



Portfolio Manager Commentary and Quarterly Fund Returns for Selected Portfolios for the Quarter Ending September 30, 2024

Inflation Declines, Central Banks Lower Interest Rates

The third quarter of 2024 brought early signs of positive economic progress. Overall, the third quarter of 2024 saw central banks easing monetary policy in response to moderating inflation, supporting equity markets across major economies.

Canadian inflation decreased to 2% in August to the Bank of Canada's (BoC) target. In response, the BoC reduced its policy rate twice, by 0.25% each in July and September to 4.25%. In the U.S., inflation moderated to 2.5% and the Federal Reserve reduced interest rates by 0.5% in September to a federal funds rate of 5.0%. And finally in Europe, inflation was 1.7% in September followed by a 0.25% interest rate reduction to 3.25%.

Central banks have, in general, continued to lower interest rates since the beginning of the year, in recognition of declining inflation, giving strong indications that this action will continue for the foreseeable future.

Third quarter market performance has been positive. Canadian markets (TSX60) rose 10.5% in the quarter, led by Real Estate gaining 23%. S&P500 rose by 5.9% reaching new highs, led by utilities and real estate with gains of 17% and 19%, respectively.

Notably, U.S. markets have been very strong over the past 2 years, with gains in excess of 20% last year, and also on track for another 20% plus gain, driven primarily by the continued strong performance of the Magnificent Seven (Amazon, Alphabet, Apple, Meta, Microsoft, Nvidia and Tesla). The normal average annual return for the S&P 500 is 7% to 10% (average over the past 100 years – inflation adjusted of 4% to 7%). Canadian equities (TSX) gained a more modest but still high-performing 18.5% for the year.

This positive market performance is outstanding and should not be the expectation going forward. The lesson here is that if an investor had been absent from the market over the past few years, their overall returns would have been significantly reduced. Further proof, that it is very difficult to time the market, and that being fully invested over the long term is a very sound strategy, along with regular contributions and purchases, and rebalancing.

Recall, that LINK's overall passive investment strategy is empirically based and remains consistent for long term success. The uncertainty of current economic and market environments continues to make active asset allocation challenging, whereas our passive investment strategy allows Link to maintain a disciplined approach and provide diversified portfolios with personalized asset allocation. We do not let short-term circumstances and emotions dictate decision-making.

Our long-term strategy remains consistent and foundationally solid. We adhere to the fundamentals of regular ongoing contributions, to be fully invested (regardless of market sentiment or direction), dollar

cost averaging (purchasing through any cycle), maintaining a long-term focus, and disciplined rebalancing (ensuring the proper asset allocation weighting, quarterly).

Calculated Portfolio Returns* across 5 broad risk categories. Individual member returns will vary depending on custom asset allocation.

Estimated Portfolio Returns (%)* – September 30, 2024										
Fund	MER	Annualized				Calendar Year				
		QTR	1 Year	3 Year	5 Year	2023	2022	2021	2020	2019
Very Conservative										
#26	0.17	4.43	12.91	2.84	3.58	7.92	(6.42)	3.74	5.69	8.08
Benchmark		3.81	12.36	2.74	3.59	8.03	(6.29)	3.85	5.89	8.23
Tracking Difference		0.62	0.55	0.10	(0.01)	(0.10)	(0.13)	(0.11)	(0.20)	(0.15)
Conservative										
#47	0.15	5.04	17.65	3.87	4.91	10.52	(9.02)	5.34	7.67	11.71
Benchmark		5.07	18.33	4.21	5.25	11.01	(8.79)	5.58	8.09	11.99
Tracking Difference		(0.03)	(0.68)	(0.33)	(0.33)	(0.49)	(0.23)	(0.24)	(0.42)	(0.28)
Balanced										
#60	0.15	5.42	18.43	5.10	7.21	12.97	(8.80)	13.28	7.72	16.34
Benchmark		5.44	18.74	5.19	7.34	12.81	(8.67)	13.38	7.99	16.65
Tracking Difference		(0.02)	(0.32)	(0.10)	(0.13)	(0.12)	(0.12)	(0.09)	(0.28)	(0.31)
Growth										
#73	0.14	6.20	24.64	5.82	8.53	14.44	(10.44)	16.87	8.72	19.91
Benchmark		6.23	25.15	6.02	8.75	14.50	(10.31)	17.02	9.05	20.28
Tracking Difference		(0.03)	(0.51)	(0.20)	(0.22)	(0.06)	(0.13)	(0.15)	(0.33)	(0.37)
Aggressive Growth										
#82	0.15	6.88	29.04	7.06	10.12	16.40	(11.29)	21.37	8.72	23.71
Benchmark		6.91	29.63	7.26	10.33	16.43	(11.18)	21.50	9.07	24.08
Tracking Difference		(0.03)	(0.59)	(0.20)	(0.22)	(0.03)	(0.11)	(0.13)	(0.35)	(0.37)

Returns are net of fees. Discretionary management of plan portfolios may be undertaken by LINK Plan Management Inc, as a Portfolio Manager registered in the provinces of Alberta, British Columbia, Ontario, New Brunswick, Manitoba, Nova Scotia, Quebec and Saskatchewan.

BlackRock Fund manager commentary

Q3 2024 yielded mixed results for the broad market asset classes in the Canada LifePath Index Funds. Real Estate and Utilities were the best performing industries, delivering +19% and +17%, respectively. US Large Cap, US Small Cap Equities, Canadian Equities and Infrastructure also produced strong performance, sitting over the quarter. Emerging Market Equities and Canadian Bond indices experienced slightly negative returns over the period. International Equities sat at the bottom of performance ranks.

Performance across vintages of the Canada LifePath Portfolios ranged from +1.8% to +4.5% and reflected the shape of our glidepath, with vintages furthest from retirement (“far dated”) outperforming those closer to retirement (“near dated”). Far dated vintages hold larger equity allocations that benefit most from strong equity markets whereas near dated vintages hold larger fixed income allocations to aid consistent spending in retirement. All portfolios performed in line with their respective benchmarks, with relative performance ranging between -0.04% and +0.01%.

At the building block level, US Large Cap Equities drove the majority of returns for all vintages across the glidepath. Global Developed Real Estate, International Equities and Emerging Markets were the common detractors across vintages.

BlackRock CDN LifePath Target Date Fund Performance (%)* - September 30, 2024						
		Annualized				
Fund	IMF	QTD	YTD	1 Year	3 Year	5 Year
Retirement Fund I	0.13	5.68	10.06	18.99	3.72	4.84
Benchmark		5.67	10.10	19.05	3.73	4.83
Tracking Difference		0.01	(0.04)	(0.06)	(0.01)	0.01
2030 Fund	0.13	6.03	12.31	21.46	5.33	6.81
Benchmark		6.03	12.38	21.55	5.31	6.77
Tracking Difference		0.00	(0.07)	(0.09)	0.02	0.04
2035 Fund	0.13	6.32	14.07	23.40	6.42	8.01
Benchmark		6.33	14.15	23.49	6.40	7.96
Tracking Difference		(0.01)	(0.08)	(0.09)	0.02	0.05
2040 Fund	0.13	6.62	15.84	25.37	7.50	9.17
Benchmark		6.63	15.92	23.49	7.47	9.11
Tracking Difference		(0.01)	(0.08)	(0.09)	0.03	0.06
2045 Fund	0.13	6.94	17.61	27.38	8.55	10.23
Benchmark		6.96	17.70	27.45	8.51	10.18
Tracking Difference		(0.02)	(0.09)	(0.07)	0.04	0.05
2050 Fund	0.13	7.21	18.99	28.97	9.32	10.97
Benchmark		7.24	19.10	29.07	9.28	10.91
Tracking Difference		(0.03)	(0.11)	(0.10)	0.04	0.06
2055 Fund	0.13	7.36	19.70	29.82	9.67	11.23
Benchmark		7.40	19.81	29.90	9.62	11.17
Tracking Difference		(0.04)	(0.11)	(0.08)	0.05	0.06
2060 Fund	0.13	7.33	19.67	29.79	9.66	11.24
Benchmark		7.39	19.80	29.90	9.62	11.17
Tracking Difference		(0.06)	(0.13)	(0.11)	0.04	0.07
2065 Fund	0.13	7.35	19.68	29.78	-	-
Benchmark		7.39	19.80	29.89	-	-
Tracking Difference		(0.04)	(0.12)	(0.11)	-	-