

# REPORT ON BUSINESS



CEO  
of the  
YEAR  
2024  
NEIL  
ROSSY  
All hail  
the almighty  
Dollarama



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Business

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**CEOs OF THE YEAR**

We choose top performers in five different areas—corporate citizenship, global vision, innovation, strategy and the best of the newcomers. Each of the CEOs is a multifaceted leader who knows how to elevate a business. /By **Nicolas Van Praet, Deborah Aarts, Tim Kiladze, Jason Kirby and Clare O'Hara**

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**ECONOMIC OUTLOOK**

Trump, inflation, housing and more: Our economics team outlines possible upsides and downsides for 2025, and talks to bank CEOs and other heavy hitters about what may lie ahead.

/By **Jason Kirby, Matt Lundy and Mark Rendell**

COVER AND RIGHT PHOTOGRAPHS SHOT EXCLUSIVELY FOR ROB MAGAZINE BY DANIEL EHRENWORTH



## In for a Dollarama

In the 15-plus years I've been a mom, there's no place I've spent more time in (or possibly more money at) than Dollarama. To my children, particularly when they were younger, our local outlet—and not, in fact, Disney World—was the most magical place on Earth, filled with art supplies and duct tape and tiny wooden boxes, plastic fidget spinners, Pokémon merch and gazillions of other products they begged me to buy on every trip. For the record, I did once take them to Disney, and I remain convinced that had I simply slipped them each 20 bucks and set them loose at Dollarama, they'd have had a better time.

Over the past 30 years, the chain has become an indelible part of Canadian life. As Nicolas Van Praet notes in his cover story—naming Dollarama's Neil Rossy our CEO of the Year—70% of Canadians visit a Dollarama store at least once a month, and 29% visit at least once a week. And its business model seems to defy wider economic cycles. "It does well when people are pinched for money," Van Praet says, "and it does well when they aren't."

The Rossys know retail. Neil's great-grandfather fled Turkish-occupied Leba-

non in the early 1900s and settled in Montreal, peddling brooms and other everyday items before opening his first general store in 1910. More than 80 years later, Neil's dad, Larry—in charge of the family business since 1973—opened a 2,000-square-foot dollar store in a village in the Gaspé as a bit of an experiment. Needless to say, it was a hit. As senior editor John Daly wrote in another Dollarama cover story back in 2012: "Ever since that first store was opened...the goal has been to keep the focus as narrow as possible—operate clean, well-lit stores with a consistent inventory, hold prices at rock bottom and keep the family in charge."

Neil succeeded his father as CEO in 2016, and he has largely stuck to that blueprint. Since his ascension, sales have doubled, and the number of stores has increased by more than 50%. But while those green-and-yellow signs are now ubiquitous, Rossy himself is not. In fact, this profile marks his first major interview ever. Eschewing the spotlight runs in the family: Back in 2012, Larry only reluctantly agreed to talk and refused to be photographed for the cover.

Daniel Ehrenworth, who shot all five CEO of the Year honourees, admits he was a bit trepidatious when he learned of Rossy *fil*s's media shyness, and he offers up a hilarious analogy on how drastically he changed his mind. "When I first heard about carrot cake as a kid, the distance between how I thought it would taste and how it actually tasted was bigger than for any other cake around," says Daniel. So it went with Rossy. Daniel was bracing for a subject who was stiff and reluctant to take direction; instead, he found a man who was warm, relaxed, enthusiastic and engaging. "Just like with carrot cake, I walked in thinking I was going to hate this," says Daniel, "and I walked out of there with my favourite CEO experience."

You can read all five of this year's CEO of the Year profiles starting on page 25. We hope you enjoy each one of them as much as Daniel and I both enjoy a fine piece of carrot cake.

**/Dawn Calleja**

Have feedback? Email us at [robmagletters@globeandmail.com](mailto:robmagletters@globeandmail.com)

**Editorial**

Editor **DAWN CALLEJA**  
 Senior Editor JOHN DALY  
 Editors-at-Large JOE CASTALDO,  
 JASON KIRBY, TAMAR SATOV  
 Copy Editor SUSAN NERBERG  
 Research CATHERINE DOWLING,

**Art**

Art Director **DOMENIC MACRI**  
 Associate Art Director  
 BRENNAN HIGGINBOTHAM  
 Director of Photography  
 CLARE VANDER MEERSCH

**Contributors**

DEBORAH AARTS, TREVOR COLE,  
 FIONA COLLIE, ROSEMARY COUNTER,  
 TIM KILADZE, JOHN LORINC, MATT  
 LUNDY, ALEX MLYNEK, CLARE O'HARA,  
 MARK RENDELL, KYLE SCOTT, NICOLAS  
 VAN PRAET, SHIRLEY WON

**Advertising**

Vice-President, Revenue  
**JONATHAN DENEAU**  
 Managing Director, Creative Studios  
 and Ad Innovation

**TRACY DAY**

Head of Special Products

**ANDREA D'ANDRADE**

Category Manager,  
 Business and Finance

**LAURA WU**

**Production**

Vice-President, Print Operations

**SALLY PIRRI**

Production Co-ordinator  
 ISABELLE CABRAL

President and CEO

**ANDREW SAUNDERS**

Editor-in-Chief, **The Globe and Mail**

**DAVID WALMSLEY**

Managing Director, Business  
 and Financial Products

**GARTH THOMAS**

Editor, Report on Business

**GARY SALEWICZ**

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[robmagletters@globeandmail.com](mailto:robmagletters@globeandmail.com).

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**Advertising Offices**

Head Office, The Globe and Mail,  
 351 King Street E., Toronto M5A 0N1  
 Telephone 416-585-5111 or toll-free  
 1-866-999-9237

Branch Offices

Montreal 514-982-3050

Vancouver 604-685-0308

Calgary 403-245-4987

Email: [advertising@globeandmail.com](mailto:advertising@globeandmail.com)

United States and countries outside of  
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## Smoke and mirrors

Luc Rinaldi's cover story, "Blowing smoke," examined the rise of supposed smoking-cessation products that are hooking a new generation on nicotine.

Vaping is as addictive as cigarettes. Zonic, e-cigarettes, any other retail nicotine vessels: All are in the same category, looking to repeat a thankfully bygone era of "volunteer" addiction, and invitations to cancer and terminal respiratory afflictions. —**C. Parsons**

Outside every AA meeting, NA meeting, rehab facility, hospital, you will find addicts smoking cigarettes. The addiction industry doesn't even try to roll in nicotine addiction in its programs. It's kind of horrifying that kids who never smoked are being marketed this gateway drug. The costs of nicotine addiction are massive even if you don't get lung cancer: COPD, emphysema, stroke. The massive smoking-cessation program that was so successful in reducing smoking from

60% to 14% has somehow not captured this version of addiction. —**MaryJay1**

### Success(ion)

*Trevor Cole wrote about the drama-free non-family succession at manufacturing giant Linamar.*

When people grumble about refugees being a burden to the country, they need only check out Frank Hasenfratz's story and example. —**Gordon Johnston**

One only has to have lived in Guelph to know and understand the values and character that the Hasenfratz family lives and breathes. Their philanthropic fingerprints are all over the community. Well-deserved success, earned by a dedication to customers, employees and shareholders. —**DJ Newcombe**

## Lies, damned lies?

*Jason Kirby Decoder compared Alabama's productivity to Canada's—and not in a flattering way for us.*

Mark Twain said, "There are three kinds of lies: lies, damned lies and statistics." The map in "Heading South" can be considered in some ways as the latter type of lie. For example: Alberta and Saskatchewan, along with the U.S. midwest, are sparsely populated. With a low population, it does not take a very high GDP to produce a relatively high GDP per capita. On the flip side, Ontario and Quebec have been inundated with immigrants over the past five years. Immigrants need time to become as productive as the existing workforce. Therefore, in these provinces the GDP can be very high, but the per capita GDP would be low. The takeaway is that farmers are more productive than factory and professional office workers. Is this the truth? —**Peter Fedirchuk**

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## For Lighting The Way Forward!

We are filled with gratitude for the incredible success of this year's Light The Night campaign! Because of your unwavering support, we raised an astounding

**\$5.9 million**

and counting, bringing hope and life-changing impact to those affected by blood cancers.

The money raised will fund life-saving research and provide crucial support services to those diagnosed and their families.

Whether you walked with us, fundraised, or cheered us on, you made a profound difference.

## Thank You To Our Top Fundraising Teams & Individuals!

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UFCW BC  
#RachelStrong  
Team Ironwill

### Toronto

Marsh Canada,  
The Jim Abernethy  
Challenge  
Team Lia

### Montreal

Acier AGF  
Team United Montreal  
(The Rosato Sisters)

### Calgary

IA Financial Group  
Mike & Yvette's Warriors  
for the Cure

### Ottawa

Team Inflector  
Brilliant Buffalo

### Halifax

Steele Auto Group  
Gracious Hearts

### Top 3 Community Hosted Events

1. St. John's • 2. Winnipeg • 3. Edmonton

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Cancer has no borders. Neither do we.

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[lightthenight.ca](http://lightthenight.ca)

A photograph of a fleet of vans parked in front of a warehouse. The scene is set at sunset, with a warm, golden glow from the sun low on the horizon, casting long shadows and illuminating the clouds. The warehouse has several bays, some of which are open, and the vans are parked in a neat row. The text 'Fleet management made simple' is overlaid in a large, green, sans-serif font on the left side of the image.

# Fleet management made simple

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# 12/24



## (Don't) drink and be merry

It's the holiday season, and that means holiday parties. Not so long ago, these were raucous affairs, where booze flowed like water. But drinking culture—and health guidelines—have changed. Sure, more than three-quarters of Canadians aged 15 and up still consume alcohol. But more and more people, led by Gen Z, are forgoing (or at least cutting way back on) booze for a whole host of reasons. And that's led to a proliferation of non-alcoholic options.

## \$13 BILLION

Value (in US\$) of the global low- and no-alcohol beer, wine and spirits market (a tiny fraction of the US\$1.5-trillion market for boozy beverages)

**7%** Projected compound annual growth rate to 2027



41% Canadian consumers who took part in Dry January or reduced their alcohol intake that month

### THE KING OF 0% BEERS

Heineken, Guinness, Corona and other major brands have low- or no-alcohol versions. But the 2024 World Beer Cup named this the best-tasting no-booze beer: **Black Butte Non-Alcoholic** from Deschutes Brewery in Bend, Ore.



### HIGH SPIRITS

Booze giant **Diageo** acquired a majority share of **Seedlip**, the world's first distilled non-alcoholic spirit, in 2019. Its spokesman is *Bridgerton's* **Regé-Jean Page**. In September, Diageo bought Ritual Zero Proof, the world's No. 1 non-alcoholic spirit

PHOTOGRAPHS GETTY IMAGES; (PAGE) KATE GREEN/GETTY IMAGES

### PLANNING A HOLIDAY PARTY?

#### Do

Offer a wide selection of non-alcoholic options, including beer and mocktails

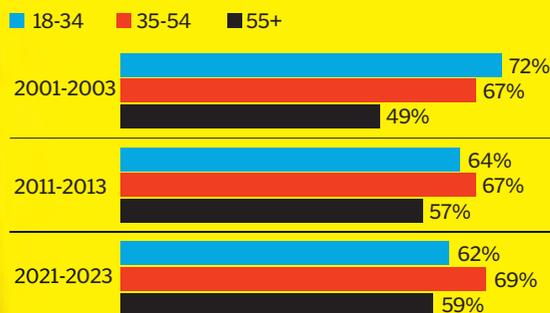
#### Don't

Ask why someone isn't imbibing—mind your own business!

## \$300,000

Investment Calgary-based **Partake Brewing** got on *Dragons' Den* after launching one of the first non-alcoholic craft beers in Canada in 2017

### SHIFTS IN ALCOHOL CONSUMPTION BY AGE (U.S.)



### OVERSERVED



**3-6 drinks a week** increases your risk of several types of cancer



**7+ drinks a week** increases your risk of heart disease and stroke

"Drinking alcohol, even a small amount, is damaging to everyone, regardless of age, sex, gender, ethnicity, tolerance for alcohol or lifestyle. If you're going to drink, make sure you don't exceed two drinks on any day"

—Canada's 2024 guidance on alcohol consumption, updated from 2011, which set a standard weekly drink limit of 15 for men and 10 for women

### ANNUAL LITRES OF BOOZE CONSUMED PER CAPITA





## THE EXCHANGE

## Raising the stakes

SickKids is one of the top children's hospitals in the world—and raising the hundreds of millions of dollars required to help keep it running falls to Jennifer Bernard, a seasoned exec who calls this job her last stand

BY TREVOR COLE

There aren't many charitable organizations that use the word "billion" when they set their fundraising goals. But that's the league Toronto's SickKids Foundation plays in. For the past few years, the foundation that feeds the No. 1 (or No. 2, depending on the year) **(1)** children's hospital in the world had been pushing toward a goal of \$1.7 billion. When Project Horizon concluded last year, Jennifer Bernard's work began. Freshly arrived from running Women's College Foundation, the new CEO took the reins of a fundraising team that pulls in about \$200 million a year, from 1.3 million donors. Now, on the cusp of SickKid's 150th anniversary, she's almost ready to go public with the foundation's next, even bigger project—the one they're calling "Heal the Future"—that could change how health care is done. In the meantime, Bernard has a lot to share about fundraising in a time of increasing demands for the donated dollar, and about working with stars like Ryan Reynolds.

**In Canada, we often think, maybe naïvely, that in a country with universal health care, the government should provide all the funding. Why are hospital foundations like yours needed?** The complexity of health care, the cost of everything—drugs, equipment, people—has escalated exponentially. We also have a very large aging population in Canada, putting enormous strain on our system. And we have an infrastructure that's really old. There are only so many dollars that come from the tax base that can be funnelled into health care. And most people don't realize that for many decades now, government hasn't been buying major equipment for hospitals. Government has had a community share for building a hospital—there's what the government gives and what they expect you to

raise from the community. And government doesn't fund research directly, and that's what really accelerates health care. Without philanthropy, hospitals can't do the best research. They can't push the limits. They can't find discoveries and cures. Because government doesn't take taxpayer dollars and gamble them on things they're not sure of. They let philanthropy do that. **When you're trying to convince people to give you money, what works?** Showing the impact. Numbers, talking, jargon, even big science—they don't usually get people in the heart. **(2)** It's showing people the before and the after. It's bringing them into the journey of, in our case, the patient, the family that's going to benefit from their support. You keep in touch with them. You make them part of the story. It's not a transaction, like, "Give us

**1.** The top three children's hospitals in the world are Toronto's SickKids, Boston Children's Hospital and the UK's Great Ormond Street. In the past few years, Boston and Toronto have gone back and forth for top spot.

**2.** But here are some pretty staggering numbers: In 2022-23, SickKids had 521,000 patient visits and treated 850 babies in its neonatal intensive care unit. It also performs 11,000-plus surgeries a year and 95% of Ontario's pediatric organ and bone-marrow transplants, and has an average of 269 beds occupied daily.

the money and go away.” Even with our smallest donors, we try to make them feel special and that your gift makes a difference.

**What prevents people from giving?** There’s a bit of cynicism about the sector, generally. Does the money make a difference? Is there a benefit to giving? Where does it go? And because it’s such a big sector—look, we’re bigger than retail, we’re bigger than oil and gas. We’re 8.5% of GDP. We employ two million people in the not-for-profit sector. So, there’s gonna be a range of players and actors, and not everybody’s gonna be great at transparency and communication, or even have the resources.

**I was speaking with the CEO of another hospital foundation who said the biggest issue they face is the competition for donor funds. What have you found?**

The competition is fierce. But quite honestly, there is enough wealth in Canada to support the charities in Canada, especially the major ones. What I want us to do is stop competing against each other, and either partner or support each other. Because the donor community is kind of tired of us, as my son would say, throwing shade on somebody else to allow us to fundraise. It ends up sabotaging you. There’s always been this “us and them.” Like, it’s either us or Princess Margaret, or us or University Health Network. Because there’s not a lot of duplication. Each hospital is pretty specialized, and what we have to do is make people aware of that specialization and give them good reason to support us. I don’t think we have to tear each other down to reach our goals, ‘cause there’s more than enough money.

**Competition can also mean getting attention for your cause. In that sense, what role does somebody like Ryan Reynolds play?**

Well, I’m gonna tell you, you can’t have a better brand ambassador and human being. I was kind of skeptical that he was going to be as good as advertised. He’s



better. He came for a visit on my second day. I didn’t know he was coming. Very nondescript. No security, regular street clothes. Drove up, went through a side door. And we always send our stars—anybody coming to visit the kids—a package on them. He knew every kid’s name. He knew their story, he knew their parents. He obviously has an incredible memory. He had internalized them, greeted them, was goofy with them, recorded things on their phones. The magic of Ryan is not just that he’s a big star; it’s that he’s 100% authentic. Working with celebrities, which I have for many years, is not as much fun as it sounds. Ryan, honestly, is a Canadian treasure, and we’re very lucky that he’s chosen us. (3)

**Let’s talk about large donors versus small donors. What’s the bigger source of funding?**

I asked that question when I started, because it’s hard to tell from the outside. It’s actually pretty close: 99% of our donations come from smaller donors, meaning those who give less than \$50,000. Less than 1% come from a very small group of transformational donors who give \$5 million or more. In terms of amounts, it’s around 55% transformational donors, 45% everybody else. The big impact of transformational donors is that they can accelerate a program with a \$10-million gift,

3. Through the Ugly Sweater Campaign that runs every Christmas, Reynolds has helped raise about \$4 million in total. Bernard also cites his halo effect in getting other celebrities to donate their time. (And if you haven’t seen his 2023 ugly-sweater ad yet—featuring a cameo from Leafs captain Auston Matthews—do yourself a favour and watch it.)

whereas we have to find lots and lots of people to accumulate that amount of money. We have 130,000 monthly donors who give us probably about 20 bucks. And those are among our most valuable donors, because they stay with us 10, 15, sometimes 30 years. And then we have transformational donors like Peter Gilgan, Garry Hurvitz, the Labatt family, the Slaights and many others, who have given us gifts of \$10 million, \$15 million, \$100 million. But those are often over 10 years, and they may or may not give at that level again.

**How is the economy affecting donations right now?**

It’s not a great time. So much of donation is tied to psychology. Whether or not people have more money or less money is one thing. It’s how they feel about the money and how secure that money is. Historically, people give seven to 10 gifts a year, a little bit shotgun. Now, a lot of people are narrowing that list, shedding smaller charities as their pocketbooks get tighter. I’d say corporate donations are probably the biggest hit we’ve seen. They’re really decreasing their charitable giving to increase shareholder return.

**Why is it that most large donors seem to be families and not companies? Why don’t we see the TD wing of a hospital?**

Individuals outstrip corporations 10 to one in all philanthropy. There’s no comparison. And that’s because they have complete control over the funds. They can direct them any way they want. They can be tied to personal values. They can be tied to an experience a family has. When you try to go to a corporation, you have to go through a thousand hoops and a thousand doors, and there’s usually only one bucket for your area, and it’s very limited.

**In my own experience trying to raise funds for a charitable organization, it felt like the challenge came down to two things: finding new donors, or**

**going back to the same donors again and again. What's harder?**

Finding new donors. Harder, more expensive, more time-consuming, higher attrition. When you have a captive audience that believes deeply in your mission—ours is healthier children, a better world—it is easier to go to them and get them to give again and again, and give more, and give their ultimate gift, than to try to convince somebody who is new to you, who doesn't know you as well, who isn't as invested, to bring them on that journey.

**Have you begun to incorporate AI?**

I am blessed with a wonderful business intelligence and technology team here at SickKids. It's one of the marquee areas that we have that a lot of organizations don't. So, we have data scientists, and we're a data-driven organization. With 1.3 million donors, you have a lot of data to play with.

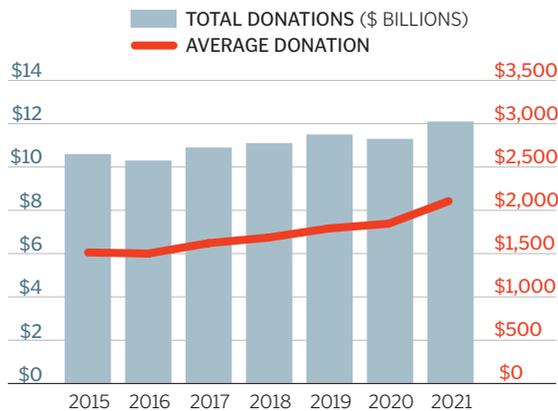
**Let's talk about the health care system. There's a sense that the system is buckling. How accurate is the idea that we're in crisis?**

I would say there's a sense that certain services are not functioning the way we would like them to. And that the government's not keeping up with the demands. And that's why people are, particularly at SickKids, willing to be philanthropic, because they know some of it will be solved by philanthropy and some of it will be solved by the hospitals doing things differently. But one of the big strains that I don't think a lot of people in Canada are aware of is how short we are on the right people to work in our health care system.

**I was getting to that, but tell me.**

For pediatrics, in particular, it's a speciality on top of a speciality. You become a regular doctor, then you specialize in pediatrics, and then you might specialize in another area. So, it takes a lot longer, it's more expensive, more time-consuming, and fewer people are choosing it.

**MORE DOLLARS DONATED BY FEWER PEOPLE**



4. Bernard is referring to SickKids' experience a few years ago, in which it trained approximately 60% of pediatric oncologists in Canada. It has also been true that 80% of pediatricians across Canada receive at least some training at SickKids. Additionally, current figures show that, each year, SickKids trains more than 350 fellows from nearly 60 countries, and the SickKids Research Institute brings in approximately 230 fellows for pediatric research training.

And so the competition for pediatric specialists has never been greater, globally. We train probably 60% of the pediatric specialists. (4) The Americans are just coming in and offering them—the sky's the limit, right? So, one of the huge pressures is making sure we can attract and retain people here in Canada, and that our institutions cannot just pay them competitively but give them the facilities to compete with what we're seeing in other parts of the world.

**Does fundraising have a role to play in keeping people here?**

We are the biggest funder of the research centre, and it plays a twofold role. We pay to bring in fellows, we help support chairs, which allow people to have time to do research. But the biggest part is that, say we raise \$1 million for a research fellow. That first million is usually leveraged seven to 13 times to attract other funding from outside agencies. So, that first little bit of philanthropy is used to open the gateway to attracting more money.

**Some hospitals say that children's health care is being left out of funding increases, even though the number of kids is growing.**

I agree. The way they compensate health care is really against an adult model. When you do cardiac surgery, for example, you're compensated for a certain amount of hours. My understanding is that the compensation is based on doing a stent in a heart. So, it might take an hour and a half. Well, we don't do surgery on full-size

hearts. We often do surgeries on hearts the size of a grape. And it takes a huge, experienced team sometimes 10 hours. But we don't get different compensation, because it's "heart surgery." One size fits all. In children's health care, you need eight different-sized blood pressure cuffs. You need beds of different sizes. Because you gotta go from a neo-nat to—my son at 18 was six-foot-five, 220 pounds. So, it's exponentially more expensive to take care of children.

**Now that Project Horizon is finished, what's next?**

Our next project is going to be for precision child health, which is a paradigm shift in how we take care of children. Until now, we've always gone with a population-health approach, meaning we push things out that work for the vast majority but don't pay attention to those who fall by the wayside, who don't respond because of their genetics or environment. Precision health is tailored to the individual. Stop wasting treatments, time, procedures that will never work. Start with each child as an individual, look at everything—from their genetic code to their postal code—and figure out what works for them.

**Do you imagine staying here to see that project to fruition?**

I certainly do. This is it for me. This is my last stand. I've had an incredible career in philanthropy, and I have the privilege of ending it at the greatest, I think, institution in Canada. And precision child health is one of the things that attracted me. It's about changing the outcomes for all the kids that are left behind, using all the tools in our tool box. This is the campaign I've been waiting for my whole life.

**This interview has been edited and condensed.**

*Trevor Cole is the author of five books, including the novel Practical Jean, which won the Stephen Leacock Medal for Humour.*

## THAT'S RICH

Global population of ultra-high-net-worth individuals as per Knight Frank's annual Wealth Report

626,619 (40% IN NORTH AMERICA) | UP 4.2% year-over-year

### BIG IDEA

# Opportunity lost

U.S. cleantechs are scaling up and making coin for investors. Why aren't we capitalizing on the sector in Canada?

**C**algary-based Eavor Technologies is poised to become a global cleantech success story, with an asterisk—about which, more in a moment. Tapping into Alberta's deep reservoir of drilling and chemical engineering expertise, the seven-year-old firm has developed an innovative approach to generating geothermal energy using very deep vertical and lateral wellbores to create what are effectively giant below-ground radiators. The closed-loop system transfers the thermal energy locked deep in the Earth's core to circulating fresh water. When all that hot liquid reaches the surface, the heat can be used to power electrical generators or sold to district energy utilities in lieu of conventional fuels, like coal or municipal waste.

According to Eavor CEO John Redfern, the firm is currently building its first plant in Germany, has three more active projects in the pipeline and is inking power-purchase agreements for dozens of others. To date, Eavor has raised about half a billion dollars in equity and debt, including a \$92-million stake from the new Canada Growth Fund, its first investment.

Now the asterisk: While Eavor didn't have any difficulty accessing early-stage grants from both federal and provincial agencies, and was quite successful in putting together seed funding from Alberta-based angel investors, it had no such luck in securing Canadian capital to begin scaling and commercializing a technology that can be deployed literally anywhere on Earth.

"We got zero dollars from Canadian strategics and Canadian venture capital firms," says Redfern, a serial entrepreneur with degrees in engineering physics and law. Instead, Eavor has relied on European corporate investors, such as BP, and Singapore-based VCs, as well as non-dilutive funding and debt from various European Union agencies and banks. "We originally thought we'd start in Alberta," he says evenly. "We thought we were going to be the best friends to everybody. We're green, but we hire roughnecks. Surely everyone can rally around that." But it was not to be.

Unfortunately, Eavor's story is by no means unusual. Canada is very good at gestating cutting-edge technology but lousy when it comes to turning those technologies into businesses.

New research from the University of Calgary's Haskayne School of Business and the Université du Québec à Montréal's School of Management reveals the short-sightedness of corporate Canada's unwillingness to back cleantech in particular. A paper published earlier this year by the Global Risk Institute found that U.S. publicly listed cleantech firms enjoy better access to capital and higher valuations than their Canadian counterparts. But when it comes to conventional energy (like oil and gas and coal), the pattern is reversed—although the authors, Yrjö Koskinen,



Nga Nguyen and J. Ari Pandes, caution that valuations of North America's energy sector indicate that it is "mature with an uncertain future."

The study looked at a four-year window between January 2018 and December 2022—a volatile period that took in the frothiness of the late 2010s, the pandemic and the energy-sector fallout from Russia's attack on Ukraine. "The stock returns for Canadian cleantech firms were positive in the second half of 2020 and beat the market (the benchmark being the TSX Composite Index), but they were significantly lower than the returns performance of cleantech firms in the U.S.," the authors observed. U.S. cleantechs, by contrast, had ready access to the quantity of capital and debt that allows them to scale rapidly and achieve multiples that indicate robust long-term prospects. "This relative contrast in depth and sophistication between

the U.S. and Canadian markets in turn poses a challenge for the Canadian cleantech sector,” they concluded—especially given the enormous boost the Inflation Reduction Act (IRA) is providing to cleantech firms in powerhouse states like Texas and California.

Two indices tell the tale: As of Oct. 30, 2024, the S&P/TSX Renewable Energy and Clean Technology Index is down 25% from five years prior, while the S&P Global Clean Energy Index is up 22% in the same time frame—a period when high inflation dampened prospects across the board.

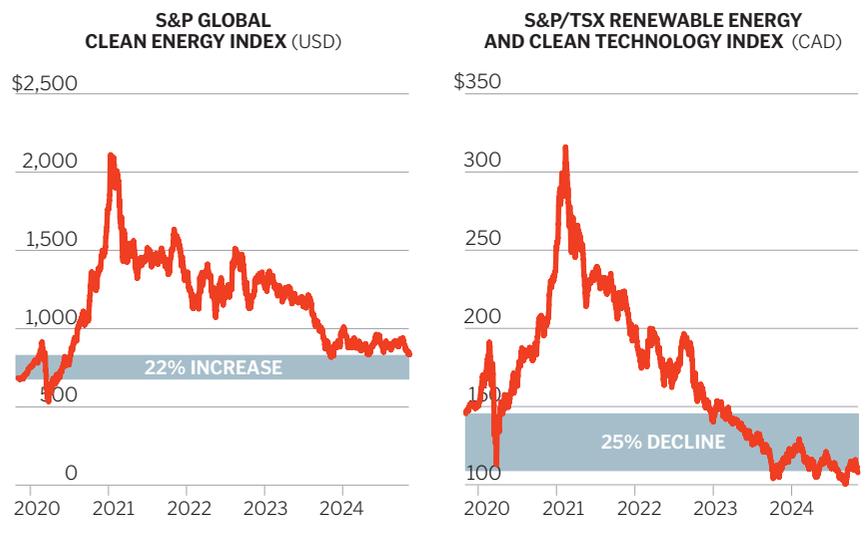
The Haskayne/UQAM study focused on an important multiple: the so-called enterprise value, which is the sum of a firm’s market capitalization and its total debt relative to EBITDA. That ratio represents a measure of the present value of future cash flows, says Nguyen, a professor of finance at UQAM. “It basically reflects all the future prospects of the company.”

Those high cleantech multiples in the U.S. reveal investor confidence. “Americans know how to make these companies big,” says Koskinen, who holds the BMO Professorship in Sustainable Finance at Haskayne. “They have the deepest venture capital markets, the deepest financial markets, and lots of expertise, whereas in Canada, we have a hard time scaling up our very good startups and our smaller companies.”

The IRA was also a factor, adds Pandes, an associate professor of finance at Haskayne. “That provided a force for the cleantech space, as well as some regulatory certainty, credits and subsidies that put it on a strong trajectory,” he says. “Here, we’ve had a lot more uncertainty. I mean, in Alberta, there was a moratorium on cleantech for a while.”

Cleantech entrepreneurs like Redfern scratch their heads not just at the policy uncertainty but also the risk-aversion of Canadian investors, especially in light of the robustness of the sector elsewhere and their own ability to raise capital beyond our borders. “I’m not 100% sure why it was such a hard sell in Canada,” he says, hastening to add that his firm eventually did find backers, just not Canadian ones.

Peter McArthur, a retired investment banker who heads the Ontario Clean Technology Industry Association, says there have been recent examples of Canadian cleantech firms tapping into growth funding here, including Cyclic Materials, a Kingston, Ont.-based firm that sources



recycled rare-earth elements, and e-Zinc, a long-duration battery storage system that relies on zinc, as the name suggests, instead of the rarer and more expensive lithium. “In Canada,” McArthur adds, “the desire to avert risk is significant.” As are the upsides. According to an RBC study, Canada needs to invest \$2 trillion to reach net zero, while the global outlay over the next few decades is on the order of US\$275 trillion, McKinsey and Co. estimates. “The opportunities are huge,” he says.

So, what should Canadian policy-makers do to get Canada’s investment horses to drink? An excellent question, says Koskinen: “Everybody [in Calgary] has been talking about scaling up since 2016. But nobody has come up with the solution.” Of course, other countries struggle with the question of scaling up domestic firms, notes Pandes. In our case, though, our southern neighbour’s zeal serves to magnify our tentativeness.

“We’re slow-moving. We like to consult a lot, which I guess is good on one hand,” he says. “But in the U.S., they’re just so swift. Look at the Inflation Reduction Act. There were bold moves there in terms of tax incentives and subsidies and more regulatory certainty. When they say, ‘Look, we’re putting our focus on this,’ they mean it.”

From the perspective of founders like Redfern, the experience of coming up empty-handed when approaching Canadian backers forced Eavor to adopt a global mindset. He says they learned the firm had to invest heavily in lobbying because it had to take an international approach to raising capital. They also realized they had to knock on as many doors as possible, even those that might not have seemed receptive to a pitch from an Alberta startup.

Redfern points to the \$135 million in debt that Eavor raised from the European Investment Bank and a syndicate of other European financial institutions, including ING. “We had a first-of-a-kind geothermal project, which should be doubly difficult to finance, but we raised substantial money against that first project,” he says, adding this advice to other Canadian cleantech ventures: “The important thing is, you’ve got to keep an open mind as to where you’re going to get the money. You’ve got to think internationally.”

Canadian companies and consumers will have to procure these technologies and services as they decarbonize. The shame is that the resulting profits will flow elsewhere.

/John Lorinc



WHAT YOU CAN LEARN FROM...

# Natalie Spooner

In high school, the Scarborough native and hockey star was named—all four years—“most likely to become a professional athlete.” Two Olympic golds, one silver and multiple world championships later, the 34-year-old forward with the Toronto Sceptres, part of the six-team Professional Women’s Hockey League, has already achieved legend status. Season two starts on Nov. 30.

/Dawn Calleja

## 1 Attitude is everything

One of Spooner’s favourite quotes comes from former college football coach Lou Holtz: “Ability is what you’re capable of doing. Motivation determines what you do. Attitude determines how well you do it.” She seems to have been born with the ability—she started playing at age four on her family’s backyard rink—and the motivation, which early on was to kick her three brothers’ butts on the ice. As for attitude, Spooner is known for being a ray of pure sunshine. That doesn’t mean she’s not competitive as hell. But she’s been a bubbly ambassador for the women’s game for well over a decade. As one teammate-turned-rival has said: “She brings the vibe up wherever she goes.”

## GET UNCOMFORTABLE

2 In 2019, Spooner traded in her hockey skates for toe picks to compete on *Battle of the Blades*, which paired hockey players with top figure skaters. Spooner was terrified—grace isn’t a critical hockey skill—but she was determined to be a positive role model. “If girls see someone like me who’s five-foot-10 and 180 pounds figure skating, there’s hope for anyone,” she said. “It’s important to see female role models who are strong and powerful...It’s okay to be strong.” Spooner and her skating partner, three-time ice-dance world medallist Andrew Poje, ultimately came in second, but Spooner’s grit and joy made her the undeniable star of the show.

## FIND THE RIGHT BACKERS

3 When the Canadian Women’s Hockey League folded, Spooner and a handful of players went looking for someone willing to invest in the women’s game. They found tennis legend Billie Jean King, and the PWHL was born. All six teams are owned by King’s company, along with Dodgers owner Mark Walter, with funding reportedly in place for 10 years. In the inaugural 2023 season, Toronto sold out every game. For season two, the teams will play 30 games apiece, up from 24, and the Sceptres—which will now play at a larger, 8,000-seat venue—have already sold out all their season tickets.

## 4 Be unstoppable

That’s a mantra for Spooner. Just four months after her son, Rory, was born in late 2022, she scored six points in seven games at the World Championships—while breastfeeding. Eight months later, the puck dropped on season one of the PWHL. Spooner led the league in goals scored: 20 in 24 games, on par with the NHL’s top scorer last season, Connor McDavid. In game three of the playoffs, she tore her ACL after a brutal hit that had her crawling to the bench and into surgery. Despite sitting out the final two games (which Toronto lost to Minnesota), she won the league’s inaugural Billie Jean King MVP Award.

## 5 Have fun

As a kid sneaking every second she could on that backyard rink, Spooner never dreamed she’d one day make a living doing the thing she loved best. “I still remind myself every day to go back to thinking like that little girl who had so much fun playing hockey,” she has said. “As long as you love what you’re doing and having fun, it doesn’t feel like work.”



## ASK AN EXPERT

Besides straight cash, what’s a holiday gift my employees will actually like?

While corporate gift-giving doesn’t have the best rep, a proper end-of-year present can absolutely be a staff hit. “A good gift is thoughtful, unique and personalized,” says Nadine Waterfield, founder of Alberta-based Gift Smack Gift Co., which curates corporate gifts that feel special. “If your team is small enough to make each one personal, that’s great, and if not, a handwritten thank-you note goes a long way,” she says. A special memory or specific task they knocked outta the park this year is a great addition. Assuming you’re on a humble budget, know that a well-chosen gift punches exponentially higher than its price tag, like Waterfield’s recent pick of toques handcrafted by Himalayan women, with proceeds going to impoverished children. But less is more, she says, which means one or two high-quality items always trumps lots of filler. The same logic goes for anything experiential, which delivers once in the moment and again later on, like a “movie night” themed gift—popcorn popper, cozy blanket, over-the-top snacks—she recently made for a special effects company. Choose gifts that are on brand but not branded, which veers dangerously close to swag-cupboard territory, and don’t skimp on presentation. “Part of the gift is the excitement of opening a beautiful package—and if it’s reusable, even better.” /Rosemary Counter

PHOTOGRAPH CHRISTOPHER KATSAROV/CP; ILLUSTRATION JOE MCKENDRY

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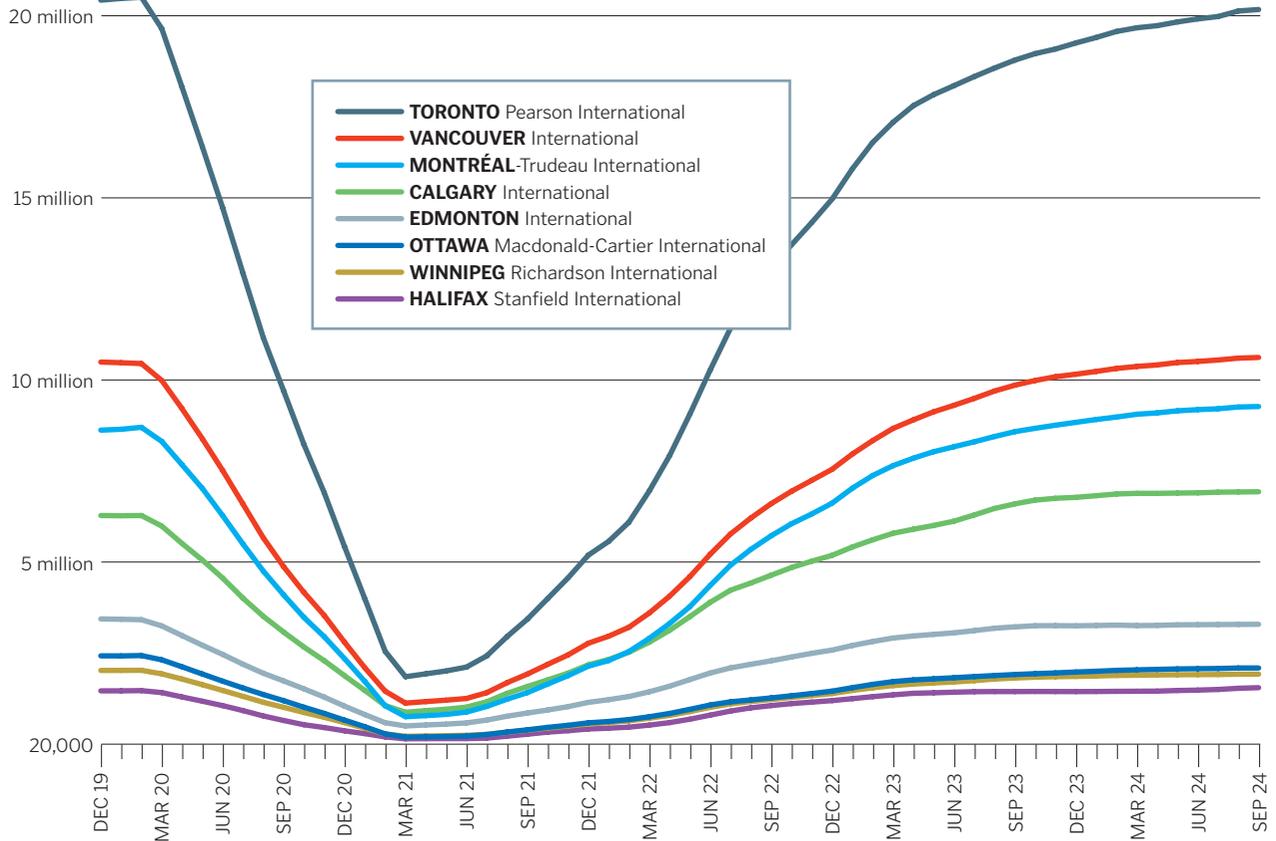
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3.7 BILLION

Downloads of the Angry Birds app, which was launched 15 years ago, in December 2009. Gamers spend roughly 1.2 billion hours playing it each year

SCREENED PASSENGER TRAFFIC AT CANADA'S LARGEST AIRPORTS (Rolling 12-month sum, December 2019 to September 2024)



DECODER

FLIGHT PATTERN



his holiday season, a few things are guaranteed to unfold at airports across the country: There will be lines. There will be delays. There will be grumbling. And the uneven post-lockdown recovery at Canada's busiest hubs will widen even further.

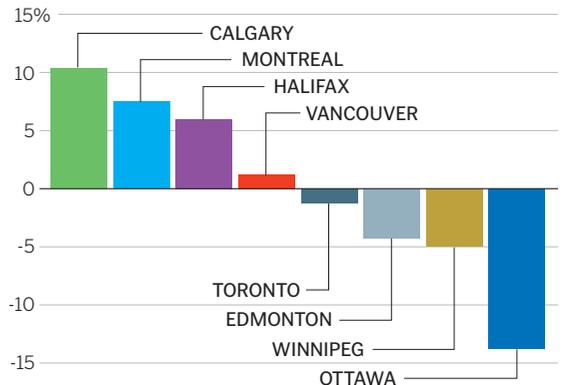
The number of passengers going through security screens at the eight largest airports has fully rebounded from the lows seen in 2020 and early 2021, according to Statistics Canada's compilation of traveller stats from the Canadian Air Transport Security Authority. But beneath the surface, the recovery varies widely.

Passenger traffic at Pearson in Toronto and at Vancouver International Airport is roughly flat from where it was in the fall of 2019. Meanwhile, the number of travellers passing through Calgary's international hub is up 10%, even as Ottawa's Macdonald-Cartier has seen a drop of nearly 14%.

The divergence reflects a few things, namely how the economic recovery has unfolded and how the world of work has changed.

Calgary's economy has rebounded better than

CHANGE SINCE 2019



many cities in Canada, thanks to higher oil prices and an influx of people fleeing stratospheric home prices in B.C. and Ontario. At the same time, one big block of travellers is missing from Ottawa's terminal gates: federal employees travelling for business. The government has been pushing for workers to return to the office—the city has the highest rate of remote work in Canada—but the flip side is that more civil servants are doing business virtually rather than flying across the country.

There are few signs either of these trends are about to reverse.

/Jason Kirby

# At Humber River Health, innovation paves the way for stronger healthcare

Imagine being able to predict a code blue before it happens. Or going in for knee surgery and being discharged the same day. At Humber River Health, one of the most innovative, safe and technologically advanced hospitals on the continent, this is a reality. With equipment and techniques such as automated robotics and real-time analytics, Humber River Health stays at the forefront of innovation redefining the future of healthcare in Canada.

"Canadians take pride in our healthcare system," says Sandra Sualim, president and chief executive officer of Humber River Health Foundation "But the system is currently at a critical crossroads. We need a system that leverages the 21st-century tools and technology we have at our fingertips to ensure it can continue to function and deliver positive outcomes for patients."

Humber River Health's Apotex Emergency Department, the busiest in the province, sees more than 350 patients a day, yet it has some of the shortest wait times in the province. Controlled by the Command Centre, a Canadian first, this central hub leverages artificial intelligence (AI) and predictive analytics to monitor and manage patient flow. This model of care ensures problems are spotted before they happen.

"We are continually elevating patient care and outcomes by offering creative new modern models of care," says Sualim, adding that donations fuel the innovations that ultimately benefit every hospital.

These donations have helped catapult the hospital to the global stage, now known as one of the leaders in robotic surgery. As the first Canadian hospital to acquire the Da Vinci Xi robotic technology and the first to use the ROSA® Knee System, physicians can now conduct traditionally lengthy



Humber River Health in northwest Toronto was the first fully digitalized hospital in North America when it opened in 2015 and is considered one of the leaders in robotic surgery. SUPPLIED

procedures like knee replacements and hip surgeries without making large incisions. The integration of these innovations results in fewer preoperative complications, shorter recovery times and less pain than conventional surgeries. Humber River Health's advancements in robotics have led it to become one of the largest teaching hubs in North America.

Together, Humber River Health's advancements have contributed to 66-per-cent fewer cases of hospital harm than the provincial average, a 10-per-cent, year-over-year reduction in sepsis cases, a 40-per-cent, year-over-year decrease in code blues and a medication error rate of 0.0009 per cent. The hospital ranks among the top five Ontario hospitals in every category of the American College of Surgeons' 2023 National Surgical Quality Improvement Program (NSQIP) – the only hospital in Ontario to achieve this distinction.

To continue this trajectory, Humber

River Health Foundation, which raises funding to support the hospital in the investment of innovation, has launched Healthcare Lives, its biggest fundraising effort since the hospital opened in 2015.

"Healthcare Lives is about telling our story and inviting others to join us in transforming healthcare for the benefit of everyone," Sualim says. "We're using technology to make sure our teams have all the tools they need to do what they're meant to do – help patients."

The \$100-million fundraising goal is ambitious but necessary for Humber River Health to continue to strengthen care models, adopt new technology to advance patient outcomes, create equitable access and, ultimately, ease the pressures facing Canadian healthcare. The fundraising effort will allow Humber River Health to find a "cure" for healthcare by finding solutions that will not only revitalize healthcare in Canada but across the globe.

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## FOR YOUR CONSIDERATION

**EQB INC.**  
TORONTO

ASSETS (JULY 2024) **\$54.1 BILLION**

PROFIT (2023, 10 MONTHS) **\$364 MILLION**

THREE-YEAR SHARE PRICE GAIN **34%**

P/E RATIO (TRAILING) **11.3**

Equitable Bank brands itself as “Canada’s challenger bank”—a friendly medium-size competitor to the Big Six, which hold more than 90% of the assets in the sector. The purely digital operation (it has no branches) has been very successful recently. Equitable has roughly doubled in size since 2018, and now has 1,800-plus employees and 670,000 customers.

Even so, the company’s affable CEO, 64-year-old Andrew Moor, says “it feels a bit more lonely, in some ways.”

He used to think of HSBC Canada, Canadian Western Bank and Laurentian Bank of Canada as mid-size peers, but this year RBC bought HSBC Canada, and National Bank bought CWB.

Moor thinks Equitable still has plenty of room to grow, however. “We’ve got 1% of the Canadian banking market,” he says. “To move to 2% would be doubling the size of the institution.”

That institution is certainly vastly different than when Moor was named CEO of Equitable Trust Co. in 2007. In 2013, Equitable became a Schedule 1 bank, and in 2016 it launched its purely digital EQ Bank. Four years later, Equitable bought Saskatoon-based Concentra Bank for \$495 million. “We are truly a cross-Canada bank now,” Moor says.



However, he acknowledges that there are still gaps in Equitable’s product line. It has no wealth management offering or credit cards, for instance. “We haven’t cracked those two, but we will,” he says.

Over the past five years or so, Moor has also been a strong advocate for bringing so-called open banking to Canada. Basically, it transfers ownership of all of a customer’s financial data to them from individual institutions, which allows them to see their full financial profile in one place. The federal Finance Department first started exploring open banking in 2017, but progress is slow. Politicians often only respond fast to events, such as the proposed Big Bank mergers that Ottawa killed in 1998. “I think we really haven’t had a good conversation about the banking system in Canada since then,” Moor says.

And then there are the more obvious reasons for investing in the stock of EQB (the corporate parent): The shares have almost doubled in value since just before the COVID-19 pandemic. EQB’s 10-year total shareholder return of 285.6% is tops in Canada for a bank (although National is close) and one of the highest in North America.

But Moor tries not to pay too much attention to short-term fluctuations in EQB’s stock. “You don’t see our share price as you get off the elevator,” he says. That’s deliberate. **/John Daly**



## FOMO INVESTING

### Five things we learned from Justin Krieger

Legendary Fidelity investment manager Peter Lynch said that observing what your kids do will help you pick winning stocks. These days, teenagers and young adults watch a lot of short videos on TikTok. But the Chinese platform is privately owned. We asked Justin Krieger, senior analyst and director of technology, media and telecommunications at audit, tax and consulting firm RSM Canada, where the sector is headed. **/JD**

**1.** Krieger likes the emerging-technology hype cycle developed by consulting firm Gartner, and he figures social media generally is hitting stage five, the final one: the steadily rising “plateau of productivity” that follows initial euphoria, a crash, disillusionment and then enlightenment. “I don’t think consumers are going to get bored of social media,” he says.

**2.** TikTok’s tech isn’t hugely advanced. “I think it’s a platform within a sector. What it’s doing is somewhat not even unique these days,” he says. But TikTok sure is popular. Launched in 2016 in China by ByteDance, it hit North America in 2018 and reached 100 million monthly U.S. users in 2020—now the second-fastest ever after AI sensation ChatGPT.

**3.** Will TikTok remain a leader or fall behind, as Nokia and BlackBerry did in cellphones after Apple launched the iPhone? TikTok will have to keep changing and adapting, Krieger says. “Some things are going to fall behind, and some companies are going to fall behind. But some are going to adapt,” he says. And they will “continue to have a place in the market.”

**4.** Krieger cautions that he’s not an investment analyst or adviser. But remember that private companies usually only release select information, whereas public ones disclose much more and have to conform to rules when they do it. Take anything you read from a private company “with a grain of salt,” he says. Don’t get too excited or depressed.

**5.** Some analysts and advisers recommend investing in publicly traded companies that compete with privately owned sensations like TikTok. Krieger again urges caution. Meta, for example, owns several businesses, including Facebook, Instagram and WhatsApp. You have to compare apples to apples, he says, not just the hottest platform a company owns.



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## SMART MONEY

**DEAN ORRICO**

PRESIDENT, CEO AND PORTFOLIO MANAGER  
MIDDLEFIELD CAPITAL CORP., TORONTO

Dean Orrico has never been far from the property business. Growing up, he'd listen to the shop talk among close family friends who were developers or builders. During high school, he got summer jobs on construction sites. After earning an MBA, he landed a job in 1996 as an analyst with Middlefield Capital when Canadian real estate investment trusts were just going public. That window on the REIT world has served him well—his Middlefield Real Estate Dividend Class mutual fund and Middlefield Real Estate Dividend ETF, whose assets total \$210 million, have outpaced the S&P/TSX Capped REIT Total Return Index since 2011. We asked Orrico why he's more bullish on Canadian than U.S. REITs, and why he likes the seniors' housing sector.

**What is your strategy to beat the S&P/TSX Capped REIT index?**

Our goal is to outperform over time, but we think that index has flaws. For instance, Canadian Apartment Properties REIT (CAPREIT) is about 16% of the index, but we think anything above 8% is excessive. That's why we have that REIT capped near that lower level, even though it's well-positioned and we know management well. Canadian REITs represent about 80% of our funds, with the rest mostly in the United States. If I find attractive names outside of Canada, I will own them.

**Why are you more bullish on Canadian REITs than on their U.S. counterparts?**

Canadian REITs trade more cheaply than U.S. ones. The latter moved higher more quickly in anticipation of interest rate cuts. Here, it's a bit of a catchup trade as rates are falling, and that's generally a tailwind. The federal government wants to reduce immigration because of a housing shortage, but strong demand and a limited supply of new apartments and condos will keep an upward pressure on rents. The supply for new grocery-anchored shopping centres is also tight as many retail REITs use their land to add housing, and construction costs are rising. In Canada, there are some \$200 billion in guaranteed investment certificates, term deposits and high-interest savings accounts because people could get a 5% yield. When that yield comes down, money is going back into REITs.

**What Canadian REIT sectors do you like?**

We like apartment REITs like CAPREIT, Killam Apartment REIT, Minto Apartment REIT, InterRent REIT and Boardwalk REIT. Most provinces have rent control, but Alberta doesn't. Boardwalk,

which has more than 50% of its portfolio in Alberta and benefits from higher rents, is one of our largest weights. I also like retail REITs, such as First Capital REIT and RioCan REIT, because major grocery tenants are looking for more space because of a lack of new supply.

**Chartwell Retirement Residences and Sienna Senior Living are top holdings. Why?**

Both seniors' housing REITs suffered from higher costs and lower revenue during the pandemic. They couldn't show empty units to prospective tenants, so occupancy levels fell to about 75%. Costs rose because they had to use agencies to hire more employees. Their occupancy rates have now risen to around 89%. We think that could hit the mid-90s over the next few years. You're also seeing the impact of an aging population on seniors' homes.

**What U.S. REITs do you like?**

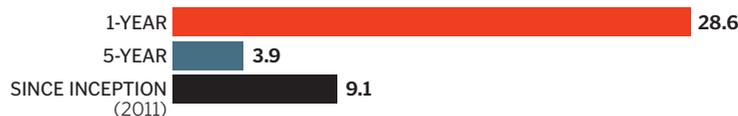
We own SBA Communications and Crown Castle, which are cell-tower REITs. Cellphones have become more powerful, and their utility will increase. Artificial intelligence will drive demand for cell towers and data centres, too. Given the computing power that AI requires and the data it creates, that will require more storage, so we own Equinix, a data-centre REIT. We also like Welltower and Ventas because their seniors' homes benefit from an aging population.

**Office REITs have been hurt by the work-from-home trend that came out of the pandemic. Are they on their death bed?**

They are not dead, but you need to be very patient for the recovery in the office sector. You still have more supply than demand in major centres. We don't own any in our REIT funds because it's just not an attractive opportunity. But we do own investment firms Blackstone and Brookfield, which are indirect ways to get office exposure. /Shirley Won

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ANNUALIZED % TOTAL RETURN

**S&P/TSX CAPPED REIT TOTAL RETURN INDEX**

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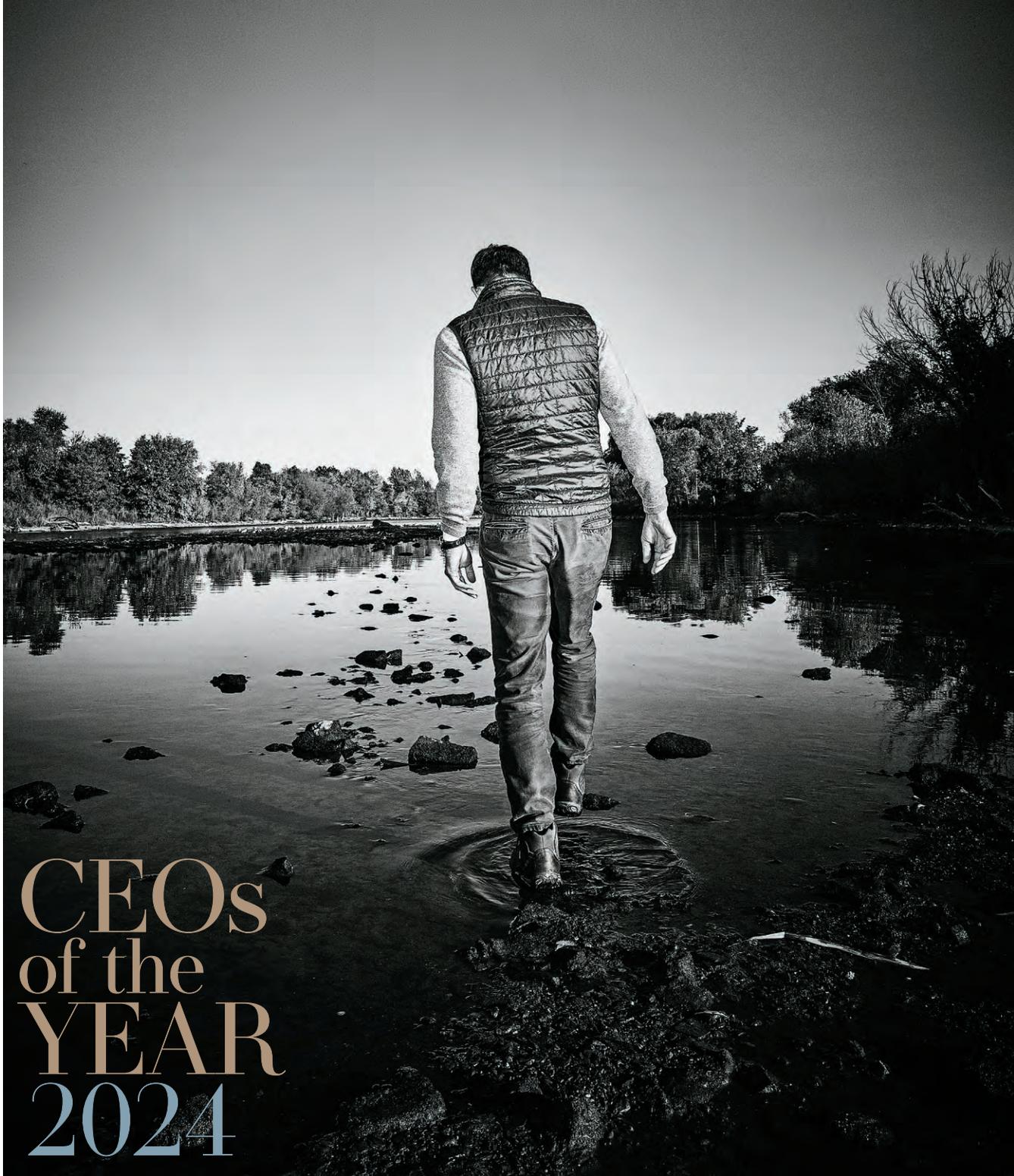


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**MIKE GREENLEY**, MDA SPACE  
**NEIL ROSSY**, DOLLARAMA  
**MAX KOEUNE**, McCAIN FOODS



# CEOs of the YEAR 2024

**NEIL ROSSY**  
DOLLARAMA

**MIKE GREENLEY**  
MDA SPACE

**LAURA DOTTORI-ATTANASIO**  
ELEMENT FLEET  
MANAGEMENT

**MAX KOEUNE**  
MCCAIN FOODS

**CHARLES BRINDAMOUR**  
INTACT FINANCIAL

photographs by **DANIEL EHRENWORTH**

**J**ust when you think things can't get crazier, another year of chaos hits us in the gut. So it was with 2024. But not even the mayhem could overshadow outstanding performances from this year's five CEOs of the Year—Global Visionary, Innovator, Newcomer, Corporate Citizen and Strategist—chosen after plenty of discussion among editors and reporters here at *The Globe and Mail*. Our overall winner is Neil Rossy, whose meticulous attention to, well, *everything* has helped turn Dollarama into a darling of Canadian retail—one that does well in any sort of economy.



# GLOBAL VISIONARY of the YEAR NEIL ROSSY

THANKS TO ROSSY'S SAVVY MERCHANDISING AND RELENTLESS FOCUS ON, WELL, *EVERYTHING*, DOLLARAMA HAS BECOME A STALWART OF CANADIAN RETAIL—WHICH IS WHY HE'S OUR TOP CEO OF 2024. NOW THE COMPANY'S LOOKING TO PLANT ITS GREEN-AND-YELLOW FLAG INTERNATIONALLY  
BY NICOLAS VAN PRAET

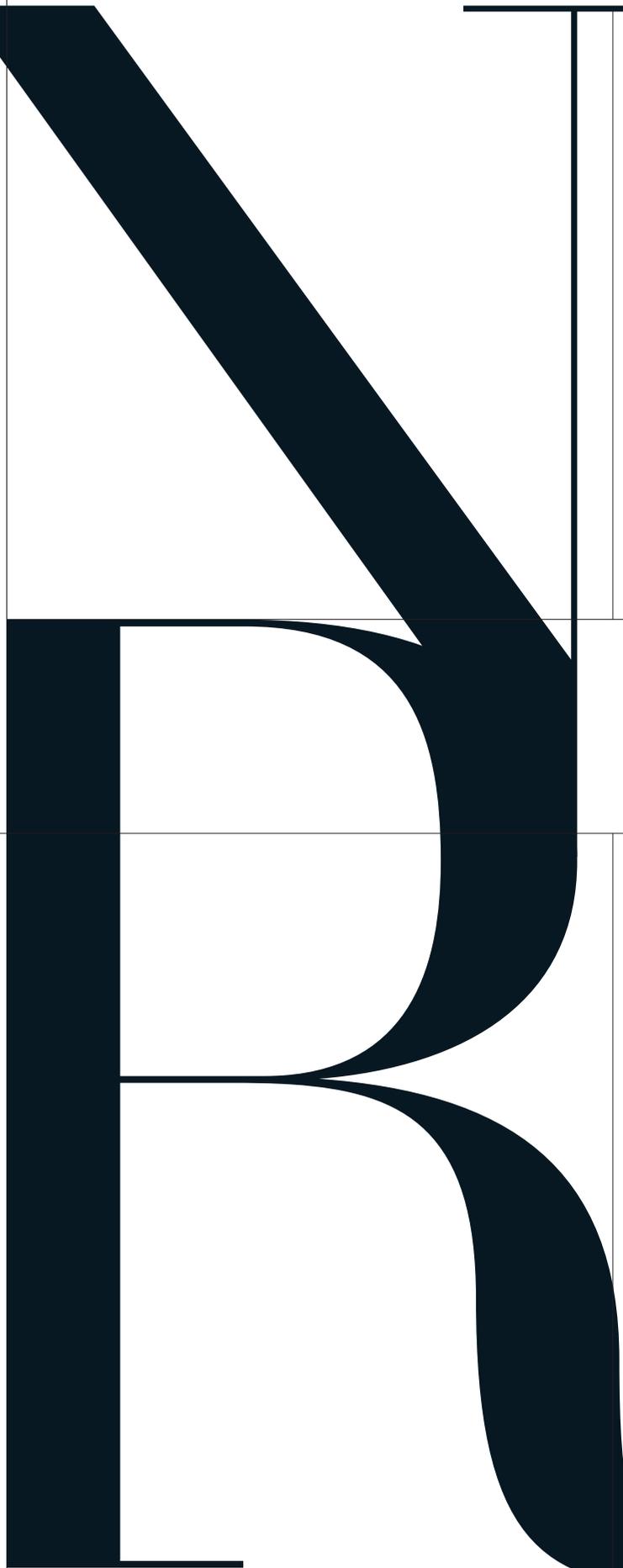
In a world of attention seekers and inflated egos, Neil Rossy is decidedly discreet.

You'd be hard-pressed to find a Canadian chief executive who keeps a lower profile—never mind one running a public company worth \$40 billion on the Toronto Stock Exchange. Rossy doesn't speak to journalists outside annual meetings, doesn't do speeches or business luncheons. Hell, when he took over as CEO from his father, Larry, in 2016, the company's communications person had to wheedle him into agreeing to headshot photos for the official corporate record.

And yet, here he is, in all his business-casual informality: The 54-year-old Montreal magician behind discount variety chain Dollarama Inc. He's approachable and articulate, sporting a neatly trimmed beard and, on this day, stylish green Adidas sneakers. His dress shirt is untucked, and when he smiles, you get a flash of bright pearly whites. A cheeky coffee mug on his desk reads "I am 49+" and features the doodle of a hand raising a middle finger.

It's late September, and Rossy has invited us into his inner sanctum at corporate headquarters, a CEO suite so cluttered with household goods it would make a hoarder smile. It's the first such interview he's ever done. If he had reservations before about opening up—and he had plenty, we're told—he's not showing them now. He seems perfectly ready for his moment in the spotlight. And why not? As Dollarama CEO for eight years now, he's at the top of his retail game.

Since he's been in charge, the company's net profit



has tripled to \$1 billion, and sales have more than doubled to \$5.8 billion. Meanwhile, the share price has soared, from \$30 to about \$141, even accounting for the stock split in 2018. In sum: It's about as sweet for an investor as a Werther's bonbon. There's lots of potential, too. Dollarama is pushing ahead with a steady stream of new store openings in Canada, while slowly expanding into new territory abroad.

This is a business nurtured over more than a century by four generations of Rossy family smarts and hard work. It was Neil's father who correctly read the retail winds and adopted the dollar-store concept. But it's the son who sharpened it and planted the company onto fresh ground as it balloons in size. This is now his story to tell.

In an industry littered with the carcasses of failed retailers, Dollarama stands apart. Year after year, it continues to defy predictions that it will hit its sales peak in Canada, just as its bright green and yellow colours continue to worm ever more deeply into the Canuck consciousness. The company has 1,600 stores now, with plans for 2,000 by 2031. You'll find them in the basement shopping concourses of fancy office towers just as you'll find them in small towns and suburbs.

A Leger Marketing survey for the Bank of Montreal in June found 70% of Canadians visit a Dollarama store at least once a month, while 29% shop there at least once a week. Proximity is key: 85% of Canadians live 10 kilometres or less from a Dollarama outlet. Whether they're flush with cash or penny-pinching when they walk through the door, the retailer just seems to have a knack for offering things they want at a price they can't refuse.

And yet, Rossy isn't sitting here all smug and satisfied. There are places where the Dollarama formula can work every bit as well as it does in Canada, he says, and he wants to capitalize on that as he plots the future.

The company has already branched out, plowing manpower and money into a Dollarama clone in Latin America called Dollarcity. Dollarama has owned a majority stake in the retailer since 2019, and it's investing big in its expansion, with plans to double its store count to 1,050 in Colombia, Guatemala, El Salvador and Peru over the next five years. A launch into Mexico will take place in 2026, and the partnership deal includes options to open in five other Latin American countries.

Dollarama is analyzing expansion onto other continents, too, Rossy says—whether through partnerships, opening new stores on its own or acquisitions. “We've been looking at the rest of the world, thinking about opportunities,” he says. “Mexico will be a new foray into a huge country with great upside. But I would tell you, I feel that at this point we can, we could, do even more.”

Stretching the length of a glass-windowed facade in Rossy's office at Dollarama headquarters is a collection of curiosities that he calls The Wall of Shame.

On a table alongside photos of his wife and four kids are dozens of failed products—items Dollarama was pitched on but never bought, as well as one or two that made it onto the shelves by mistake, to the CEO's great distress.

“This, for example: total nightmare,” he says, holding up a small blue towel with a Russian flag, green army tank and some lettering printed on it. “We buy blue towels. From a vendor we've been buying from forever. We buy many colours. Blue is one of them. And right in the middle of the Ukrainian war, I started getting pictures of this from the stores. So I was like, ‘What the hell is that?’”

The vendor had received an order from a Russian military regiment and, by a stroke of bad luck, a dozen or two made it into Dollarama's shipment. Rossy immediately got on the phone. “I had every district manager running to all their stores to look through this. I was like, ‘If one of those towels gets out, I'm never going to hear the end of it.’ So it made it to The Wall of Shame.”

Rossy loves merchandise. He slips easily into explanations of retail trends during a tour of the company's basement laboratory at HQ, a messier version of a real store that serves as a library for purchases present and past. This is where 12 senior buyers verify goods under their purview, and other staff test-shop concepts like new hooks or shelving. It's also where they prepare layouts to show customers, like an end-of-aisle display they're currently doing for chocolate maker Mars Wrigley.

Rossy, by the way, is one of those senior buyers. He regularly leads Dollarama buying trips to China and the United States, spending 1.5 months a year in Asia alone. He claims that if a stranger on the street were to show him Dollarama's entire inventory mixed with other goods, he'd be able to identify 90% of his offerings.

If you think he's a nepo baby, you'd be wrong. The moment Larry Rossy signalled he was ready to hand over command after a 40-year run, the board launched a formal selection process that sought out both internal and external contenders. Neil, who'd joined Dollarama after graduating from Queen's University and had done almost everything there was to do at the retailer, was by far the best candidate, says chair Steve Gunn. It wasn't even close.

Officially, Rossy's title at the time was chief merchandise officer. But the reality was that he and a small circle of senior executives were already part of every decision at the highest level—the result of his father relishing the opinions of his lieutenants on everything of importance.

Neil was offered the job. But he didn't say yes at first. He knew his father still loved the work—“it made him happy” even as he began confronting health challenges, he says. And the son was perfectly content in a support role. A CEO title was “not something I need as a person,” he says. Soon, though, Larry's signal became more urgent, and Neil's empathy and self-effacement gave way.

“If I said, ‘Spot the CEO of Dollarama’ at a cocktail party, he'd be the last guy you choose,” says Gunn, because he's humble, grounded and way more interested in finding out about you than talking about himself. “He didn't want the fame or the glory. But



not only does he know every aspect of the company, he's also the keeper of the culture."

Truth is, Neil Rossy has been part of his family's retailing history since he was a kid. Before Dollarama was founded in 1992, the clan ran a chain of variety shops operating under the S. Rossy Inc. name in Montreal. Rossy worked in the stores and warehouse, and one summer he handled deliveries, getting stuck on Montreal's busy Decarie Expressway when the engine on an old red cube truck blew up. Later, he emptied cargo containers (which remains the worst and hardest job at Dollarama to this day, he says). "Those were all good lessons."

Over time, he learned first-hand the ingredients of Dollarama's magic sauce. And he's cooked it to perfection, much like the homemade jam he now makes at night. ("I'm not a good sleeper," he says.)

The recipe goes something like this: 1. Source goods directly from suppliers rather than through wholesalers or other middlemen to increase your bargaining power and keep costs low. 2. Cultivate deep relationships with those factories and treat them as partners. When they have problems, be understanding and adapt instead of demanding and punishing (Dollarama's 10 biggest vendors represent about 31% of its total purchases). 3. Make the shopping experience and operations as clean and simple as you can. 4. Be flexible enough to make quick changes when needed, while approaching major strategic shifts in a slow and hyper-cautious way.

The new CEO made more than a few moves of his own, however. He expanded the company's lone distribution centre, increasing capacity by 50%. He rolled out credit card payments for the first time, even though much of Dollarama's store assortment could often be bought with pocket change. He launched an e-commerce website that sells select merchandise by the case. He then steered

through the COVID-19 crisis, sacrificing profit in pursuit of a greater societal good. Later, he raised Dollarama's price points to \$5 to counter inflation, boosting his buying power in a bid to offer even more appealing merchandise.

It has worked. Over the past few years, sales productivity per Dollarama store has meaningfully increased as a result of market-share gains from other retailers, according to BMO analyst Tamy Chen. All of this without spending a cent on advertising, although you could argue the company doesn't need it—there are plenty of shoppers on TikTok offering tips on the latest Dollarama deals.

Rossy considers "everyone" his competition, because his are variety stores that "nibble a little bit from everyone's plate," from stationery to hardware. He pays most attention to the Goliath of the industry, Walmart, but watches all the others, too. And he says one reason Dollarama is beating its dollar-store competition (same-store sales growth in the latest quarter at Dollarama was 4.7%, versus 1.3% at Dollar Tree) is simply because of what's on the shelves.

Dollarama has added more brand-name goods to the mix in recent years. That, in turn, has helped attract more customers, including those who would never buy an item not made by a well-known manufacturer. Meanwhile,

it steadfastly refuses to jump into refrigerated food, a mistake Rossy says his U.S.-based rivals have made. “They went down that path hard and fast. And it’s destroyed their gross-margin percentages.”

Making sure shoppers in Canada feel like they’re getting their money’s worth remains the CEO’s primary focus. But he’s also laying the groundwork for a future where Dollarama taps out here. That won’t happen any time soon: Veritas Investment Research analyst Kathleen Wong says the company has plenty of runway left, adding it’s still generating robust same-store sales growth while opening new locations. Even if Dollarama and Dollar Tree, its main rival, hit their targets for new store openings by 2030, Canada will still be underserved as measured by dollar stores per population versus the U.S.

But it’s never been Rossy’s style nor strategy to wait until the last minute. The company has its Canadian business under control, he says. And now’s the time to take things further internationally. “My father was more reticent to go abroad, worrying more that we’d lose focus on Canada. And I was more convinced that we could do both,” he says. “I’m not currently stressed in any way about Canada’s potential future growth. And certainly with immigration and other things, who knows where that’ll end? But I would tell you that no country grows infinitely forever. That’s just a fact.”



When Larry Rossy decided to push into dollar store retailing, his son led the advance party.

In the spring of 1992, he dispatched Neil to Matane, a seaside village in Quebec’s Gaspé region known for its shrimp, to set up a small store selling everything at one low price: \$1. A family friend had suggested it, saying no one would ever know if the effort failed. Instead, it took off like wildfire. They expanded under the name Dollarama and, by the third year, there were more Dollarama outlets than Rossy outlets. All stores were soon brought under the Dollarama banner.

“We started the business in a small Quebec town on the south shore of the St. Lawrence because my father was worried about how it might impact the Rossy name,” Neil says. “A lot of people laugh when we tell that story,” but it’s important because Dollarama is now approaching international expansion in the

same way, he says: Start small and test the concept.

“We went to a tiny little country that had the highest homicide rate in the world,” Rossy says, referring to the seemingly absurd notion of setting up in El Salvador, a nation of six million known more for volcanoes than its profit potential. “We did it for a bunch of reasons that we thought made sense at the time. And I’m glad we did.”

The seeds of Dollarama’s international journey were sewn in 2004, at a meeting of investors at Bain Capital, the Boston private equity fund that was, for a time, Dollarama’s controlling shareholder. A Salvadorian businessman named Marco Baldocchi, who’d done well in call centres, aviation and real estate, was blown away by Dollarama’s product offerings and later asked the Rossy clan if they’d be interested in exporting their model south. They said no. The family had received other such requests over the years but “didn’t have the bandwidth” to devote to a proper expansion, Rossy says.

Baldocchi launched the business anyway. With little more than a hunch and with no retail background, he started a Dollarama copy-cat called Dollarcity and built up a chain of about 20 stores. He figured Latin Americans used to buying in open-air markets would welcome a more formal shopping experience, with air-conditioned stores.

Dollarcity did okay but not great, and Baldocchi says he eventually sought out the Rossys again—this time more for ideas and insight than with any expectations of a tie-up. Dollarama executives flew down to El Salvador and quickly realized that while Baldocchi had the guts of a good business, they could do exponentially better. One thing led to another.

“We liked the guy a lot, and I thought it was super interesting,” Rossy says. “So we started to work on thinking about how and what systems we’d put in place.”

In 2013, the Rossys struck a commercial partnership with Baldocchi, starting with El Salvador and Guatemala. The Canadians would share Dollarama’s processes, technology and access to their global supply chain, while Baldocchi ran the business. If the initial countries were successful, they’d do Colombia next because it’s a much bigger market.

It took off. Dollarama bought a 50.1% position in Dollarcity in 2019, and the partners added a fourth country, Peru, shortly after.

To some extent, says Baldocchi, “It was a bet on me.” He says he initially thought his lack of a retail background was a strike against him. In time, he began to realize that the Rossys considered that an asset. “We taught him how to be a retailer,” Rossy says.

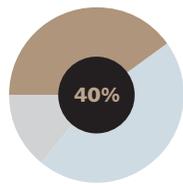
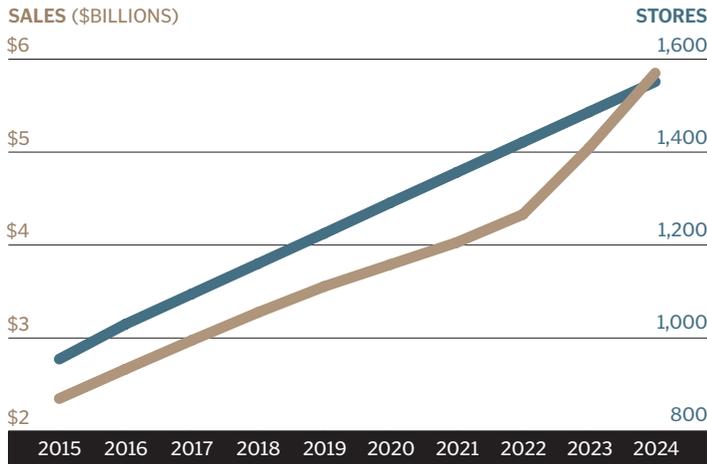
In June, Dollarama announced it would boost its stake in Dollarcity to 60.1%, with an option to buy another 9.9%. And it struck a new deal with Baldocchi to expand into Mexico. Dollarama will take an 80.1% stake in that business, with an option to buy another 5% by the end of 2027.

The Canadian company’s equity pickup from Dollarcity’s annual earnings for the last fiscal year was \$75 million plus dividends, triple what it was five years earlier. BMO’s Chen projects that could increase to \$300 million by 2028, even without factoring in Mexico. Latin America is becoming an ever-more-meaningful component of Dollarama earnings, the analyst says.

TD Cowen analysts Brian Morrison and Andrew Lopez visited Dollarcity in El Salvador this past summer. They found a chain that was strikingly similar to what we know here. “We would even go as far as to suggest it’s cleaner, more welcoming and more organized than its Canadian counterpart,” they said. One weird thing, though: The stores accepted bitcoin, a function of the support for the digital currency from El Salvador’s government.

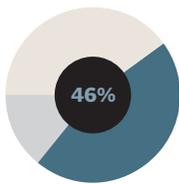
What’s next? More expansion, Rossy says, possibly further afield.

## DOLLARAMA'S STEADY MARCH



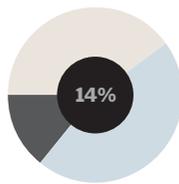
### GENERAL

includes party supplies, arts and crafts, office supplies, giftware, housewares, toys, electronics and apparel



### CONSUMABLES

includes household consumables like cleaning supplies, health and beauty care, pet food, snacks, drinks and food



### SEASONAL ITEMS

includes Valentine's Day, Easter, Halloween and winter holidays, plus summer and winter seasonal merch

"We've looked at Europe. We've looked at Australia. We've looked at many parts of the world," he says, adding it's only considering stable regions with growth potential where it believes the company's core model could be reproduced. It really has to have "a high probability of accepting what we do fairly close to the way we do it, or we're not thinking about it," he says. "I don't want to reinvent the wheel. Our wheel spins very nicely, and I would like to use that exact same wheel to keep rolling across other countries."

The company is scouting for new partnerships as well as green-field investments, where it would build new stores and distribution centres in other countries. It's also weighing opportunities to buy into existing businesses, like it did with Dollarcity but on a bigger scale, targeting companies with an obvious mismatch: the right real estate but the wrong ops, or the right real estate but the wrong management team.

J.P. Towner, Dollarama's former finance chief, remembers visiting one country the company thought could be a good fit. To get a feel for its potential and dynamics, he and his former colleagues hit the streets. "Over four days, we walked through 100-plus stores across multiple cities and hauled back boxes filled to the brim with goods," he says. "Neil wasn't just there. He was leading the way and never skipped a beat."

# R

Rossy is the kind of CEO who likes to dig into the details. It's his way of keeping the job interesting and rewarding. It also means that the door to his office—flanked by a piece of art depicting a grey rabbit running at full speed with the pin of a grenade in its mouth—is almost always open. "People come in that door every 15 minutes or 10 minutes or five minutes, depending on the day, with

something to discuss or something for me to think about," he says.

These days, his mind is spinning. Most Canadians have no idea how much more complex retailing has become, he says. And for a company whose business model is anchored in keeping things simple and standardized, life is growing tougher.

Take, for example "shelf talkers," the small printed tickets attached to shelves that are used to promote a product. Dollarama used to have one shelf-talker system for all its stores. But now, every province has instituted their own regulatory specifications, each with different rules on where to put the price, fees and other information. Municipalities sometimes have their own rules, and there are different rules for different products. Batteries aren't the same as earphones, which aren't the same as anything made of wood.

Dollarama has an entire department of "really smart people" whose job is to manage these changes and figure out the printing. "I just feel like retailers are spending a lot less time on retail and much more time on things that add no value to the customer," Rossy says.

There are far broader issues to consider, too, like the company's environmental footprint. If there's a perception that Dollarama is a purveyor of cheap, throw-away goods that's on the wrong side of the climate and sustainability crisis, the reality is more complex.

Until recently, Dollarama had "very little disclosure and not a lot of capacity internally" in addressing climate risk, says Kevin Thomas of the Shareholder Association for Research & Education (SHARE), an investor advocacy group. Last year, it called on Dollarama to set interim and long-term targets to reduce greenhouse gas emissions in line with the Paris Agreement. Among the shortcomings SHARE identified: The retailer had no time-bound commitment to outline and reduce Scope 3 emissions (those tied to vendors and other parts of the supply chain not directly under its control). That's a problem, because those likely make up the bulk of its emissions, Thomas says.

That's changing. In its latest ESG report, Dollarama says its total Scope 1 and 2 emissions for fiscal 2024 were 52,237 tonnes of CO<sub>2</sub> equivalent. And it's identified the Scope 3 pieces that are most relevant to its business, vowing to report on those next year. The company is focused on reducing the intensity of its emissions per store instead of adopting an absolute emissions reduction target, which it says is better aligned with its growth plans. Thomas wants to see total emissions fall but says the company is "taking steps to get there."

Having quality products is a big piece of the environment puzzle, Rossy explains. "Our responsibility is to make sure that we're not

I DON'T WANT TO REINVENT THE WHEEL. OUR WHEEL SPINS VERY NICELY, AND I WOULD LIKE TO USE THAT EXACT SAME WHEEL TO KEEP ROLLING ACROSS OTHER COUNTRIES



selling garbage,” he says. “I’ll bring stuff home from the kitchen department and cook with it. I’ll bring home toys and build them or get my kids to play with them,” he says. “I’m very, very focused—and have always been, since I was a kid—on making sure that whatever somebody’s spending their money on is good.”

Analysts still talk about the time that Larry Rossy complained on an earnings call about the quality of toothpicks Dollarama was selling. He said they weren’t as well-sanded as he would like and that he’d sometimes get a splinter in his gums. In fact, there’s a range of goods that are much harder to execute inexpensively, Neil says, including toys. And that’s why they’re among the product categories that have moved up in price point. The CEO doesn’t want to sell playthings that last only for a few plays.

He also wants to minimize garbage. When reporters from *Les Coops de L’information* published an investigative report earlier this year detailing what they said were sizable quantities of candy, cards and other items found in dumpsters behind Dollarama stores, the company responded by saying it devotes considerable energy to making sure it minimizes the loss of goods. Addressing the matter now, Rossy says the percentage of goods thrown out is “infinitesimally small” and that everything reported to be in the garbage, other than the stuff that was expired, “should never have been there.”

The story was perplexing, Rossy says. But it prompted him to make at least one immediate change: This year after Halloween, the retailer did two markdowns for its candy and chocolates, the last being almost free, in a bid to avoid having to discard it.

Rossy thrives when working on these real-world improvements. Gunn remembers when the CEO walked into a board meeting one day proud as punch about a new handheld device he’d come up with for district managers doing store checks. The machine contained software with key metrics on how each Dollarama store

was performing, allowing supervisors to offer praise or counsel, and store staff to specify what needs they had on maintenance and other matters. “The company’s just gotten that much better at executing,” says Gunn. “Just a series of little steps.”

Rossy loves a good project. And he loves to experiment. At home with family, he doesn’t just make a chicken for supper. He makes several chickens different ways to see which one they like best. At work, it’s study available IT systems and use that information, often to create proprietary tools.

Rossy recently bought Mont Glen, a former ski resort in the Eastern Townships, and he’s been learning how to clean up the forest and get the old groomers working again. Living at the lodge and dealing with snow piled high has also led him to introduce a new Dollarama product: six-foot heavy-duty driveway markers. Cost: \$4.75 each. It’s just one example of many showing the business is never truly out of his mind, even during down time.

“Neil’s a very intense guy” and not the most sociable person, says Martin-Pierre Roussel, a longtime friend and banker at National Bank of Canada. “He likes to compete, he likes to be intense. And he approaches everything similar to work—in a very, very detailed fashion.”

The two travel together several times a year on fly fishing trips. Rossy has done “a ton of reading” on fishing, and constantly tries different baits and other things to gain an edge, says Roussel. When Roussel is slow to move downriver, Rossy often asks the guide to give him a nudge (covering more water increases your chances of catching a fish). And when the others in the group go for their regular afternoon naps, Rossy often ducks out to the supply shop instead. “He’ll be gone sometimes for an hour and a half,” Roussel says. “And he’ll buy something most of the time just to encourage the retailer, even if he doesn’t need it. He’ll do his shopping, see everything. He’s taking in all the information at all times.”

Dollarama had grown into a chain of 335 stores when, in 2004, it sold an 80% stake in the business to a group of funds controlled by Bain for a cool \$1 billion. Now, with Bain long cashed out, it says a lot about Rossy and his leadership chops that he’s still in charge. His family and company management own about 2% of the public share float, but to investors, there’s still no one better to lead.

The trouble of knowing every aspect of the business in detail, says Gunn, is, can you delegate? “If you had asked me eight or 10 years ago if he has a weakness, I’d say that because he’s so good at every aspect, does he take on too much himself rather than trying to teach others to do it?”

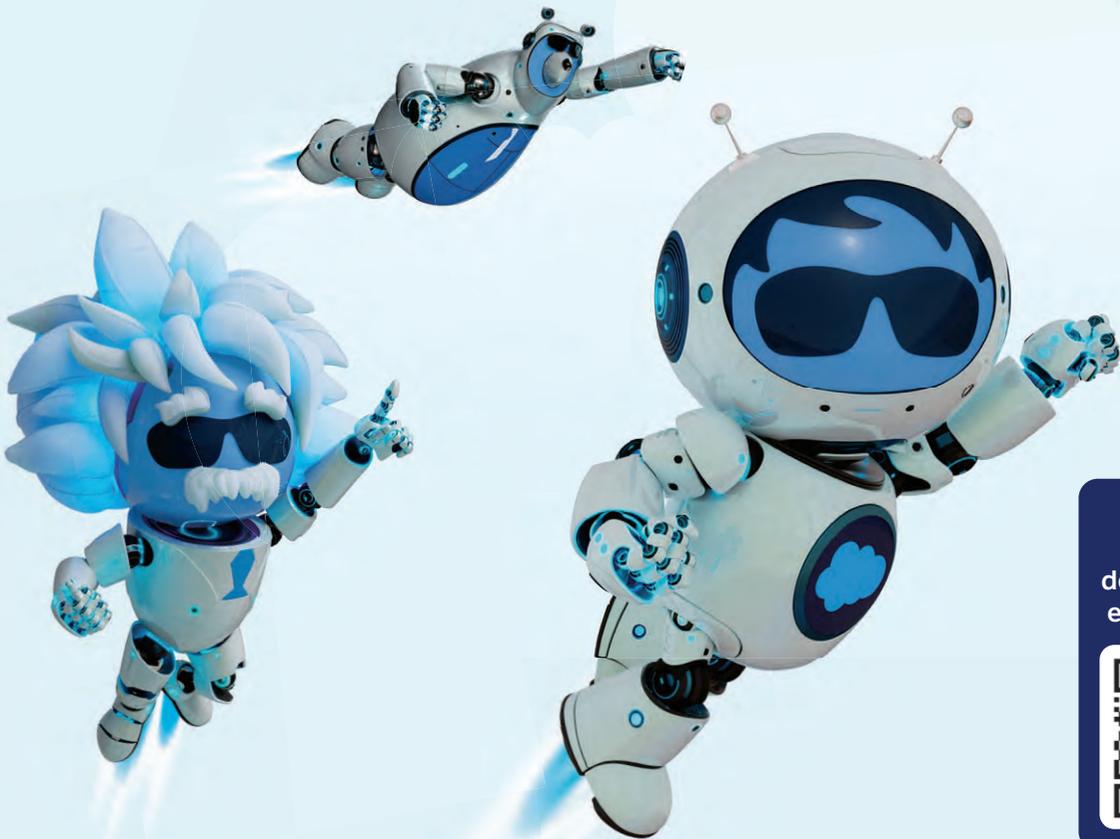
Rossy is aware of this issue—and the potential for it to become a major problem if the company doesn’t develop its bench strength. He says he’s spent considerable effort in recent years to hire young people—and they have largely been young people—who’ll grow into the next generation of leaders. His own kids, who range in age from 16 to 24, have their own passions and so far haven’t shown much interest in retailing. But he’s convinced Dollarama’s culture can be sustained regardless.

“It makes me sad to think that we’ve been in retail since 1907 and that there might not be a family member here when I retire,” says Rossy. “But a major piece of what I’m responsible to make sure of is that this is not a Rossy thing... The culture piece to me is super important. It just doesn’t have to be a Rossy culture piece. It has to be a culture piece that’s in line with the way we’ve built the business.”

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# INNOVATOR of the YEAR MIKE GREENLEY

MDA SPACE IS A 55-YEAR-OLD CANADIAN STALWART. UNDER GREENLEY, IT'S SHOOTING FOR THE STARS—LITERALLY—AS IT AIMS TO BECOME A TOP CONTENDER IN THE NEW SPACE RACE  
BY DEBORAH AARTS

➤ Regretfully, there is no Canadarm waving you in as you approach MDA Space's new head office in Brampton, Ont.

In fact, there doesn't seem to be much cool space stuff at all yet—certainly nothing akin to the rocket abutting the front door at SpaceX's soon-to-be-former California home, or the lunar lander hulking over the lobby of Blue Origin's headquarters in Washington state. Just a trio of perfectly nice, not-quite-finished buildings amid the constellation of low-rise offices and warehouses now proliferating in this placid corner of suburbia.

Then you have to move your car because you've accidentally pulled into a spot reserved for NASA.

It's one subtle signal of many that MDA is quickly positioning itself at the vanguard of a whole new space race. In the past five years, the stalwart 55-year-old developer of satellites and space robotics has wrangled itself out of foreign ownership, gone public, launched a fleet of industry-leading commercial products, earned a string of blockbuster contracts, doubled sales, hired thousands of employees, and repositioned itself on a dizzyingly sharp growth trajectory.

The man behind it all is CEO Mike Greenley, a sharp and enterprising architect on a mission to take Canada's largest and most venerated space business to infinity and beyond. "We have a legitimate chance to be one of the top three to five global space companies—that's for real," he says with measured, but

undeniable, excitement during a conversation in his sun-filled, frill-free corner office. And he'll be damned if MDA doesn't chase that opportunity full-throttle.

When engineer John Spencer MacDonald and physicist Vern Dettwiler first hung up a shingle in 1969—at the very peak of global space mania—they did so in part to offer top-tier Canadian scientists, engineers and mathematicians the type of hard, interesting problems that would keep them from gravitating south. Over time, that ethos helped turn MacDonald, Dettwiler & Associates from a Vancouver basement operation into a globally respected fount of incredible space technology, with a brag book full of such government-backed big swings as the development of the Canadarm robotic arm and the RADARSAT synthetic aperture radar satellite series.

While the quality of MDA's work was always steady and strong, its ownership history became a game of cross-border hot potato. In 1995, it became a subsidiary of Virginia-based Orbital Sciences; six years later, a syndicate of majority Canadian investors (including the Ontario Teachers' Pension Plan) brought controlling ownership back north. Fast-forward to 2017, when MDA acquired satellite imagery company DigitalGlobe and rebranded as Maxar Technologies. A year later, it moved its headquarters to Colorado. It was in this context that, in January 2018, Greenley came aboard to run the MDA business.

Greenley had never worked in the (non-aero) space business before, but a scan of his CV indicates why he was a shrewd choice for the job. He was trained as a scientist, earning a Master's degree in psychomotor behaviour (that is, the ways in which we think and learn) from the University of Waterloo. He forged his technical chops providing design support on complex information systems for clients in defence, nuclear power and aerospace, while simultaneously sharpening his entrepreneurial instincts as the CEO of Greenley & Associates, a consultancy he sold to CAE in 2004. He then upped his executive experience over a decade-plus climbing ladders at the likes of CAE, General Dynamics and L3 Technologies. It all produced a leader with an uncanny knack for mobilizing smart people to figure out solutions to important problems. "Once you conquer the systems engineering process and how it works, I find you can adapt it anywhere," Greenley reasons.

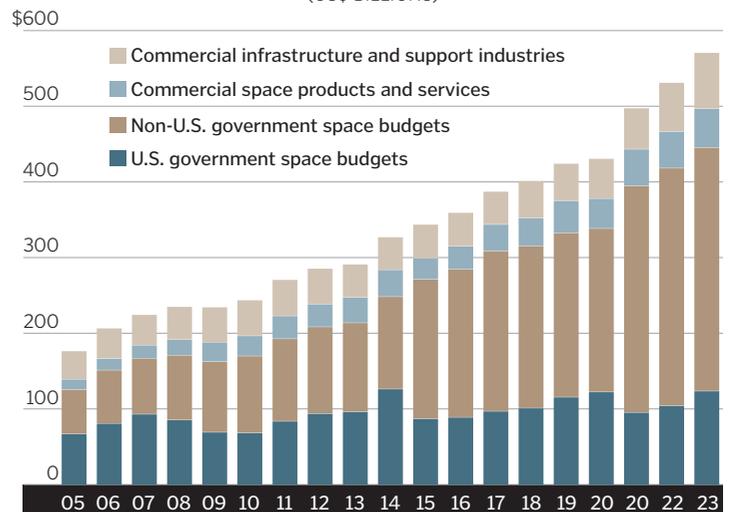
So, upon getting a glimmer of what might be possible at MDA, he couldn't resist the opportunity to apply his unique set of skills to something big. About as big as it gets, actually. "I came here because it's space," he explains, "and because it's important for Canada."



The cosmos have always triggered a certain profound ambition among us Earthlings, providing the canvas for—among other things—geopolitical territory-marking, billionaire vanity projects and seemingly unfathomable tests of human achievement. Plenty of that is still going on, but in the past decade, we've started thinking differently about space. Specifically, a lot more of us have started to see it as a way to make money. In a globalized world facing a growing spectrum of competitive, environmental and security threats, more and more businesses—from Uber to Apple—are finding it strategically beneficial to stake commercial claims in the sky. McKinsey & Co. expects the global space economy—comprising technology like satellites and robots, as well as the spectrum of revenue-generating activities made possible by that tech—to reach US\$1.8 trillion in 2035, nearly triple its size in 2023.

These are the kind of numbers that set folks dreaming: Witness Elon Musk evangelizing about cities on Mars or Jeff Bezos pegging our economic future to giant orbital industrial parks. And while there's certainly an element of the far-out in all of this, there's tangible value in helping organizations address far more immediate terrestrial challenges, like tracking deforestation, patrolling illegal fishing, fostering communication in rural and remote areas, and offering more reliable eyes on matters of sovereignty and security. "Space is so involved in things that I think Canadians care about, and that are important to our future," explains Brian Gallant, the CEO of Space Canada, an industry association Greenley helped

**GLOBAL SPACE ACTIVITY BY CATEGORY**  
(US\$ BILLIONS)





create and whose board he chairs. “Mike so obviously recognizes this. He understands the moment that space finds itself in.”

Moreover, from the start, Greenley recognized the specific value MDA could bring to the new commercial frontier. “We’ve always participated in the space economy, but it was spotty,” he reports. A ream of data points—more countries creating space agencies, more venture capitalists investing in the sector, more corporate giants developing strategies for extraterrestrial expansion—told him that was changing. Furthermore, consultations with clients told him that MDA’s experience and track record—with its 100% success rate over more than 450 space missions—could be a differentiator in commercial applications. “It became clear that there’s a new economic zone opening up, and it’s persistent,” he explains. “Once you feel that, and see how we can connect into it with our world-leading innovations, you get the confidence to say: ‘We’ve got this. We can grow this business.’”

**G**reenley is an arresting conversationalist. He is thoughtful, deliberate and bracingly good at distilling complex ideas into concise, complete sentences. As he speaks, his gaze often locks on the middle distance, as if he’s mentally assembling the logical mainframe for what he’s about to say, yet he’s never less than fully present and engaged. He is quick to share strong and well-articulated opinions on everything from the perils of groupthink (“I really value independent thought”) to Canada’s productivity crisis (“We need more head offices here”). He comes across as not

just a guy who knows what he’s talking about, but a guy you want to follow. Which may help explain his efficacy in the monumental effort of repositioning MDA.

Greenley’s first imperative after taking the job was to build a runway. His vision required the kind of investment and operational agility that would be tough to drum up operating as a subsidiary—especially one with a U.S. parent. Moreover, he felt compelled to repatriate MDA to its country of origin. “We needed to become a standalone company so that we had the freedom to focus on the things where we could really grow,” he explains, “And also we could use our cash and our profits to invest in ourselves, instead of sending it to a head office.” So, in early 2020, as he puts it, “we caused ourselves to be sold” from Maxar, via acquisition by a consortium of Canadian private equity investors led by Northern Private Capital. A year later, MDA completed its IPO on the Toronto Stock Exchange.

It was a lot of manoeuvring, and a lot of adjustment, in a relatively short period. But Greenley’s suitability for the role was immediately evident, according to Columbus Capital Corp. CEO Brendan Paddick, who was part of the investor group that bought MDA from Maxar, and who now chairs its board. “He has the ideal mix of character and skills,”



WE HAVE A LEGITIMATE CHANCE TO BE ONE OF THE TOP THREE TO FIVE GLOBAL SPACE COMPANIES—THAT'S FOR REAL

says Paddick. “He is charismatic, has strong interpersonal skills, and displays decisiveness in his decision-making abilities, even when under intense pressure.”

The months surrounding MDA’s relaunch as a standalone entity provided ample opportunities to test that assessment. Over the years, the company had accrued much of the operational bloat you’d expect from a legacy corporation, with nine lines of business, multiple ERP systems and 250 overlapping software applications at the time he took over. “We had a messy house,” Greenley admits, “and you can’t grow a messy house.” He launched a multiyear initiative, called One MDA, to streamline things, collapsing divisions into three core business lines with the clearest potential, selling off some non-space businesses and getting rid of what he calls blockers: processes and personalities that impede progress. As a man with a default toward entrepreneurial action, none of this was his favourite part of the job. “To me, it takes very little energy to get a billion dollar contract,” he says, “but I find it takes a lot to work inside operations and cause them to become systematic and efficient.” Since he knew effective execution of the former would not be possible without the latter, his approach to internal recalibration was characteristically direct and decisive. “Once you focus on where you’re strong, then you can really grow operationally,” he says. “So I’ll make the changes that line everything up against where we’re going.”

As soon as the house was in better order, the building really began. The company started to double down on launching commercial products in each of what were now its three core areas of focus: communications satellites, Earth and space observation, and space exploration and infrastructure (that’s the one with the robots). Its work has been ambitious, unrelenting and remarkably successful, and conversations with the folks who work closest with Greenley help explain how his particular go-to-market approach made that possible.

“Mike is the ideal captain you’d want on your team when you’re faced with a significant challenge or a market opportunity,” says Holly Johnson, the company’s vice-president of robotics and space operations. This year alone, her team has secured a \$1-billion contract to complete the design and build of Canadarm3, the Canadian Space Agency’s contribution to the NASA-led Gateway lunar space station program, and launched the Skymaker suite of space robotics, which applies Canadarm tech for commercial use. “Mike has this knack of consistently finding a way to rally stakeholders, often with diverse views and different backgrounds, behind a common goal,” she adds.

“I call him a realistic visionary,” asserts Minda Suchan, MDA’s VP of geointelligence, who joined the company in 2020 after years at U.S. aerospace and defence giants. She says Greenley won her over by offering her the chance not only to run a full value chain—from designing satellites to selling their data—but also to grow it into new commercial markets, which her team is now doing with MDA Chorus, a constellation of radar-based Earth observation satellites currently scheduled to launch on SpaceX’s Falcon 9 rocket next year. “Mike has a lot of great ideas that are challenging, yes, but they are all very achievable,” she says.

Luigi Pozzebon is blunter in his assessment. Pozzebon is VP of the company’s satellite systems business—the team behind what is now known as the MDA Aurora digital satellite—which became a Tier 1 supplier in 2022 via a contract to supply 17 satellites to Apple-backed Globalstar, and which earned a landmark deal to provide 198 units to Telesat’s Lightspeed low-Earth-orbit constellation. In his view, Greenley’s deep understanding of both the market and the technology’s capability to address it enables a type of velocity that’s impossible under more measured leadership styles. “Mike’s not the type of guy to say, ‘Okay, let’s innovate,’ and then, in the next sentence, say, ‘Hold on, where’s my business case?’” says Pozzebon, a 34-year veteran of the company. “I’ve seen CEOs come and go, and Mike just gets it.”

For MDA chief technology officer Cameron Ower—a nearly four-decade veteran of the company—adding a more proactive product-based development cycle to a more reactive program-based one has been both significant and exhilarating. “Commercial intention is there right from the beginning, rather than building something that maybe some commercial entity could buy later,” says Ower. “An innovation isn’t just a cool idea, it’s something that actually gets adopted—and used—and has an impact at scale. And now our engineers are thinking about that.”

# R

By now, there is sufficient empirical evidence to suggest that Greenley's plan is working. MDA's sales in its last fiscal year were \$808 million, nearly twice its pre-IPO revenue, and they're on track to double from 2023 levels in the next couple of years. Since 2021, the company has consistently hovered around a 20% adjusted EBITDA, and is forecasting 19% to 20% for 2024. Investors are decidedly into it: After a post-IPO drop, MDA's stock started a steady climb at the end of 2022, reaching a then-record high in early October and topping \$25 a share a month later. "We see MDA as a long-term growth story," says Konark Gupta, a director of equity research at Scotiabank, where he leads the bank's transportation and aerospace sector coverage. "The opportunity set is very high. I think the sky's the limit of where things can go for space participants, and MDA can be a very, very major player if they keep doing what they're doing."

Which brings us back to Greenley's ambition. It should, by now, come as no surprise that for all the company's recent wins, he's not at all interested in resting on laurels. A self-described "what's next?" kind of person, he's already looking beyond his immediate goal for the company to complete what he calls the "second double" of sales in the next couple of years. "We're definitely a globally relevant participant in the space economy now, but maybe we'll transition into a globally relevant leader in the space economy," he says. And his moonshot? "Today, if you ask someone about the big space companies, they'd probably say SpaceX and Blue Origin. Maybe someday they'll be saying SpaceX, Blue Origin and MDA."

It's not a modest goal, nor even one with much precedence. But it's not unrealistic. And as long as there's a clear path to growth, and as long as his team has the ideas and talent to capitalize on it without compromising performance, Greenley will pursue it with the velocity of Han Solo on the Kessel Run. "We need to lean into it," he says. "Let's lean into the future, in the lanes that make sense, where there's true customers. Let's just get after it, and let's not be afraid."

# Congratulations to these recent appointees

Andrew Saunders, President and CEO of The Globe and Mail, extends best wishes to the following individuals who were recently featured in the Report on Business Section of The Globe and Mail newspaper. Congratulations on your new appointments.




**Anna Wu**  
to Partner  
Birch Hill Equity  
Partners



**Sheila Risbud**  
to Senior VP,  
Corporate Affairs  
Canada  
Glencore



**James Russell,**  
BMath, FCIA  
to Chair of the Board  
of Governors  
Insurance Institute  
of Canada



**Irene M. Cameron**  
CPA, CGA  
to CFO  
Optimize Wealth  
Management



**Dave Filipchuk**  
to Chair of the  
Board of Directors  
PCL Construction



**Chris Gower**  
to President and  
CEO  
PCL Construction



**Donette Chin-Loy  
Chang**  
to Chancellor  
Toronto Metropolitan  
University



# NEWCOMER of the YEAR LAURA DOTTORI- ATTANASIO

SHE GAVE UP A ROLE THAT COULD'VE SEEN HER BECOME ONE OF THE FIRST WOMEN TO LEAD A MAJOR CANADIAN BANK. BUT DOTTORI-ATTANASIO COULDN'T RESIST THE CHANCE TO TURN HER DECADES OF EXPERIENCE TO A NEW CHALLENGE  
BY TIM KILADZE

Early last year, Bay Street was rocked by a bombshell departure.

As a top executive at CIBC, Laura Dottori-Attanasio was one of the most senior women in Canadian banking—and she was well-placed to succeed Victor Dodig as CEO, which put her in rare air on Bay Street. She'd spent seven years as the bank's chief risk officer, a crucial position at any financial institution in the aftermath of the global financial crisis, when scores of banks nearly blew up. In March 2020, she took over personal and business banking—CIBC's profit centre.

So when the bank announced in January 2023 that Dottori-Attanasio was “retiring”—at the age of 55—shock rippled across Bay Street. The bank itself was caught so off guard by her exit that another executive had to add her entire portfolio to his. Nobody had even *considered* the possibility.

The surprise departure led to fervent speculation about where Dottori-Attanasio would end up. And then the news hit. She was going to be CEO after all—just not at CIBC. Element Fleet Management Corp. had stolen her away.

Element might not have the same name recognition with retail investors as CIBC does. But it has quietly become one of Canada's secret stock market stalwarts.

Amid fears that the Toronto Stock Exchange is losing its relevance—scorching U.S. markets are stealing investment capital, private equity is swallowing everything in sight, and junior resource developers, once a staple of the Canadian market, can't raise money to save their lives (literally)—companies like TFI International, Stantec and Element now all have market valuations of \$10 billion or more. And they just keep growing.

Element was created in 2011 by Steve Hudson, who'd previously founded Newcourt Credit Group, once the second-largest non-bank lender in the world. In 1999, he sold it for US\$2.4 billion. After a couple of left turns—backing Hair Club for Men and weight-loss brand Herbal Magic—he decided to recreate Newcourt's leasing model at Element. There have been some serious bumps along the way, but what's made Element's rise so impressive is that its core business model—leasing and servicing fleets of vehicles for corporate clients, such as service vans for cable companies, passenger cars for pharmaceutical reps and small refrigerated trucks for milk producers—isn't tied to a hot economic trend, like soaring e-commerce sales during the COVID-19 pandemic. Element's just really good at what it does. In the first half of 2024, it had a profit of nearly US\$200 million on revenue of US\$537 million. Market darling Shopify lost US\$102 million in the same time frame.

But Element is also at an inflection point. Investors fell in love with it because management pulled off a corporate restructuring for the ages. Hudson had saddled the company with too many messy acquisitions, and a new management team, led by CEO Jay Forbes, fixed everything up. But Forbes wanted out after a gruelling five-year stint (he's since become CEO of Woodbridge Co. Ltd., the Thomson family's private holding company and owner of *The Globe and Mail*), which means it's on Dottori-Attanasio to take Element to new heights.

Investors are giddy with what they've seen so far. Since Dottori-Attanasio took over as CEO in May 2023, Element's shares are up by 43%, more than double the return delivered by the S&P/TSX Composite Index.

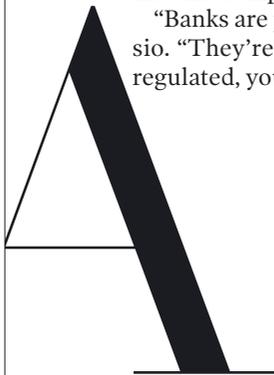
But as is the case with so many industries, digitization is reshaping Element's profit model. A car-fleet company might seem immune to this trend, but a little more than half of Element's revenues come from selling add-on services, and scores of tech companies—from startups to giants—want in on that market. Just look at what Apple has done with its CarPlay software, which is now regularly used as touchscreen software in new vehicles.

It might seem odd for a career banker to be charged with leading a tech revolution. But Dottori-Attanasio was built for this. "Think

of fleet management today as banking 20 years ago," says Jaeme Gloyn, an analyst at National Bank Financial.

Banks used to depend on branches and manual paperwork, but over the past 15 years, fintech companies have tried to upend that business model. Dottori-Attanasio knows what it takes to fend them off, and a year and a half in, she's already put her stamp on Element with a tech acquisition that will upgrade its software and databases. She's also pulling on her time leading CIBC's risk division to embed a more sophisticated approach to risk management into the company's culture.

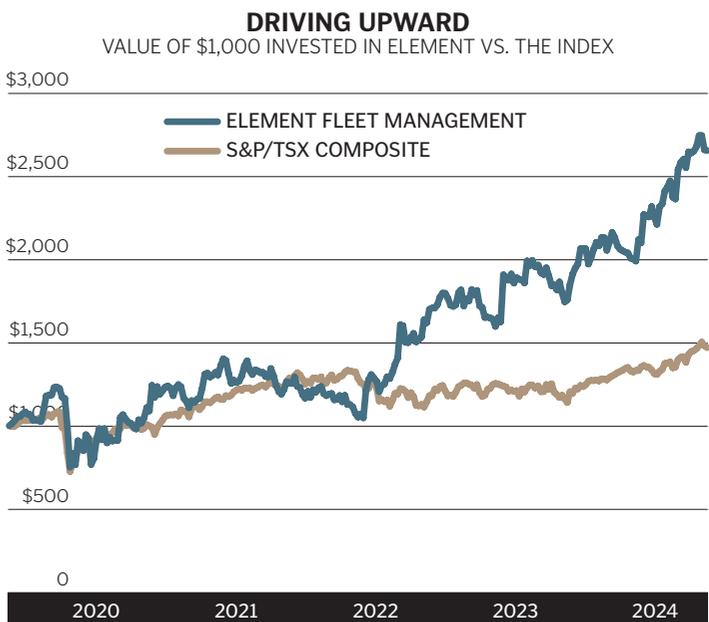
"Banks are phenomenal training grounds," says Dottori-Attanasio. "They're so large and complex. And because they're highly regulated, you get to see how to do things exceptionally well."



As a kid in Témiscaming, Que., Dottori-Attanasio got a taste of what it takes to build a business up close. Her dad, Frank Dottori, was the founder of Tembec, and he grew it into one of Canada's dominant forest products companies, all from a single shutdown mill. Instead of joining the family business (which became a public company), Dottori-Attanasio branched into banking after studying finance and economics at Western University.

About 15 years into her career, she started making a name for herself at National Bank of Canada. Though the bank is headquartered in Montreal, its capital markets division has a major Toronto office, and she rose through the ranks in corporate banking, helping manage a division that lends hundreds of millions of dollars to large corporate clients. Investment bankers are often talked about as the big-shots who bring in major M&A and IPO work. But often, it's the calmer corporate bankers who win those deals by lending large sums to the clients.

David LeGresley, who ran corporate and investment banking for





National Bank at the time, thinks the world of Dottori-Attanasio. “A great leader of her team,” he says. “Tough as nails. Works tirelessly. Strategic.”

By 2007, on the executive track at National Bank, she moved back to Montreal, where she made the pivot into risk management to help broaden her expertise. But just a year in, the political infighting reached obscene levels, according to executives intimately familiar with the situation, and she became a casualty of friendly fire. Four months later, in January 2009, CIBC hired her as its head of corporate banking.

Over 14 years at CIBC, Dottori-Attanasio rose and rose, ultimately joining the bank’s executive team as chief risk officer, then taking on its personal and business banking division. That role put her on the short-list to succeed Dodig—though CIBC’s board wasn’t showing much urgency around succession planning, despite the fact that Dodig’s been in the role since 2014. When Element came calling, Dottori-Attanasio was intrigued.

At the time, the company’s stock was finally taking off after a five-year roller coaster ride. Hudson and his hand-picked CEO, Brad Nullmeyer, had run into trouble, overexpanding through acquisitions including the \$8.6-billion deal to buy GE Capital’s fleet business in 2015. The integration of those purchases was sloppy, and customer service and attrition eventually became a glaring problem. A customer might order a vehicle in Washington, DC, and the car would get shipped to Washington state. Or they’d order new tires...and they’d just never arrive.

Element’s shares plummeted by 29% in a single day in February 2018, when the company announced a double whammy of bad news: Nullmeyer was leaving, and it had lost a major customer. Three months later, Forbes—who’d just turned around Manitoba

Telecom Services—took over and embarked on a brutal restructuring. His No. 1 task: Fix customer service. It took a few years, but Element’s operations stabilized, and management started promoting a “capital-light” business model. That may not sound all that sexy, but it’s the kind of thing that makes institutional investors drool. Element isn’t in the business of owning cars and trucks—it just finances leases for its clients—and big-name investors tend to like this model because they don’t get stuck holding onto assets that lose value as they age.

Think of Element as a sort of bank: It’s a lender, but instead of using retail deposits to fund its loans, it borrows in the form of long-term debt, and then lends that money out at a higher rate in the form of leases. The money it makes from doing so is known as net interest income, which comprises almost half of Element’s operating profit.

In other words, Dottori-Attanasio is able to put a career’s worth of knowledge to the test. Her goal now is to instill some rigour and standards around things like lease approvals, so that new loans can be approved quicker, and to ensure there are fewer surprises in the loan book. “When I arrived,” she says, “we were selling leases a bit like we were selling the rest of our services.”

The company's second "capital-light" business is its services division, a catch-all bucket that includes things like vehicle maintenance, registration and fuel monitoring offered to fleet clients. Because they're usually fee-based, there isn't much risk of losing money.

Again, Dottori-Attanasio sees parallels between Element's model and her past life in banking. To win retail clients, banks often lead with the mortgage, then they try to add on services by cross-selling things like wealth management advice.

"Laura's job is to take Element to the next level," says board chair Katie Taylor, who also has a rich banking background, having chaired Royal Bank of Canada's board for a decade. Taylor isn't the one who hired the new CEO—she joined Element's board around the same time Dottori-Attanasio took over—but she was impressed from their very first meeting. "I was very taken with her," Taylor says. "Good values, hardworking, very smart."

LeGresley adds: "But Laura is also compassionate and highly committed to important causes."

On Bay Street, there's a tendency for rising execs to get involved with non-profits because, truthfully, the volunteer gigs help get them promoted. Dottori-Attanasio got involved early and often because she actually cared—and she took the work very seriously. She's one of the few executives who acknowledges that Bay Streeters get outsized paycheques, and she believes that gives her (and everyone else) a responsibility to donate some of that wealth.

She and her husband, Mark, have four children, one of whom has Down syndrome, so they appreciate what it takes to navigate developmental challenges. Over the years, Dottori-Attanasio has been co-chair of the fundraising committee of the Children's Aid Foundation of Canada and led the United Way of Greater Toronto's "major individual giving cabinet," meaning it was her job to secure substantial gifts from donors. Friends joke that she's the ultimate fundraiser—she's such a warm person, but one who borderline thrives on being told "no."

Not a bad characteristic for a new CEO tasked with turning Element into a juggernaut.

**D**ottori-Attanasio has a three-pillar strategy for boosting Element's fortunes. Her first priority: growth, ideally organic. About 50% of the fleet market in North America remains untapped because so many companies still manage their vehicles in-house. Element's goal is to get them to outsource the task. At



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the same time, Element wants to beef up its lease approval processes, so the CEO has opened an office in Dublin, a hub for aircraft leasing. The hope is that Element can attract talent that will add more sophistication to its underwriting process.

Dottori-Attanasio's second focus: digitizing the business. The fleet management industry has largely sidestepped the technological revolution, so when a driver has a problem out on the road, they often have to call into a contact centre and get a human to help. It's an extremely slow process.

Imagine instead simply logging into an app to find the closest mechanic in Element's pre-arranged network. Click a few buttons to book an appointment, and maybe you can solve the issue that very day and get back on the road. And because Element oversees so many cars—1.5 million of them—it uses its scale to negotiate better rates for clients. To that end, Dottori-Attanasio recruited a former colleague, David Attard, who'd been a senior vice-president for digital payments and strategy at both CIBC and President's Choice Financial.

The third pillar: expanding beyond Element's core businesses. In August, Dottori-Attanasio made her first acquisition, buying a Tel Aviv-based tech company called AutoFleet for \$110 million. AutoFleet's software can help with things like route optimization—the kind of services that can save Element's clients money. She's also setting Element up for the transition to electric vehicles. Historically, its relationships with car manufacturers, known as OEMs, have been with companies operating in North America, but Asia is dominant in the EV transition, so Dottori-Attanasio has opened a small office in Singapore to make inroads.

In the short term, the hope is that all these moves will keep delivering growth. But there's also a stealth ambition: to make Element the next global champion built and based in Canada. "Most people don't know that it's the largest publicly traded pure-play fleet management company in the world," Dottori-Attanasio says. If she has her way, it won't be driving under the radar for much longer. One day, maybe it'll even be a household name—just like her former employer.

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# CORPORATE CITIZEN of the YEAR MAX KOEUNE

WITH CLIMATE CHANGE WREAKING HAVOC ON CROPS, KOEUNE KNEW MCCAIN FOODS—WHICH RELIES ON A NETWORK OF 3,500 POTATO FARMERS WORLDWIDE—HAD TO DO SOMETHING DRASTIC. ENTER THE FARM OF THE FUTURE  
BY JASON KIRBY

➤ Crispy on the outside, fluffy in the middle, the McDonald's french fry is an icon of American capitalism. The chain's shoestring fries are the salty vanguard of U.S. soft power abroad, selling in 100 countries, while their origin story is the very symbol of entrepreneurial zeal. It's now legend: Ray Kroc, a travelling salesman of milkshake mixers in the 1950s, fell in love with the fries sold by the McDonald brothers at their take-out restaurant in San Bernardino, Calif., and had the vision to perfect and automate the fry-making process to build that single location into an empire that now serves an estimated nine million pounds of fries each day. "The french fry," Kroc wrote years later, "would become almost sacrosanct for me, its preparation a ritual to be followed religiously."

Go into a McDonald's almost anywhere in the world today, though, and there's a good chance the fries you'll be served were made in a plant owned by McCain Foods, a company that—at least here at home—is still best known for its Superfries, Pizza Pockets and devilishly addictive frozen cakes.

McCain, founded in the small rural town of Florenceville, N.B., has quietly built itself into a global frozen-potato juggernaut, raking in \$16 billion this year from sales in 160 countries and employing more than 22,000. By the company's own mea-

sure, one out of every four french fries sold on the planet comes from McCain.

#### *One in four.*

It's that kind of clout that has rested in the hands of Max Koeune since 2017. And now, he's marshalling the company's vast reach for an ambitious mission that could be vital to McCain's future—not to mention the planet's.

Over the decades, McCain has built a farflung empire, with 54 factories on six continents churning out hundreds of frozen potato and appetizer products—from standards like fries (thick-cut, thin-cut, crinkles and Smiles) to items tailored to local tastes. At the same time, the world's largest frozen-fry maker has formed tight relationships with its network of 3,500 independent potato farmers, spread across 16 countries, who supply nearly seven million tons of potatoes annually to the company's production plants.

McCain is using those links to spread the gospel of regenerative farming, which loosely refers to more natural farming practices that help the soil hold on to more water and nutrients to boost plant growth. "If conventional farming continues, and we want to feed a planet of 10 billion people, that means all the things that are problematic today are going to be exponentially problematic in 10 or 15 years," says Koeune while showing off one of McCain's commercial-scale experimental Farms of the Future outside Florenceville, a picturesque spread of red barns that sits along the Saint John river. "That means more deforestation, more greenhouse gases, more water use in places where there are already deficiencies, more nitrogen or other fertilizers pumped into the ground. The simple facts tell you it's a dead end."

Modern industrial agricultural practices might boost yields, but they're hard on the land—contributing to water scarcity, loss of biodiversity and the spread of harmful chemicals—and agriculture accounts for roughly a tenth of global greenhouse gas emissions.

Granted, potato farming is on the low end of the emissions scale (those from eggs and especially beef are exponentially greater). Still, any strike against climate change is good news for Koeune's business, since growing spuds in a world of extreme weather becomes more precarious each year. "In the northern hemisphere, yields are declining despite more sophisticated and effective chemicals, and at some point there's only so much you can get out of the soil," he says. "Without potatoes, we don't have a business."

Koeune hopes McCain's experiment in sustainability—with the aim of implementing some level of regenerative practices across 100% of its acreage by 2030—will reverse some of the worst trends of large-scale agriculture and help growers fulfill their con-

tracts even when hit by extreme events.

But rarely has anyone attempted such a project at this scale and level of precision. And it's Koeune's job to pull it off while maintaining the rapid growth trajectory McCain has been on under his watch: a roughly 75% increase in sales since he took over in 2017. "We're not the largest food company in the world," he says, "but our size means we can have an impact."

Shortly after Koeune joined McCain as CFO in 2012, he found himself standing at a customs counter in Melbourne's airport, trying to justify to a confused border guard why he'd flown from Toronto to Australia. He was there, Koeune told the officer, to visit McCain's frozen french fry operations, a statement that left the man thoroughly confused. "Why would you need to come all the way from Canada to visit an Australian company?"

That's when it dawned on Koeune. McCain and its wide array of products—chunky beer-battered chips, frozen vegetable mixes, roast lamb meals and pizzas—are so ubiquitous that many Aussies believe it's a homegrown success, a domestic company with a half-century-long history of producing fries Down Under.

The same pattern played out in other countries Koeune visited. In the United Kingdom, where McCain has operated since 1968 selling frozen jacket potatoes and baby hasselbacks, alongside both fries and chips, the company often passes as a British brand. Likewise in India, where McCain set up shop in 1998 and offers aloo tikki potato patties and masala fries among its products, the company's Canadian roots aren't widely known.

McCain is about as Canadian as it gets, of course, founded in 1957 by brothers Wallace, Harrison, Robert and Andrew McCain in their tiny New Brunswick hometown. (The company's head office is now in Toronto, but it still employs more than 1,200 people in Florenceville—whose population is just 1,573—in tech and innovation, as well as at its factories.)

If most Canadians are oblivious to McCain's international frying status, even fewer will have heard of Koeune. That's partly by design. McCain is a private company, owned by the descendants of the founders, meaning its activities mostly fly under the radar. No quarterly conference calls. No public annual meetings.

The relative anonymity Koeune enjoys outside the food industry suits the quiet CEO, who is a bit of a shoestring fry himself—tall and lithe, and a hardcore road cyclist who regularly covers up to 180 kilometres on weekends with his riding club. He's comfortable sitting back and listening as others do the talking. "I've been around big CEOs at big companies in the U.S., and that's not Max," says Scott McCain, chair of the operating-company board and Wallace's son. "He's never the one to take the oxygen out of the room at board meetings. He leads by example."

Born in Luxembourg, Koeune, 52, has spent his entire life abroad. As a kid, he moved wherever his father's executive job in manufacturing took the family. In his early career, Koeune worked at French food giant Danone, where he became head of corporate development after a management stint in Mexico. While there, he taught himself Spanish—his fifth language after Luxembourgish, German, English and French—once he realized no one in his office spoke anything else. When he speaks, it's with an omni-European accent that's difficult to pin down.

The CFO offer came in 2012. It wasn't a complete surprise: McCain's CEO at the time, Dirk Van de Put, who'd been in the job for two years, had been his boss at Danone.

Five years later, the company was already grooming Koeune to be Van de Put's eventual successor when the latter left suddenly to take over snack giant Mondelez International.



In the previous decade, McCain's fortunes had slumped. It was still a giant, but rivals were chipping away at its market share—the Big Three of the potato world are McCain, privately owned J.R. Simplot Co. and publicly traded Lamb Weston, both based in Idaho. “When you are No. 1 in the world in french fries, which we'd been for a number of years, sometimes you can get full of yourself, but that's when you need to be most frightened,” says McCain. “We weren't, and we were slipping.”

Van de Put had already done a round of streamlining measures, including selling off the North American frozen pizza business in 2014 to Dr. Oetker. So, Koeune turned his attention to revamping many of McCain's aging factories, upgrading outdated IT systems and digitizing its operations. In early 2020, he and his team had just put the finishing touches on a five-year plan when the pandemic hit. “We went into firefight mode,” he says.

Almost overnight, McCain's business shrank by more than half. As restaurants closed, potato stockpiles overflowed. Potatoes are 80% water, which means they don't travel well, and there's a limit to how long they can be stored without bruising or rotting. The company ended up donating massive quantities of raw and prepared potato products to food banks around the world.

At the same time, McCain's growers were depending on the fry maker living up to its contracts—which it did. “Everyone knew immediately we had to support our growers, which wasn't in the short-term financial interest of the company,” says Koeune.

But McCain had a few things going for it. Perhaps most important was its ownership structure. Being private shielded the company, with what Scott McCain calls its conservative balance sheet, from the extreme swings pummeling publicly traded food makers. In most markets, McCain also caters to consumers whether

they're eating at restaurants or at home, and it quickly shifted to meet demand in the supermarket freezer aisle.

The restaurant take-out and delivery boom offered McCain another timely opportunity. Even before COVID-19, it had been tracking the growth of food delivery apps and knew it had a weakness: moisture in to-go containers. “The last thing you want is cold and soggy fries, so you need a batter that maintains that crispiness and heat 30 minutes later,” says Koeune. R&D teams at McCain's various labs and test kitchens were already looking for an answer. The pandemic accelerated that effort, and the SureCrisp french fry was born, with a secret coating engineered to maximize crispiness longer. The new fry has proven popular with restaurant chains on several continents, even with a higher price point, says Koeune.

The company also seized on the pandemic disruption to accelerate its investment strategy. Last year, McCain said it would expand its factory near Lethbridge, Alta., at a cost of \$600 million, more than doubling the workforce to 485. The new plant will start churning out frozen potato products next spring. That's just one in a string of other big-ticket investments, including its first plant in Brazil, a second factory in China, and expansions or renovations in Grand Falls, N.B., Washington

state, the Netherlands, England and India.

Then there's France. In mid-May, French President Emmanuel Macron invited Koeune and other foreign execs to Versailles for his annual "Choose France" summit, which this year attracted nearly \$23 billion in deals, including a \$525-million plan to ramp up production at three McCain factories there. Days later, Macron joined Koeune for a tour of one.

Not all McCain's investments have panned out. Its first factory in Russia was about 40% complete when Russia attacked Ukraine in February 2022. Within two weeks, McCain had written off its investment and pulled out.

Regardless, under Koeune, McCain has grown rapidly. Some small acquisitions have helped diversify its sales, like last year's purchase of Strong Roots, a Dublin-based maker of vegetable-heavy appetizers and single-person frozen entrées for health-conscious consumers. But the majority of McCain's new sales have come from getting more out of its existing frozen potato and appetizer businesses—meaning what happens in the fields could hold the key to McCain's success.

K

Koeune's first year at McCain was a lesson in how easily climate disruption could leave the business exposed. That year, he watched as wet weather in Great Britain led to blight and the worst potato crop in nearly half a century. Other extreme events hit the company's growers in rapid succession: floods that brought harvests to a standstill, droughts and blazing temperatures that killed off large swaths of crops. "They became yearly events to the point that you're surprised when you have a normal crop," says Koeune.

After he became CEO, he knew he wanted

to make sustainability a priority. His team drafted a plan, which they took to a group of growers, customers, NGOs, academics and government officials. Their feedback: Aim higher. The team went back at it and returned with loftier targets.

Among them: a pledge that all the potatoes it buys will be grown using some regenerative practices by 2030. Those include planting potatoes on three- or four-year rotations with other crops like wheat and barley to interrupt pest and disease cycles, and using cover crops like alfalfa and clover to "armour" the soil. It also calls for a reduction in synthetic fertilizers and other chemicals.

The company also set a target of reducing CO<sub>2</sub> emissions from potato farming, storage and freight by 25% by 2030.

"For farmers, you're never going to convince them with nice speeches or articles—they need to see it on the ground," says Koeune. That was the impetus behind creating the Farm of the Future in New Brunswick. The farm itself was purchased from a former McCain grower who'd retired, and the operation now stretches over 700 acres. McCain has opened a second one in South Africa to test regenerative practices in drier southern regions, and it's in the process of scouting locations for a third.

The aim is to experiment with different combinations of regenerative techniques and potato varieties to see which best boost soil health and, ultimately, yields—how many healthy, usable spuds come out of each acre. For instance, the Russet Burbank is the most commonly grown variety in North America, but McCain has increasingly turned to the Caribou Russet and King Russet, which require less water and chemicals, and reach maturity faster.

So far, the results look promising. Compared to other farms around Florenceville, the Farm of the Future has cut the use of fertilizer and pesticides; nitrogen was 8% lower, while phosphorus and potassium were 40% and 53% lower, respectively. At the same time, yields and potato quality have remained strong.

Marion Gross, who oversees the McDonald's global supply chain from its head office in Chicago, has travelled to Florenceville twice, and the experience drove home the power of healthy soil in a way she hadn't yet appreciated.

One demonstration in particular stuck with her. Two clear bins are filled with sections of soil dug from the field—one from a well-cared-for area with plenty of cover crops and healthy, aerated soil, and the other from an area more representative of a conventional farm, with dry, clumpy, compressed dirt. Equal amounts of water are then poured over each, reflecting a heavy downpour. In the

## HOT POTATOES

McCain partners with 3,500 growers in 16 countries and has 54 production facilities across the world. The company also sells its products in 160 countries. The map highlights the countries where McCain's factories operate, and shows some of the ways the company has tailored its business to local palates.



conventional soil box, muddy brown water rushes off the dirt into a trough, similar to how rain can wash topsoil and chemicals into rivers and streams. A dribble of mostly clear water spills off the regenerative sample, with most of the water sucked deep into the soil. “The regen work McCain is doing is a game-changer when it comes to greenhouse gas emissions, and what farmers and McDonald’s can do to minimize our footprint,” says Gross.

The aim isn’t for all McCain growers to be fully switched over by 2030. “That would be great but not realistic,” says Koeune. Instead, the company has created four categories for each of its regenerative initiatives. The first step—an onboarding process that comes with training and a soil assessment—has already been completed across 51% of its acreages. Farmers then move through engaged, advanced and leading categories, with the aim of 100% onboarded or higher by 2030, and half of its acreages at engaged or higher, meaning they’ll have adopted several regenerative techniques.

Still, for many growers, particularly at smaller farms, making the switch when margins are tight is a hard sell. So McCain has begun to sweeten the pot. It’s signing deals with lenders in several countries to provide discounted-interest loans to help cover transition costs. McCain is also offering incentives and premium pricing for regeneratively grown potatoes in certain regions. In Canada, it’s been working with Farm Credit Canada, a crown corporation, since 2022, and has agreements with Rabobank in the Netherlands and Cr dit Agricole in France. In May, it teamed up with BNP Paribas Bank Polska to help Polish farmers.

That’s the carrot approach. The stick is another option, though one Koeune prefers to hold back at this early stage. “We’re trying to get people excited about regenerative agriculture,” he says. “However, our target is to have 100% of our growers onboarded by 2030, so at some point, we’ll have to make choices.”

Some long-time McCain growers were already well down the regenerative path, including Harold Perry, a fourth-generation farmer with 5,000 acres west of Taber, Alta. The heat dome that hit in 2021 meant most farms in his area fell short of their contracts by 20% to 25%. But his crop was well within the 5% buffer. And he didn’t need to use insecticide on most of his potato fields this year, since the destructive potato beetles that had been plaguing them vanished—likely the result of beneficial insects that live in natural habitats along the edges of his land eating the pest’s eggs.

Perry hasn’t necessarily seen an increase in yields, but that’s not the point. To him, regenerative farming is about finding a balance between the biology in the soil, on the plant and inside the plant. “If the plant can regulate what it needs on its own, that removes us from the equation a lot more,” he says. “The plant will have the resilience it needs to stand on its own against disease and insects.”

Ultimately, though, for McCain’s efforts to succeed, everything must be quantifiable and shareable, says Koeune, pointing to a \$100,000 yellow device, roughly the size of a guitar amp and on loan from Agriculture Canada, that measures fluctuations in gases like CO<sub>2</sub>, methane and nitrous oxide.

It’s that kind of information that has people like Royal Bank of Canada CEO Dave McKay excited. RBC, Loblaw and Maple Leaf Foods are some of the founding partners behind the Canadian Alliance for Net-Zero Agri-food, an organization set up to develop systems for measuring, reporting and incentivizing decarbonization initiatives in the agriculture sector. CANZA is also working on approaches that could form part of a voluntary carbon credit market, which could create a new income stream for growers. “I was amazed at how much progress McCain has made,” says McKay. “You’ve got to have scientific proof that you’re storing carbon in the soil, and Max has gone through that process now. And that’s while they’re continuing to operate in more than 150 countries.”

Thousands of McDonald’s employees, franchisees, suppliers and other members of the “Global McFamily” descended on Barcelona this past April for the biennial McDonald’s Worldwide Convention, a massive trade show for all things Golden Arches. McDonald’s even has its own version of the Academy Awards, where it hands out its coveted Top Global Supplier award. This year, the winner was McCain Foods, and Koeune got to jog up on stage to accept the honour.

Gross rhymes off a few reasons the fry maker took top spot: its sustainability push and willingness to share its findings with rivals; the fact that it has delivered millions in cost savings to the chain over the past two years; its quality performance score of 95, the highest in the french fry category.

Koeune’s intense focus on customer relations is another factor. In September, Gross and Koeune were chatting about McDonald’s focus on wooing back cash-strapped customers. Three days later, she received a text from Koeune. His team had come up with some ideas for how McDonald’s could drive affordability and value for customers, and proposed a meeting to present them. “I didn’t ask him for that,” says Gross. “He could easily have just said, ‘Nice chat,’ and moved on. For us, that’s what leadership looks like.”

Strong relationships are likely to become even more important in the coming years. The recent bout of inflation and a shaky global economy could crimp growth. Lamb Weston shut down its fry factory in Connell, Wash., in October and laid off 4% of its global workforce, citing discount meal offers that translated into fewer fry orders. At the same time, activist investor Jana Partners has taken a 5% stake, pushing for a strategic review and possible sale.

Meanwhile, the landscape in large developing countries like India and China, where McCain hopes to accelerate growth, is changing fast. Upstarts are pouring in—a report by the U.S. Department of Agriculture found that as of 2022, China’s frozen-fry exports now exceed imports. Just five years earlier, imports were 22 times exports.

Koeune doesn’t seem overly worried, given McCain’s cost competitiveness and other advantages. “We probably operate with higher requirements with regard to safety,” he says. “That’s part of our value.”

Besides, McCain has weathered plenty of storms over nearly seven decades, and there’s no reason to think it won’t do so again. “We don’t have many global champions like them in Canada,” says RBC’s McKay. “We need to create more McCains in this world.”



# STRATEGIST of the YEAR CHARLES BRINDAMOUR

DESPITE A SHARP RISE IN NATURAL DISASTERS, INTACT FINANCIAL IS OUTPACING ITS PEERS, THANKS LARGELY TO BRINDAMOUR'S USE OF DATA TO FINE-TUNE ITS POLICIES. HE'S ALSO BECOME A GLOBAL VOICE FOR ADAPTATION AND, BETTER YET, PREVENTION  
BY CLARE O'HARA

➤ The route to Charles Brindamour's family cabin snakes north from his hometown of Quebec City. Once or twice a year, he says goodbye to his wife, Josée, and their daughters, Emmanuelle and Juliette, and embarks on the familiar trip from Toronto for some solitude in the forest. His only company is a stack of books—but not the *le Carré* spy thrillers and geopolitical non-fiction he likes to read in what little spare time he has. No, these trips are reserved for the collection he amasses throughout the year focused on climate change and, increasingly, generative AI. This summer's reading list included *Not the End of the World* by Hannah Ritchie, *The Master Algorithm* by Pedro Domingos and Gaia Vince's *Nomad Century*—titles he hopes will give him a fresh perspective on the challenges facing the world in general and the company he leads, Intact Financial Corp., in particular.

As Canada's largest property and casualty insurer, Intact is on the front lines of climate-related disasters, which are increasing at a staggering rate. This summer alone, four catastrophes hit Canada hard—the wildfire that destroyed much of Jasper, Alta., flooding in downtown Toronto and in Quebec, and a hailstorm in Alberta—contributing to the \$7 billion in insured losses the industry has already calculated for the first nine months of 2024. That's more than double what insurers paid out in all of 2023.

And yet, Intact has grown to \$22.4 billion in annual premiums, up from \$4.3 billion in 2009, and the share price hit \$263 on Nov. 6—up nearly 700% since it first went public on the Toronto Stock Exchange in 2009. Since then, the insurer has had 19 consecutive dividend increases and seen a total shareholder return outpacing the TSX 60 by 6% over the past 10 years. That includes about a 30% increase in its share price in 2024 alone, despite a year of disaster.

So, what's Brindamour's secret?

The easy answer is to say that Intact, like many P&C insurers, has hiked premiums. And it has—on home insurance, Intact's have gone up by 9% this year. More importantly, though, Brindamour has turned his actuary's brain and voracious appetite for information toward fine-tuning Intact's strategy to withstand the increase in catastrophic events and ensure it continues to pay out millions in disaster claims while still turning a profit.

It's a strategy that's been 15 years in the making—ever since Brindamour took over the reins as CEO of Intact's predecessor, ING Canada. Since then, he has overhauled the way the company sells policies, launched a dedicated natural-disaster claims team, and purchased a home restoration company in 2019 to speed up wait times for policyholders—all while steering Intact through a series of acquisitions to bulk up its share of the Canadian market and establish a beachhead in Europe.

And while he's far too modest to admit it, Brindamour has become a major pillar in the fight against climate change on the global stage, too. Well before climate targets became boardroom buzzwords, Brindamour predicted that climate risk was erupting, and it was an issue that required collaboration between corporate Canada and citizens, city officials and government bodies.

"Charles was pushing the adaptation agenda at a time when almost no other big CEOs were," says Blair Feltmate, a climate professor at the University of Waterloo and head of the Intact Centre on Climate Adaptation, whose mission is to develop practices that help homeowners and communities avoid hardship due to flooding, wildfire and extreme heat. "There's a very good chance Canada wouldn't have a national adaptation strategy today without Charles." In 2010, Feltmate notes, Brindamour funded the first major national conference on climate adaptation, which led to one of the first published papers on the subject. "He supported the foundational work behind the scenes," says Feltmate, "often pulling the levers to have meetings with industry associations and ministers at the federal level."

More recently, with major floods having devastated multiple regions, including downtown Toronto, Brindamour has been an advocate for developers to reconsider plans to build residential homes in low-lying areas. The alternative, he says, could leave Canadians living in zones too risky to insure.

"I'm in the camp that you should use your edge to make a difference," Brindamour says. "Given the business we've built, our resources and my knowledge of the file, this is an area where I feel we bring something to the table. Because if we want to move the needle on climate, it needs to be embedded in strategy."

Several weeks after the fire ripped through Jasper, destroying more than a third of the city's 1,113 buildings, Brindamour walked through the empty residential streets, examining the devastation.

The place looked like an apocalyptic movie set, with burnt-out cars abandoned alongside charred remnants of once-healthy neighborhoods. Blue safety fencing blocked access to areas that were still deemed unsafe. Brindamour was awestruck by how quickly the fire spread, even jumping across rivers as it consumed 32,700 hectares over the course of a month.

The catastrophe took the entire industry by surprise, he says. The town wasn't even close to the top of the list of cities most at risk, according to Intact's own analysts. It was No. 73.

Once upon a time, Intact might have been overwhelmed by a disaster of this magnitude.

In the beginning, P&C insurers were largely focused on protecting homes against house fires, and Intact was no different. But roughly three decades ago—around the time Brindamour joined the insurance business—natural disasters started an upward march, increasing by a factor of four when adjusted for inflation.

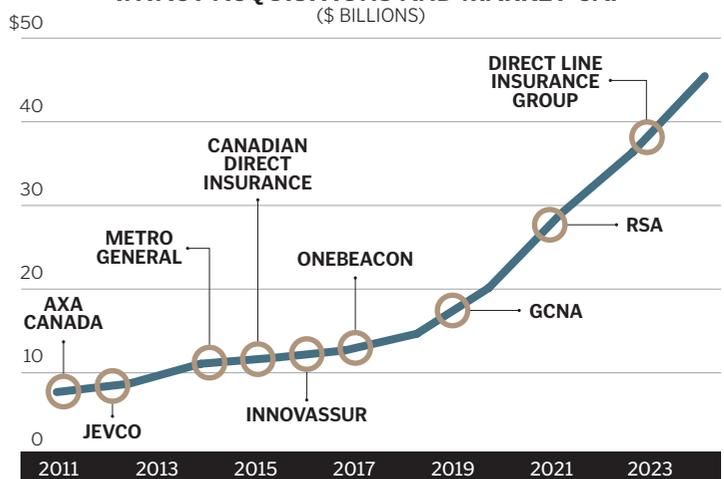
About 15 years back, while he was still settling into his new role as CEO of Intact, Brindamour started to crunch the data and found a serious problem: For every dollar Intact was bringing in from premiums on those fire-centric policies, it was losing between \$1.10 and \$1.12, predominately on water damage. The way insurance was being sold wasn't sustainable. "If we wanted to fulfill our purpose, which is to help Canadians be resilient in bad times," he says, "we needed to change how we did that."

First, Brindamour had his teams redesign its products to provide coverage for individual perils such as floods, wind, hail and hurricanes. Next, he changed the type of data Intact was collecting. So, rather than just asking for a postal code, Intact began to look at the exact location of a home and at what altitude. "We changed our view of natural disasters," Brindamour says. "Normally, you price insurance looking at the past. But in the case of climate change, you have to take the view that it's trending upward prospectively, and the past is only a partial indication of the future."

Intact then added a geospatial modelling team to carry out a closer analysis of data directly linked to specific locations, using satellite imagery and weather maps to better predict climate risk.

And in 2014, Brindamour created a dedicated claims team for natural disasters. Intact wanted to ensure customer phone lines wouldn't get backlogged when major events began to hit back-to-back. Today, 5,000 employees manage 99% of Intact's claims in-house—up from 3,000 a decade earlier—reducing wait times

## INTACT ACQUISITIONS AND MARKET CAP





to seconds, not hours. “We were scrambling when there was a natural disaster,” says Brindamour, “whereas now it’s part of our competitive advantage.”

In August, after Calgary was hit with a brutal hailstorm, Intact set up drive-through “hail centres” that appraised thousands of vehicles and reduced the average wait time from 60 to 45 minutes. In Jasper, after 25,000 residents were forced to evacuate, Intact brought in Wildfire Defense Systems, a private U.S. firefighting organization, to fireproof buildings owned by 700 families and businesses it insures there.

Once the fire was under control, the action shifted to On Side Restoration Services, Intact’s in-house home-repair business (which now has 40 outposts across the country). More than 100 experts arrived a day before the town re-opened to clean and clear debris, even competing with bears to remove more than 2,300 fridges filled with spoiled food from 900 buildings.

“Charles will always say we don’t have a climate strategy, because climate is embedded in our business, and we bear it on our balance sheet,” says Intact’s CFO, Louis Marcotte. “I think that is a defining differentiator between us and everybody else.”

Data and generative AI have a big role to play. Intact now has 500 people working to deploy more than 93 machine learning models, looking for ways to stay ahead of competitors. Brindamour says Intact has been doing this for 10 years, well ahead of most rivals.

The benefits are enormous. For example, AI can generate more than one trillion price points to determine the cost of one household’s premium. That means there’s a wider array of prices for customers to shop around. “When data is being democratized, you have to move faster to maintain that advantage,” says Brindamour, “and that is why we’ve been on AI for a long time.”

**B** Brindamour was destined to be an insurance guy. Growing up in Quebec City, he says there was only one career his guidance counsellor ever discussed: actuary. The early 1990s were difficult times for the province, he says, and the town had a world-class actuarial school. “If you were good in math, you didn’t think about all sorts of professions,” Brindamour says. “If you wanted a job, you went to study actuarial science.” It didn’t hurt that both his parents were in insurance.

After graduating from Université Laval in 1992, Brindamour was hired by a small Quebec-based insurer, Commerce Group, that would later be acquired by ING Group. After stints in both Toronto and Europe, Brindamour returned to Canada and was named chief operating officer of ING Canada in 2007. A year later, at 38, he became CEO. In 2009, ING decided to pull out of the country, selling off its banking and insurance divisions, the latter of which became Intact Financial, Canada’s largest independent insurer, with Brindamour at the helm. The deal was one of the largest on the Toronto Stock Exchange at the time, raising \$2.2 billion in share sales.

It comes as no surprise that a guy obsessed with numbers has five key principles that have helped guide Intact’s success, and he rhymes them off in his office overlooking Queen’s

Park. Bet on deep trends. Benchmark against the best in the world. Think in decades, but be ready to act in minutes. Over-index on talent. And remain anchored to company values.

That vision has helped Brindamour grow Intact to two times the size of its next-largest competitor and 23 times that of the average property insurer in Canada.

Much of that growth has come through a series of major acquisitions, starting in 2011, when Intact acquired Axa Canada for \$2.6 billion. Since then, Brindamour has snapped up eight more competitors, boosting its market cap to \$48 billion from \$4.6 billion. Most of the deals were local, but in 2017, Brindamour acquired U.S.-based OneBeacon Insurance Group for \$2.3 billion. The deal propelled Intact, already Canada's largest home and auto player, onto a North American stage.

But he had much bigger aspirations. "We had to keep an eye on the size of the people we were competing with on a global level," he says. "We started to look at potential targets that could help strengthen our position abroad and here in Canada."

One of them was RSA Canada, a P&C insurer that also has businesses in the U.K., Sweden and Denmark. Initially, Intact was looking to acquire the Canadian operations only, but just before the start of pandemic, Brindamour ran the numbers and realized he could buy the entire shop, launching Intact into Europe.

The \$12.4-billion purchase (in partnership with Denmark's Tryg) was the largest in its history, adding 5% to Intact's market share. RSA operations in Denmark and Sweden went to Tryg, and Intact exited some personal and auto lines in the U.K., where he didn't think the company could add value. Instead, he built up commercial insurance. "If you look at our strategy over the years, it's been to double down on what you're good at and try to be the best in the world," he says. "That is your licence to get out of your domestic market."

The RSA deal—which has delivered a 20% return on capital since the deal closed in June 2021—gave Intact some much-needed clout with existing customers. "If we had a customer in Europe or the U.K., we didn't have a good solution for them, and that held us back."

Today, Brindamour spends a quarter of his time in London, where he continues integrating RSA into the Intact culture. Within the first five months, he changed a portion of the U.K. leadership and invested heavily in tech, on which it now spends \$500 million a year.

Over the past decade, he says data accounts for a third of Intact's return-on-equity advantage over competitors. The other two-thirds comes from how it gets customers back on track through managing its supply chain for restoration and repair services, and how it reinvests capital. "That's been a recipe to win

at home and abroad," he says.

It all comes back to data. If you're sitting in a board meeting with Brindamour, be prepared to answer questions. Lots of them. "Leadership is not about what you say but about the questions you ask," says Intact Canada CEO Louis Gagnon. "Charles is always looking at how to involve more people by asking them questions."

And your answers better be based on numbers. "Don't bother Charles with anecdotes," says Gagnon. "Data is the key."

**F**eltmate first met Brindamour in 2009 over lunch. The professor was looking for a partner to support research around severe weather events, and to say he was impressed with Brindamour—who'd just been promoted—is an understatement. In his words, Brindamour is a "pragmatic, benevolent visionary." The CEO agreed to invest, and in 2016, Feltmate opened the Intact Centre for Climate Adaptation at the University of Waterloo. (Intact provides funding but has no influence over the centre's research.)

Brindamour wants to find a solution to a much heavier problem: uninsured damages, which are typically three times the cost of insured losses during a natural disaster. Since 2010, Intact has provided \$25 million to 100-plus adaptation projects. That has now expanded to include extreme heat, the CEO's next big concern.

"Charles wants to achieve action, which is always our goal," says Feltmate. "Describing a problem is not enough. He wants to solve it. And that is Charles—he thinks ahead of the curve."

Brindamour regularly tours the sites of major disasters across the country. He was on the ground following the Calgary flood in 2013, the hailstorm that hit there this past summer, and the storms in Toronto earlier this year. He also spends a lot of time speaking with mayors and fire chiefs in cities that are seen as most at risk (though he's hesitant to say which ones as that list is constantly evolving). The goal is to help planners prepare and discuss what they can do to keep insurability.

In the U.S., several large insurers are no longer offering home insurance in certain regions. Here in Canada, P&C insurers (including Intact) are still offering fire coverage nationwide. Flood protection is a bigger problem, however. About 10% of homes in Canada—1.5 million—are uninsurable for flood risk, says Brindamour. That's why prevention and education are critical: to help homeowners learn how to better protect themselves.

That requires people, not just AI. Brindamour is obsessed with developing, building and moving the talent pool at Intact. Succession planning is key: For the top 250 people at the company globally, there are five successors ready to move into those roles within three years, including his own role as CEO.

Intact's chief people, strategy and climate officer, Carla Smith, has moved through six jobs in six years. She sees the constant shifts as a privilege. "Charles pushes people to take career risks and is constantly rotating the team so we can gain experience," Smith says. "He is the chief dreamer."

Brindamour seems firmly rooted in reality, though. The cost of disasters will increase by 50% over the next 15 years, and assuming the planet warms by the three degrees that current models are projecting, events will be twice as intense.

"If you look at what Canadians are concerned about today, climate change has migrated up the list," he says. "I am convinced we'll be able to grow in home insurance in the next decade on a sustainable and profitable basis. But we have to work with communities, with governments, so we all see this as a societal issue that requires prevention, investment and infrastructure." ●



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# ECONOMIC OUTLOOK

WE'D ALMOST BE LOOKING FORWARD TO PUTTING 2024 BEHIND US—IF THE COMING YEAR WEREN'T EVEN MORE UNCERTAIN. OUR ECONOMICS TEAM LOOKS AT THE BEST- AND WORST-CASE SCENARIOS FOR 2025, FROM AI TO IMMIGRATION TO TRADE. PLUS, WE TALK TO SEVEN CEOs AND ECONOMISTS FOR THEIR THOUGHTS ON WHAT'S AHEAD  
BY JASON KIRBY, MATT LUNDY AND MARK RENDELL

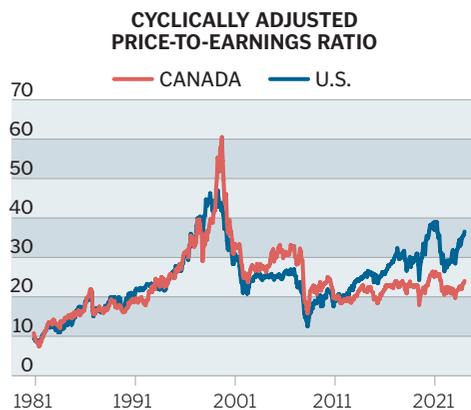
ILLUSTRATIONS BY SAM ISLAND



## STOCK MARKETS

**▲ UPSIDE** Investors were betting Donald Trump would win. Now that he has, 2025 could show those bets pay off. If Trump moves as quickly as he's promised to slash America's corporate tax rate, equities are likely to rally as corporations eye fatter bottom lines. Even if Canadian companies don't directly benefit—beyond those with operations south of the border—the TSX may get pulled along for the ride. And if Ottawa changes hands next year, a Conservative government might be more willing to respond to U.S. corporate tax cuts with cuts of its own. As it is, Canadian stocks look historically cheap.

**▼ DOWNSIDE** Like that stopped clock on the wall, longstanding predictions about an imminent U.S. recession may finally prove right as cracks in the American economy mount. Even if that doesn't happen, forecasters already see a grim outlook for stocks. In late October, Goldman Sachs warned the era of double-digit stock market growth is over—in the next decade, the bank predicts annualized returns of just 3%, compared to 13% for the past decade.



## CANADIAN POLITICS

**▲ UPSIDE** If the polls hold, Canada will have a new government next year. Whether that's an upside or a downside depends on your politics. The Conservatives promise lower taxes and less regulation. The Liberal economic vision revolves around clean energy, industrial tax credits and growing the workforce. Whoever forms the government will need to get a handle on deficits, which ballooned through the pandemic and its aftermath. But the fiscal picture is rosier than in other countries. The IMF sees Canada's general government deficit equalling 1% of GDP in 2025, compared to 7.3% in the U.S. and an average across the G20 of 5.3%.

**▼ DOWNSIDE** Election years tend to be big on spending. That could strain Ottawa's fiscal guardrails and open the door to further tax hikes. The fiscal outlook is already clouded by a slowdown in population growth (which suggests less tax revenue) and new spending commitments for the military, housing and pharmacare. The government's promise to keep deficits below 1% of GDP and the ratio on a downward path may require new sources of revenue. The levy on bank profits in 2022 and the capital gains tax changes in 2024 show the Liberal government is prepared to ding Bay Street and high-income individuals to fund its spending.



**Dave McKay**  
CEO of RBC

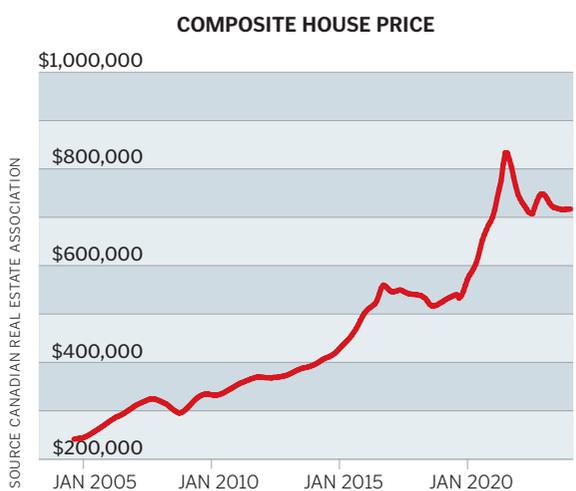
*“We have very different circumstances than the U.S. in that our consumers have been much more directly impacted by higher rates. The U.S. consumer is strong, credit default is low, and that’s because they haven’t repriced their mortgages. They have a 30-year fixed-rate mortgage, which causes enormous challenges to the financial system, and occasionally banks fail because of it, but it protects the consumer through a downturn. The outlook is less clear in Canada. While we have good employment numbers, job security is not as strong, and inflation is cooling more quickly. So we’re looking to see a more rapid decline in rates and a little more stimulation of the economy. We need to soft-land this thing. That requires getting the consumer back into more stimulative modes. When you have as much leverage at the government, corporate and consumer levels as we have, it will be a significant unlock in economic growth when rates come down.”*



## HOUSING

**UPSIDE** How you view the housing market depends on whether you’re an owner or a buyer—what’s good for one isn’t necessarily good for the other. That said, there are forces in place to shake Canada’s housing market out of its doldrums after a year and a half of sideways prices. Interest rates are falling. Some Big Bank economists believe the Bank of Canada will cut its key rate to 2% by the end of 2025. Canadians also have a lot of savings sitting on the sidelines that pent-up demand could unleash.

**DOWNSIDE** After years of Canadians borrowing and overextending themselves, reality has caught up. Though interest rates are falling, it might not be enough to save some people as mortgages continue to reset at higher rates. Two other anchors could weigh down house prices. First, the job market is weakening, and rising unemployment would take potential buyers out of the market. Second, Canada’s population growth boom is over and will turn slightly negative next year. Hardly conditions for a healthy housing market.



## ENERGY

**UPSIDE** At some point next year, the world will mark a milestone when renewable power overtakes coal for electricity generation, with solar leading much of the shift and nuclear continuing its comeback. The latter could play an even bigger role if more technology companies join Microsoft, Google and Amazon in announcing deals to power data centres amid concerns about surging energy consumption in the artificial intelligence sector.

**DOWNSIDE** Many on Wall Street are betting oil prices will be depressed in 2025 as China’s economy slows. That might be good for consumers at the gas pump but not for Canada’s oil sector, a big driver of employment and productivity. On the other hand, war in the Middle East has the potential to spiral out of control, creating an oil-price shock that drives up inflation.



**Darryl White**  
CEO of BMO

*“Canada’s investment thesis will improve through more growth-aligned public policy. This, coupled with growing global demand for a secure supply of critical minerals and ethically sourced energy, will support stronger Canadian competitiveness. There is huge potential for Canadian nuclear innovation, capabilities and resources to support decarbonization, delivering emission-free energy to the coming tidal wave of electrification. The North American advantage through all this is clear. With Canadian and American interests so interconnected, USMCA renewal will surely bring plenty of heat and light, but I’m ultimately optimistic its fundamental value will prevail. We must defend this partnership that powers our collective competitiveness.”*



## SUPPLY CHAINS

▲ **UPSIDE** Normalcy returns to how the world moves stuff around—or at least relative normalcy. It took a long time for companies to work out the kinks wrought by the pandemic, and geopolitics haven't helped. But measures like the Federal Reserve Bank of New York's global supply chain pressure index are finally back to their long-term average, which bodes well. It's one big reason inflation has cooled so much.

▼ **DOWNSIDE** Climate disasters. Open conflicts around the world. Trade wars. Choose your poison for which one will snag the global flow of goods in the year ahead—because they all have in recent years. Freight costs may have come down a lot from their highs during the pandemic, but they remain higher than historical levels. Why does that matter? Because supply chain disruptions often translate into higher prices for goods. One thing to watch: The deal that cut short a strike by U.S. dockworkers in early October still needs to be fully hashed out by Jan. 15, 2025, or the dispute could flare up again.

## INTEREST RATES AND INFLATION

▲ **UPSIDE** The annual rate of inflation stabilizes around the Bank of Canada's 2% target, and economic growth picks up. This soft landing would allow the central bank to lower interest rates through the first half of 2025, offering relief to homeowners renewing their mortgages, and businesses and governments rolling their debt. The bank estimates the "neutral" level for its policy rate is between 2.25% and 3.25%. With price stability restored, the benchmark rate would settle into this range, leaving borrowing costs higher than before the pandemic, but at a much more comfortable level than over the past two years.

▼ **DOWNSIDE** Few expect inflation to rebound to heights seen in 2022 and 2023, but price growth could prove sticky, adding to affordability problems and slowing the pace of interest rate cuts. Inflation risks in Canada come from two quarters: Home prices could surge in response to falling interest rates and looser mortgage rules; and wages could keep rising quickly, adding to business costs and encouraging companies to raise prices. Upside inflation risks are more pronounced in the U.S., where economic growth remains robust. That could keep the Fed from cutting as much as the BoC, further weakening the Canadian dollar relative to the U.S. currency.



## IMMIGRATION

▲ **UPSIDE** Canada finally gets a handle on runaway population growth. The federal government has a plan: Reduce the share of temporary residents—people on study or work permits, their family members and asylum claimants—to 5% of the total population by 2026. (The most recent figure: 7.3%.) If the plan starts to work, it will take some heat out of the wildly unaffordable rental housing market. Canada needs strong immigration, but it should be focused on recruiting the world's best and brightest, with a healthy dose of humanitarian efforts.

▼ **DOWNSIDE** Population growth slows, but not by much. It's tough to envision this scenario, because the federal government has brought in loads of policies to restrict access to work and study visas. One potential challenge is that many people don't leave the country when their permits expire, leading to a burgeoning underground economy of undocumented workers.

### Carol Ann Hilton

Founder and CEO of the Indigenomics Institute



*"With the rise of Indigenous equity ownership, increased land transfer and economic justice outcomes, the Indigenous economy has surpassed the \$100-billion mark, signalling a new era of strength and innovation for Indigenous Nations. This achievement reflects growth across key sectors like tech, energy, sustainable resources and finance, with Indigenous-led businesses increasingly participating within national and global markets. Supported by frameworks like UNDRIP and the principles of Indigenomics economic inclusion, Indigenous Nations are now pivotal economic players in the economy, driving investment and sustainable development, forging a path toward long-term economic sovereignty, increased environmental stewardship and inclusive growth across Canada."*

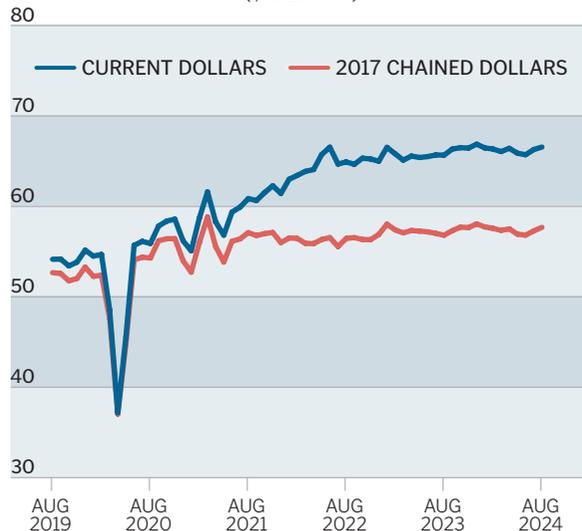
## CONSUMER SPENDING

**▲ UPSIDE** Consumers start opening their wallets again. Inflation is back to normal and interest rates are on the decline, which is creating space in household budgets and stoking optimism among weary consumers. It's been a rough time for consumption: The average person is spending less than they were a couple of years ago. And the shift has been especially brutal for retailers of bulky goods—think bikes, camping equipment and furniture—that people loaded up on early in the pandemic. These stores are due for a comeback.

**▼ DOWNSIDE** Consumers keep their wallets (mostly) closed. Many homeowners are facing mortgage renewals in 2025 and 2026. And even though borrowing rates are heading lower, many debtors will still see their payments jump by hundreds of dollars per month. Concerts, sports tickets and high-end restaurants may get axed out of personal budgets.



RETAIL SALES  
(\$ BILLIONS)



### Carolyn A. Wilkins

Senior research scholar at Princeton's Griswold Center for Economic Policy Studies and former Bank of Canada senior deputy governor

*"Projections currently reflect increased confidence that 2025 will deliver the long-awaited soft landing in advanced economies, including Canada. The bet is that the disinflationary forces enabling central banks to lower policy rates will continue, and Xi Jinping's policy stimulus will be enough to buoy China's troubled economy. All good outcomes for Canada given that a third of our GDP is exports (75% to the U.S.), and the price of oil and other commodities are highly influenced by Chinese demand. Still, it'd be a mistake to underestimate the threat of U.S. tariffs and trade protections, geopolitically driven disruptions and fiscal-sustainability concerns triggering market discipline in U.S. treasury or other sovereign bond markets. And Canada's prospects are handicapped by the fact that population growth is set to slow abruptly, and chronically moribund productivity growth doesn't seem poised to pick up the slack."*

### CANADA'S ANNUAL POPULATION GROWTH



### Scott Thomson

CEO of Scotiabank

*"With a combined population of more than 500 million, free trade has provided Canada, the U.S. and Mexico with significant economic opportunities. The three countries together account for some 30% of global GDP, and over the past five years, trade flows in the region increased at an average annual pace of more than 5%. As the USMCA comes up for review in 2026, creating conditions that encourage greater business investment in North America—the key factor in improving productivity—must be our focus. With recent interest rate movements, impact on the economic outlook, and the path of new government policies in Mexico and the U.S., it will be imperative that we continue to advocate to ensure our three decades of deep economic connectivity is sustained."*



### Jimmy Jean

Chief economist of Desjardins

*“Canada faces the risk of losing its AAA credit rating, and the federal government is increasingly likely to violate its fiscal anchors. As it stands, we expect the government to barely be able to prevent debt-to-GDP from rising. But spending commitments continue to accumulate across key areas. The government went on a hiring spree recently to address some of these challenges. Yet, a larger public-sector workforce adds to expenditures while generating little long-term wealth.*

*On the revenue side, nominal GDP growth faces pressures from slowing inflation, the immigration curtailment and the mortgage renewal cycle. Meanwhile, receipts from the capital gains tax measure are expected to fall short of projections.*

*Overall, a deteriorating fiscal outlook risks keeping interest rates elevated and undermining the Bank of Canada’s efforts to ease conditions. A credit downgrade could further complicate matters, particularly if the Canadian dollar depreciates in response, as it has in similar prior instances.”*

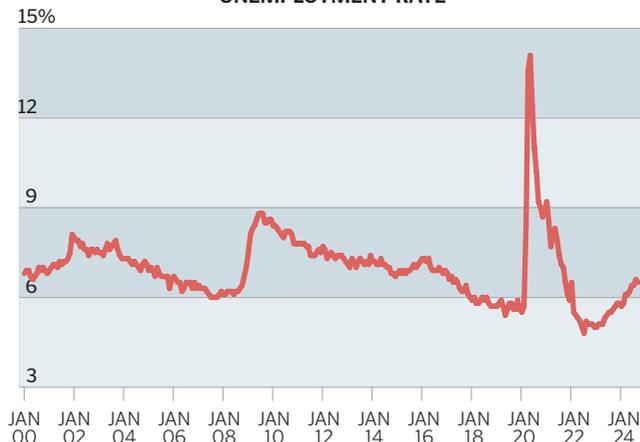


## JOBS

**▲ UPSIDE** Companies start hiring more, and the unemployment rate drops back below 6%. Job vacancies—which have been in a slide for the past two years—start picking up. With borrowing rates on the decline, the corporate sector becomes more optimistic about the economy and gets ambitious. Hiring picks up in construction, manufacturing and technology, where employment growth has been weak (or non-existent) in recent memory. For workers, wage gains remain solidly above inflation, leaving their wallets better off.

**▼ DOWNSIDE** Over the past two years, the Canadian labour market has been characterized by weak hiring but also weak layoffs. Good news for people established in their careers, bad news for people joining the workforce (recent immigrants and young people). The risk is that hiring remains in a slump, or worse yet, layoffs become more frequent. It’s tough to envision this happening in a rate-cutting cycle. However, there’s a great deal of policy uncertainty on the horizon, given a new and unpredictable White House administration and an imminent Canadian election. Companies may opt to stand pat.

UNEMPLOYMENT RATE



## TRADE

**▲ UPSIDE** Despite rising protectionism, global trade as a share of world GDP has not actually deteriorated. Supply chains are being rejigged, but Canada may stand to benefit. “U.S. trade with China is going down. There are opportunities for Canadian companies to get themselves embedded in those supply chains,” Bank of Canada Governor Tiff Macklem said recently. The continued strength of the U.S. economy means healthy demand for Canadian cars, commodities and other exports. And there are other tailwinds, including the completion of the Trans Mountain Pipeline expansion, which has increased access to Asian markets for Canadian energy products and narrowed the price discount to U.S. oil.

**▼ DOWNSIDE** With Trump back in the White House, trade is in the cross-hairs. The incoming president has promised a tariff on all imports of 10% to 20%. This could carve as much as 2.5% off Canadian GDP, RBC economists estimate. Canada may be protected by the United States-Mexico-Canada Agreement. But it’s up for review in 2026, and the U.S. could push for rules favouring American carmakers and more access to Canada’s supply-managed sectors. Meanwhile, China is hitting Canadian canola in retaliation for tariffs on electric vehicles, New Zealand and the U.K. are griping about Canada’s dairy protections, and the relationship with India has cratered.

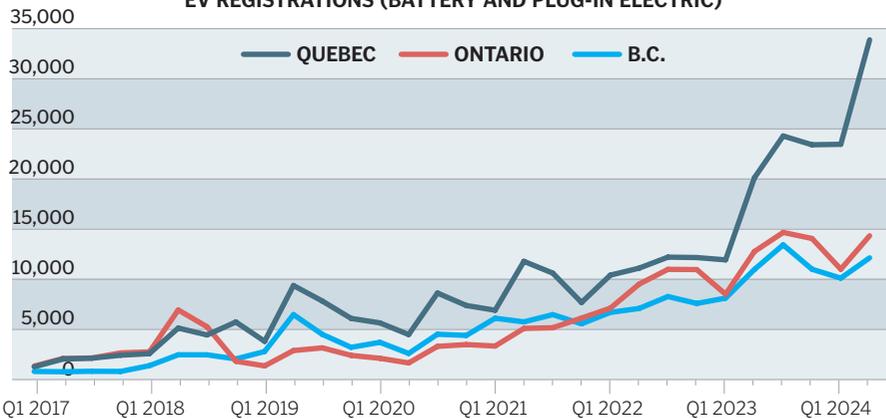
PHOTOGRAPHS (JEAN) CHRISTINNE MUSCHI / THE GLOBE AND MAIL; (GORI) CHRISTOPHER KATSAROV / THE GLOBE AND MAIL

## INDUSTRIAL POLICY

**▲ UPSIDE** Canada's bet on the electric vehicle industry could start to pay off. Supported by massive government subsidies, a handful of global automakers and automotive suppliers—including Stellantis, Volkswagen, Honda and Northvolt—are building EV battery plants in Ontario and Quebec. This should anchor a broader EV battery supply chain and create thousands of manufacturing jobs. Demand for EVs isn't rising as fast as automakers had hoped, but there has been a steady uptake in Canada, especially in Quebec and B.C. In the second quarter of 2024, 12.9% of all new vehicle registrations were zero-emission, up 38% year-over-year. More than half were in Quebec.

**▼ DOWNSIDE** Dangling \$50 billion in subsidies in front of global automakers doesn't guarantee you'll get a thriving EV industry. Ottawa has convinced a number of carmakers to locate part of their EV supply chains in Ontario and Quebec. But there are already signs that things aren't going as planned. Ford has postponed a \$1.8-billion plan to build EVs in Oakville, Ont. The future of Northvolt's \$7-billion battery plant in Quebec is in question after the Swedish company announced layoffs and a production slowdown. EV registrations are rising in Canada, but not fast enough to meet the government's targets. High prices and a lack of charging infrastructure continue to stunt demand.

EV REGISTRATIONS (BATTERY AND PLUG-IN ELECTRIC)



SOURCE: STATISTICS CANADA

### Roy Gori

CEO of Manulife



*"Sometimes it pays to be a 'fast follower' with technology, but with generative AI, that could be a fatal mistake. This is the year to commit to ensuring you have the people, skills and infrastructure required to scale GenAI, along with robust risk controls. For large organizations, the greatest challenge will be culture change and a willingness to reimagine every task, from sorting mail to developing new products to structuring portfolios or insurance underwriting. And with some estimates suggesting GenAI could boost global GDP by 7% or more, and productivity by 1.5% or more, it could increase global prosperity. But we need to ensure lawmakers approach regulation in a way that balances the drive for innovation with protection against the risks and downsides. With our talent and record of innovation, 2025 is the year Canada could become a global GenAI leader."*



## ARTIFICIAL INTELLIGENCE

**▲ UPSIDE** AI has a breakthrough year. Yes, there's already a ton of hype. But as of this past spring, only 6% of Canadian businesses had used AI to produce goods or deliver services over the previous year, according to a Statistics Canada survey. AI adoption was especially weak in resource extraction (1.6%) and hospitality (0.9%). If more companies can tap into AI, we could be heading into an era of stronger economic growth—at least according to AI's most ardent supporters.

**▼ DOWNSIDE** The AI hype fizzles. This doesn't mean it won't have a big impact on business operations—that progress just might take time to materialize. Maybe companies have already reaped the easy gains (such as AI chatbots), or their operations are built on tough, labour-intensive processes (think construction). Any rethink of AI's potential could have disastrous effects on the stock market, which has relied on AI for recent gains.



## Clutch player

In his quest for growth, **Dan Park's** online car retailer, Clutch, burned through cash—until the CEO was forced to slam on the brakes

There was a frenzy around used cars back in 2020—people couldn't get one. Clutch buys and sells cars from the public to the public, and in late 2021, we raised \$100 million, with the mentality to use that money to continue to grow aggressively. Our investors told us there was another \$100 million behind it, and so within six months, we were hiring 250 people and scaling up the business to serve this massive opportunity.

But then the narrative changed, and the capital markets started to evaporate, particularly in growth-stage ventures. The mandate shifted from aggressive growth to profitability at all costs. Burning a lot of money to continue to scale, which had been quite fashionable in the zero-interest-rate era, became less so as rates started to rise.

We started to see cracks in early 2022. Steve Seibel, Clutch's founder, and I flew to California to meet some investors to secure a \$95-million fundraising round. I'm a movie buff, and it was one of those moments where the protagonist has one chance, and if it doesn't work out perfectly, the world's going to end. We got the term sheet signed on Nov. 4, and it was probably one of the highest highs I've ever had.

**814%**  
Clutch's three-year  
growth rate

**10,000+**  
Number of cars it  
sells each year

# We cut 65% of our staff—150 people—and exited three markets to focus on survival

But things just got worse. On Jan. 5, the lead investor called me and said, "We're not feeling this deal anymore. It's not going to happen." That was one of the lowest lows I've ever had.

I called an executive meeting on Zoom, and since I was on vacation with my family, I did the call sitting on a stool on the bathroom floor. I told the team we were going to have to lay off a whole bunch of people. On Jan. 17, we announced we were cutting 65% of our staff—150 people—and exiting three markets to focus on survival. A lot of companies didn't make that decision and let it go on maybe longer than they should have. And they're probably paying the price now.

A lot of investors have asked me, "How did you turn it around?" There was no silver bullet. There were a lot of lead bullets—a lot of small improvements that allowed us to strengthen the foundation over time. We focused on selling high-quality, profitable products. We had incredible discipline around inventory management, and we aligned the team to a singular financial goal, which we hit. It was like, "Okay, we're going to survive. At a minimum, we're going to survive."

Earlier this year, we raised a bit of capital and hit our first quarter of profitability. It proved the business model.

We've also invested heavily in a machine learning-based pricing model so we can value cars instantaneously. Now we can buy directly from the public, which gives us an inventory of better cars at generally better prices than you can get from the average dealership. That was transformational. We now send out more than 100,000 offers a month. We've added folks to the team, and we've started expanding in the Ontario area. We're not quite back out West yet, but it's on the map.

One of the things I've taken away from this is that you can't get too excited about the highs and too disappointed about the lows—building a company is a 10- to 15-year journey. Understanding the volatility helps you sleep at night. **/Interview by Alex Mlynek**

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WHEN YOU FINALLY REALIZE THAT...  
YOUR FAMILY'S  
FINANCIAL FUTURE  
IS AT RISK BECAUSE  
YOU DON'T HAVE A  
CLEAR LONG-TERM  
STRATEGY.

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