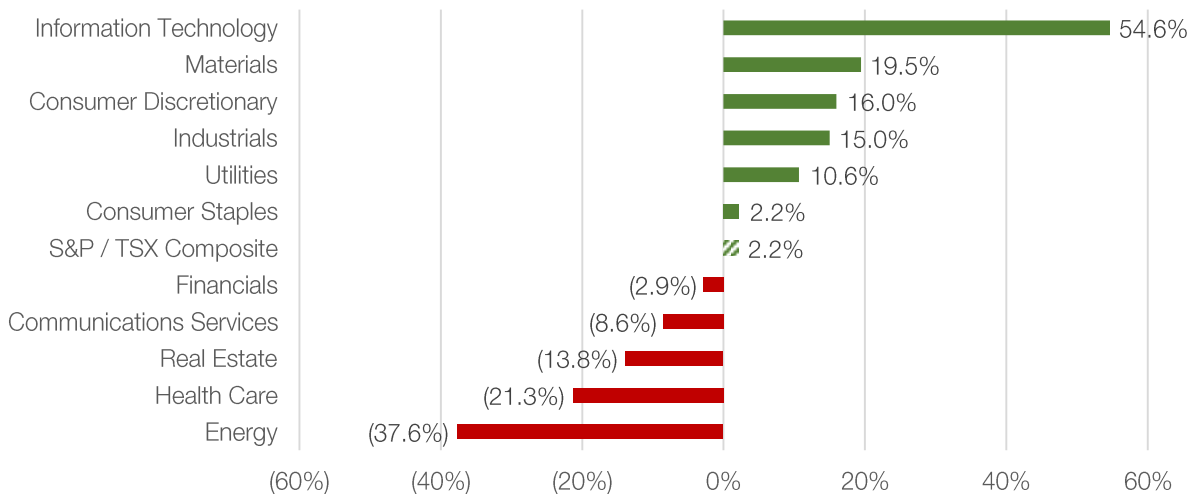


### 2020: TSX Composite recovers from dismal Q1 to record gain for year Information Technology, Materials, Consumer Discretionary and Industrials post strong gains

#### 2020 Capped Sector Performance



#### 2020 Highlights

- The S&P/TSX Composite returned +8.1% in Q4 to pull the full year return into positive territory at +2.2%.
- Of the 247 stocks that were in the TSX Composite at some point during 2020, 122 (49%) recorded a gain.
- For 2020, small caps (S&P/TSX SmallCap) outperformed mid-capitalization (S&P/TSX Completion) which in turn moderately outperformed large cap (S&P/TSX 60).
- In 2020, the Canadian market underperformed the US market both in home currency terms (US returned +16.3%) and in Canadian dollar terms (US market returned +14.0% in C\$ terms).
- Information Technology was the best performing sector on the back of Shopify which alone accounted for more than twice the entire market cap gain for the TSX in 2020 (the TSX was down without Shopify).
- The Materials, Consumer Discretionary and Industrials sectors also delivered strong gains. Together with Information Technology, all of the top ten largest contributors to overall index performance came from these sectors.
- The Energy sector was the biggest losing sector in 2020. The six largest detractors to overall index performance were Energy stocks.

2020 Index Returns	Q4	YTD
S&P/TSX Composite	+8.1%	+2.2%
S&P/TSX 60 (Large Cap)	+7.0%	+2.0%
S&P/TSX Completion (Mid Cap)	+12.6%	+3.2%
S&P/TSX SmallCap	+22.8%	+10.0%

2020 Biggest Contributors	2020 Biggest Detractors
Shopify	Suncor Energy
Canadian National Railway	Enbridge
Canadian Pacific Railway	TC Energy Corporation
Barrick Gold	Canadian Natural Resources
Constellation Software	Pembina Pipeline
First Quantum Minerals	Imperial Oil
Wheaton Precious Metals	Manulife Financial
Magna International	Air Canada
Thomson Reuters	Cenovus Energy
Franco-Nevada Corporation	Bank of Nova Scotia

Sector	2020 Returns	Biggest Impacts
<b>Information Technology</b> 10% of S&P/TSX Composite	+54.6%	<ul style="list-style-type: none"> <li>Shopify (+178%) led sector and overall index contributors as revenues surged as companies sought to develop e-commerce platforms during the COVID-19 pandemic as brick-and-mortar sites were closed or shunned by consumers. As a result profits were much better than originally anticipated. Shopify became Canada's largest company by market capitalization after starting the year outside the top ten.</li> <li>Constellation Software (+31%) ranked second among sector contributors on strong earnings growth.</li> </ul>
<b>Materials</b> 14% of S&P/TSX Composite	+19.5%	<ul style="list-style-type: none"> <li>A 24% increase in gold prices in 2020 caused gold and precious metals producers Barrick Gold (+20%), Wheaton Precious Metals (+38%), Franco-Nevada (+19%) and Kinross Gold (+52%) to rank first, third, fourth and fifth, respectively, among sector contributors.</li> <li>First Quantum Minerals (+74%) was the sector's second leading contributor as industrial metals commodity prices gained 14% in Q4 and 18% for the entire year.</li> </ul>
<b>Consumer Discretionary</b> 4% of S&P/TSX Composite	+16.0%	<ul style="list-style-type: none"> <li>Magna International (+27%) led sector contributors in 2020 based upon a 48% Q4 surge driven by much better than expected quarterly earnings and the announcement of a joint venture with LG Electronics to manufacture e-motors, inverters and onboard chargers, also covering e-drive systems for certain automakers, to support Magna's growing global shift toward vehicle electrification.</li> <li>Dollarama (+16%) was the second leading sector contributor as its current fiscal year earnings are expected to grow year-over-year, unusual among bricks-and-mortar retailers during the pandemic.</li> </ul>
<b>Industrials</b> 13% of S&P/TSX Composite	+15.0%	<ul style="list-style-type: none"> <li>Canadian National Railway (+19%) and Canadian Pacific Railway (+33%) ranked first and second, respectively, among sector contributors as railroad traffic showed consistent improvement through the second half of the year and exceeded 2019 levels by year-end.</li> <li>Thomson Reuters (+12%) and Ballard Power Systems (+221%) ranked third and fourth, respectively, among 2020 sector contributors.</li> <li>Air Canada (-53%) led sector detractors as the majority of its flight schedule was suspended due to travel restrictions and lack of demand as people shunned travel due to the coronavirus outbreak.</li> </ul>
<b>Utilities</b> 5% of S&P/TSX Composite	+10.6%	<ul style="list-style-type: none"> <li>Northland Power (+68%), Boralex (+93%) and Hydro One (+14%) led contributors from the sector. Both Northland and Boralex focus on renewable energy projects, which was the strongest performing segment of the sector in 2020.</li> </ul>
<b>Consumer Staples</b> 4% of S&P/TSX Composite	+2.2%	<ul style="list-style-type: none"> <li>Alimentation Couche-Tard (+5%) led yearly sector contributors as quarterly earnings consistently beat analyst estimates as customers spent more on groceries at its stores, while a decline in fuel prices boosted profit margins at its gas stations.</li> </ul>
<b>Financials</b> 30% of S&P/TSX Composite	-2.9%	<ul style="list-style-type: none"> <li>Life insurers Manulife Financial (-14%), Great-West Lifeco (-9%), IA Financial (-23%) and Sun Life Financial (-4%) ranked first, fourth, sixth and ninth, respectively, among 2020 sector detractors.</li> <li>Big banks were mixed with Bank of Nova Scotia (-6%), Bank of Montreal (-4%) and Toronto-Dominion Bank (-1%) ranking second, fifth and seventh among sector detractors while Royal Bank (+2%) and CIBC (+1%) ranked second and eighth among sector contributors.</li> <li>Brookfield Asset Management (+5%) was the sector's top contributor in 2020.</li> </ul>
<b>Communications Services</b> 5% of S&P/TSX Composite	-8.6%	<ul style="list-style-type: none"> <li>The sector performed poorly in 2020 on a combination of coronavirus-related economic impacts and threats of regulatory action from the Canadian government if the three top telecoms don't lower prices of mid-range wireless service plans by 25% within two years. BCE (-10%), Rogers Communications (-8%) and Shaw Communications (-15%) led sector detractors.</li> </ul>
<b>Real Estate</b> 3% of S&P/TSX Composite	-13.8%	<ul style="list-style-type: none"> <li>REITs with exposure to retail and office holdings suffered with Riocan REIT (-37%), Brookfield Property Partners (-22%) and H&amp;R REIT (-37%) leading 2020 sector detractors.</li> <li>FirstService Corporation (+44%) led sector contributors on consistently strong quarterly earnings.</li> </ul>
<b>Health Care</b> 1% of S&P/TSX Composite	-21.3%	<ul style="list-style-type: none"> <li>Bausch Health Companies (-32%) led sector detractors as it was not able to fully recover from its Q1 share price decline as narrowing of its full-year revenue and earnings outlook to the low end of previously issued guidance during Q3 limited enthusiasm for the shares in the second half of the year.</li> <li>Cannabis companies were mixed in 2020 with contribution from Canopy Growth Corporation (+15%) partially offsetting deduction from Aurora Cannabis (-68%). Cannabis stocks rose strongly in Q4 on industry consolidation, acknowledgement that production capacity needed to be curtailed to promote profitability and the perception that the US post-election regulatory environment is more favourable.</li> </ul>
<b>Energy</b> 11% of S&P/TSX Composite	-37.6%	<ul style="list-style-type: none"> <li>A 21% decline in the S&amp;P GSCI Energy commodity price index prompted integrateds and producers Suncor Energy (-50%), Canadian Natural Resources (-27%), Imperial Oil (-30%) and Cenovus Energy (-41%) to respectively rank first, fourth, sixth and seventh among detractors from the sector in 2020.</li> <li>Pipelines fared better than producers but still declined with Enbridge (-21%), TC Energy (-25%) and Pembina Pipeline (-37%) ranking second, third and fifth among detractors from the sector in 2020.</li> </ul>