



Autumn 2025

# Round Table

Investing  
in the Age of AI

## Content

- 02 Canadian Equity**  
Leith Wheeler Canadian Equity Fund
- 03 Global Equity**  
Sun Life MFS Global Growth Fund
- 04 Global Equity**  
Capital Group Global Equity Fund

# Leith Wheeler Canadian Equity Fund



## Canadian Equity



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Leith Wheeler Canadian Equity Fund

[Held within 11 Meritage Portfolios: [get more information](#)]

### Challenges

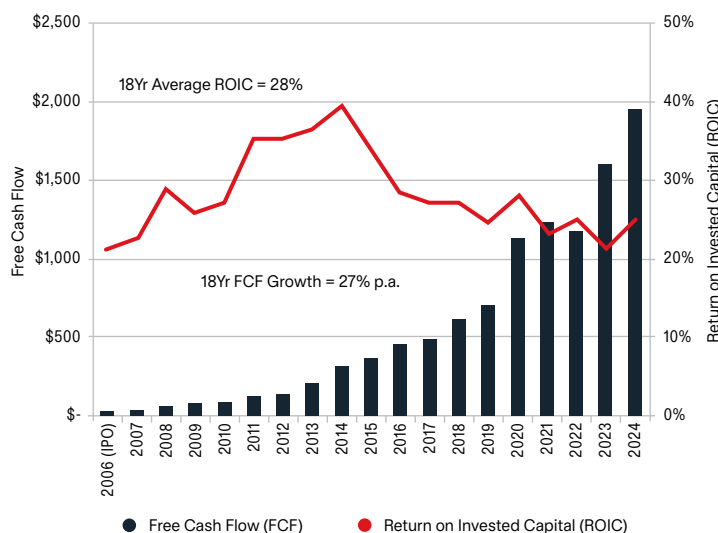
Investor enthusiasm surrounding AI has been a significant driver of market returns this year. Over the last 12 to 18 months, it has been difficult for active investment managers to outperform without exposure to companies that are perceived to benefit from AI.

There is little doubt AI will be transformative across industries and will impact our lives in both positive and (potentially) negative ways. What is less certain, in our view, is how profitable the incredibly large investments that companies are making in AI will ultimately be. Many investors appear to be willing to pay extreme prices to own AI-related stocks; however, in our experience, when the market trades at extremes with lofty expectations, the risk is skewed to the downside.

### Opportunities and Fund positioning

We have owned Constellation Software since its IPO in 2006. The company follows a disciplined M&A strategy of buying niche software businesses providing mission-critical software to customers. Recently, investors have been concerned that the availability of low-cost coding through AI will lead to new competitors and low switching costs. Diversified end markets, decades of complex embedded processes, and the difficulty of replicating mission-critical functionality continue to create durable barriers to entry. Constellation is actively using AI internally across its business units, as well as using its close relationships to innovate AI solutions that meet customer needs. We added to our position, as we continue to have high conviction in Constellation's ability to generate high returns on invested capital.

**Constellation Software FCF Growth and ROIC**



Outside of the technology sector, there are companies on the periphery that will benefit from the AI theme, such as Toromont Industries and Finning International. Data centres have large energy requirements, which often means they cannot connect to the local grid and must source their own primary electrical and back-up power. Large-scale Caterpillar engines are being used for both applications, leading to healthy backlogs of power equipment for both Toromont and Finning. Both companies will also be beneficiaries of major infrastructure projects such as west coast LNG and development of critical minerals in eastern Canada.

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# Sun Life MFS Global Growth Fund



## Global Equity



**Jeffrey Constantino**

Portfolio Manager



**Joseph Skorski**

Portfolio Manager

Sun Life Global Investments, sub-advised by MFS Investment Management Canada Limited

Sun Life MFS Global Growth Fund

[Held within 16 Meritage Portfolios: [get more information](#)]

### Challenges

A major debate in markets centres on the use and implications of AI. Is it a bubble in the making? Will AI boost productivity broadly across industries or create a new wave of winners? While no one yet knows the answer, there is no doubt that enthusiasm around the AI theme has led to a highly concentrated market where the leadership has generally been by the more expensive stocks, creating a challenging landscape for valuation-aware active managers.

### Opportunities

The portfolio has exposure to AI through investments in semiconductor companies that make the chips to power AI, cloud vendors involved in hosting AI workloads, IT service companies who help businesses clean their data and develop AI strategies, and electrical equipment companies that help build the AI data centres.

Aside from the AI theme that has been dominating investor attention, we have identified opportunities in a number of other high-quality, durable-growth companies. These include high-quality market leaders in medtech and life science tools, e-commerce, digital payments and off-price retailing.

### Fund positioning

As long-term, bottom-up investors, our strategy is to try to identify companies with high-quality business models that can lead to higher-than-average returns and a strong competitive position for many years into the future. Rather than try to anticipate which macro trends or themes will lead, we try to focus on the individual company research of our global team of fundamental analysts.

Although relative performance has lagged due in large part to our underweight to some of the more expensive parts of the market that have been in leadership since the start of 2023, we believe the Global Growth portfolio is well positioned versus the benchmark for the next economic cycle in the next 5 to 10 years. The fund owns reasonably valued, durable companies and generally avoids the concentration risk and expensive valuation in the benchmark.



Source: FactSet Portfolio Analysis. Monthly data as of January 29, 1999, (oldest available) to September 30, 2025. MSCI World Index. Multiple share class issues are rolled up to the immediate issuer level. Companies are ranked each month by their index weight, and the largest 10 are summed up each month.

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# Capital Group Global Equity Fund



## Global Equity



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Equity Portfolio Manager



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Equity Portfolio Manager



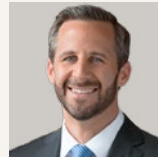
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Equity Portfolio Manager



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**Emme Kozloff**  
Equity Portfolio Manager



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Equity Portfolio Manager

Capital International Asset Management  
Capital Group Global Equity Fund  
[Held within 16 Meritage Portfolios: [get more information](#)]

### Challenges

There are a range of risks related to AI, including misinformation, safety, regulation, labour market disruption and resource consumption. All of these are relevant, in particular for investors with long-term time horizons. In addition, valuations bear careful consideration, as market enthusiasm can push prices beyond fundamentals. The unprecedented scale of capital expenditure required for AI infrastructure raises questions about long-term returns. Additionally, increasing circularity, where vendors finance partners who then purchase their products, can distort true demand signals. These factors underscore the need for disciplined analysis and ongoing vigilance as the AI investment landscape evolves.

### Opportunities

AI is on a path to becoming a general-purpose technology—like electricity or the internet—with the potential to reshape productivity across industries. To help assess the evolving opportunity set, we consider the “AI stack” and divide it into four layers: semiconductors, infrastructure (hyperscalers, data centres), models (platforms, big data owners) and applications (GenAI software, robotics). Each layer presents distinct investment opportunities, while second- and third-order effects have the potential to impact broad areas of the

economy—including industrials, utilities, health care and financials—creating opportunities and risks as competitive landscapes shift. While we are considerate of the wide-ranging impacts AI may have across the economy over time, our main convictions in the current environment lean towards companies that provide critical inputs into the ongoing infrastructure build-out.

### Fund positioning

We consider company-specific risks and opportunities related to AI as part of our long-term, bottom-up investment approach. To date, conviction has primarily leaned toward select companies that provide essential inputs—the picks and shovels—into the ongoing infrastructure build-out, most notably in semiconductors and cloud computing. Within the former, investments include companies specialized in design, both processors and memory, manufacturing, equipment and networking. Overall, we prioritize companies with competitive advantages, strong moats, robust margins, healthy free cash flow and diversified revenue. This disciplined approach aims to balance opportunities for long-term capital appreciation with resilience.

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