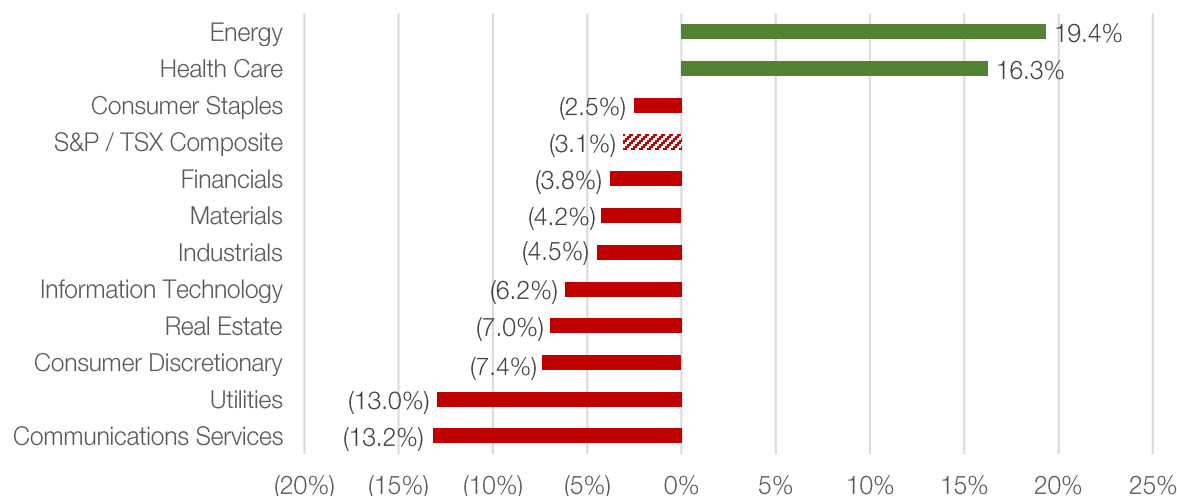


Q3 2023: TSX Composite logs first quarterly loss in a year

Energy sector posts strong gains to save the index from an even deeper loss

Q3 2023 Capped Sector Performance



Q3 2023 Highlights

- The S&P/TSX Composite returned -3.0% in Q3. Year-to-date the index has returned +0.8%.
- Of the 230 stocks that were in the TSX Composite at some point during Q3, 76 (33%) recorded a gain.
- For Q3, mid-capitalization (S&P/TSX Completion) performed best followed by small caps (S&P/TSX SmallCap) with large caps (S&P/TSX 60) lagging.
- In Q3, the Canadian market outperformed the US market in home currency terms (US returned -3.6%) but underperformed in Canadian dollar terms (US market returned -1.6% in C\$ terms).
- Energy was the best performing sector in Q3, with stocks from the sector occupying the top five spots on the list of biggest contributions to the overall index.
- Communications Services and Utilities were the two worst performing sectors in Q3 as higher interest rates reduced the relative attractiveness of these high dividend yielding sectors compared to fixed income securities.
- The Consumer Discretionary, Real Estate and Information Technology sectors also generated significant losses in Q3.

2023 Index Returns	Q3	YTD
S&P/TSX Composite	-3.0%	+0.8%
S&P/TSX 60 (Large Cap)	-3.4%	+0.3%
S&P/TSX Completion (Mid Cap)	-1.3%	+2.9%
S&P/TSX SmallCap	-1.5%	-3.0%

Q3 Biggest Contributors	Q3 Biggest Detractors
Canadian Natural Resources	Shopify
Cenovus Energy	Royal Bank of Canada
Suncor Energy	Canadian National Railway
Imperial Oil	Enbridge
Cameco Corporation	BCE
Fairfax Financial	TC Energy
Nutrien	Bank of Nova Scotia
ARC Resources	Thomson Reuters
WSP Global	Canadian Pacific Kansas City
TFI International	TELUS

Sector	Q3 Returns	Biggest Impacts
Energy 19% of S&P/TSX Composite	+19.3%	<ul style="list-style-type: none"> Higher Q3 oil prices (the S&P GSCI Crude Oil index rose 29%) caused Canadian Natural Resources (+18%), Cenovus Energy (+26%), Suncor Energy (+20%) and Imperial Oil (+23%) to rank first through fourth, respectively, among contributors from the sector and the overall S&P/TSX Composite. Cameco (+30%) ranked fifth among contributors from the sector on surging uranium prices. Higher interest rates weighed on the share price performance of pipelines with Enbridge (-9%) and TC Energy (-13%) ranking first and second, respectively, among detractors from the sector.
Health Care <1% of S&P/TSX Composite	+16.3%	<ul style="list-style-type: none"> Cannabis producer Tilray Brands (+58%) led sector contributors after announcing quarterly revenues rose 20% compared to the same quarter last year and after the US Department of Health and Human Services recommended to the Drug Enforcement Agency that cannabis be changed from a Schedule I drug to Schedule III and on congressional progress on moving the SAFE Banking Act forward.
Consumer Staples 4% of S&P/TSX Composite	-2.5%	<ul style="list-style-type: none"> Loblaw Companies (-5%) led sector detractors as grocers come under increasing political pressure to find ways to moderate the rampant food price inflation seen in recent years. Alimentation Couche-Tard (+2%) led sector contributors as rising gasoline prices supported strong company margins on fuel sales, leading to quarterly earnings that beat analyst expectations.
Financials 30% of S&P/TSX Composite	-3.8%	<ul style="list-style-type: none"> Bank stocks weighed on the sector as Royal Bank was the only one of the big six banks to deliver quarterly earnings above analyst expectations. Royal Bank (-6%), Bank of Nova Scotia (-8%), CIBC (-7%), Bank of Montreal (-4%), National Bank (-9%) and Toronto-Dominion Bank (-0%) ranked first, second, third, fourth, sixth and thirteenth, respectively, among sector detractors. Life insurers were mixed with Sun Life Financial (-4%) and Manulife Financial (-1%) the seventh and fourteenth leading detractors and Great-West Lifeco (+1%) fourth among contributors from the sector. Fairfax Financial (+12%) led sector contributors, appearing poised to triple earnings versus last year.
Materials 12% of S&P/TSX Composite	-4.2%	<ul style="list-style-type: none"> A 3% decline in gold prices during Q3 caused Barrick Gold (-12%), Agnico-Eagle Mines (-7%) and Franco-Nevada Corporation (-4%) to rank first through third, respectively, among sector detractors. CCL Industries (-12%) and West Fraser Timber (-13%) ranked fourth and fifth among sector detractors amid weak demand for forest products in Q3. Nutrien (+7%) led sector contributors as it was able to rebound somewhat from a deep Q2 decline.
Industrials 14% of S&P/TSX Composite	-4.5%	<ul style="list-style-type: none"> Canadian National Railway (-8%) and Canadian Pacific Kansas City (-6%) ranked first and third among sector detractors as both delivered quarterly earnings that failed to meet analyst estimates amid weakening demand and rising fuel costs. Thomson Reuters (-7%) ranked second among sector detractors. GFL Environmental (-16%) and Air Canada (-22%) ranked fourth and fifth among sector detractors as rising fuel prices likely weighed on the shares of these transportation companies.
Information Technology 8% of S&P/TSX Composite	-6.2%	<ul style="list-style-type: none"> Shopify (-13%) led TSX Composite detractors as the company gave back a healthy portion of its first half share price gains as a quarterly earnings beat wasn't enough to satisfy investor expectations. Open Text Corporation (-13%) ranked second among Q3 sector detractors as its quarterly earnings beat also did not satisfy investor expectations.
Real Estate 2% of S&P/TSX Composite	-7.0%	<ul style="list-style-type: none"> A continuation of up-trending interest rates in Q3 caused broad-based losses across the sector with Canadian Apartment Properties REIT (-11%), StorageVault Canada (-23%) and Allied Properties REIT (-17%) ranking first through third, respectively, among sector detractors.
Consumer Discretionary 4% of S&P/TSX Composite	-7.4%	<ul style="list-style-type: none"> Restaurant Brands International (-12%) led sector detractors, reversing much of its strong first half share price gains. Canadian Tire (-19%) was the second leading detractor after announcing a year-over-year decline in quarterly revenues and profits. The company also withdrew its financial aspirations, citing the impacts on consumer spend and inventory costs from increasing inflationary pressure and higher interest rates. Aritzia (-36%) ranked third among sector detractors after announcing quarterly profits dropped 47% year-over-year as profit margins dropped 5.4 percentage points on higher product-related costs due to inflationary pressure, inventory management challenges and foreign currency headwinds.
Utilities 4% of S&P/TSX Composite	-13.0%	<ul style="list-style-type: none"> Rising interest rates weighed on this traditionally high dividend yielding sector with Brookfield Infrastructure Partners (-18%), Brookfield Renewable Partners (-24%) and Fortis (-10%) ranking first through third, respectively, among sector detractors.
Communications Services 4% of S&P/TSX Composite	-13.2%	<ul style="list-style-type: none"> Rising interest rates weighed on this traditionally high dividend yielding sector with BCE (-14%), TELUS (-14%) and Rogers Communications (-14%) ranking first, second and third, respectively, among sector detractors in Q3. All three companies also failed to meet analyst expectations for quarterly earnings announced during Q3.