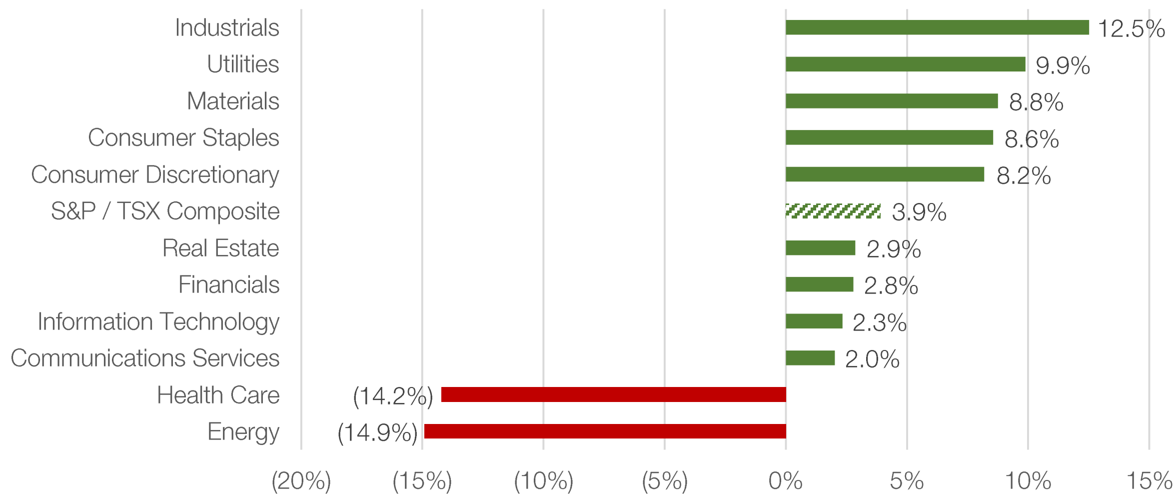
Q3 2020: TSX Composite logs second straight positive quarter

Industrials, Utilities, Materials, Consumer Staples and Consumer Discretionary all post 8%+ gains

Q3 2020 Capped Sector Performance



Q3 2020 Highlights

- The S&P/TSX Composite returned +3.9% in Q3. YTD the S&P/TSX Composite is down -5.5%.
- Of the 227 stocks that were in the TSX Composite at some point during Q3, 142 (63%) recorded a gain.
- In Q3, small caps (S&P/TSX SmallCap) moderately outperformed mid-capitalization (S&P/TSX Completion) which in turn moderately outperformed large cap (S&P/TSX 60). The exact opposite is true YTD.
- In Q3, the Canadian market underperformed the US market both in home currency terms (US returned +8.5%) and in Canadian dollar terms (US market returned +6.2% in C$ terms).
- Nine of the eleven sectors generated positive returns in Q3.
- Industrials was the best performing sector on the back of the two railways which were the two top contributors to overall index performance.
- The Utilities, Materials, Consumer Staples and Consumer Discretionary sectors also were strong in Q3.
- The Energy sector was the biggest losing sector in Q3. Eight of the top ten biggest detractors to overall index performance came from the sector.

2020 Index Returns	Q3	YTD
S&P/TSX Composite	+3.9%	-5.5%
S&P/TSX 60 (Large Cap)	+3.5%	-4.7%
S&P/TSX Completion (Mid Cap)	+5.4%	-8.4%
S&P/TSX SmallCap	+6.0%	-10.4%

Q3 Biggest Contributors	Q3 Biggest Detractors
Canadian National Railway	Suncor Energy
Canadian Pacific Railway	Enbridge
Shopify	Imperial Oil
Thomson Reuters	Pembina Pipeline
Nutrien	Canadian Natural Resources
Agnico-Eagle Mines	TC Energy Corporation
CIBC	Bausch Health Companies
Bank of Montreal	Cenovus Energy
Alimentation Couche-Tard	Husky Energy
Waste Connections	BCE Inc

Sector	Q3 Returns	Biggest Impacts
Industrials 13% of S&P/TSX Composite	+12.5%	• Canadian National Railway (+18%) and Canadian Pacific Railway (+17%) ranked first and second, respectively, among sector contributors as railroad traffic showed steady improvement through Q3. • Thomson Reuters (+15%), Waste Connections (+9%) and Ritchie Bros. Auctioneers (+43%) ranked third, fourth and fifth among sector contributors as all beat quarterly earnings expectations.
Utilities 5% of S&P/TSX Composite	+9.9%	• Gains were broad-based as 14 of 16 companies from the sector saw their stocks rise during Q3. Brookfield Infrastructure Partners (+14%), Hydro One (+11%), Fortis (+5%) and Northland Power (+19%) led contributors from the sector.
Materials 16% of S&P/TSX Composite	+8.8%	• Nutrien (+20%) led sector contributors on quarterly earnings that beat analyst expectations and on strengthening agricultural commodity prices. • A 5% Q3 increase in gold prices caused gold and precious metals producers Agnico-Eagle Mines (+22%), Kirkland Lake Gold (+16%), Wheaton Precious Metals (+9%) and Kinross Gold (+20%) to rank second, third, fourth and fifth, respectively, among sector contributors. • Teck Resources (+30%) was the sector's sixth leading contributor on strength in metallurgical coal and industrial metals commodity prices during Q3.
Consumer Staples 4% of S&P/TSX Composite	+8.6%	• Alimentation Couche-Tard (+9%) was the leading sector contributor as quarterly earnings beat analyst estimates by 78% as customers spent more on groceries at its stores, while a decline in fuel prices boosted profit margins at its gas stations. • Metro Inc. (+14%) and Loblaw Companies (+5%) were also leading sector contributors as investors cheered strong earnings from other grocers and anticipated benefits from pharmacy-administered COVID-19 testing (Metro owns pharmacy Jean Coutu while Loblaw owns Shoppers Drug Mart).
Consumer Discretionary 4% of S&P/TSX Composite	+8.2%	• Dollarama (+13%), Gildan Activewear (+25%) and Canadian Tire (+14%) were the three leading sector contributors as investor optimism rose as retailers continued to re-open locations and extend hours and as retail sales proved more resilient than many had expected.
Real Estate 3% of S&P/TSX Composite	+2.9%	• FirstService Corporation (+29%) led sector contributors as quarterly earnings came in more than double what analysts had estimated. • Brookfield Property Partners (+19%) was second among sector contributors as it (together with Simon Property Group) reached a tentative deal to acquire US retailer JC Penney.
Financials 28% of S&P/TSX Composite	+2.8%	• With the exception of Bank of Nova Scotia, the five big banks announced stronger than expected quarterly earnings during Q3 causing CIBC (+10%) and Bank of Montreal (+8%) to be the top two sector contributors with Royal Bank (+2%) fifth and Toronto-Dominion Bank (+2%) seventh. Bank of Nova Scotia (-2%) was the leading Q3 sector detractor. • Life insurers also contributed with Sun Life Financial (+9%) and Great-West Lifeco (+9%) ranking third and fourth, respectively, among sector contributors while Manulife Financial (+0%) was flat in Q3.
Information Technology 10% of S&P/TSX Composite	+2.3%	• Shopify (+6%), Canada's largest stock by market capitalization, led contributors from the sector as it announced quarterly revenues that surged 97% year-on-year and reported a quarterly profit instead of analyst expectations of essentially no profits. The relatively modest quarterly share price gain masked a rather volatile quarter where the stock ranged from a loss of -14% to a gain of +16% within Q3. • CGI Inc. (+6%) ranked second among sector contributors on earnings that beat analyst expectations.
Communications Services 5% of S&P/TSX Composite	+2.0%	• Shaw Communications (+10%) led sector contributors on stronger than expected quarterly earnings. • TELUS Corporation (+3%), BCE (-2%) and Rogers Communications (-3%) all delivered relatively flat share price performance in Q3. Rogers participation with Altice USA in a plan to acquire Cogeco Communications provided Rogers' shares an initial boost but it soon gave back gains when Cogeco's controlling shareholder, the Audet family, rejected the offer.
Health Care 1% of S&P/TSX Composite	-14.2%	• Bausch Health Companies (-17%) led sector detractors as failure to meet quarterly earnings expectations and a narrowing of its full-year revenue and earnings outlook to the low end of previously issued guidance trumped initial positive market reaction to plans to spin off its eye health business. • Aurora Cannabis (-63%) and Canopy Growth Corporation (-13%) were also leading sector detractors as investors cast doubts on the ability of cannabis companies to grow future sales.
Energy 11% of S&P/TSX Composite	-14.9%	• Despite a 3% rise in the S&P GSCI Energy commodity price index, producers Suncor Energy (-29%), Imperial Oil (-27%), Canadian Natural Resources (-9%), Cenovus Energy (-18%) and Husky Energy (-31%) respectively ranked first, third, fifth, seventh and eighth among Q3 detractors from the sector. • Pipelines fared better than producers but still declined with Enbridge (-6%), Pembina Pipeline (-17%) and TC Energy (-4%) ranking second, fourth and sixth among detractors from the sector in Q3.