Daniel Gremonprez:
Good afternoon everyone and good morning to those that are dialing in from the west coast today. Thank you for joining us. My name is Dan Gremonprez, National Vice President of Wealth Distribution here at Canada Life and I'll be your host for today's event. And welcome to the new Market Connect series. This series is designed to bring together leaders from Canada Life investment professionals and key partners to share their expertise, their knowledge and strategies. It aims to provide timely and relevant insights into industry trends and topics that influence and shape our investment decisions. We think you'll find the insights beneficial to guide you through the dynamic investment landscape. Now, to help you get the most out of today's event, we do encourage you to ask some questions throughout the session. You can easily do this through slido. Details on how you can log in are on the screen. You can vote on questions that you like, questions that are submitted by others. It'll increase its priority. It'll bring them to the top of the list. We'll answer these questions during our Q and A period. For advisors that are listening in live, we will be providing the continuing education credit certificates in the coming weeks for those who attend the full session. For our Quebec advisors, the CE Credit quiz will appear on screen after this call ends. Now, why don't we dive into things? There are significant forces reshaping economies and investment decisions, leaving investors to deal with increased volatility. Some countries, including Canada, and either have or will have new leaders at the helm pursuing political and economic policies that could add further volatility and market risk. This raises questions about whether investors should continue to focus on more traditional measures such as economic cycles of expansion and recession, or if they should shift their focus towards certain thematic trends based on developments such as more like artificial intelligence. Joining me today to share their insights on these shifting market trends and key takeaways for investors is Dominic Plant, who is the Vice President of Client Service and Business Development at Butyl Goodman, and Morten Springborg, Global Thematic Specialist at Sea Worldwide Asset Management. With their wealth of expertise and insights, we're in for an engaging and informative discussion. So I want to welcome both of you to our call today here. Let's start with the current situation just south of the border. Now, barely one month into his presidency, Donald Trump set the stage for a period of seemingly unprecedented political and economic changes. First and foremost on many investors minds is the unfolding trade policy of the Trump administration, which is set to impose several new tariffs against some of the United States closest trading partners, including Canada. Many economists have warned that the trade Tariffs will likely also impact American consumers. I want to start with you, Dominic. How do you perceive the recent shifts in U.S. trade policy under the Trump administration? And what do you think is the ultimate objective of these trade tariffs? How do you anticipate it will all play out in terms of our trade relationship with the U.S.?

Dominic Plante:
Great to be here. Thank you all for being here today. So first, first, let me address just the first part of your question, Dan. So we see the US Administration to have three key objectives regarding tariffs. Number one, it's revenue generation. That's their first objective and I'll get into detail in a minute about each of those objectives. Number two, the second objective they have in mind in our view is protectionists. And number three is use those tariffs as a leverage tool for US Priorities to move forward. Some priorities like border control, defense spending, the drug trade, renegotiating the U.S. Mexico, Canada agreement. So each of these objectives create a different playbook on how tariffs may evolve over time. So for example,

revenue generation is important for the US because they had a big deficit, a big debt problem. So in order for revenue generation to be effective, you need tariff to be permanent, somewhat to be permanent. So we do anticipate some level of permanent tariffs to be enacted. You know, whether it's 10%, 15%, you know, are on some specific sectors with some exemption, it's still to be seen. But a permanent 25% tariff across universal would, would definitely intensify the trade war, you know, across countries. So so moving on to the second objective, the protectionism and we've seen some of that already played out is you know, they're targeting higher level of tariff in some sectors such as manufacturing steel, aluminum and you know, we saw that last week that they've already imposed 25% on steel and aluminum. And the final objective is really implies that the tariff uncertainty is really likely to remain during the Trump administration like you know, at least so or at least until the two year midterm election. So because the uncertainty will allow the US Administration to maintain their leverage versus their desired goal so as I mentioned earlier, potentially renegotiate better terms with the US Mexico Canada Agreement. So I think there's a very important report coming out in early April to keep an eye on, it's coming out from the U.S. commerce and treasury that will provide full on analysis on the reciprocal tariffs plan and investigate the trade deficit whether it's warranted or not. So in Canada, as an example, if you remove energy and we all know US wants our energy, so if you remove energy out of the trade. US Would actually be in a trade surplus with Canada. So the finding of this report should be very interesting. And then just to answer the last part of your question is, you know, if you go back to 2018, during the first, when first Trump imposed a tariff for the first time during his first presidency, what we saw was cyclical names such as material stocks, aluminum, steel and manufacturing cars that were the most impacted, impacted by this trade policy. So last thing I would say and then I'll turn it over to you, Dan, is really Donald Trump is making uncertainty great again. And as we saw, markets don't like uncertainty. So that's where I would comment there.

Daniel Gremonprez:
Very well said. Morten, what is your take on this?

Morten Springborg:
Well, my take is that we have to understand that the historical trajectory of the economic model of the US Is unsustainable. And it is recognized now also in the Trump administration that something has to change. And therefore we should not look at the tariffs as an isolated thing, but as a part of a major overall overhaul of the economic, security and reserve asset policy of the US it's all integrated with each other fundamentally. As I see it, it's a total reordering of the, you can call it Pax Americana as we've had it since, in the years after World War II, a system that was created by the US and now being dismantled by the US because they have realized that the current trajectory is eventually going to lead to default in the US we're not there yet, but that is what's going to happen if you continue to accumulate debt. The US Is today the largest data nation in the world and something has to give. Unfortunately for US Analysts trying to look at this, there are so many inconsistencies in the policy objectives of the US that it's very difficult to know what is actually going to happen. Therefore, I totally agree with Dominican that there's a lot of uncertainty right now. So my view is that in order to address the structural issues that have been identified by the Trump administration, we need to see a lower dollar. I think that is a prerequisite in order to actually meet the target of rebalancing the US Economy. They want to reshore manufacturing back to

the US and you cannot do that with an overvalued dollar. And the dollar on a trade weighted basis has risen 200% vis a vis trading partners over the last 40 years. So it's very, very expensive vis a vis the major trading nations. And therefore, if you recalibrate the dollar automatically, that should also help the trade deficit. They also want to incorporate defense obligations into this wider framework. So if you want to be on a good standing with the US you need to take on a bigger defense burden. The US has carried the defense burden of the free world since World War II. And that is why they are applying so much power on Europe right now. That is why I think that we're talking about a new Monroe Doctrine where Canada and Greenland is suddenly in play. This is not something that you do to NATO allied partners. And therefore we also have to question where is NATO in this situation here? And I think that, and we can come back to that, that Europe has concluded that the US as it is today is not a partner that we knew a year ago. Something dramatically have changed in Cross Atlantic relationships which will be, I believe, permanent. It's a permanent change that we're seeing. So I know we will get deeper into it. But it is a very, very big fundamental shift that we've seen.

Daniel Gremonprez:
Thank you for that, Morten. We've witnessed some significant market volatility already this year. Do you think investors are reacting appropriately to the various economic policies and data sets shaping up so far? And perhaps what other factors or indicators should investors be watching closely? Morten, let's stick with you.

Morten Springborg:
Yeah. Well, if we go back to the years coming up to 2024, there was a growing sense of US exceptionalism, like US equity markets peaked out at 70% of global equity markets, which was remarkable. It was driven by different themes. I would say it was driven by AI and that was kind of punctured, I wouldn't say lethally, but it was punctured by the rise of DeepSeq at the end of 2024. Questioning these massive, massive investments done by the hyperscalers in the US and what kind of returns that these companies would generate from these investments. But secondly, and I think more importantly for our discussion today because of the new Trump initiatives when it comes to trying to balance the budget, is that the rise of US Exceptionalism was carried because of the extreme fiscal expansion that we've seen coming out of the US for the last 15, 20 years. Since 2009, the annual average fiscal deficit in the US has been 6.6%, which is the highest we have seen in the Western world. That is a lot of liquidity injection into the economy that creates at the end of the day, a bottom line result for corporates in the US so a strong driver for US exceptionalism and for the reasons why 70% of global equity markets have been US equities has been fiscal overconsumption. And that is something that Trump is now trying to target. We have Doge and we have Scott Besant who wants to balance the budget or at least reduce the budget deficit to 3% at the end of Trump's term. And that in itself will be a big contraction for profitability for US domestic oriented companies. So I understand why we have seen US equity markets underperform in the first quarter of 2025, also because of this, but of course also because of all the uncertainties that Trump is giving the markets. And the problem for the US is that the US lives at the mercy of strangers. They are running 3, 4% current account deficit, which means that we need to see a continuous inflow of capital from the rest of the world in order to finance the over consumption in the US that has happened because of the attractiveness primarily of US equities. But if you start to question the

attractiveness of US equities, that capital inflow will dry up. I think that is what is happening. We're seeing a reorientation of capital flows out of US equities at the margin and into, for example, European equities, where you now have a new investment story developing because of the investments that has to be done in Europe because of the collapse, I would say in bilateral relationships between EU and the US it's transformational, but it's also very, very interesting from an investment point of view. And then on what indicators you should look at. I think it's very, very important that the audience here understands that at least in the short term, equity markets and capital markets are driven by liquidity. And we've had so much liquidity thrown at the markets in recent years and that liquidity is drying up now. So I actually believe that as we go into latter part of 2025, we are going to have an air pocket or two when it comes to liquidity that is going to create a lot of volatility. There is a lot of debt that has to be refinanced, both U.S. government and corporate debt. But more broadly in the world we have approximately $70 trillion that has to be refinanced in 2025, that is approximately 70% of GDP. And if there's not a balance sheet capacity to do that refinancing, we will have a lot of volatility in bond markets and in spreads, which I actually would expect to see because the situation we have now is that Fed, for example, is continuing its quantitative tightening policy. I think that has to give relatively soon because of this refinancing need that is going to play out in 2025. So I would be watching what is happening in the land of bonds and in spread products in order to assess whether risk aversion is coming back into market. And in general, I would say that we are Quite defensive for 2025 because of our view that the economy is decelerating and also that we have a tightening liquidity environment.

Daniel Gremonprez:
Martin, thank you very much. Dominic, I want to hear from you next. You were a little quiet, as you have to say, is really important. I just want to make sure you're a little, that everybody catches what you're saying. Let's turn it over to you.

Dominic Plante:
No, yeah. And I agree with some of the points there that Martin was, was mentioning. So there's a lot of noise in the market, you know, regarding the, you know, political environment that we're currently on. If we peel back the layers, I think it's important to be mindful what the general business indicators are telling us today. Right. So, for example, you know, interest rates and price levels have all been reset higher because of inflation. Excess savings from the pandemic are largely depleted for, for the most part. And then when you look at the labor market data of all types, whether, you know, you're keeping a close eye on, on unemployment claims, on the job openings, hiring rates, the hiring intention, you see here on the chart, like the top blue line here at the top, the job openings in the US Market. So it's basically, there's no higher, it's been declining. The hiring intention is very low right now. So that's why we call the chart no higher but no fires right now. So the bottom chart, the bottom line that you see there in gray is really the discharge, the layoff that we're seeing on the US Market right now. So we're not firing, but we're not firing right now at this point. And I'll get into this a little bit deeper, but the concern is that the economy is in a less resilient state than what it was in 2016. When Trump first took the office in 2016, there was no inflation. Inflation was not a concern. Growth was OK and valuation were much better. So if the discharge rate goes up, you know, it's possible that those layoff people are getting fires won't be as easily reabsorbed into the labor market. So that's one point. Then the second point is the Canadian economy

was actually picking up steam going into Q4. And in Q1 of this year, as you see here on the Slide. The reason why it was picking up steam is that there's two main reasons is the labor force growth or immigration in Canada. So you see the immigration on the right and top, top right of the chart, the gray line there, that's the immigration level that has been increasing quite significantly in Canada was supportive of the economy. And then the labor force in the US has also been supportive of the US Economy as well. And then the fiscal stimulus that we've been, you know, the government has been, has been putting through over the last few years has also been very supportive of the markets in general. So if you look at the bottom right chart, this is where you see, see the blue bar is the real GDP that has been increasing in Canada for the last two or three quarters. So you see the blue line like Canada slowly increasing and was picking up steam. That's what I was referring to before. And the GDP per capita, the yellow line was going back. There's no longer negative, negative. So that's a good thing. So now, you know, the labor force in the US or the immigration level, you know, in Canada might be more of a headwind, you know, going forward. So in, in Q1, 2025 Canadian companies massively front loade shipment to the US to avoid tariffs. Right. We're at record level in terms of export to the US right now in Q1. So the numbers might actually come out stronger. The growth in Q1 might actually come out stronger than expected. But really it's only temporary factors rather than real improvement into the underlying economy. That's kind of our view on things. So these are really just a few indicators and I'm happy to dive a little bit deeper down further if there's any additional questions. But I think the layoff and you know, some of those things are things that we're keeping a close eye on at this point right now.

Daniel Gremonprez:
Thank you very much, Dominic. Let's pull back the focus and talk about the broader global picture. In Trump's first term as President, back in 2016, he levied several tariffs against China, both a major US trade partner and economic rival. So how do you see the US China relationship in Trump's second term as president and what impact, if any, will it have on our own trade policies with the U.S. dominic, what do you think are the potential long term implications for international trade and investment?

Dominic Plante:
Dan, there's clearly a push towards deglobalization and protectionists. So deglobalization truly unlikely to be favorable to companies, whether you're based in the United States or not. It won't be favorable in that sense. And in regards to the US and China relationship, it's a relationship that has been tense for quite some time and we probably don't see this improving under this administration. So global trade restriction, as we've been talking about, tariffs create a world of higher input costs. The higher input costs would dig into profitability of companies, of domestic industries, could weigh down on GDP growth, which really leads you to an environment where you have more inflation and less growth going forward. And within this context we do see the Canadian dollar will most likely remain relatively low or weak versus the US Dollar in a sense, which in a way would be very beneficial for the export. But the interest rate differential between Canada and US at this point in time is extremely wide. It's 150 basis point difference. So Canada just lowered their rates at 275 overnight rate last week. US tomorrow, there's a Federal Reserve will announce their rates to tomorrow, but US right now is at 425, 450. So in that context, the Canadian dollar will most likely remain weak versus the US dollar at this point and it would in some way absorb some of the impact of the tariffs. So, you know, we think it's a really good opportunity for Canada to increase its

competitiveness at the global scale level. I think there's investment that can be done in manufacturing, there's in domestic manufacturing, there's removal of barriers, interprovincial trade restriction that we can remove that can easily make us more compelling to do business within provinces. Like an example was, you know, in Ontario you can even buy BC wine or vice versa. And to bring a data center in Canada, it might take, you know, a year or two to get approval to get the data center approved so we can cut down the red tape and really make us more competitive. So it's a really good opportunity to turn inward tap into some of the competitive advantage that we have. We have lots of resource, lots of critical minerals, you know, fresh water, electricity. We have so much more. And really I think these uncertainty can create new opportunities for us, you know, in essence.

Daniel Gremonprez:
Thank you for that. Morten, what are your thoughts?

Morten Springborg:
At the end of the day, we really don't know because it's Donald Trump. We don't know what kind of rabbit he's going to pull out of his head. He's the expert in, in the art of the deal. So who knows what's going to happen. But my main scenario is that the relationship between the US and China is going to be much, much more confrontational. The China trade deficit is very, very significant. Although China's exports to the US has come down a lot in recent years because the Chinese authorities have understood that they also need to diversify their U.S. risk. So I also see this. There might be a low probability chance or risk that we could actually have a talk and a deal between Trump and Xi that involves a broader policy agenda than only tariffs. Because at the end of the day, this is not about terrorists. This is, as I started out saying, this is about security policy, it's about reserve asset policy, and it's about tariffs and balancing the trade. So if somehow they could put the chips on the table in a manner where they could give each other accessions, that in totality would favor policy objectives of both China and the U.S. i think there's a possibility that Trump would, would take that bait. For example, if the Chinese would do massive investments in the U.S. i cannot see that that should actually be something that should be in conflict with Donald Trump's fundamental desire to, to rebuild the manufacturing capacity in the U.S. but of course, that goes up against the security apparatus in the US that also wants to, to dismantle China's ability to, to, to leverage American technology. So it's a very, very uncertain situation we have, especially between the relationship between the US And China. So my main case is that it's going to be a question about applying more tariffs, about applying more technology transfer restrictions on China, and try to squeeze China more in order to comply with perhaps revaluing the yuan, which is massive, massively undervalued when, at least when you look at the manufacturing competitiveness of the Chinese economy. The Chinese devalued back in 1994, and since then, the currency has not really changed relative to the U.S. but there's been a massive, massive, real devaluation because of differences in cost inflation in the two economies. My main view would be that it's probably an even more confrontational policy agenda from Trump, but we don't know.

Daniel Gremonprez:

Okay. So, Martin, continuing with our discussion on global impact, how do you anticipate Trump's economic policies to impact labor markets in the U.S. canada, and perhaps globally? And do you think there will be a lasting impact on how this could shape global monetary policy moving forward?

Morten Springborg:
With regards to the labor markets, I don't have strong views that there's going to be significant impact from this. My views are that in the Western world, including also the US Demographics are actually more important, and demographics dictate that we have a shrinking growth in labor pools. And in many countries we actually have declining labor pools. So I am fundamentally of the view that we are not going to see big, big spikes in unemployment, at least not for the next few years until we potentially see the full impact of generative AI on white collar labor, which could happen in two or three, four years time. We don't know yet. But leaving that aside, focusing more on the monetary sides of things, I mentioned that the US has been running 6.6% average fiscal deficit since 2009. That has created a situation that we call fiscal dominance. Fiscal dominance is when the liquidity injections from the state budget is larger than the private credit creation in the economy. When that happens, monetary policy, interest rate policy becomes ineffective. And that is the situation we have in the US Today. The Fed has simply lost control. And to a certain extent, well, not to a certain extent because of the fiscal expansion we have had the inflation in the U.S. now Donald Trump is trying to control the size of the deficits in the US and potentially we can move away from fiscal dominance. But that is the situation today. Monetary policy today is subjugated to fiscal policy. I mentioned that we need to roll a lot of debt financing this year. The first and foremost objective of the Fed today is no longer inflation or employment in the U.S. the first and foremost objective in the U.S. today is to manage the treasury market, make certain that there are no liquidity air pockets and that we have orderly bond markets in the US and that means that they'll have to come back and, and guarantee liquidity in those markets as we have to roll this debt. So, so that's the problem. And the further problem is that Trump, he understands that we need to reduce the deficit from let's say 6 point or 7% down to 3%. That's a contraction in economic aggregate demand in the US that will push the US economy on the border of a recession. The problem having a recession when you have so big indebtedness as you have today in the US is that most likely you are going to see a very, very big expansion in the fiscal deficit in a recession. The last three recessions we saw more than a doubling in the deficit as we went into a recession. So that would take the deficit from 2 to 4 trillion dollars in the US and then I would say the fiscal situation in the US Is out of control. So it is a very, very delicate moment. I would say in modern economic history, what we're doing in the US Today, it's going to be a balancing situation. And Trump wants to grow out of this. He wants to run the economy hot and maybe inflate the situation of the problem out. But the problem is what we're doing right now is contractionary for economic growth because of the tariffs and because of the DOGE initiatives to cut the deficit.

Daniel Gremonprez:
So Dominic, how do you anticipate Trump's policies to play out on the labor front?

Dominic Plante:
No, it's a good point and I think Morgan made some very good valid point there on the debt problem of the US and it's something we could discuss quite in length. In terms of the labor front, I think the impact of

Trump policy at this point on the labor market are still ambiguous. The Dodge objectives, you know, that Warner was referring to, so the dodge is the Department of Government Efficiency, you know, led by Elon Musk, you know, has an objective to shrink the size of the government. You know, the job cuts, you know, that we might see in Washington, Washington, D.C. are probably not, you know, probably not material in the context of the overall labor market in the US Right. So the, so the Dodge effort, like, so, you know, there's expect, there's an estimate that maybe there's could be 300,000 employees that might lose their jobs, you know, in the US federal government, maybe 600,000 contractors, but we're talking about less than a million people out of 160 million people employed in the US market. Now like that effect in a sense is, is not, you know, is small, very small. It's immaterial. But I think what's important is the trickle down impact that could be meaningful. Right? So if there's trickle down into the private sectors and there's a snowball effect, this is something we got to keep an eye on very, very closely. There's on the flip side. So this is one part on the flip side. There's several pro growth administrative initiatives by Trump, including tax cuts, deregulation, other investment, Schwarzenegger, which could all be positive for the labor market. So that's where I would say there's things to keep an eye on. But there's probably more growth coming down the pipeline from all these tariffs. I think the other thing to keep in mind too is the US Is actually planning to expel people out of the country. They want to reduce their immigration in the country, which would have further effect on reducing the supply of the workers and tightening the labor market and could also push inflation even more. So these are things to keep an eye on. Canada, the tariffs are probably more likely to have an impact on the labor market than the U.S. export to the U.S. from Canada is about 18% of our GDP. We are, we are enlarged, a service economy, but 18% of our GDP export is part of the GDP. So any slowdown in export from our point of view could be meaningful in that sense. So you know, I mentioned maybe I might have alluded a little bit before in my previous comments that we are in the later stage of a business cycle here and there's, as I said, possibility that discharges won't as easily be reabsorbed into the economy at this point. If you bring up the next slide there, Dan, you'll see that. So earlier I talked about the no hire, no fires. However, what you're seeing now in the news is there's a lot more word, if you do the word counts of words such as firing, job cuts, layoff, all of those three all together. You see there's a big spike in talks in terms of more potentially layoff coming down the pipeline. So that's a trickle down effect of all of those tariffs. And you know, there was a report from the bank of Canada that just came out that was talking about, you know, the consumer and businesses intention going forward in terms of how much spending they plan to spend going forward. And consumer intention on big items is really will be much more lower than what was in the past and businesses as well, you know, have lower intention on spending their, you know, at this point in the cycle. So, so now having all said that, I think, you know, so there's obviously more discussion going on on this front. There is definitely some sectors in Canada that might fare, you know, better. You know, with all those those stairs, what are you thinking about consumer staples, utilities, telecom, you know, even you know, pipeline as well. Could, could, could do well. So there's like, there's oil going to the U.S. from a U.S. perspective they, they are 100%. So when you take, you know, part of the U.S. the Midwest and the RO Rockies, they're 100 reliant on our Canadian crude. And you know, with a 10 tariffs on energy really we don't think it would incentivize the US importers from importing their Canadian oil from pivoting away from their reliance on Canadian crude. So, so there's all of these things to keep in mind. I think at the end of the day too as we talk about a lot about macro and the economy and obviously there's you know, some big debt problem in the US and so on. I think at the end of the day the way we manage money for clients, Dan, is it's not, we don't, we don't buy the market. Right. So we don't buy the global economy. You know, our portfolio is really concentrated in, you know, 30, 40 gems in our portfolio. It's diversified by sectors, but it's really designed to be resilient through periods of economic uncertainty. So that's what I would say as we, as we keep talking about this, just keep this in mind that our portfolio are usually designed, diversify and designed to be resilient in periods like this. And you want, you want companies to have a strong competitive moat and able to pass on price increases to clients as well. So competitive mode for us is very important looking at. So we can discuss those things a little bit more as well, Dan. So I'll keep it at that for now.

Daniel Gremonprez:
Great, Dominic. Thank you very much, gentlemen. This is a great conversation. I do want to make sure that we get to our audience question and answer period. So I'm going to skip to my last question here. How should investors interpret Trump's current unilateral, unilateral trade and economic policies? And what lessons can we draw from past experiences to better help our clients navigate future uncertainties? Dominic, we're going to stick with you. Take it away.

Dominic Plante:
So I mentioned my earlier comments that Donald Shop is making uncertainty great again. Right. So that's, you know, just to have a resolution on the uncertainty would be, would be welcome in the market. So he thinks that everybody in the world has been taking advantage of the U.S. you know, based on the current trade deficit versus other countries. And this would lead to lower growth and higher inflation going forward. I think it'll be tricky for central banks to navigate this environment. I think what you want to focus on in these times and in these uncertainty is portfolio managers that have a long history of downside protection. At bg, at Butil, we've been. Downside protection for us is paramount, has been the focus of the firm since inception in 1960, 67. You know, if you look at Canadian equity strategy. So the, the next. Actually, if you want to bring the next slide there quickly, Luke, I think the next slide basically shows you. So we talk a lot about. I think there's definitely a rotation going on right now in the world. There's, there's more money going towards global in general. But, but the other thing that we're seeing here, I think that's very interesting is obviously the orange line here that you see yellow. Orange is the valuation of the Russell 1000 growth in the US market today. And on the flip side is the valuation of the Russell 1000 value stocks in the market today. So as you can see here is that US growth stocks are really in the 96th percentile of how expensive they are they've ever been for the last 20 years. And on the flip side, and you see the value stocks are really in the second percentile of how cheap they are. So we're really able to find some really good value names out there which should provide good downside protection I think going forward for, for our portfolio. So if you, if you slip, skip to next slide Dan, and just go to the, to the next one. So really, you know, this slide kind of shows you like I was talking about downside protection. It's paramount. Look at managers that had a track record of downside protection. Well, this is it. So we manage money at, you know, Canada life since 1998. So very grateful and thank you all for your support over the years. But this is the history of the Canadian equity fund that we manage on their platform, you know, since 2000. So the blue line is the Canadian equity strategy that we manage. The orange line is your tsx. So we manage Canada US Global in a couple balance fund for Canada Life. So five mandates in total. But this is the downside we've been providing for the last 20 plus years on your platform. So you look at 2000-2008-2011-2015, 2018 when Trump post terrorists for the first time. So you see the second

last year circle is when Trump put terrorists for the first time in 2018 and in 2020 22. And every single time the portfolio has been more resilient and outperforming the TSX during those more difficult time. If you go back to 2022, the three BG Canada Light BG equity funds on the platform, including the Global Funders and the American Value fund were actually positive in 2022 when the market MSCI, well was down 12% and S&P 500 was down 12. So again, I think having a focus in this environment there down on quality value. We apply the same philosophy, the same process across our mandates for Canada Life. And I think it should help smooth out returns for your clients or it should help, you know, smooth out returns and help with your conversation. I think as we move forward, there's a lot of emotion in the market. People are falling in love with their stocks. They're following the herd mentality. I talk about, you know, the Mag 7. The Mag 7 today. You know, I was just looking at this this morning. We represent about $17 trillion versus the MSCI E fee that is you know, $20 trillion. Right. So, so there's obviously you know US large cap growth stock is an overcrowded trade but people are still buying this at least for now. But we see that you know so far year today the Nice 7 is down over 12% year to date as of yesterday. And Tesla is leading the pack down over 35% closer to 40%. Nasdaq is getting close to 8% year to date in terms of pullback. And these are all the things that we discuss with more than referring to Deepseek and Alibaba as well just recently challenging the Nvidia story. Some elevated valuation and market uncertainty is really causing the market to go back to fundamentals and over the long run fundamentals matter. So I, that that's where I would end that in terms of overall like I really encourage people to look at, at the managers to look at the detail strategies they have on the platform, you know and they're unique to Canada like those, those strategies that are unique to Canada life and look at those downside protections over time and hopefully that should help out your, your conversation throughout the years. So thank, thank you again. Thank you all for your support over the years and over to you.

Daniel Gremonprez:
Dan, thank you. Dominic Morton, I want to hear from you as well. Why don't share your insights. Any other insights for investors that you've got?

Morten Springborg:
Well just to answer your question, history has shown that tariffs basically backfire every time that they are applied. We saw it with McKinley's terrorists in the 90s, in the 1890s, we saw it with all in the 1930 period. So I'm sure that the coming five to 10 years are going to be very volatile and very unpredictable. And therefore I think it's important for everybody to understand that you should not underestimate the value of predictability. And what do I mean by that? See, worldwide we run concentrated thematic portfolios. We have a maximum of 30 stocks where we allocate our capital according to convictions about thematic developments in our economies. We have approximately 17 or 18 themes that we have now active in our international strategy. In those themes we have stock picks where we have very, very high conviction about the company's ability to compound earnings for the next five to ten years no matter what is thrown at these companies from a macroeconomic point of view which we have basically been talking about today. So we are bottom up and not so much top down. We identify growth companies that can compound earnings over five to 10 years time. Our conviction is that at the end of the day the value of a Company is reflected by the underlying earnings growth and earnings trajectory of the company. So that is what we are spending all our time focusing on, trying to identify these companies. And then we're just

returning briefly to this macro picture that is being painted. I'm actually for the first time in 18 years, very, very optimistic about Europe. Finally we have to get our act together in Europe and we don't have a big brother that looks after us any longer. Fiscal impulse will be moving from us to Europe and I think that is going to be very important because fiscal was a very important driver of earnings growth in the US for the last 10 years. That will be happening in Europe for the next five to 10 years. We will try to stop saving ourselves to riches. Austerity in Europe is now dead. We have been fighting the economies with austerity for so many years and the consequences have been a lack of growth. Growth will be coming back to Europe and I think that is very important because European assets are under owned in global equity markets. So this is a very, very good hunting ground for European equities. Europe is at the forefront of capital goods industries and we are moving away from an economy where the sole focus is on IT and software and digits and bits into a world where we also have to focus on the physical world, on atoms and rebuilding manufacturing capacities in the West. And that cannot be done by Google and Nvidia alone. They are also going to be part of it. But you will need also engineering companies, companies that can provide the manufacturing equipment. And those companies are found in abundance in Europe and in Japan, just to mention two geographies where we are very optimistic about the longer term outlook for equity markets. So that's important for us. Then I would say my core view is also that the dollar is going to go down over five years time and that's going to give a lot of oxygen to the rest of the world economy because the world is more or less still run on dollars and if dollar becomes less expensive it will become more liquid and that will be an oxygen generator for emerging markets. I'm particularly optimistic about the long term outlook for India. And finally I would say that, and maybe this is just for pa, I don't know, it's not something that we do here. But I think there is a very, very important message coming from the gold market. We are, you can see gold is now reaching $3,000 and the message is that we need to have real and physical assets in our portfolios and we have to move away from nominal assets because the only way to Solve this problem is to inflate away the debt and the gold price is telling us it. And gold is re entering the monetary system again. We see it because it's being included as a tier one asset for banks as we roll out Basel 3 legislation in the Western world. And that is why we have now a scramble for gold, physical gold, particularly in the US as we speak. So I'm quite optimistic. But you need to be nimble, you need to be focused. And we are focused on trying to make concentrated stock selection that we believe can generate significant earnings and therefore also share price appreciation over the coming years.

Daniel Gremonprez:
Dominic and Morton, thank you for sharing your insight so far. Now we're going to move on to of the questions that we have received from the audience through slido. So one moment, let me take a look what we have top question here. What are the best diversification strategies right now to protect Canadian investments? Dominic, do you want to jump into this one first and we'll see if Warren has any comments to follow?

Dominic Plante:
Yeah, sure. Like, I mean my, I think at this point in the cycle, as I was alluding throughout the presentation here, we, you don't want to overextend your risk in this environment. You don't want to take unnecessary risk. You know and to me like again, you know, going back to the slide that I showed, equality, the value versus growth, I think having a quality value bias in this point in the cycle and going

back to the real economy like these are value, often value value stocks in those real economies. So I think, I think this is where you, you kind of want to stay position, quality value, you know, the group, the, the gap is so big right now that the, the valuation is so the, the downside risk on some of those with growth stocks, we're already seeing some of that, you know, playing out right now. But the downside risk is still very significant for some of those growth stock that have been a overextended for a very long time. So I think in that environment we manage the global value balance. So if you own the Canadian balance that we have on your platform, we also have a global value balance which is a very good complement to the Canadian balance that you have. And you would have exposure to all the rest of the world, the international market, the global global market, the US and as well having a fixed income component there that would smooth out the client's return over time. And you know, you look at year to date, what's going on, you know, with this portfolio actually won an award at the Fund Data Award. The Global Value Balance Fund similar to if you're looking for just a pure equity fund that Global founders would be 100% equity without the fixed income component. But both Global Value Canada Life and Global Founders our first quartile year to date and over a three year time frame and soon we'll have a five year track record in a few weeks as well. So I think you kind of these to me like are you want diversification, well diversified, well balanced, focusing on dividend, focusing on income across sectors but across region as well and should provide smooth out returns in this environment for your clients.

Daniel Gremonprez:
Outstanding. Martin, I was going to go to you next but maybe we'll jump to the next question. I want to get through as many of these these as we can if you're comfortable with that. So Morten, over to you. What's the outlook for fixed income and how should retirees be adjusting their positions in this market? What would you, what would you contribute here?

Morten Springborg:
Well I think I alluded to it to previously I would be careful in certain geographies to go into fixed income and then I would if if I had to have an exposure to to fixed income which I do not personally personally myself I would look at geographies where I have a more comfortable outlook for the fiscal balances in the economy and therefore also for the trajectory of the currency that you get exposure to. There are certain, I would say European countries, not least in Scandinavia where you have very, very strong domestic economies and where the government is actually a good credit. You find good credit also in certain emerging market economies where you can also over the next five to 10 years have a view of an appreciating currency vis a vis a currency like the US And I guess the Canadian dollar will kind of follow the US Dollar. So so I think I would internationalize my exposure both when it comes to credit but also to equities.

Daniel Gremonprez:
You started to talk about the impact on the US Dollar leading nicely in the next question. What's the impact on the US dollar and on US stocks moving forward through 2025 and into 2026 given the current tariff talk Morgan, maybe we'll stick with you on this one and then and then hear from Dominic.

Morten Springborg:

It's of course a question that should have a more deep response from me. But I would say that I think capital flows, liquidity flows are important and I can tell you that the historical $300 billion that has been exported from European countries into the US primarily into the US equity market over recent years is going down. We have massive reallocation amongst our largest institutional investors in Europe away from the US and it is both from a bottom up perspective but it is also from a top down. You have had President Macron and Draghi coming out stating the idiocy in European capital fleeing the US when we need that capital in Europe. So politically also I think there's going to be pressure to contain us, let the capital stay in Europe. So I think that over the coming, let's say five years time we're going to see less global liquidity flows less going into the US it's going to impact on the margin the valuations of US equities and it's going to impact the value of the dollar. My view.

Daniel Gremonprez:
Dominic, anything to add there very very quickly and we'll shift to the next question after.

Dominic Plante:
No, I think, I think you know longer term I think you know what Morgan was referring there to. I think kind of makes sense there is a like less shift, less treasury being bought across the globe for the US market now. I think more you know, back back home. If you look at CAD vs USD as I was referring to earlier, really the interest rate differential between both countries is at extreme high right now. 150 basis point between both countries. So why would you lend money here at 275 when you can go over there at 425 for 450. So I think this is where I think that's going to keep driving the CAD versus USD in the weaker range. I think it's kind of stabilizing the 70 cents right here if there's a risk off environment, if there's a sell off because there's global recession this and that. You could see the US dollar getting strength in the shorter term because it's still seen as a safe haven globally. But that's really more shorter term if there's a risk off environment. But longer term versus the CAD cat I think will remain probably weakened here which would excel help our export. But on the flip side as Martin was saying there's there's bigger things going on with debt that the deficit and the debt structure of the US that might see Chinese like actually reducing their treasury exposure to the US even even now. So you're, you're see, you're seeing this right now and could could impact I think weakening the US dollar longer term.

Daniel Gremonprez:
Thank you for that Morton. If we look at the possibility of global counter tariffs what are the biggest areas or sectors of concern for businesses and investors?

Morten Springborg:
I don't know if I'm the right person to answer that question. We are more focused on the company specific risks that we are exposed to. And we have of course combed our portfolio for tariff risk. And I actually think that from a portfolio view from SEA Worldwide, we are pretty well positioned. The companies that have big US Exposures typically also have manufacturing capacities in the US which is going to be vital. Take a company like Novo Nordisk, they have major manufacturing capacities in the US and we don't think that they will be severely hit basically in this situation. But of course there are lots of uncertainties. I'm not sure that I'm the right person to answer that question, Dominic.

Daniel Gremonprez:
Is there anything that you would add there then?

Dominic Plante:
Yeah, I mean, just, I think, you know, the biggest concern is the uncertainty in the market right now. That's the biggest concern. So any resolution of those uncertainty, like is because you can't plan, you know, if you want, want to invest, you know, whether anywhere in the world right now or like in Canada or US, you want to make some investment, you don't know what's your cost of capital. So because you don't know what your cost of capital, you're still going to be restrained in terms of where you want to invest. So that's the uncertainty that the market doesn't like. So that's what I'd say the biggest concern is at this point. Yes, we can talk about sectors and this and that and I kind of alluded to materials that might be a little bit more impacted. Obviously there's a higher tariffs on materials like aluminum and steel, you know, going Canada, US but, but really at the end of the day, once we see resolution on those uncertainty, you know, a 10% tariffs on energy, 10% tariffs on potassium and you know, nutrient is, is like, it's manageable. Right. So, so we just need to have better clarity on those and I hope, hoping, you know, again, like in April with this report coming out, hoping we get a little bit more visibility into Trump's policy going forward.

Daniel Gremonprez:
Thank you for that. With that, gentlemen, we are at time here. Thank you again, Dominic and Morton, you're incredible partners to us. So thank you for being with us today. You shared some key information I'm confident will help advisors and clients be better prepared to face an increasingly unpredictable investment environment. Here at Canon Life, we are proud to offer a range of mutual funds and segregated funds to Canadian providing wealth solutions that are tailored to meet a variety of investment objectives. Now can life, we believe that doing business and investing with us should be easy with solutions and expert guidance to help fuel the growth of your investments. So to our advisors. Our specialized experts are here to help you navigate key market trends to support you and your clients while taking your business to the next level. And we're committed to helping advisors like all of you succeed. And if you have questions about anything you heard today, I do encourage you to reach out to your Canada Life wealth wholesaling team. I'm sure you'll be hearing from them over the COVID over the coming weeks. Reminder for our Quebec Advisors the CE Credit quiz will appear on the screen after this call ends and your feedback. Everyone, your feedback is important to us. You receive an email shortly with a link to a brief survey so let us know what you thought of this event. And thank you again for joining us today. And keep an eye out for our next Market Connect event on May 20th. We hope you'll join us again for another insightful discussion and everyone please enjoy the rest of your day. Thank you.