.
- In Q2, the Canadian market underperformed the US market in home currency terms (US returned +3.8%) but moderately outperformed in Canadian dollar terms (US market returned +1.6% in C\$ terms).
- Information Technology was the leading sector in Q2 on strength from Shopify. The sector is also the leading sector YTD (+43.8%).
- The Industrials, Materials, Utilities and Consumer Discretionary sectors also posted solid gains in Q2.
- The Health Care sector, which was the leading sector in Q1, was the biggest loser in Q2 but remains the second leading sector YTD (+35.5%). Energy also posted a big Q2 loss due to weaker oil prices.
- All sectors have retained YTD gains through the midway point of the year.

2019 Index Returns	Q2	YTD
S&P/TSX Composite	+1.7%	+14.4%
S&P/TSX 60 (Large Cap)	+2.1%	+14.0%
S&P/TSX Completion (Mid Cap)	+0.5%	+15.6%
S&P/TSX SmallCap	-1.0%	+9.0%

Q2 Biggest Contributors	Q2 Biggest Detractors
Shopify	EnCana Corporation
Toronto-Dominion Bank	Suncor Energy
Royal Bank of Canada	Saputo
Canadian Pacific Railway	Enbridge
TC Energy Corporation	Great-West Lifeco
Barrick Gold	BlackBerry
Kirkland Lake Gold	First Quantum Minerals
Dollarama	Aurora Cannabis
Thomson Reuters	Canopy Growth Corporation
Manulife Financial	Canadian Natural Resources

Sector	Q2 Returns	Biggest Impacts
Information Technology 5% of S&P/TSX Composite	+14.8%	<ul style="list-style-type: none"> Shopify (+43%) led all sector and index contributors after announcing quarterly profits instead of a forecast loss, plans to double its workforce in the Toronto area and a strategy involving several new innovations for merchants and consumers including development of a fulfillment network in the US. CGI (+10%) and Constellation Software (+9%) were the second and third leading sector contributors. BlackBerry (-28%) was the leading detractor from the sector as quarterly sales for its Internet of Things business fell 10% short of expectations.
Industrials 11% of S&P/TSX Composite	+5.2%	<ul style="list-style-type: none"> Canadian Pacific Railway (+12%) was the leading sector contributor as it has benefited from a slight increase in railway traffic in Canada as pipeline capacity constraints have caused more petroleum shipments by rail. In contrast, US railway traffic has declined year-over-year, hurting Canadian National Railways (+1%) which is more geographically diversified across North America. Air Canada (+23%), Waste Connections (+6%) and CAE (+19%) were also leading sector contributors as each announced better than expected quarterly earnings during Q2.
Materials 11% of S&P/TSX Composite	+5.0%	<ul style="list-style-type: none"> A 9% increase in the price of gold during Q2 propelled Barrick Gold (+13%), Kirkland Lake Gold (+39%), Agnico-Eagle Mines (+16%) and Franco-Nevada (+11%) to lead Q2 sector contributors. First Quantum Minerals (-18%) was the leading sector detractor on weaker global industrial metals prices and investor reaction to power supply concerns and political tensions in Zambia, where the company has key mining and development projects.
Utilities 4% of S&P/TSX Composite	+4.2%	<ul style="list-style-type: none"> Stocks in this high dividend yielding sector continued to benefit from declining interest rates with Hydro One (+10%) and Fortis (+5%) leading sector contributors, partially due to their large weightings in the sector.
Consumer Discretionary 4% of S&P/TSX Composite	+4.1%	<ul style="list-style-type: none"> Dollarama (+29%) led sector contributors as it announced a 5.8% jump in same-store sales in its latest quarter (doubling analyst estimates) and raised its full-year same-store sales growth guidance to between 3% and 4%, from its previous forecast of a 2.5% to 3.5% rise. Restaurant Brands International (+5%), owner of Tim Hortons, Burger King and Popeye's Louisiana Kitchen, was the second leading sector contributor in Q2.
Financials 32% of S&P/TSX Composite	+2.4%	<ul style="list-style-type: none"> Companies that beat quarterly earnings expectations were the leading sectors contributors in Q2 as Toronto-Dominion Bank (+6%), Royal Bank (+3%), Thomson Reuters (+7%) and Manulife Financial (+5%) took down the top four spots. The other big banks all announced quarterly earnings that missed analyst expectations with Bank of Nova Scotia (-1%), Bank of Montreal (-1%) and CIBC (-2%) delivering lackluster share price returns. Great-West Lifeco (-7%) was the leading sector detractor as earnings failed to meet expectations.
Consumer Staples 4% of S&P/TSX Composite	+0.7%	<ul style="list-style-type: none"> Alimentation Couche-Tard (+5%) led sector contributors in Q2. Saputo (-14%) led sector detractors as quarterly earnings missed analyst expectations by 16%.
Communications Services 6% of S&P/TSX Composite	-1.8%	<ul style="list-style-type: none"> Communications services providers' shares suffered as Rogers Communications launched an "unlimited data" price war in mid-June, forcing other providers to also offer customers better packages and pricing for data. The resultant late-quarter drop in share prices caused Rogers Communications (-2%), TELUS (-2%) and Shaw Communications (-4%) to lead Q2 sector detractors.
Real Estate 3% of S&P/TSX Composite	-2.6%	<ul style="list-style-type: none"> Many stocks in the sector pulled back after the sector hit an all-time record high in Q1. Brookfield Property Partners (-10%), with the highest weighting in the sector, was the sector's leading detractor as the most recent quarterly earnings disappointed investors.
Energy 17% of S&P/TSX Composite	-9.2%	<ul style="list-style-type: none"> EnCana Corporation (-31%), Suncor Energy (-6%) and Canadian Natural Resources (-4%) were the first, second and fourth leading sector detractors, respectively, as stocks of energy producers generally moved in conjunction with commodity prices during the quarter (the S&P GSCI Energy commodity price index fell 2% in Q2). Enbridge (-2%) was the third leading detractor as a Minnesota court rescinded the environmental impact statement for its Line 3 oil pipeline claiming the state regulator erred in its acceptance process. TC Energy Corporation (+8%), formerly known as TransCanada Corp, was the leading contributor from the sector as quarterly earnings beat analyst expectations.
Health Care 2% of S&P/TSX Composite	-9.4%	<ul style="list-style-type: none"> Cannabis companies were the leading sector detractors in Q2 as many reported results that suggested that sales, while growing, were perhaps not growing as strongly as many investors had anticipated and that many of these young companies are struggling to translate sales growth into profitability. Aurora Cannabis (-15%) and Canopy Growth Corporation (-9%) led sector detractors.