



First half review, AI & Looking ahead.

As we move into the second half of 2025, we want to take a moment to reflect on the first half of the year, highlight some of the forces shaping markets, and share where we see opportunities and challenges ahead.

The first six months of 2025 were marked by solid equity performance, particularly in Canadian equities, gold and bonds. Gold has been a recipient of economic and political uncertainty along with a declining US dollar coupled with many countries looking to diversify their foreign reserves. US equities fared ok, but US dollar weakness proved a headwind to their returns. Despite periods of volatility around interest rate expectations, markets have generally been supported by resilient corporate earnings, moderating inflation, and continued enthusiasm for innovation.

Artificial intelligence continues to be one of the defining themes of this market cycle. Beyond the headline companies that have driven much of the market's gains, we are seeing broader adoption of AI across industries—from healthcare and financial services to manufacturing and logistics. While valuations in certain technology names remain demanding, the long-term productivity and efficiency gains from AI adoption suggest the theme will remain an important driver of both growth and disruption. While it's still early, I do believe that it might not be the ones that produce the chips that will generate the most growth but the companies that are able to use AI to make their business more efficient. Many are already beginning to use it today and we're seeing the impacts it might have on their corporate profits.

We continue to emphasize diversification, balancing exposure to innovation leaders with quality companies across sectors and geographies. While interest rates, and geopolitics may influence short-term sentiment, the long-term investment case remains rooted in owning businesses that can compound value over time.

As always, our focus is on aligning your portfolio with your long-term goals while staying disciplined through the noise of headlines.



We favor dividends as they tend to be a sign of a financially healthy and stable business. Last quarter many of our holdings increased their dividend with some examples below:

Company	Recent % Dividend Increase	5 Year % Cumulative Increase
Telus	3.56%	39.39%
Royal Bank of Canada	4.05%	38.97%
Bank of Nova Scotia	3.77%	18.89%

*From Factset.com on August 29th, 2025

I thought I would share 3 of your portfolio holdings and why we like them for your interest.

MFC – Manulife Financial Corporation

Manulife Financial (MFC) provides financial protection products and investment management services globally to individuals, families, businesses, and groups. Manulife offers products such as annuities, pension products, life insurance, health insurance, and mutual funds.

Manulife has focused its growth efforts on the Asia and Global Wealth Management (GWAM) markets. Asia was MFC's largest life insurance business in 2024 and 71% of new business value originated from Asia that year. Net flows in the GWAM business have grown in the first two quarters of 2025 in the amount of \$0.5bln & \$0.9bln compared to analyst forecasts of -\$1.9bln & -\$0.5bln. respectively. We believe these segments will continue to be significant drivers of future earnings growth.

EMA – Emera Incorporated

Emera (EMA) engages in the generation, transmission, and distribution of electricity to various customers and is involved in gas transmission and utility energy services businesses, and the provision of energy marketing, trading, and energy-related management services.

Emera has a \$20 billion five investment plan (2025-2029) with 80% of that spend going to their business in Florida. EMA expects this investment to drive a 7%-8% Compound Annual Growth Rate through 2029. While its Canadian utilities have historically operated under a constructive regulatory framework, its US utilities offer more growth opportunities and higher allowed returns. We believe EMA has made a wise move to grow its US business and view any impacts from tariffs as manageable.



MSFT – Microsoft Corporation

Microsoft (MSFT) is among the largest global technology companies by market capitalization and is the world's largest independent software developer. It offers cloud computing, desktop and server management tools, productivity software, enterprise services, software development tools, operating systems, video games and devices with more than 50% of its revenue being generated outside the U.S.

Microsoft has about as diversified and strong a set of assets as any company in the technology industry and we see it as a potential safe haven by investors in uncertain times. It is one of the few tech companies that has paid a steadily growing dividend for 10+ years. MSFT revenues grew 18% in the past year fueled by increased demand for its cloud & AI offerings and expects current revenues to grow by double digits in the next year. MSFT plans to continue to invest in cloud & AI as CEO Satya Nadella believes Generative AI is a rare change to computing and wants MSFT to exploit those opportunities as quickly as possible.

Michael Anderssen, CFP®, CIM®, FMA
Senior Portfolio Manager and Senior Investment Advisor
902-541-3104 | Michael.Anderssen@td.com
anderssenwealthmanagement.com
[Connect with me on LinkedIn](#)
[Follow me on Twitter](#)

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Index returns are shown for comparative purposes only. Indexes are unmanaged and their returns include reinvestment of dividends, if applicable, but do not include any sales charges or fees as such costs would lower performance. It is not possible to invest directly in an index.

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