



Do You Own 1 of the TSX's 10 Biggest Gainers?

Description

If you own bank or energy stocks, you're out of luck.

According to the *Globe and Mail's* Tim Shufelt, the 10 best-performing stocks between March 9, 2009, and March 9, 2018, averaged a cumulative gain of 2,562%, with **Intertape Polymer Group** ([TSX:ITP](#)) leading the way, up 4,731%.

In case you're wondering, that's a compound annual growth rate of 54% — five times the return for the **iShares S&P TSX Capped Cmpst Indx Fnd** over the same period.

I know what you're thinking: bank stocks aren't for hitting home runs; they're meant to deliver singles and doubles. Fair enough.

Of the 10 best TSX performers, four were materials stocks, there were two each from industrials and consumer discretionary, and one each from IT and consumer staples.

South of the border

Bespoke Investment Group recently did the same exercise for S&P 500 stocks. It found that the 10 best-performing stocks from the index averaged a nine-year cumulative return of 4,580% — almost double the 10 best TSX stocks.

Interestingly, the top-performing S&P 500 stock since March 9, 2009, **GGP Inc.** (NYSE:GGP), up 7,433%, has a Canadian connection. **Brookfield Property Partners LP** ([TSX:BPY.UN](#))(NYSE:BPY) owns [66%](#) of the retail mall owner; it offered US\$23 a share in November to buy the rest of the company, but GGP's board said no. Negotiations are said to be ongoing, but there's been no news.

Like the TSX, there aren't any energy- or bank-related companies in the top 10. There is, however, a bank in the 13th spot — **Fifth Third Bancorp** ([NASDAQ:FITB](#)) — up 2,361% over the nine-year period, 1,965 percentage points better than **Royal Bank of Canada**.

Will it ever be the TSX's time to shine?

In January, I made the [case](#) that Canadian investors are hurt by restricting their equity investments solely to TSX stocks. The data from the *Globe and Mail* and Bespoke Investment Group suggests I'm not wrong.

The question investors have to ask themselves is, will the TSX ever again outperform the S&P 500? Yes, there will be periods where energy stocks do well, but can they sustain themselves for more than two to three years at a time? I'm not so confident.

In a country where the largest stock exchange is so heavily dependent on energy issues, would it not make sense to have four Toronto stock exchanges?

1. TSX (non-energy); 2. TSX (energy); 3. TSX Venture (non-energy); and 4. TSX Venture (energy).

This way, regular investors wouldn't get caught up in the systemic issues plaguing our public markets.

Of course, if you did have ITP or one of the other TSX's best performers, you don't really care.

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