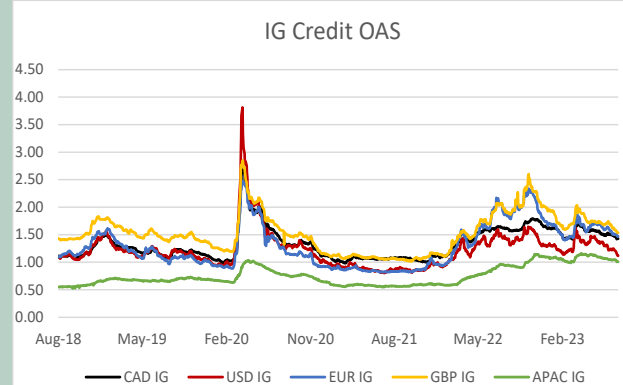
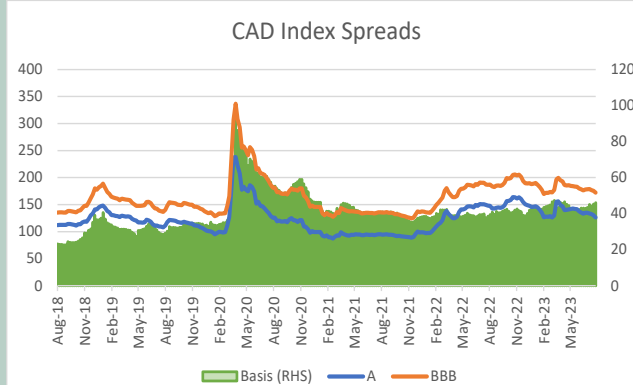


Market Commentary

❖ **CAD Market Commentary:** It was another strong month for domestic credit as markets took a bullish swing; the Bloomberg Canadian Corporate Index tightened -8bps, CDX ended the month -4bps to +62s, equities posted another monthly leg up with the S&P +3.1%, while commodities overall flashed some regained strength with the BCOM index +5.8%. In Canada, economic data trended in the right direction with headline CPI decelerating below a 3-handle which offered some initial support for spreads, although strength in the US labor market continued to be a thorn in the side of the Fed (and rates market). Interestingly the soft-landing crowd gained steam however, even in the face of higher treasury yields, as the market appears willing (and somewhat able) to fight the Fed's forecast for higher terminal rates. The combined spread tightening and rate widening has once again pushed our index spread-to-yield % to multi-decade lows, ending the month at 27% for the Canadian Index and 22% for the US index, indicating minimal additional pickup for corporate risk. This would seem to us to indicate an extremely low margin for error for corporates in terms of maintaining credit quality, however to date, with a few notable exceptions, companies have shown a high level of resiliency. The Canadian index ended July with a YTW of 5.47% (+0.09% m/m), with an OAS of +143 (-8bps m/m) and OAD of 5.48 (+0.01 m/m). As previously noted, technicals over the summer months (muted issuance, steady inflows) appear supportive for positive spread improvement, barring exogenous shocks. Looking at issuance, after a fairly active month of June the summer slowdown re-emerged with the domestic market seeing just \$6.3bn of aggregate issuance across 11 deals. Average coupons of 5.53% were largely consistent with June levels of 5.67%, while average spread-to-benchmark's fell to +165bps from +188bps in the month prior. Book stats however remains extremely robust, with deals late in the month in particular seeing very strong subscribership levels. If history can be a guideline, this trend is likely set to continue with the seasonally slowest month of the year in August which has averaged just \$5bn of issuance over the past 10-years. Additionally, persistent inflows clearly need to find a home, and the secondary market for now likely remains the outlet, even with spread levels appearing increasingly tight. Flows into Canadian corporate bond funds were robust, with our data provider showing net inflows of \$744MM over July, riding a 5-week positive streak. Corporate events of note over July included TRPCN's sale of a 40% interest in Columbia Pipeline, followed by a planned spin-off of its Liquids business (i.e. Keystone) scheduled to complete late 2024. The deals (and Moody's/DBRS downgrades) saw spreads move anywhere from -4 to +3bps from pre-announcement. On tap ahead is an update on the strategic review process from Algonquin, which is scheduled to arrive with Q2/23 results on Aug. 10th. One corporate indicator we would highlight is the agency upgrade/downgrade ratio which has decreased again through the first month of Q3, ending July at 0.35x which was the lowest level since pandemic impacted quarters in Q1/20.

Index Total Return (%)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	Annual
2018	-0.2%	0.0%	0.3%	-0.3%	0.3%	0.5%	-0.4%	0.8%	-0.7%	-0.6%	0.4%	1.0%	0.2%	1.0%
2019	1.8%	0.3%	2.0%	0.3%	1.1%	1.1%	0.3%	1.1%	-0.5%	0.0%	0.5%	-0.4%	7.0%	7.7%
2020	2.5%	0.4%	-5.3%	4.6%	0.6%	2.5%	1.9%	-0.5%	0.0%	-0.6%	1.7%	0.7%	7.1%	8.4%
2021	-0.4%	-1.9%	-1.1%	0.0%	0.5%	0.7%	0.9%	0.0%	-1.0%	-0.9%	0.5%	1.4%	-1.3%	-1.3%
2022	-2.8%	-1.1%	-2.6%	-3.0%	-0.1%	-1.5%	3.1%	-2.0%	-1.0%	-0.7%	2.9%	-0.9%	-8.0%	-9.7%
2023	2.9%	-1.5%	1.4%	1.3%	-1.4%	0.2%	-0.3%						2.6%	2.6%



Sector Performance	1M Change	3M Change	6M Change	YTD Change
Autos	-13	-23	-29	-48
Bail-in	-10	-16	-9	-28
Credit Unions & Mid-Caps	-19	-27	-9	-23
Deposit Notes	-10	-19	-18	-31
Energy Infrastructure	-12	-17	-14	-30
Energy-Mining	-9	-21	-14	-22
Industrials	-9	-19	-24	-33
Infrastructure/Transportation	-8	-14	-12	-22
Insurance	-12	-24	-11	-31
NVCC	-20	-26	-18	-43
Power Generation	-12	-18	-11	-24
REITs	-11	-25	-6	-29
Retail-Consumer	-10	-21	-17	-31
Telco	-7	-9	-4	-20
Utilities	-9	-13	-7	-21

Sector Issuance	2019	2020	2021	2022	2023
Bank	36%	30%	28%	57%	36%
Cable/Tel/Media	6%	11%	7%	6%	4%
Utilities	9%	9%	5%	6%	18%
Insurance	2%	8%	10%	3%	9%
Real Estate (REITs)	5%	7%	4%	2%	5%
Pipeline	8%	7%	6%	7%	18%
Infra/P3/Project	5%	6%	7%	3%	
Auto	6%	4%	7%	3%	9%
Energy	2%	4%	3%	0%	2%
ABS/CMBS	9%	3%	5%	4%	4%
U.S. Bank	3%	3%	7%	3%	
Industrial	4%	2%	5%	1%	7%
Diversified Fin	3%	2%	1%	1%	1%
Consumer (Manufacturing)	1%	1%	2%	0%	
Consumer (Retail)	0%	1%	1%	2%	1%
Real Estate	1%	1%	2%	1%	2%
Other	0%	0%	1%	1%	
Total	100%	100%	100%	100%	100%

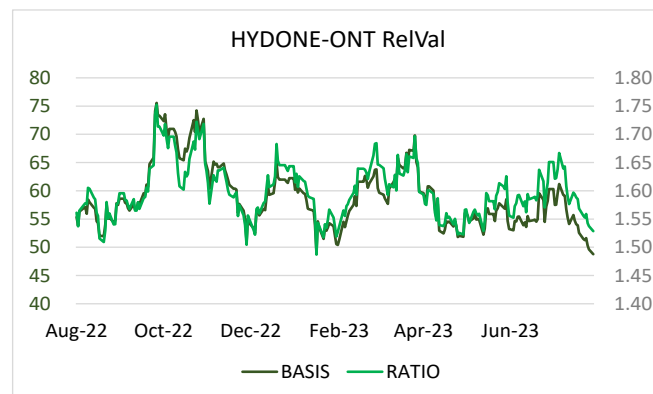
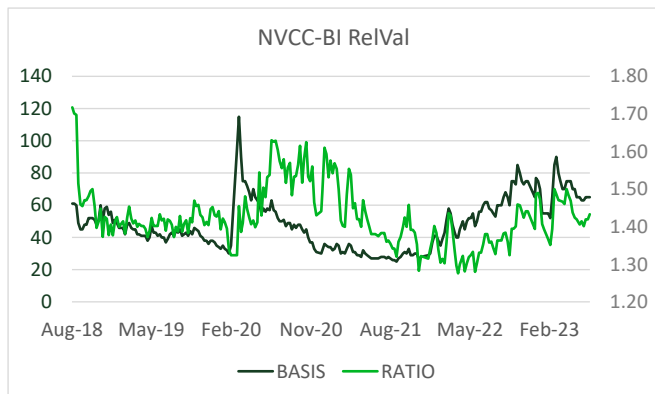
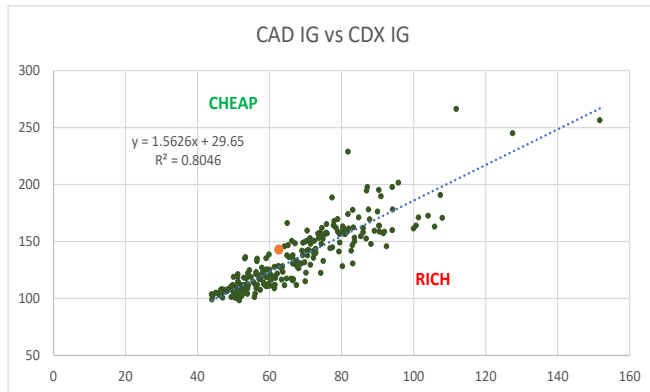
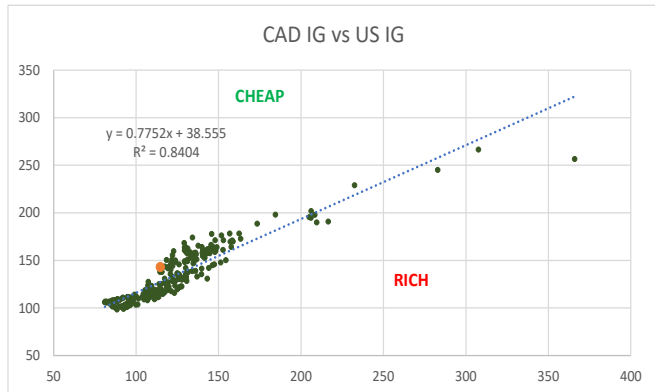


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Relative Value

Spreads	BBB 2Y	BBB 5Y	BBB 10Y	BBB 30Y	A 2Y	A 5Y	A 10Y	A 30Y
01-Aug-23	107	170	195	225	72	132	138	148
w/w	-2	-3	-2	-1	-3	-4	-4	-2
m/m	-6	-9	-12	-7	-6	-4	4	-6
52wk hi	157	205	238	260	119	170	181	182
52wk lo	101	167	187	214	70	123	129	147
52wk avg	132	186	209	238	95	145	154	163
3yr avg	97	142	180	224	68	103	126	152
5yr avg	98	141	181	230	70	100	124	153
10yr avg	101	139	182	226	73	97	125	153

Basis & Ratios	BBB 2Y - A 2Y	BBB 5Y - A 5Y	BBB 10Y - A 10Y	BBB 30Y - A 30Y	BBB 2Y / A 2Y	BBB 5Y / A 5Y	BBB 10Y / A 10Y	BBB 30Y / A 30Y
01-Aug-23	34	38	57	77	1.47x	1.29x	1.41x	1.52x
w/w	1	2	2	1	0.03x	0.02x	0.03x	0.01x
m/m	0	-6	-16	-2	0.03x	-0.03x	-0.14x	0.01x
52wk hi	43	67	75	81	1.50x	1.54x	1.57x	1.53x
52wk lo	28	24	41	61	1.26x	1.14x	1.25x	1.40x
52wk avg	37	42	55	75	1.40x	1.29x	1.36x	1.46x
3yr avg	29	39	55	73	1.46x	1.42x	1.45x	1.48x
5yr avg	28	41	57	77	1.42x	1.44x	1.47x	1.51x
10yr avg	28	42	58	72	1.39x	1.45x	1.47x	1.47x



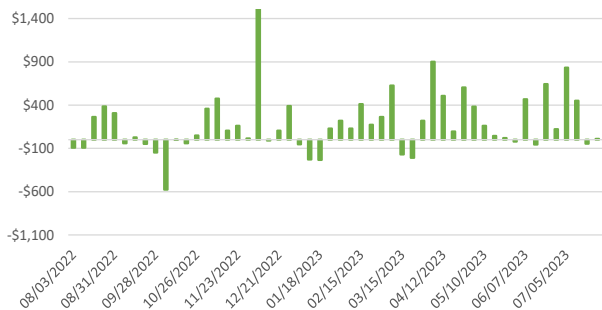
Source: Bloomberg, TD Securities



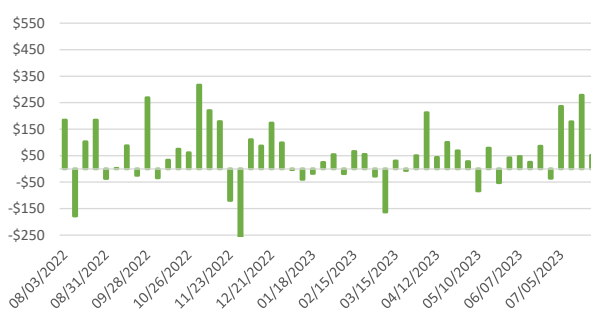
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Other Technical Factors

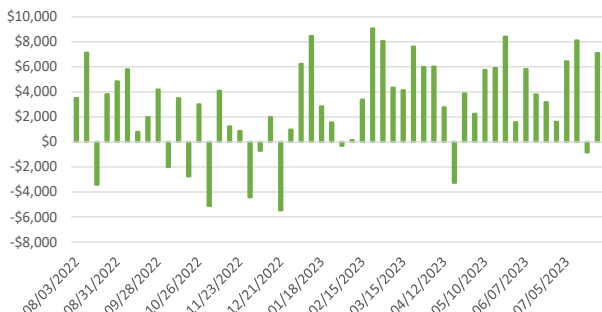
CAD Fixed Income Fund Flows (US\$)



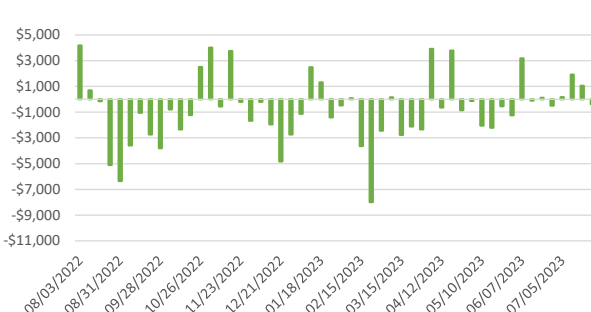
CAD Corp Fund Flows (US\$)



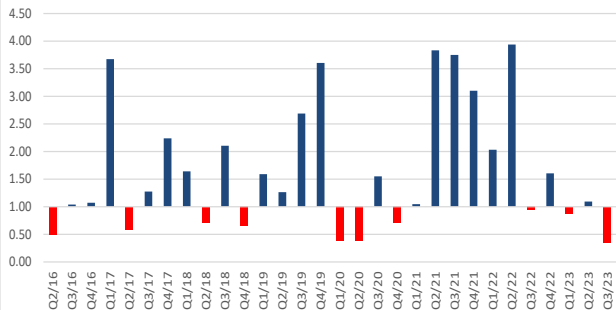
U.S. Investment Grade Fund Flows (US\$)



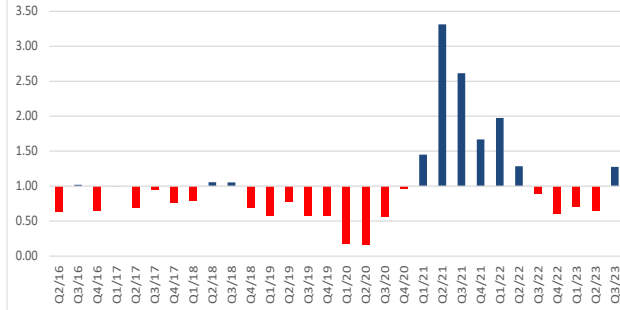
U.S. High Yield Fund Flows (US\$)



Upgrade/Dowgrade Ratio - Canada



Upgrade/Dowgrade Ratio - US



Net Debt/EBITDA - Bloomberg US Corporate Index



Net Debt/EBITDA - Bloomberg Canada Corporate Index



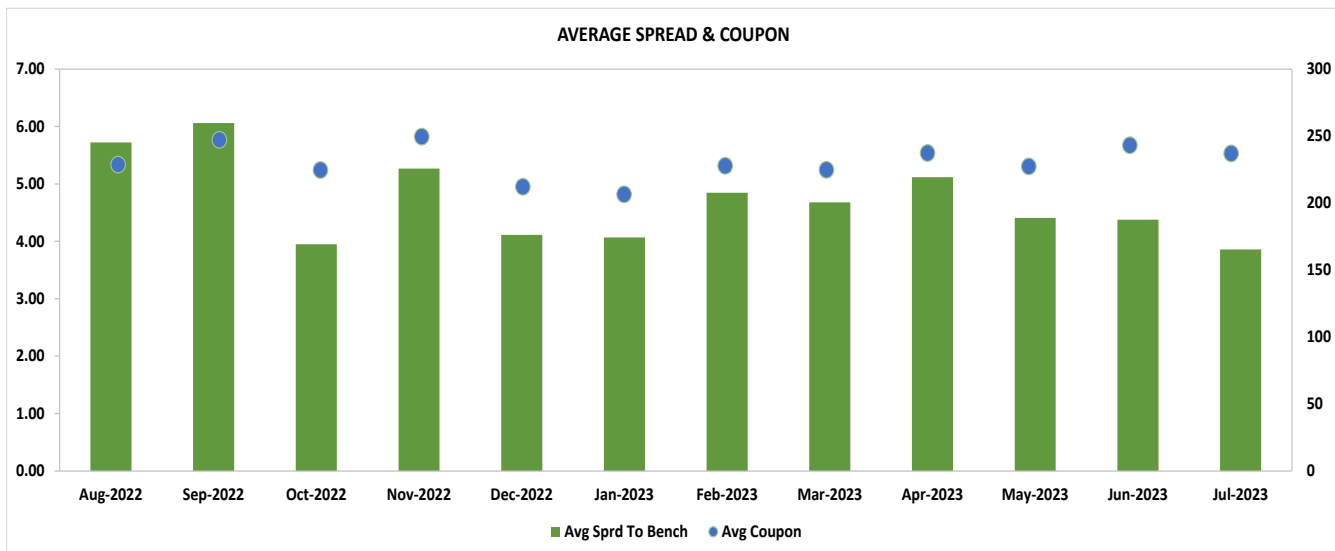
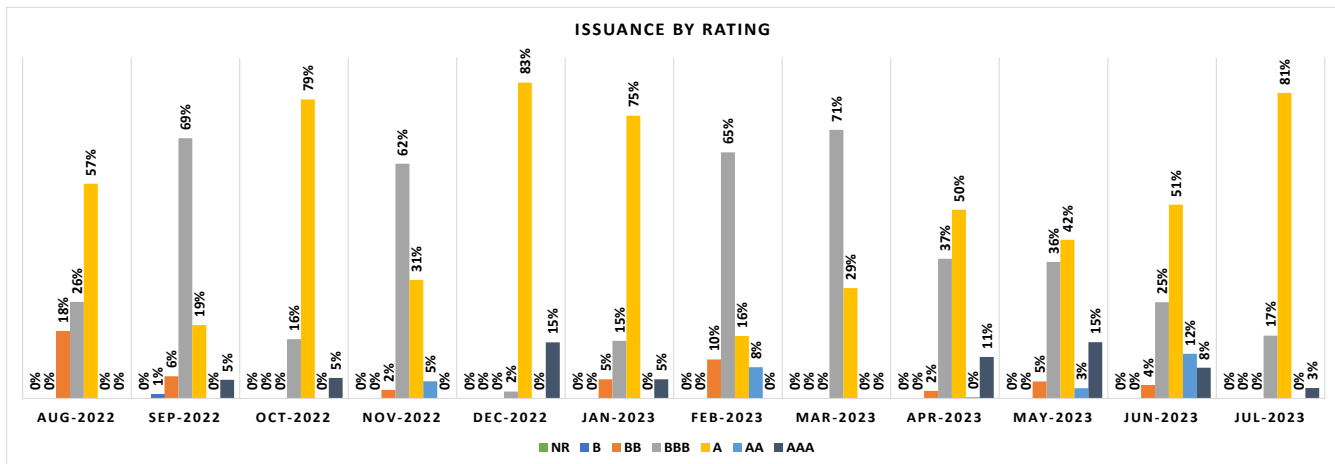
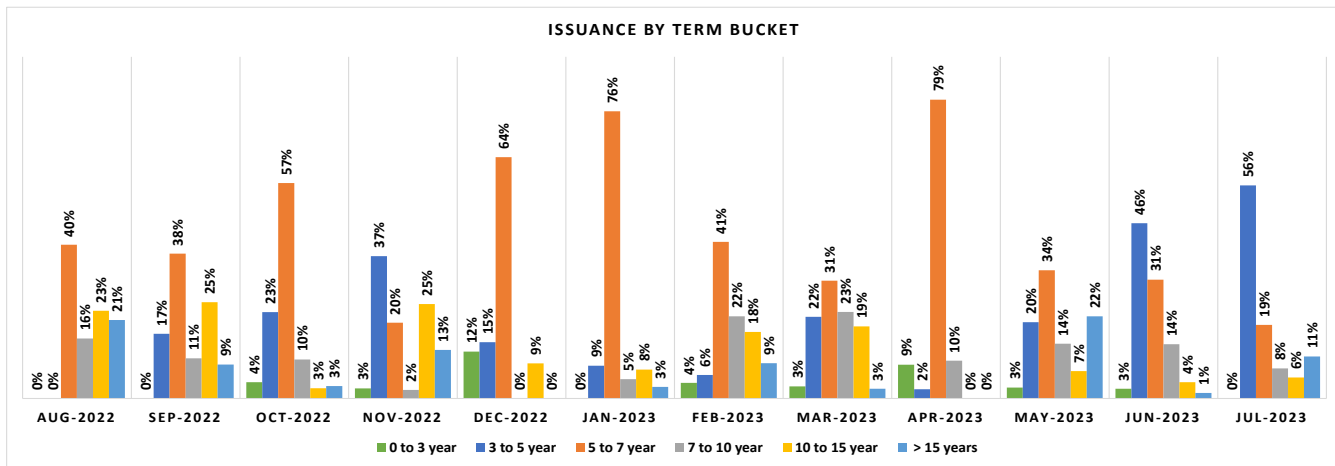
Source: TD Securities

Source: TD Securities

Source: Bloomberg, EPFR, DBRS, Moody's, S&P, Fitch, TD Securities



Issuance Visuals



Source: Bloomberg, TD Securities



Next 3 Months' Maturities

Issuer	Bond	Maturity	Next Call Date	Amount Outstanding
NATIONAL BANK OF CANADA	NACN Float 8/9/23	8/9/2023		500,000,000
ENBRIDGE PIPELINES INC	ENBPIP 3.79 23	8/17/2023		250,000,000
MERCEDES-BENZ CA FIN INC	MBGGR 2.54 23	8/21/2023		400,000,000
HONDA CANADA FINANCE INC	HNDA 3.176 23	8/28/2023		550,000,000
BELL CANADA	BCECN 4.7 23	9/11/2023	8/31/2023	600,000,000
FED CAISSES DESJARDINS	CCDJ 3.056 23	9/11/2023		800,000,000
INTER PIPELINE LTD	IPLCN 2.608 23	9/13/2023	8/31/2023	350,000,000
CANADIAN WESTERN BANK	CWBCN 1.57 23	9/14/2023		500,000,000
HSBC BANK CANADA	HSBC 3.245 23	9/15/2023		1,250,000,000
ARTIS REAL ESTATE	AXUCN 3.824 23	9/18/2023		250,000,000
GLACIER CREDIT CARD TRST	GLCRTR 3.138 23	9/20/2023		546,000,000
EQUITABLE BANK	EQBCN 1.774 23	9/21/2023		350,000,000
OMERS REALTY CORP	OMERS 1.298 23	9/22/2023		400,000,000
VW CREDIT CANADA INC	VW 1.2 23	9/25/2023		500,000,000
ROYAL BANK OF CANADA	RY 3.296 23	9/26/2023		2,000,000,000
ROYAL BANK OF CANADA	RY Float 9/27/23	9/27/2023		5,000,000,000
MORGUARD CORPORATION	MRCN 4.402 23	9/28/2023		175,000,000
RIOCAN REAL ESTATE INVST	REIUCN 3.209 23	9/29/2023	8/31/2023	300,000,000
TMX GROUP LTD	XCN 4.461 23	10/3/2023	8/31/2023	250,000,000
WELLS FARGO & COMPANY	WFC 2.509 23	10/27/2023		1,000,000,000
COAST CAPITAL SV CRE UN	COCAPS Float 10/27/23	10/27/2023		200,000,000
FIRST CAP REAL ESTATE IN	FCRCN 3.9 23	10/30/2023		300,000,000

Next 3 Months' Call Dates

Issuer	Bond	Maturity	Next Call Date	Amount Outstanding
PARKLAND CORP	PKICN 3.875 26	6/16/2026	8/11/2023	600,000,000
NUVISTA ENERGY LTD	NVACN 7.875 26	7/23/2026	8/11/2023	208,363,000
PARKLAND CORP	PKICN 6 28	6/23/2028	8/16/2023	400,000,000
VIDEOTRON LTD	QBRCN 5.75 26	1/15/2026	8/16/2023	375,000,000
DOMAN BUILDING MATERIALS	DBMCN 5.25 26	5/15/2026	8/16/2023	325,000,000
KRUGER PACKAGING HLD LP	KRUGPK 6 26	6/1/2026	8/16/2023	125,000,000
CINEPLEX INC	CGXCN 7.5 26	2/26/2026	8/16/2023	250,000,000
SHERITT INTERNATIONAL C	SCN 8.5 26	11/30/2026	8/31/2023	221,277,000
BELL CANADA	BCECN 4.7 23	9/11/2023	8/31/2023	600,000,000
RUSSEL METALS INC	RUSCN 6 26	3/16/2026	8/31/2023	150,000,000
KRUGER PRODUCTS INC	KRUGCN 6 25	4/24/2025	8/31/2023	125,000,000
EMPIRE COMMUNITIES CORP	EMPRCC 7.375 25	12/15/2025	8/31/2023	150,000,000
INTER PIPELINE LTD	IPLCN 2.608 23	9/13/2023	8/31/2023	350,000,000
RUSSEL METALS INC	RUSCN 5.75 25	10/27/2025	8/31/2023	150,000,000
RIOCAN REAL ESTATE INVST	REIUCN 3.209 23	9/29/2023	8/31/2023	300,000,000
CES ENERGY SOLUTIONS	CEUCN 6.375 24	10/21/2024	8/31/2023	287,954,000
TMX GROUP LTD	XCN 4.461 23	10/3/2023	8/31/2023	250,000,000
CARGOJET INC	CJTNCN 5.25 26	6/30/2026	8/31/2023	100,000,000
ROYAL BANK OF CANADA	RY Float 10/1/2083	10/1/2083	9/1/2023	224,000,000
CARGOJET INC	CJTNCN 5.75 25	4/30/2025	9/11/2023	115,000,000
TORONTO-DOMINION BANK	TD 3.589 28	9/14/2028	9/14/2023	1,750,000,000
INDUSTRIAL ALLIANCE	IAGCN 3.3 28	9/15/2028	9/15/2023	400,000,000
SUN LIFE FINANCIAL INC	SLFCN 3.05 28	9/19/2028	9/19/2023	1,000,000,000
SAPUTO INC	SAPCN 2.827 23	11/21/2023	9/21/2023	300,000,000
GRANITE REIT HOLDINGS LP	GRTCN 3.873 23	11/30/2023	9/30/2023	400,000,000
ROGERS COMMUNICATIONS IN	RCICN 3.8 23	11/2/2023	10/2/2023	500,000,000
DOLLARAMA INC.	DOLCN 3.55 23	11/6/2023	10/6/2023	500,000,000
CHARTWELL RETIREMENT RES	CSHU 3.786 23	12/11/2023	10/11/2023	200,000,000
VESTA ENERGY CORP	VESENE 10 26	10/15/2026	10/15/2023	197,632,500
ROGERS COMMUNICATIONS IN	RCICN 4.35 24	1/31/2024	10/31/2023	500,000,000

Source: Bloomberg, TD Securities



Credit Trading – Ed Martinez, Max Peters, CPA, CA, and Jaret Anderson, CFA

Cross-Asset Performance

Index	Month-End Level	Prior Month	M/M Change	52 Wk Lo	Current Levels	52 Wk Hi
Equities						
Chicago Board Options Exchange	14	14	0.3%	13		35
S&P 500 INDEX	4,589	4,450	3.1%	3,492		4,607
Dow Jones Industrial Average	35,560	34,408	3.3%	28,661		35,679
NASDAQ Composite Index	14,346	13,788	4.0%	10,089		14,447
S&P/TSX Composite Index	20,627	20,155	2.3%	17,873		20,843
MSCI Europe Index	158	155	1.9%	128		159
MSCI AC Asia Pacific Index	171	163	4.6%	134		172
MSCI Emerging Markets Index	1,047	989	5.8%	837		1,058
Commodities						
WTI CRUDE FUTURE Oct22	81.8	71	15.6%	64		86
BRENT CRUDE FUTR Nov22	85.4	75	13.5%	70		89
NATURAL GAS FUTR Oct22	2.6	3	-5.0%	2		6
Generic 1st 'LA' Future	2,257	2,121	6.4%	2,061		2,662
Generic 1st 'HG' Future	401	374	7.1%	330		436
Gold Spot \$/Oz	1,965	1,919	2.4%	1,615		2,063
Silver Spot \$/Oz	25	23	8.7%	18		26
DCE Iron Ore Fut Jan23	831	833	-0.3%	554		884
LME NICKEL 3MO (\$)	22,293	20,516	8.7%	19,925		33,575
BBG Commodity	107	101	5.8%	97		126
Rates						
ICE BofA MOVE Index	112.03	110.64	1	97.33		198.71
T 3 1/4 08/31/24	4.879	4.900	-2	2.833		5.118
T 3 1/8 08/31/27	4.178	4.156	2	2.582		4.490
T 3 1/8 08/31/29	4.080	3.999	8	2.571		4.424
T 2 3/4 08/15/32	3.962	3.840	12	2.521		4.327
T 3 08/15/52	4.010	3.862	15	2.852		4.421
CAN 2 3/4 08/01/24	4.672	4.583	9	2.915		4.828
CAN 1 1/4 03/01/27	3.901	3.684	22	2.519		4.021
CAN 2 06/01/32	3.497	3.267	23	2.472		3.764
CAN 1 3/4 12/01/53	3.304	3.090	21	2.643		3.790
Credit						
MARKIT CDX IG	63	67	-4	62		113
iShares iBoxx \$ Investment Gra	107.85	108.14	-0.3%	98.41		114.98
SPDR Bloomberg High Yield Bond	92.75	92.03	0.8%	86.28		98.00
iShares iBoxx High Yield Corpo	75.50	75.07	0.6%	70.40		79.32
BMO Corporate Bond Index ETF	44.56	44.74	-0.4%	42.80		46.38
Bloomberg US Corporate Total R	1.12	1.22	-10	1.12		1.64
Bloomberg US Corporate High Yi	3.68	3.92	-24	3.68		5.60
Bloomberg Canada Aggregate - C	1.42	1.51	-8	1.41		1.80
Bloomberg Canada Aggregate: Pr	0.69	0.69	0	0.67		0.79
Bloomberg Global Agg Credit To	1.14	1.23	-10	1.14		1.66
Bloomberg EM USD Aggregate Tot	3.07	3.25	-18	3.07		4.45



Credit Trading – Ed Martinez, Max Peters, CPA, CA, and Jaret Anderson, CFA

Monthly Ratings Actions

Company Name	Date	Rating Type	Agency	Current Rating	Last Rating	Country	Industry Type
Mercedes-Benz Finance Canada Inc	07/27/2023	Senior Unsecured Debt	Fitch	A	A-	CA	Automobiles Manufacturing
TransCanada PipeLines Ltd	07/25/2023	LT Issuer Rating	DBRS Morningstar	BBBH	AL *-	CA	Dry Natural Gas Pipelines
TransCanada PipeLines Ltd	07/25/2023	Senior Unsecured Debt	DBRS Morningstar	BBBH	AL *-	CA	Dry Natural Gas Pipelines
TransCanada PipeLines Ltd	07/25/2023	Outlook	DBRS Morningstar	STABLE	UR	CA	Dry Natural Gas Pipelines
TransCanada PipeLines Ltd	07/24/2023	Senior Unsecured Debt	Moody's	Baa2	Baa1	CA	Dry Natural Gas Pipelines
TransCanada PipeLines Ltd	07/24/2023	Outlook	Moody's	STABLE	NEG	CA	Dry Natural Gas Pipelines
TransCanada PipeLines Ltd	07/24/2023	JR Subordinated Debt	Moody's	Baa3	Baa2	CA	Dry Natural Gas Pipelines
TransCanada Trust	07/24/2023	Senior Subordinate	Moody's	Ba1	Baa3	CA	Dry Natural Gas Pipelines
ENMAX Corp	07/14/2023	Outlook	S&P	STABLE	NEG	CA	Integrated Electric Utilities
Quebecor Media Inc	07/14/2023	Senior Unsecured Debt	Moody's	WR	Ba2	CA	Wireline Telecommunications Services
Ford Credit Canada Co	07/13/2023	Senior Unsecured Debt	Moody's	Ba1	Ba2	CA	Automobiles Manufacturing
Videotron Ltd	07/13/2023	Long Term Rating	Moody's	Ba1	N/A	CA	Cable & Satellite
Videotron Ltd	07/13/2023	Outlook	Moody's	STABLE	N/A	CA	Cable & Satellite
Atco Ltd/Canada	07/12/2023	LT Local Issuer Credit	S&P	NR	BBB+	CA	Electric Distribution
Canadian Utilities Ltd	07/12/2023	LT Foreign Issuer Credit	S&P	NR	BBB+	CA	Gas Utilities
CU Inc	07/12/2023	LT Local Issuer Credit	S&P	NR	A-	CA	Gas Utilities
Corus Entertainment Inc	07/11/2023	LT Local Issuer Credit	S&P	BB-	BB	CA	Advertising Revenue - Cable Networks