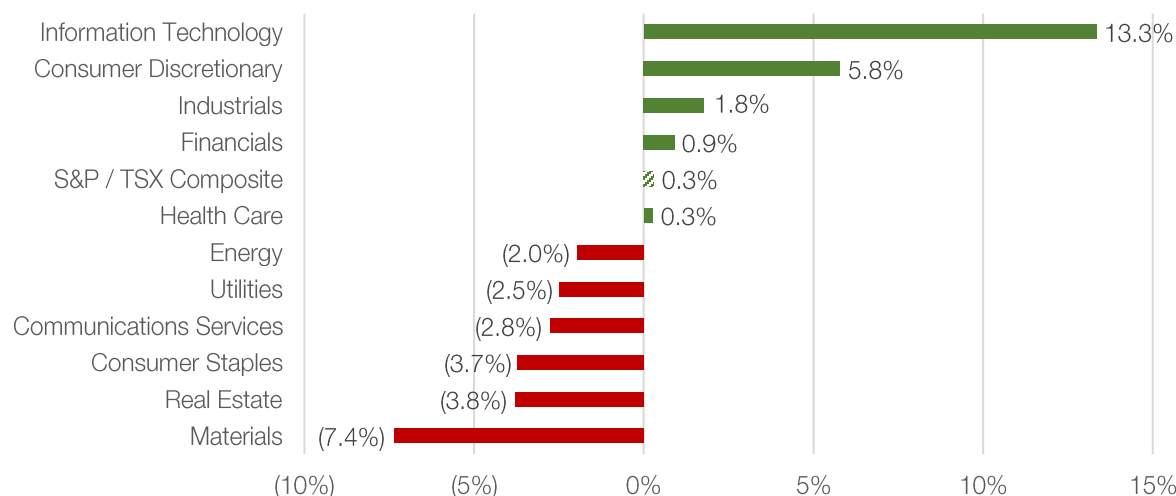


Q2 2023: TSX Composite ekes out tiny gain for the quarter

Information Technology leads winning sectors while Materials posts the largest loss

Q2 2023 Capped Sector Performance



Q2 2023 Highlights

- The S&P/TSX Composite returned +0.3% in Q2. Year-to-date the index has returned +4.0%.
- Of the 234 stocks that were in the TSX Composite at some point during Q2, 95 (41%) recorded a gain.
- For Q2, large caps (S&P/TSX 60) performed best followed by mid-capitalization (S&P/TSX Completion) with small caps (S&P/TSX SmallCap) well behind.
- In Q2, the Canadian market underperformed the US market in home currency terms (US returned +8.3%) and in Canadian dollar terms (US market returned +6.0% in C\$ terms).
- Information Technology was the best performing sector in Q2, as it was in Q1. Year-to-date the sector is up over 40%, quadrupling the next best performing sector (Consumer Discretionary). Shopify was the top contributing stock for the second straight quarter after being the biggest detracting stock in 2022.
- Consumer Discretionary was the second-best performing sector in Q2.
- Materials was the worst performing sector in Q2, reversing its Q1 gains.

2023 Index Returns	Q2	YTD
S&P/TSX Composite	+0.3%	+4.0%
S&P/TSX 60 (Large Cap)	+0.7%	+3.9%
S&P/TSX Completion (Mid Cap)	-1.3%	+4.3%
S&P/TSX SmallCap	-5.2%	-1.6%

Q2 Biggest Contributors	Q2 Biggest Detractors
Shopify	Nutrien
Constellation Software	Barrick Gold
Restaurant Brands Intl	Enbridge
Sun Life Financial	Suncor Energy
Teck Resources	Royal Bank of Canada
Canadian Pacific Kansas City	Wheaton Precious Metals
Cameco Corporation	George Weston
Dollarama	Saputo
Great-West Lifeco	Bank of Nova Scotia
Fairfax Financial	Cenovus Energy

Sector	Q2 Returns	Biggest Impacts
Information Technology 8% of S&P/TSX Composite	+13.3%	<ul style="list-style-type: none"> Shopify (+32%) led index contributors after it reported that quarterly sales and earnings moderately beat analyst estimates and it announced plans to trim 20% of its workforce and an agreement to sell the majority of its logistics business to Flexport in return for a 13% stake in that company. Constellation Software (+8%) and CGI (+7%) ranked second and third among Q2 sector contributors.
Consumer Discretionary 4% of S&P/TSX Composite	+5.8%	<ul style="list-style-type: none"> Restaurant Brands International (+13%) and Dollarama (+11%) ranked first and second, respectively, among sector contributors as both delivered quarterly sales and earnings results that beat consensus analyst expectations, benefiting from a trend where consumers trade down to lower price experiences amidst continued consumer inflationary pressures.
Industrials 14% of S&P/TSX Composite	+1.8%	<ul style="list-style-type: none"> Canadian Pacific Kansas City (+3%) led sector contributors as investors cheered potential benefits of the integration of the former Canadian Pacific Railway and Kansas City Southern. Air Canada (+31%) was the second leading sector contributor on improved earnings guidance and better passenger trends in the air travel industry. GFL Environmental (+10%) was the third leading sector contributor on better-than-expected earnings.
Financials 31% of S&P/TSX Composite	+0.9%	<ul style="list-style-type: none"> Life insurers Sun Life Financial (+9%) and Great-West Lifeco (+7%) ranked first and second among sector contributors while Manulife Financial (+1%) registered only modest gains. Fairfax Financial (+10%) and Intact Financial (+6%) ranked third and fifth among sector contributors. Bank stocks weighed on the sector as earnings generally came in below analyst expectations. Royal Bank (-2%), Bank of Nova Scotia (-3%), CIBC (-1%) and Bank of Montreal (-1%) ranked first, second, fourth and fifth, respectively, among sector detractors. Toronto-Dominion Bank (+1%) ranked fourth among sector contributors after terminating its planned acquisition of US regional bank First Horizon.
Health Care <1% of S&P/TSX Composite	+0.3%	<ul style="list-style-type: none"> Bellus Health (+101%) led sector contributors after agreeing to a takeover from UK biopharma GSK. Cannabis stocks Tilray Brands (-40%) and Canopy Growth Corporation (-65%) led sector detractors. Canopy Growth was removed from the index late in the quarter.
Energy 17% of S&P/TSX Composite	-2.0%	<ul style="list-style-type: none"> Higher interest rates weighed on the share price performance of pipelines with Enbridge (-4%) and Pembina Pipeline (-5%) ranking first and fifth, respectively, among detractors from the sector. A Q2 drop in oil prices (the S&P GSCI Crude Oil index declined 7%) caused Suncor Energy (-7%) and Cenovus Energy (-5%) to rank second and third, respectively, among detractors from the sector. Cameco (+17%) ranked first among contributors from the sector on higher uranium prices. The S&P GSCI Natural Gas price index rose by +26% in Q2, helping natural gas producers Tourmaline Oil (+11%) and ARC Resources (+15%) to rank second and third among sector contributors.
Utilities 5% of S&P/TSX Composite	-2.5%	<ul style="list-style-type: none"> Northland Power (-18%) led sector detractors as it reported quarterly earnings that declined 73% from prior year levels and that came in 49% below consensus estimates. Brookfield Renewable Partners (-8%) ranked second among sector detractors on negative market reaction to its purchase from Duke Energy of more than 3,400 megawatts of utility-scale solar, wind and battery storage across the US.
Communications Services 4% of S&P/TSX Composite	-2.8%	<ul style="list-style-type: none"> Rising interest rates weighed on this traditionally high dividend yielding sector with TELUS (-4%) and Rogers Communications (-4%) ranking first and second, respectively, among sector detractors in Q2. Rogers completed its acquisition of Shaw Communications, which was therefore removed from the index in Q2.
Consumer Staples 4% of S&P/TSX Composite	-3.7%	<ul style="list-style-type: none"> George Weston (-12%) and Saputo (-15%) ranked first and second among sector detractors as both announced earnings results and outlooks that caused market participants to question whether earnings prospects for the rest of 2023 justified the strong share price performance of recent quarters.
Real Estate 2% of S&P/TSX Composite	-3.8%	<ul style="list-style-type: none"> A resumption of up-trending interest rates in Q2 caused broad-based losses across the sector with H&R REIT (-19%) and Altus Group (-23%) ranking first and second among sector detractors. Canadian Apartment Properties REIT (+7%) and FirstService Corp (+7%) led sector contributors.
Materials 12% of S&P/TSX Composite	-7.4%	<ul style="list-style-type: none"> Nutrien (-22%) led TSX Composite detractors as quarterly earnings declined 59% from prior year and missed analyst expectations by 25%. The company also reduced full year guidance by 32% (based on mid-point of guidance ranges) amid falling prices for fertilizers and agricultural commodities. A 3% decline in gold prices during Q2 caused Barrick Gold (-11%), Wheaton Precious Metals (-12%), Franco-Nevada Corporation (-4%) and Agnico-Eagle Mines (-4%) to rank second through fifth, respectively, among sector detractors in Q2. Teck Resources (+13%) led sector contributors after receiving a takeover offer at a 20% premium to its share price from Swiss diversified natural resource producer Glencore. Although Teck rejected the offer, its share price has since remained elevated in possible anticipation of further bids.