



Portfolio Manager Commentary and Quarterly Fund Returns for Selected Portfolios for the Quarter Ending March 31, 2025

Inflation Declining, Interest Rates Declining, New President-Elect

The first quarter of 2025 has been marked by significant economic turbulence across North America, Europe and Asia, primarily driven by escalating trade tensions, inflationary pressures, and volatile financial markets.

President Trump's tariff initiatives have reshaped global trade dynamics, leading to an effective decoupling of U.S.-China trade relations, with the WTO projecting a potential 80% drop in merchandise trade between two nations. These policies have reignited inflation and slowed economic growth, with the OECD warning of their detrimental impact on the U.S. and global economies.

Canada's economy is under significant strain from the U.S. tariffs. Economic forecasts suggest that 25% tariffs could trigger a Canadian recession, with GDP potentially contracting by 2.5% and inflation spiking to above 5% by mid-2025. The Bank of Canada (BoC) is expected to at least hold current interest rates flat, with further tightening possible to combat any renewed inflation.

U.S. inflation has resurged, with the OECD forecasting a rise to 2.8% in 2025, up from 2.5% currently. This uptick is largely attributed to President Trump's aggressive tariff policies, including 60% to 100% tariffs on Chinese imports and 25% tariffs on Canadian and Mexican goods. These measures have disrupted global trade, leading to higher consumer prices and dampened business investment. The Federal Reserve (Fed) faces a challenging environment, with limited scope to reduce interest rates due to persistent inflation. Most economists anticipate only two rate cuts in 2025, with the federal funds rate expected to remain near current levels.

European is grappling with economic stagnation exacerbated by U.S. tariffs, particularly the 25% levy on EU industrial goods. Forecasts are suggesting the European Central Bank may cut up to five times in 2025 reducing the deposit rate to 1.75% to stimulate growth.

Fourth quarter market performance has been weak and volatile. In Canada, the S&P/TSX60 index showed modest gains of 0.8%. S&P 500 declined by 4.3% in the first quarter, NASDAQ was down 8.1% as the Magnificent Seven faltered.

In these uncertain times, it is worthwhile reviewing LINK's investment philosophy. LINK's overall passive investment strategy is empirically based and remains consistent for long term success. The volatile and unpredictable current economic and market environments continue to make active asset allocation challenging, whereas our passive investment strategy allows Link and our investors to maintain a disciplined approach. Specifically, investment guidance and management to 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 sound. 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 quarterly rebalancing (ensuring the proper asset allocation weighting).

Estimated Portfolio Returns (%)* – March 31, 2025											
Fund	MER	QTR	YTD	1 Year	3 Year	5 Year	Calendar Year				
							2024	2023	2022	2021	2020
Conservative											
#26	0.17	1.19	1.19	7.40	5.88	3.64	8.38	7.92	(6.42)	3.74	5.69
Benchmark		1.15	1.15	7.07	5.89	3.67	6.05	8.03	(6.29)	3.85	5.89
Tracking Difference		0.04	0.04	0.34	(0.01)	(0.03)	2.33	(0.10)	(0.13)	(0.11)	(0.20)
Balanced											
#47	0.15	1.22	1.22	9.57	8.54	5.85	13.34	10.52	(9.02)	5.34	7.67
Benchmark		1.09	1.09	9.70	8.99	6.12	13.84	11.01	(8.79)	5.58	8.09
Tracking Difference		0.13	0.13	(0.14)	(0.45)	(0.28)	(0.48)	(0.49)	(0.23)	(0.24)	(0.42)
Growth											
#60	0.15	1.11	1.11	9.99	10.19	8.46	14.95	12.97	(8.80)	13.28	7.72
Benchmark		0.95	0.95	10.10	10.35	8.56	15.47	12.81	(8.67)	13.38	7.99
Tracking Difference		(0.16)	(0.16)	(0.11)	(0.16)	(0.10)	(0.53)	(0.16)	(0.12)	(0.09)	(0.28)
Aggressive Growth											
#73	0.14	2.75	2.75	11.58	12.04	10.51	18.80	14.44	(10.44)	16.87	8.72
Benchmark		2.94	2.94	11.70	12.32	10.68	19.44	14.50	(10.31)	17.02	9.05
Tracking Difference		(0.19)	(0.19)	(0.13)	(0.28)	(0.17)	(0.65)	(0.06)	(0.13)	(0.15)	(0.33)
Aggressive Growth											
#82	0.15	0.54	0.54	13.34	14.35	13.12	23.18	16.40	(11.29)	21.37	8.72
Benchmark		0.30	0.30	13.44	14.66	13.28	23.93	16.43	(11.18)	21.50	9.07
Tracking Difference		0.24	0.24	(0.10)	(0.30)	(0.16)	(0.75)	(0.03)	(0.11)	(0.13)	(0.35)

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

Performance across vintages of the Canada LifePath Portfolios ranged from -0.7% to +1.0% in Q1 2025.

During the quarter, vintages closer to retirement (“near-dated”) benefitted from larger fixed income allocations and outperformed the vintages furthest from retirement (“far-dated”), which were more exposed to equity market weakness.

All portfolios performed in line with their respective benchmarks, with relative performance ranging between +0.1% and +0.2%. Q1 2025 yielded mixed results for the broad market asset classes in which the Canada LifePath Portfolios invest. Global Infrastructure and International Equities were the best performing asset classes, delivering +7.4% and +6.4%, respectively. In contrast, U.S. Small Cap and U.S. Large/Mid-Cap Equities were the worst performers over the period, experiencing negative returns of -8.3% and -5.1%, respectively. Equity market returns were relatively benign in the month of January but turned sharply negative towards the end of February, as rising trade tensions and tariff concerns weighed on sentiment. At the building block level, International Equities drove the majority of returns for mid- and far-dated vintages, while Canada Universe Bonds drove the majority of returns for near-dated vintages. U.S. Large/Mid-Cap Equities were the main detractors across all vintages.

BlackRock CDN LifePath Target Date Fund Performance (%)* - March 31, 2025						
		Annualized				
Fund	IMF	QTD	YTD	1 Year	3 Year	5 Year
Retirement Fund I	0.13	1.04	1.04	10.23	5.41	6.40
Benchmark		0.98	0.98	10.21	5.41	6.38
Tracking Difference		0.06	0.06	0.02	0.00	0.02
2030 Fund	0.13	0.70	0.70	11.13	6.57	9.08
Benchmark		0.62	0.62	11.10	6.54	9.04
Tracking Difference		(0.03)	(0.10)	(0.10)	0.03	0.04
2035 Fund	0.13	0.38	0.38	11.86	7.43	10.64
Benchmark		0.29	0.29	11.81	7.40	10.59
Tracking Difference		0.09	0.09	0.05	0.03	0.05
2040 Fund	0.13	0.07	0.07	12.58	8.30	12.18
Benchmark		(0.03)	(0.03)	12.51	8.24	12.12
Tracking Difference		(0.10)	(0.10)	0.07	0.06	0.06
2045 Fund	0.13	(0.25)	(0.25)	13.28	9.16	13.56
Benchmark		(0.37)	(0.37)	13.20	9.09	13.48
Tracking Difference		0.12	0.12	0.08	0.07	0.08
2050 Fund	0.13	(0.50)	(0.50)	13.85	9.83	14.46
Benchmark		(0.64)	(0.64)	13.75	9.74	14.39
Tracking Difference		0.14	0.14	(0.10)	0.09	0.07
2055 Fund	0.13	(0.64)	(0.64)	14.13	10.18	14.73
Benchmark		(0.79)	(0.79)	14.04	10.08	14.66
Tracking Difference		0.15	0.15	0.09	0.10	0.07
2060 Fund	0.13	(0.66)	(0.66)	14.11	10.18	14.72
Benchmark		(0.82)	(0.82)	14.01	10.07	14.66
Tracking Difference		0.16	0.16	0.10	0.11	0.06
2065 Fund	0.13	(0.67)	(0.67)	14.12	10.15	-
Benchmark		(0.82)	(0.82)	14.01	10.07	-
Tracking Difference		0.15	0.15	0.11	0.08	-