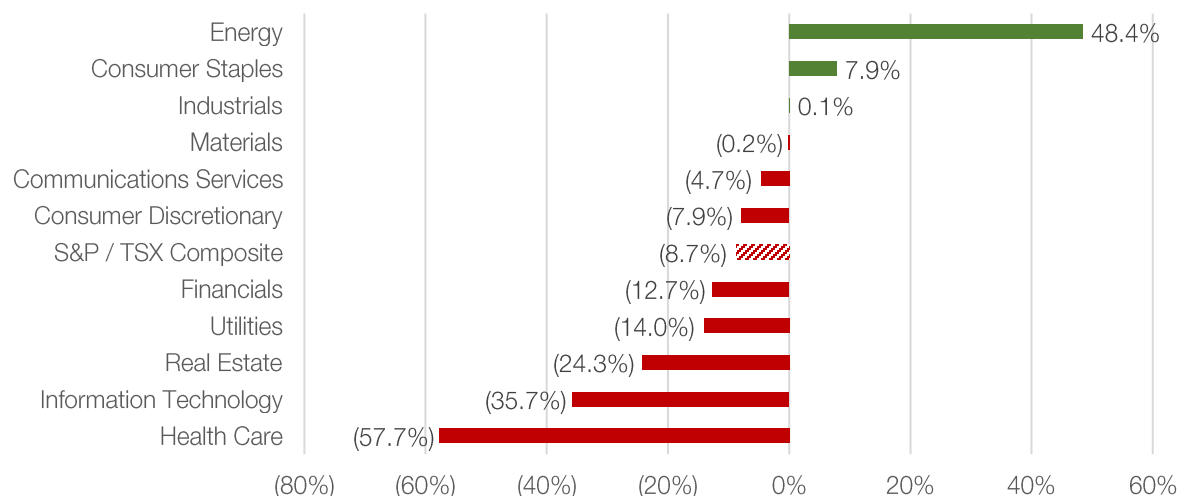


2022: TSX Composite posts first annual decline since 2018

Energy sector posts huge gains while Health Care and Information Technology lead losing sectors

2022 Capped Sector Performance



2022 Highlights

- The S&P/TSX Composite returned +5.1% in Q4. For the full year the index returned -8.7%
- Of the 256 stocks that were in the TSX Composite at some point during 2022, 92 (36%) recorded a gain.
- For 2022, mid-capitalization (S&P/TSX Completion) performed best followed by large caps (S&P/TSX 60), with small caps (S&P/TSX SmallCap) in the rear.
- In 2022, the Canadian market outperformed the US market in home currency terms (US returned -19.4%) and in Canadian dollar terms (US market returned -13.9% in C\$ terms).
- Energy was by far the best performing sector for the year. Six of the eight top contributing stocks to overall TSX performance for the year came from the sector.
- Health Care and Information Technology were the two worst performing sectors with Health Care losing more than half its value and Information Technology losing more than a third. IT stock Shopify lost more than \$140 billion in market capitalization during 2022.
- While it was only the fifth worst performing sector, the prevalence of many large capitalization stocks in the Financials sector caused it to provide six of the top eight detracting stocks to overall TSX performance in 2022.

2022 Index Returns	Q4	YTD
S&P/TSX Composite	+5.1%	-8.7%
S&P/TSX 60 (Large Cap)	+4.6%	-9.2%
S&P/TSX Completion (Mid Cap)	+7.0%	-6.6%
S&P/TSX SmallCap	+7.8%	-11.2%

2022 Biggest Contributors	2022 Biggest Detractors
Canadian Natural Resources	Shopify
Cenovus Energy	Brookfield Corporation
Suncor Energy	Bank of Nova Scotia
Imperial Oil	CIBC
Canadian Pacific Railway	Toronto-Dominion Bank
Tourmaline Oil	Royal Bank of Canada
Teck Resources	Bausch Health Companies
Enbridge	Bank of Montreal
Alimentation Couche-Tard	Magna International
Intact Financial	Algonquin Power & Utilities

Sector	2022 Returns	Biggest Impacts
Energy 18% of S&P/TSX Composite	+48.4%	<ul style="list-style-type: none"> Producers and integrateds Canadian Natural Resources (+41%), Cenovus Energy (+69%), Suncor Energy (+36%), Imperial Oil (+45%) and Tourmaline Oil (+67%) ranked first through fifth, respectively, among contributors from the sector as all but Canadian Natural Resources, which already had strong earnings in 2021, are expected to more than double earnings in 2022 from 2021 levels on strong oil and gas prices as evidenced by a 14% increase in the S&P GSCI Energy commodity price index. Pipeline companies lagged within the sector as higher interest rates offered competition to these high dividend yielding stocks. Enbridge (+7%) and Pembina Pipelines (+20%) ranked sixth and eighth among contributors from the sector, while TC Energy (-8%) led detractors from the sector as a leak from its Keystone oil pipeline in Q4 weighed on stock performance.
Consumer Staples 4% of S&P/TSX Composite	+7.9%	<ul style="list-style-type: none"> Alimentation Couche-Tard (+12%), Loblaw Companies (+16%) and George Weston (+15%) led sector contributors on investors' perception that retailers of necessities (food, drugs, gasoline) have the ability to raise prices and retain customers in an inflationary environment and weather a potential recession.
Industrials 13% of S&P/TSX Composite	+0.1%	<ul style="list-style-type: none"> Canadian Pacific Railway (+11%) and Canadian National Railway (+4%) ranked first and second, respectively, among sector contributors on strong railroad traffic trends throughout the year. WSP Global (-14%), Ballard Power Systems (-59%), Brookfield Business Partners (-61%) and GFL Environmental (-17%), ranked first through fourth, respectively, among sector detractors in 2022.
Materials 12% of S&P/TSX Composite	-0.2%	<ul style="list-style-type: none"> Teck Resources (+40%) led sector contributors as it delivered four straight quarterly earnings results that beat analyst expectations and indicated it could double copper production in the next five years. Turquoise Hill Resources (+107%) was the second leading sector contributor after it agreed to a \$43 per share buyout offer from Rio Tinto, after rejecting Rio Tinto's original \$34 per share offer. Kinross Gold (-25%) led sector detractors in what was a mixed year for gold and precious metals stocks as gold prices were essentially flat in 2022.
Communications Services 5% of S&P/TSX Composite	-4.7%	<ul style="list-style-type: none"> BCE (-10%) and TELUS (-12%) ranked first and second among sector detractors as rising interest rates on fixed income investments provided competition to these traditionally high dividend-yielders. Prospects for approval of Rogers Communications (+5%) 2021 bid to buy Shaw Communications (+2%) rose in Q4 as the Competition Tribunal dismissed the earlier objections of the Canadian Competition Commissioner (who will appeal). Canada's Industry Minister also outlined terms that the Canadian government would find acceptable in Q4, raising hopes of an early-2023 deal closure.
Consumer Discretionary 4% of S&P/TSX Composite	-7.9%	<ul style="list-style-type: none"> Magna International (-26%) led detractors after idling six Russian plants after the invasion of Ukraine. Gildan Activewear (-31%) was the second leading detractor on fears over declining consumer spend. Dollarama (+25%) and Restaurant Brands International (+14%) were the biggest sector contributors as both benefited from a consumer shift towards more affordable options amid rising inflation.
Financials 31% of S&P/TSX Composite	-12.7%	<ul style="list-style-type: none"> Brookfield Corporation (-44%), renamed from Brookfield Asset Management, led sector detractors. In Q4, the company spun off a new Brookfield Asset Management business which accounted for part of the stock's decline. Even without the spinoff, it would have still been the sector's largest detractor. Big banks Bank of Nova Scotia (-26%), CIBC (-26%), Toronto-Dominion Bank (-10%), Royal Bank (-5%) and Bank of Montreal (-10%) ranked second through sixth among sector detractors. Life insurers Great-West Lifeco (-18%) and Sun Life Financial (-11%) ranked eighth and ninth, respectively, among sector detractors while Manulife Financial (+0%) was essentially flat in 2022. Intact Financial (+19%) led sector contributors on three strong quarterly 'earnings beats'.
Utilities 4% of S&P/TSX Composite	-14.0%	<ul style="list-style-type: none"> Algonquin Power & Utilities (-52%), Brookfield Infrastructure Partners (-18%) and Fortis (-11%) ranked first through third, respectively, among sector detractors as higher interest rates weighed on a sector characterized by stocks with high dividend yields and high P/E ratios.
Real Estate 3% of S&P/TSX Composite	-24.3%	<ul style="list-style-type: none"> Falling real estate values and rising interest rates weighed on sector performance in 2022. FirstService Corporation (-33%), Canadian Apartment Properties REIT (-29%) and Colliers International (-34%) ranked first through third among sector detractors in 2022.
Information Technology 6% of S&P/TSX Composite	-35.7%	<ul style="list-style-type: none"> Shopify (-73%) led TSX detractors on expectations that 2022 revenue growth would decelerate from 2021 levels, expectations of an annual loss in 2022 and plans to lay off about 10% of its workforce. Open Text Corporation (-33%), Constellation Software (-10%), Lightspeed Commerce (-62%) and BlackBerry (-63%) ranked second through fifth, respectively, among sector detractors in 2022.
Health Care <1% of S&P/TSX Composite	-57.7%	<ul style="list-style-type: none"> Bausch Health Companies (-76%) led sector detractors on three straight quarterly earnings reports that missed analyst estimates, a 2022 revenue guide-down and loss of a US patent infringement case. Canopy Growth Corp (-72%) and Tilray Brands (-59%) ranked second and third among sector detractors on lack of progress on US cannabis decriminalization efforts.