

# The Path Forward

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Exploring Secular Trends & the Impact on Retirement Outcomes

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February 22, 2023

# Agenda



**Demographics**



**Productivity**



**Geopolitics**

**Long-Term Implications for Plan Members**

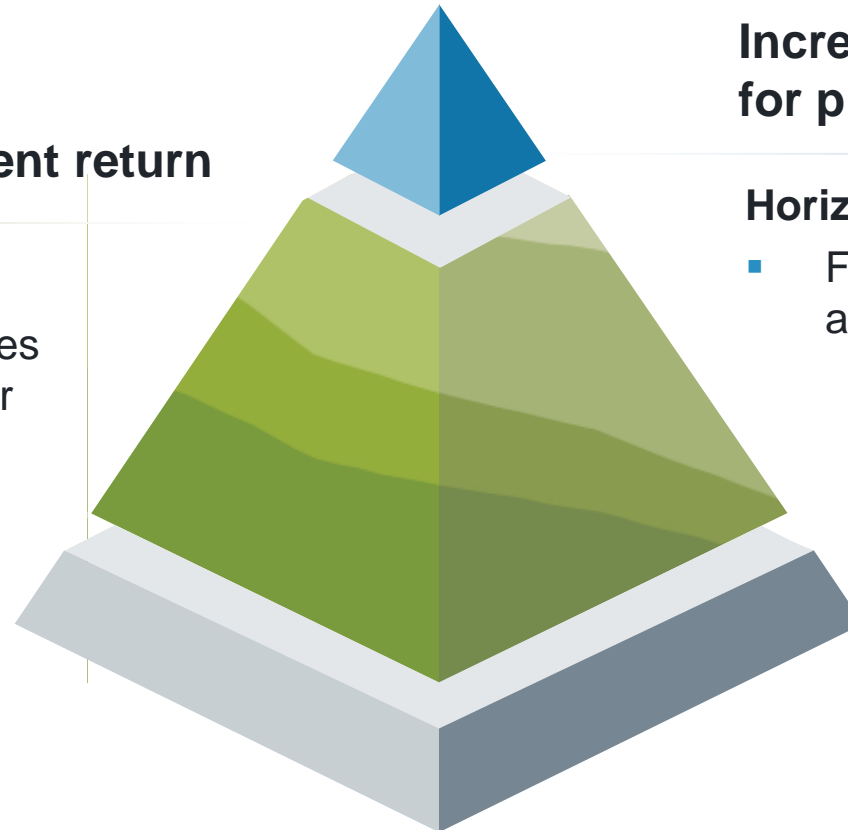
# Generating Investment Returns

## Glide Path

Drives the majority of investment return

### Horizon: Long Term

- Strategic mix of assets that evolves for plan members throughout their lifetime



## Active Asset Allocation

## Active Security Selection

Incremental ways to improve outcomes for plan members

### Horizon: Intermediate

- Focus on inefficiencies across asset classes and securities

For illustrative purposes only.

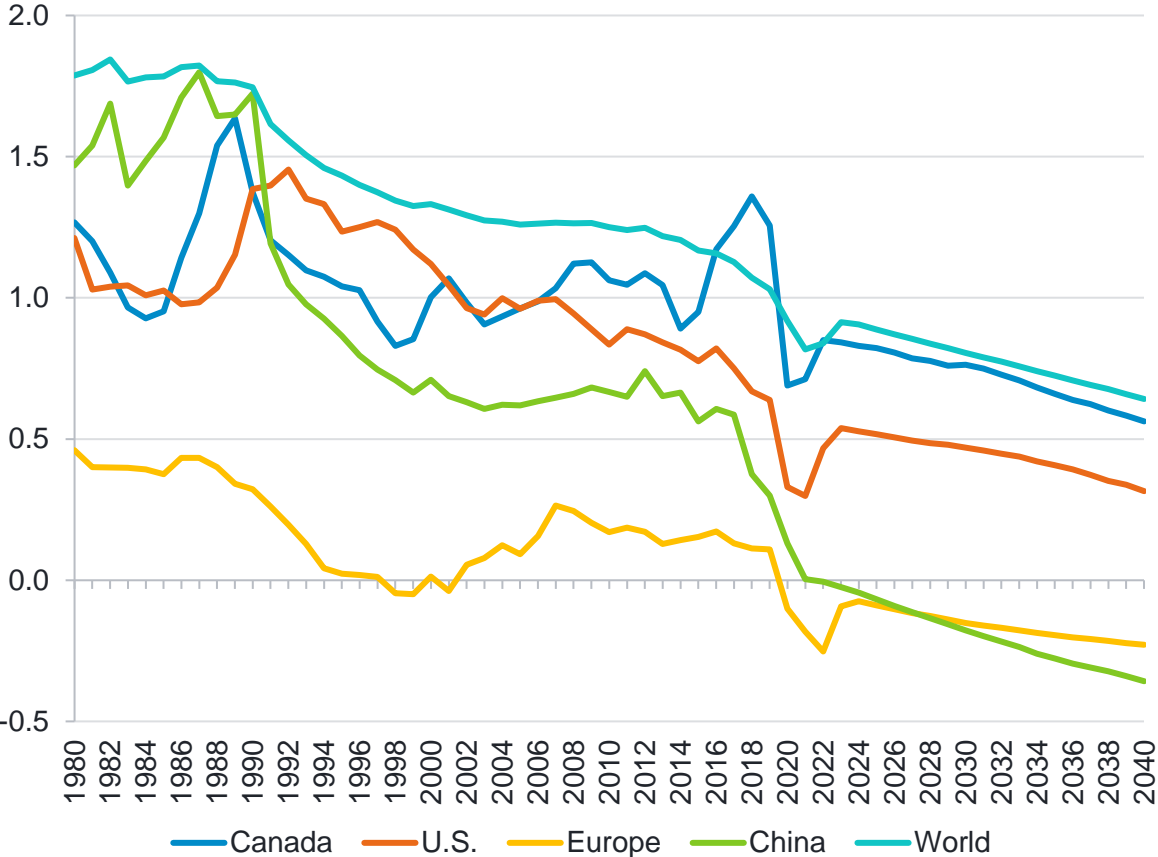
# Secular GDP Growth: Population And Productivity



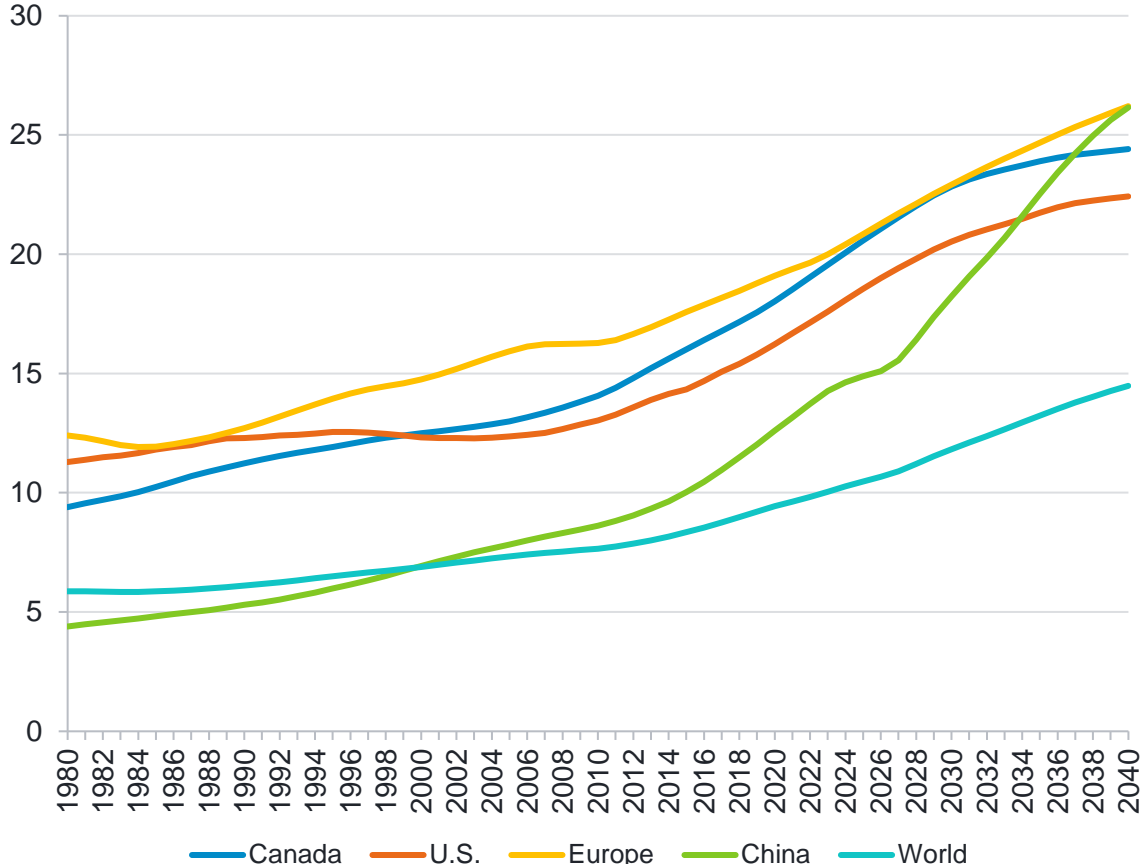
For illustrative purposes only.

# Lower Population Growth Amid Demographic Aging

## Population Growth (%)



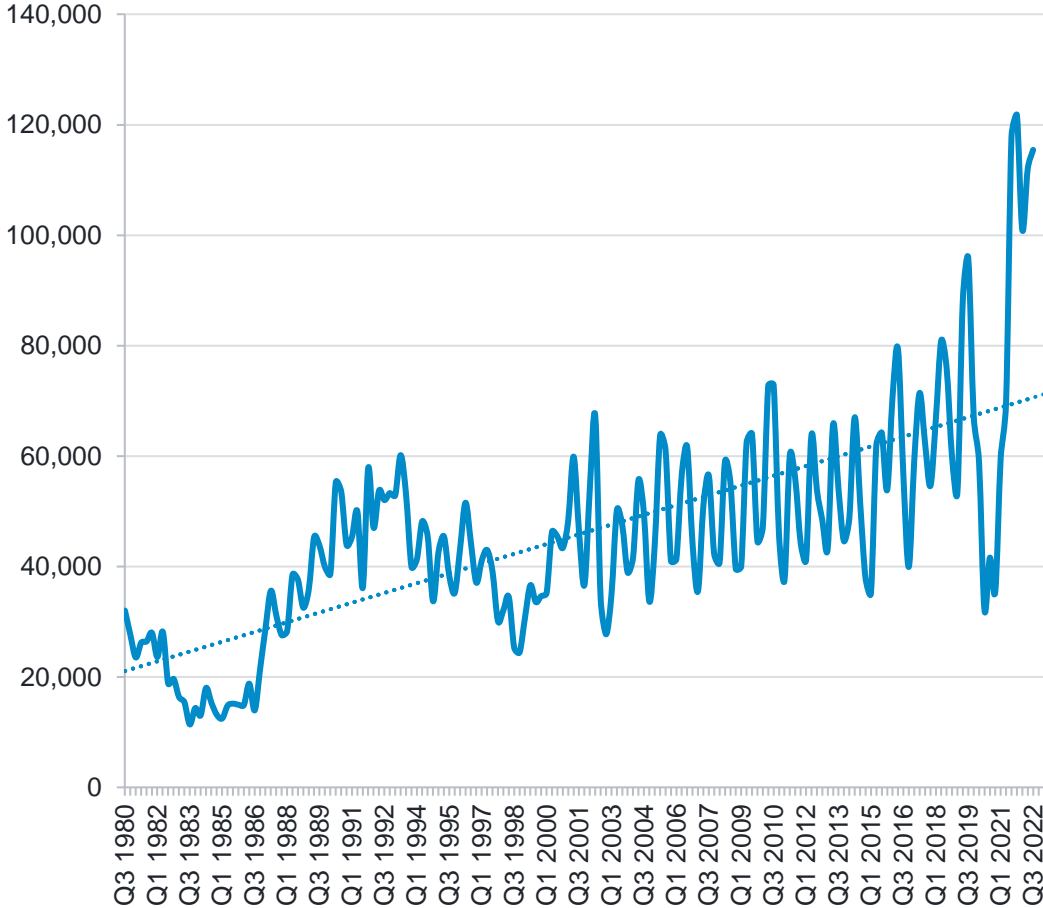
## Share of Population > 65 Years Old (%)



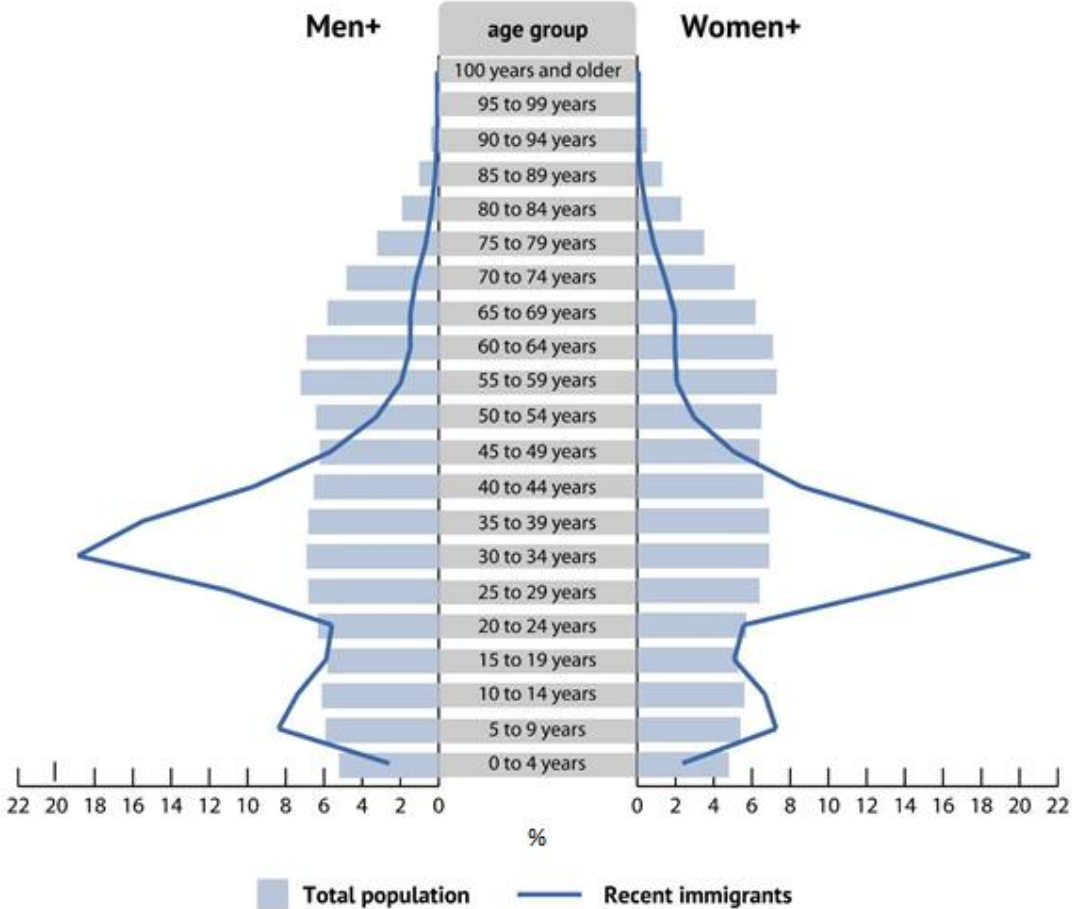
Source: United Nations World Population Prospects (estimates pre-2020, projections post-2020). For illustrative purposes only. Source: Fidelity Investments, as of 12/31/22.

# Canada Immigration Picture

## Net Immigrants – Accelerating in Recent Years



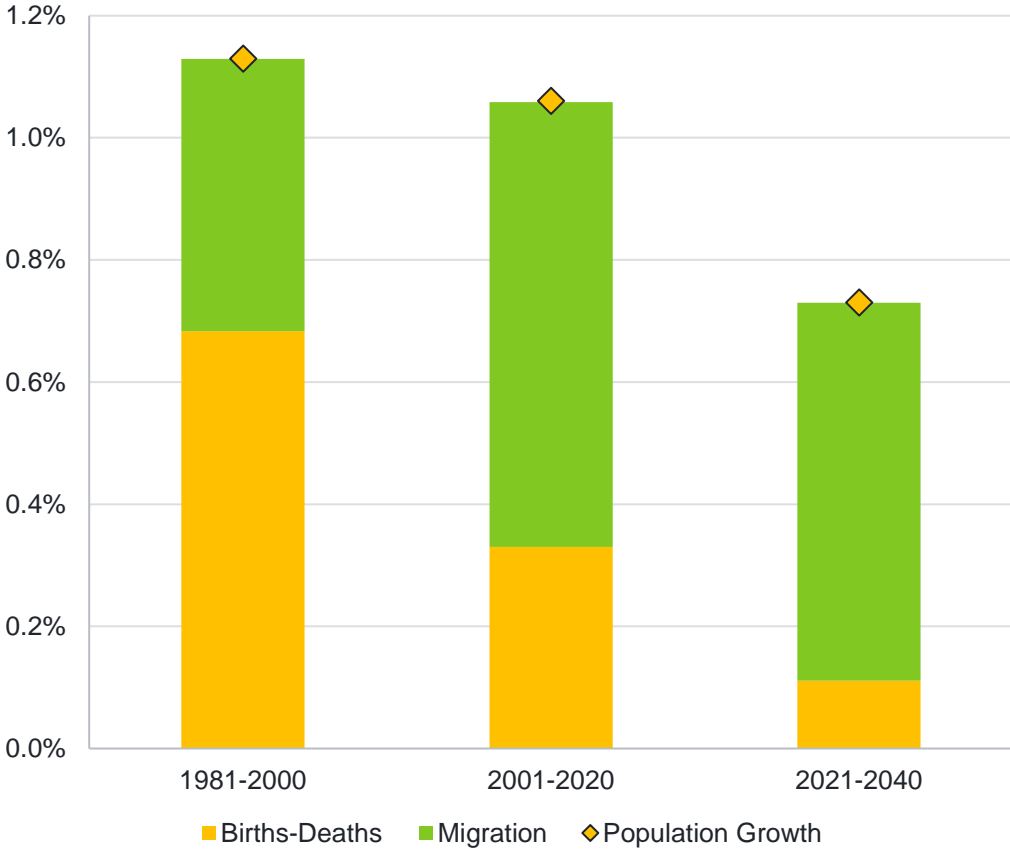
## Age Pyramid of Population & Recent Immigrants



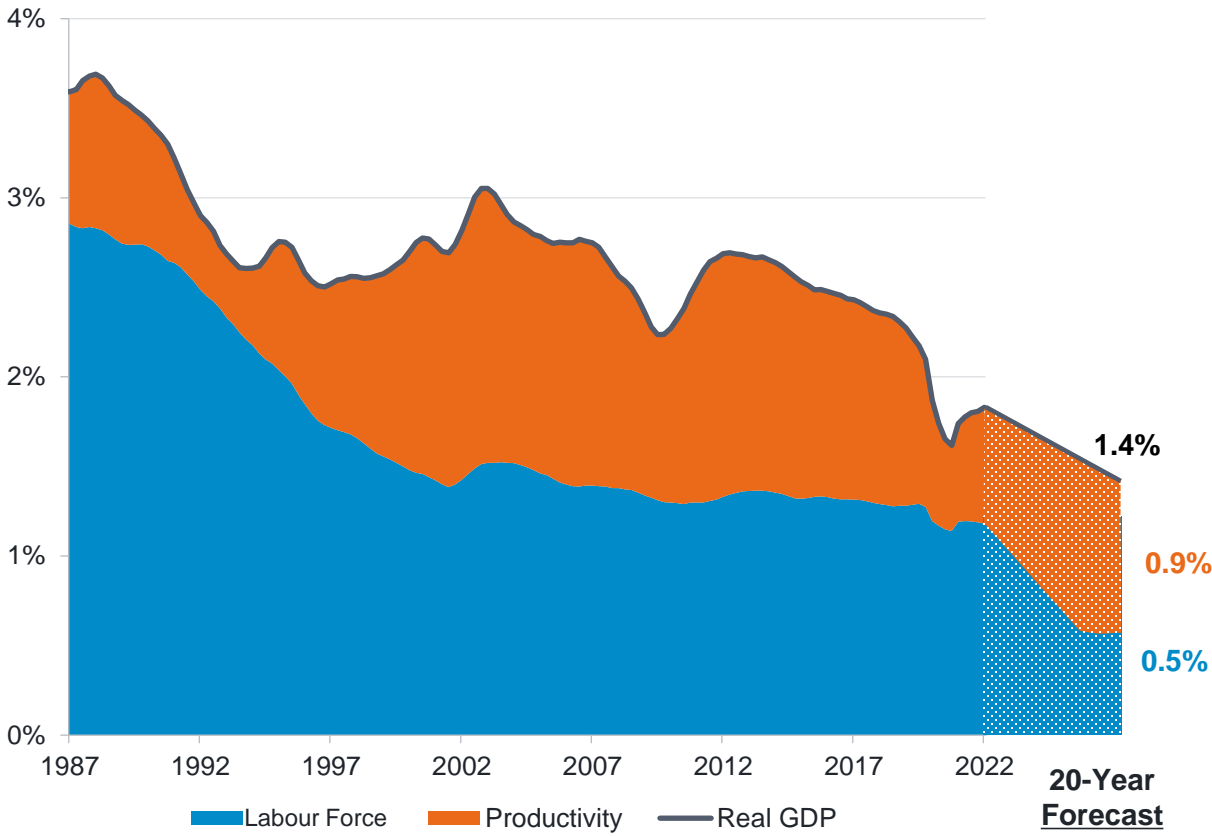
Sources: Statistics Canada. LHS: 17-10-0040-01 Q3 2022 data is preliminary.

# Canada: Secular Growth Modest, Immigration Important

**Population Components-  
Year over Year Growth (20-Year Average)**

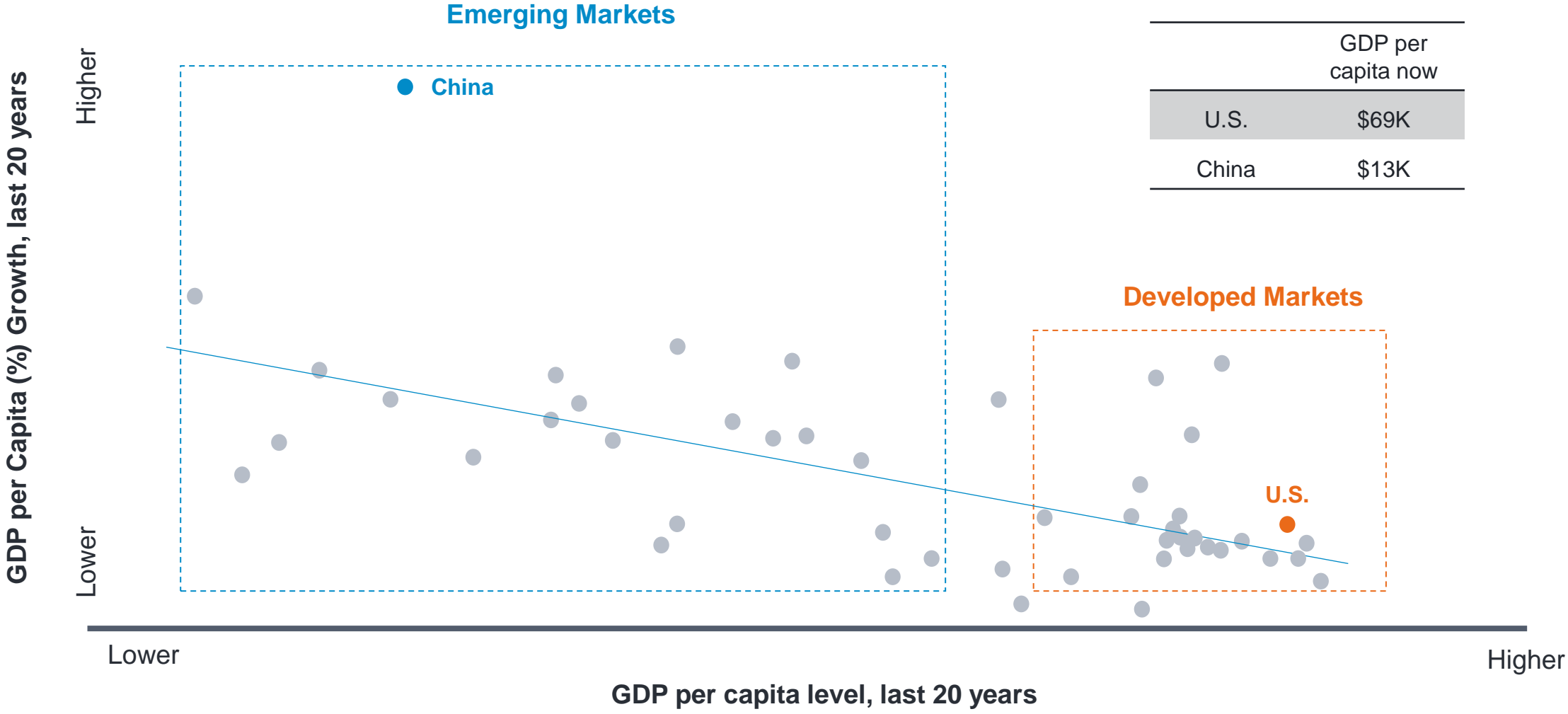


**Real GDP Components-  
Year over Year Growth (20-Year Average)**



Sources: Statistics Canada, United Nations, Haver Analytics, Fidelity, all as of 09/30/22. GDP: Gross domestic product.

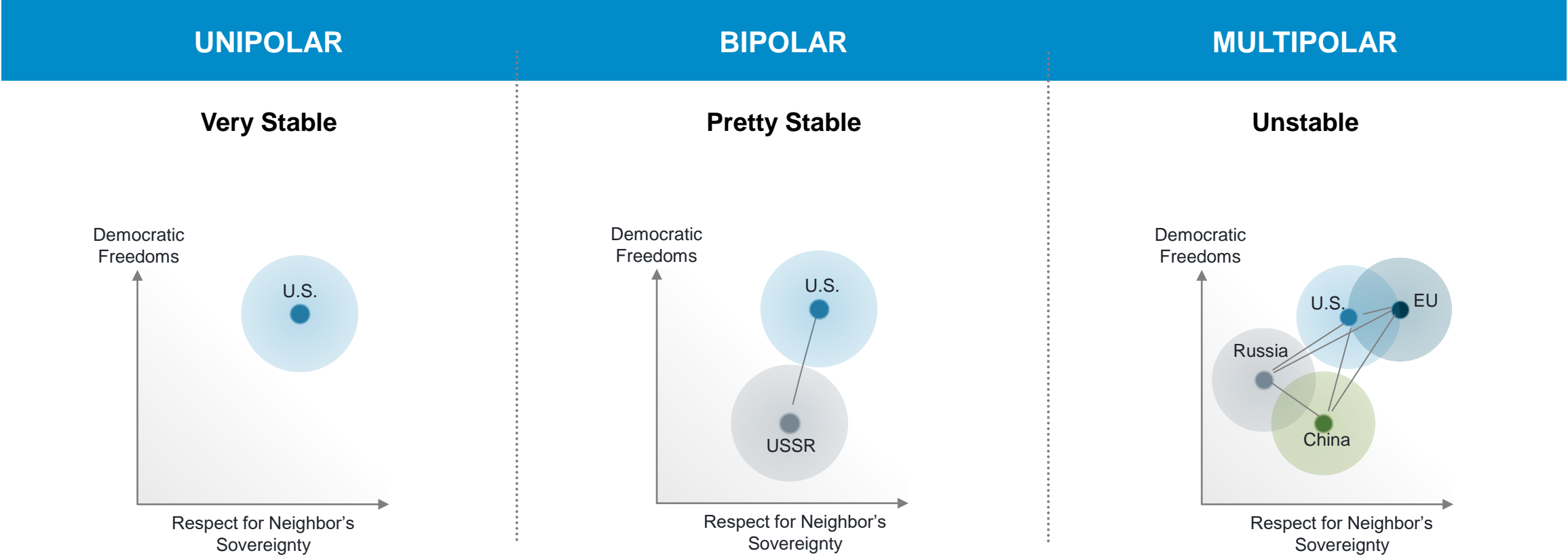
# Productivity Trends Support Emerging Markets Growth



For illustrative purposes only. Source: Fidelity Investments, as of 4/30/22. GDP: Gross Domestic Product



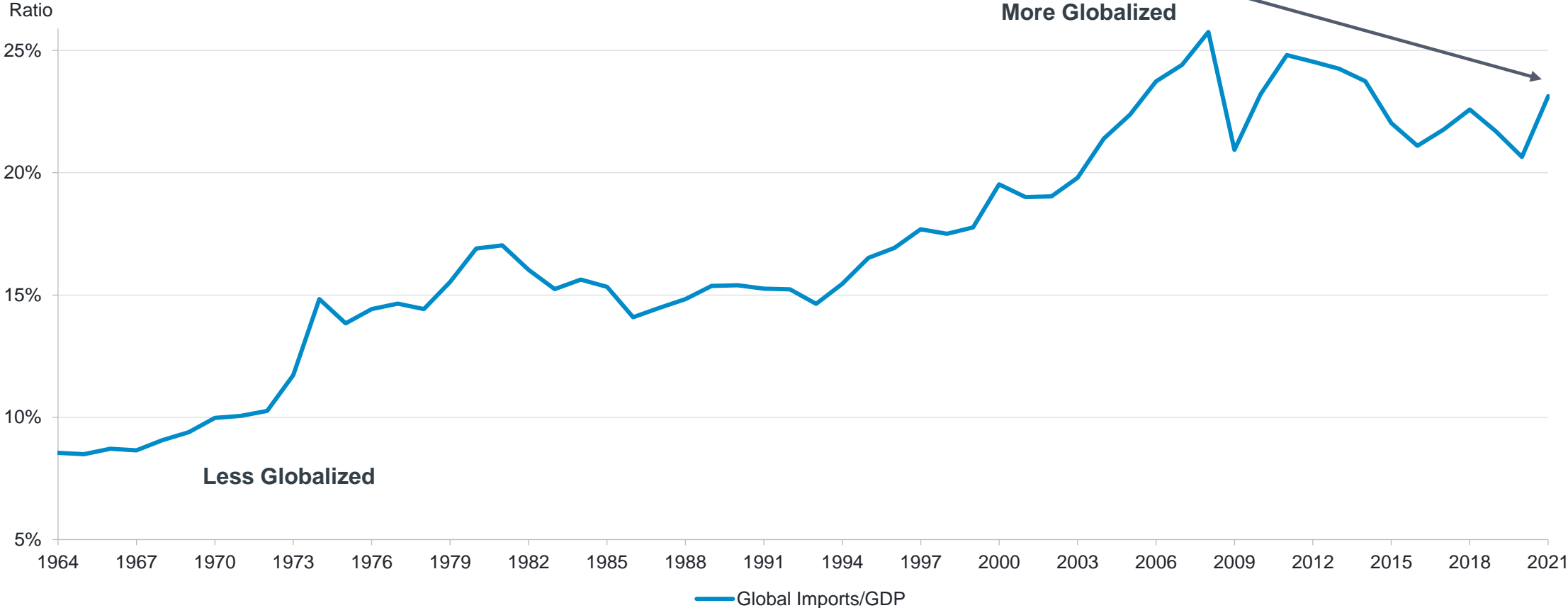
# Geopolitical Risk: More Great Powers, Less Stability



Source: Fidelity Investments (AART), as of 12/31/22.

# Geopolitical Risk at the Center of Deglobalization Trend

## Trade Globalization



Diversification does not ensure a profit or guarantee against a loss. Source: International Monetary Fund (IMF), World Bank, Haver Analytics, Fidelity Investments (AART), as of 12/31/22.

# Secular Forecast: Slower Global Growth, EM to Lead

Real GDP 20-Year Growth Forecasts vs. History

■ Developed Markets ■ Emerging Markets ◆ Last 20 Years

Annualized Rate



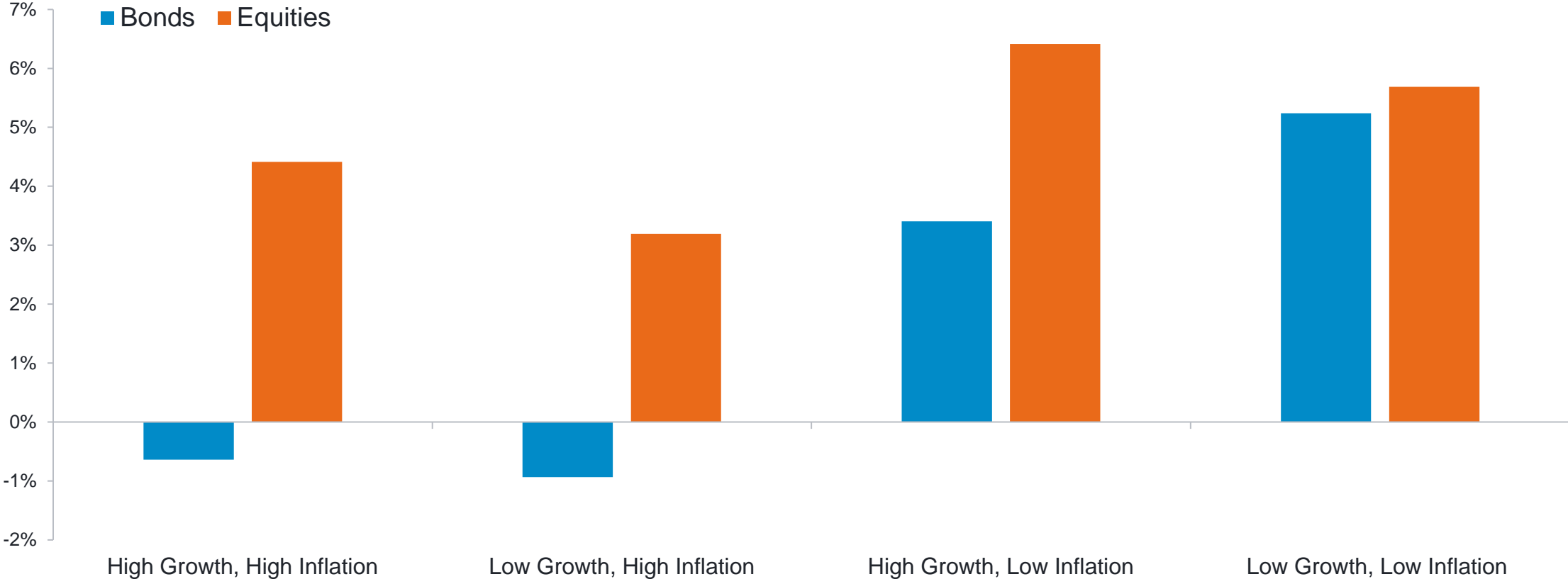
Global Real GDP Growth	
Last 20 years	20-year forecast
2.7%	2.0%

Past performance is no guarantee of future results. EM: Emerging markets. GDP: Gross domestic product. Source: OECD, Fidelity Investments (AART), as of 5/31/22.

# Questions?

# Long-Term Returns Depend on Economic Market Environment

20-Year Real Returns Since 1900 Across 21 Markets (%)

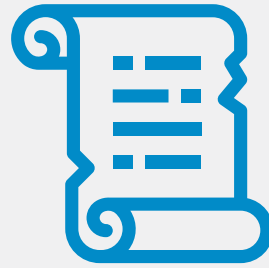


Source: Elroy Dimson, Paul Marsh, and Mike Staunton, Credit Suisse Global Investment Returns Yearbook 2020. For illustrative purposes only. Source: Fidelity Investments, as of 4/30/22.

# Other Secular Trends Worth Monitoring



**Global Debt**

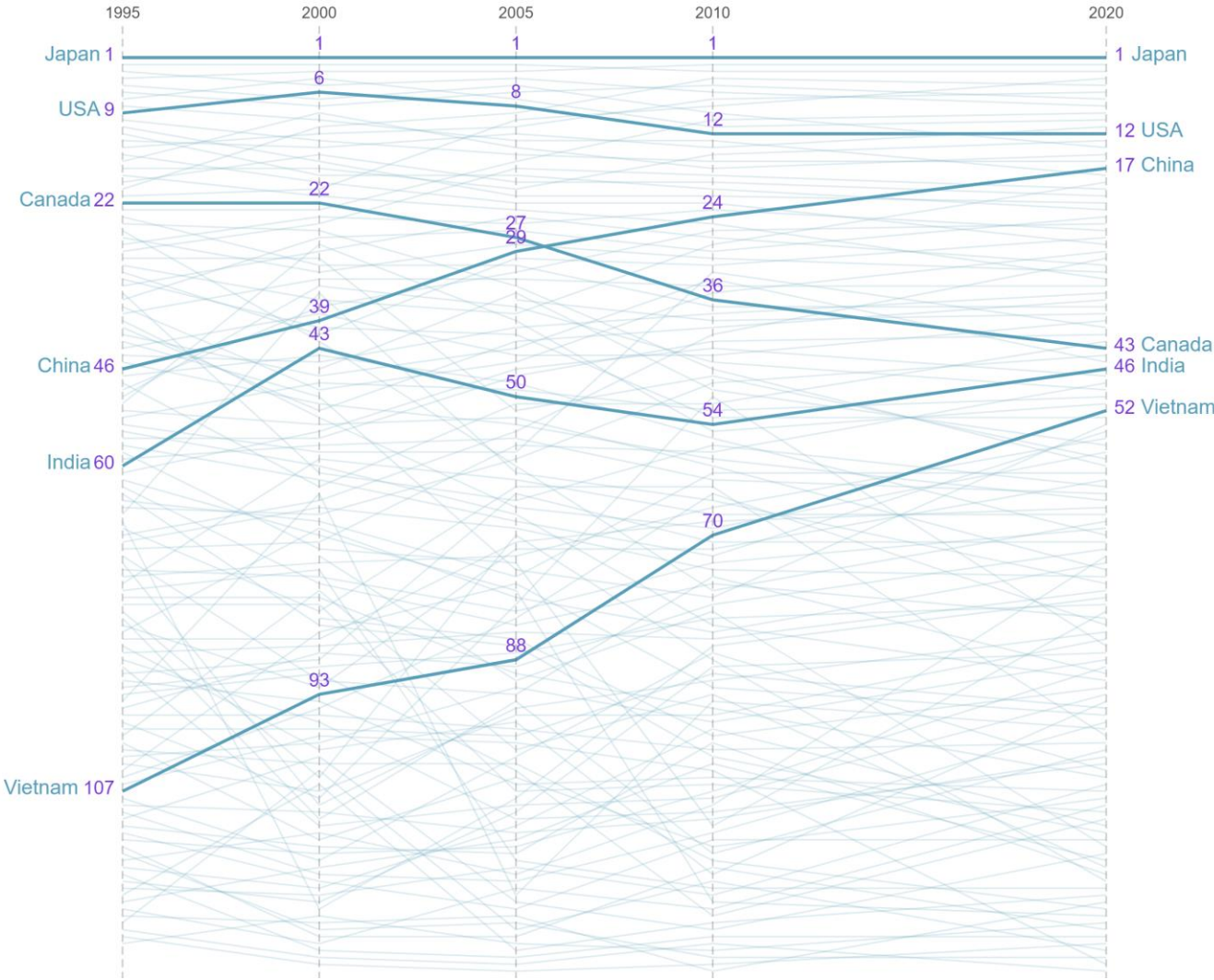


**Policy**



**Climate  
Change**

# Trends in Country Complexity



Source: The Atlas of Economic Complexity (<https://atlas.cid.harvard.edu>). For illustrative purposes only.

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