

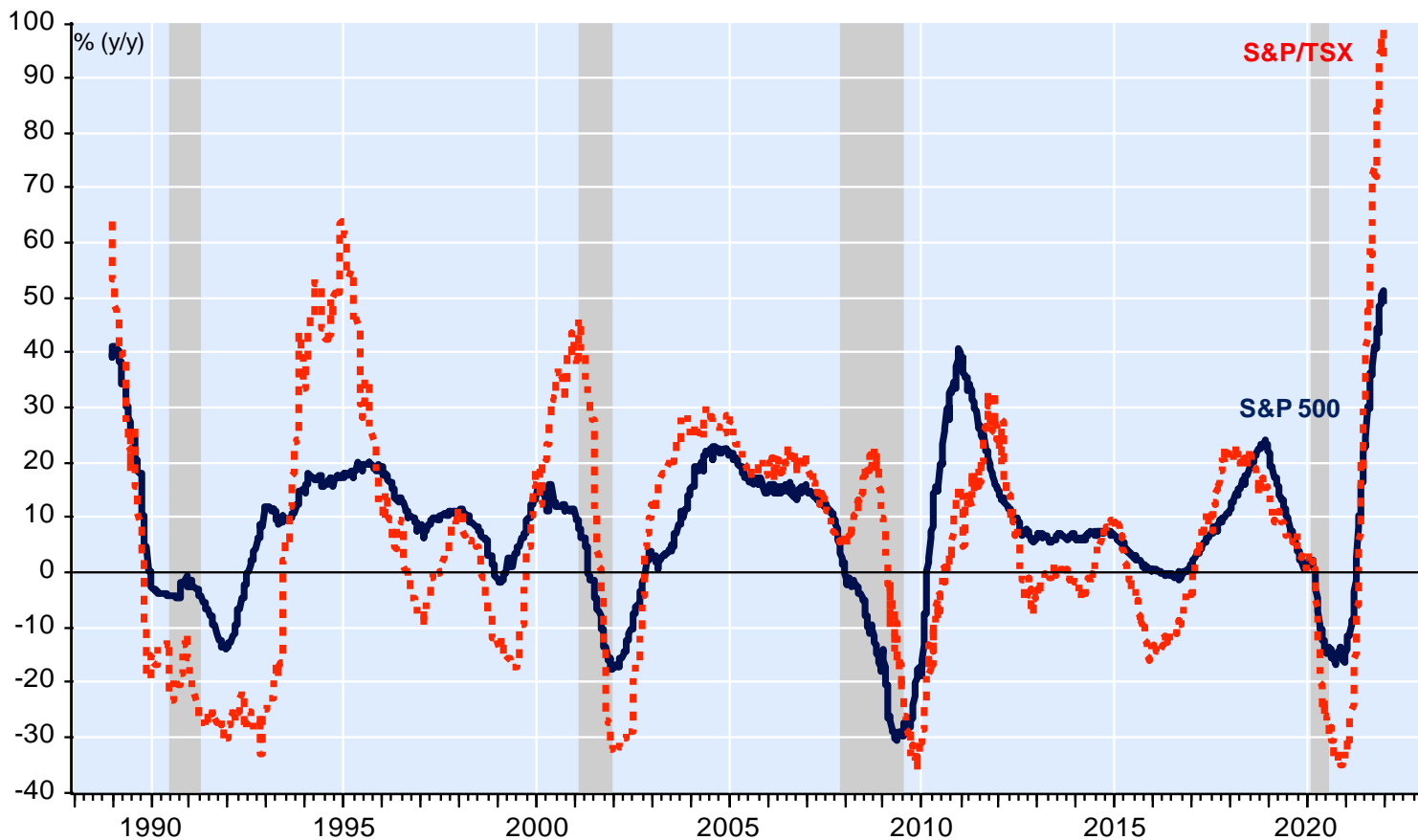
Canada Watch

By Stéfane Marion

The S&P/TSX had a stellar performance in 2021 with a gain of 25.1% (total return). Financials and Real Estate were up more than 36% while Energy stocks surged almost 49%. Even after such a run, we believe there is still gas in the tank for Energy and the S&P/TSX in 2022. As today's Hot Chart shows, the Canadian stock market's advance last year was fueled by the largest -ever increase in earnings per share. As a result of this surge, the S&P/TSX continues to trade at a reasonable valuation – both on a trailing or forward PE basis. As we begin the new year, we continue to recommend overweighting Canada in equity portfolios as we see good potential for profit growth and scope for a significant appreciation of the loonie (more details in our latest [Monthly Equity Monitor](#)).

S&P/TSX: Earnings were up the most ever in 2021

Trailing earnings per share for the S&P/TSX and the S&P 500



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