2018 Q1: TSX delivers weakest quarter since 2015-Q3
Ten of eleven sectors down in Q1 with only Information Technology bucking the trend

2018 Q1 Capped Sector Performance

-15% -10% -5% 0% 5% 10% 15%

-11.78% -8.09% -7.76% -6.95% -5.38% -5.19% -4.57% -4.22% -3.40% -1.90% -0.67% 9.58%

- Information Technology
- Real Estate
- Industrials
- Consumer Discretionary
- Financials
- Materials
- S&P/TSX Composite
- Consumer Staples
- Utilities
- Telecommunications Services
- Energy
- Health Care

• The S&P/TSX Composite returned -5.2% in Q1.
• Of the 252 stocks that were in the TSX Composite at some point during Q1, 78 (31%) recorded a gain.
• In Q1, the Composite, Large Cap (TSX 60) and Mid Cap (Completion Index) performed broadly similarly, while Small Cap lagged.
• In Q1, the Canadian market underperformed the US market in home currency terms (US returned -1.2%) and in Canadian dollar terms (US market returned +1.5% in C$ terms).
• Ten of eleven market sectors posted losses. The worst performing sectors were Health Care and Energy. Rising interest rates caused higher dividend yielding sectors to underperform, causing Telecommunications Services and Utilities to also appear on the list of worst performing sectors.
• Information Technology was the only sector to post a gain in Q1, outperforming the next best sector by more than ten percentage points. Canada matched the global trend as the sector was also the top performer in the US and Global markets.

2018 Index Returns

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<th>Index</th>
<th>Q1</th>
<th>YTD</th>
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<tbody>
<tr>
<td>S&amp;P/TSX Composite</td>
<td>-5.19%</td>
<td>-5.19%</td>
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<tr>
<td>S&amp;P/TSX 60 (Large Cap)</td>
<td>-5.28%</td>
<td>-5.28%</td>
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<tr>
<td>S&amp;P/TSX Completion (Mid)</td>
<td>-4.92%</td>
<td>-4.92%</td>
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<tr>
<td>S&amp;P/TSX Small Cap</td>
<td>-8.22%</td>
<td>-8.22%</td>
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Q1 Biggest Contributors

Shopify
Constellation Software
Bombardier
CGI Group
Goldcorp
CCL Industries
The Stars Group
Waste Connections
Canopy Growth Corporation
Husky Energy

Q1 Biggest Detractors

Enbridge
Canadian National Railway
TransCanada Corporation
Canadian Natural Resources
Royal Bank of Canada
Manulife Financial
Alim entation Couche-Tard
Brookfield Asset Mgmt
BCE
Imperial Oil
<table>
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<th>Sector</th>
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| **Information Technology** | +9.58%    | • Shopify (+26%) had the unusual distinction of being both the top percentage gainer and largest market cap contributor in the TSX in Q1 based on a 71% year-over-year increase in Q4 revenues and better-than-expected earnings.  
• Constellation Software (+15%) was the second largest sector contributor on positive market reaction to its acquisition of Acceo Solutions and a positive earnings surprise while CGI Group (+9%) was the third largest sector contributor on earnings that beat analyst expectations. |
| **Real Estate**         | -0.67%    | • Brookfield Property Partners LP (-11%) was the leading sector detractor as it increased its takeover offer to acquire the 66% of US mall operator GGP that it did not already own after a previous bid was rejected by the GGP board. |
| **Industrials**         | -1.90%    | • Canadian National Railway (-9%) was the leading sector detractor on the abrupt replacement of CEO Luc Jobin amid customer dissatisfaction over insufficient capacity and its second consecutive quarterly earnings miss.  
• Bombardier (+24%) was the leading sector contributor as the US International Trade Commission ruled that Bombardier was not illegally subsidized and not unfairly discounting sales to the US (as alleged by Boeing), thus avoiding a proposed 292% US import duty on its C-Series aircraft. |
| **Consumer Discretionary** | -3.40%   | • Shaw Communications (-13%) and Corus Entertainment (-48%), both controlled by the Shaw family, were leading sector detractors on significant earnings misses by both companies. Shaw announced that 3,300 Shaw employees (about 25%) accepted voluntary termination offers while poor advertising revenues at Corus have increased fears its dividend may be cut. |
| **Financials**          | -4.22%    | • The five big banks all detracted from performance. Royal Bank (-3%), CIBC (-7%), Bank of Montreal (-3%), Bank of Nova Scotia (-2%) and Toronto Dominion (-1%) all delivered positive earnings surprises but nonetheless fell.  
• In terms of life insurers Manulife (-9%) and Great-West Life (-6%) detracted while Sun Life (+2%) delivered a small gain.  
• Brookfield Asset Management (-8%) and Thompson Reuters (-9%) ranked third and fifth among sector detractors, respectively. |
| **Materials**           | -4.57%    | • Despite flat Q1 gold prices, Barrick Gold (-12%) and Franco-Nevada (-13%) led sector detractors. Conversely, Goldcorp (+11%) led sector contributors as plans to improve operating results and future profitability remain on track.  
• Nutrien (-6%), the result of the merger of Potash Corporation and Agrium, was the third largest sector detractor. Its market cap is now twice as large as any other sector constituent, highlighting its relative importance in the sector. |
| **Consumer Staples**    | -5.38%    | • Alimentation Couche-Tard (-12%) led sector detractors due to the announcement of a significant quarterly earnings disappointment.  
• Saputo (-8%) and Loblaw’s (-5%) also detracted from sector performance. |
| **Utilities**           | -6.95%    | • 14 of 15 sector constituents declined in Q1 as rising interest rates was the likely culprit for poor performance among these traditionally high dividend yielding stocks. Emera (-13%) and Fortis (-6%) led sector detractors. |
| **Telecommunications Services** | -7.76%  | • BCE (-8%) was the leading sector detractor primarily due to its large market capitalization. Rogers Communications (-10%) and TELUS (-5%) also were down in Q1. All three sectors components were likely down due to the impact of higher interest rates on the performance of high dividend yielding stocks. |
| **Energy**              | -8.09%    | • High-yielding pipelines also suffered from rising interest rates, as well as political opposition to pipeline expansion, with Enbridge (-18%), TransCanada (-13%), Pembina (-12%) and Inter Pipeline (-14%) the first, second, sixth and eighth biggest detractors among sector constituents. All four now yield 5%+.  
• In spite of a 5% gain in the S&P/GSCI Energy commodity price index in Q1 most energy producers were down with Canadian Natural Resources (-10%), Imperial Oil (-13%), Suncor Energy (-4%) and EnCana (-16%) the third, fourth, fifth and seventh biggest detractors from the sector, respectively. |
| **Health Care**         | -11.78%   | • Valeant Pharmaceuticals (-22%) was the sector’s largest detractor as it guided revenues lower due to recent divestitures.  
• Aphria (-39%) was the sector’s second largest detractor as it gave back some of its huge 2017 gains on tepid reaction to its takeover of Nuuviera. |