

**Public Session Minutes for the Meeting of August 16, 2017  
11:20 a.m. to 12:00 p.m., ERC 3023**

**Attendees:** Nigel Allen (Chair), Adele Imrie (*via teleconference*), Tim McTiernan, John Speers (*via teleconference*), Tyler Turecki

**Staff:** Becky Dinwoodie, Craig Elliott, Doug Holdway

**Guests:** Stephanie Chow, Leila Fiouzi and Taylor Woodward from PH&N

**Regrets:**

**1. Call to Order**

The Chair called the meeting to order at 11:07 a.m.

**2. Agenda**

*Upon a motion duly made by T. Turecki and seconded by T. McTiernan, the Agenda was approved as presented.*

**3. Conflict of Interest Declaration**

There were no conflict of interest declarations.

**4. Chair's Remarks**

The Chair welcomed L. Fiouzi and T. Woodward from PH&N, as well as S. Chow to the meeting. He provided an overview of the items coming forward at the meeting.

**5. Approval of Minutes of the Meeting of May 24, 2017**

*Upon a motion duly made by T. McTiernan and seconded by T. Turecki, the minutes were approved as presented.*

**6. Investment Review**

**6.1 First Quarter Investment Review**

L. Fiouzi presented the first quarter investment review report and responded to questions from the committee.

## **7. Investment Learning – Economic Outlook for 2018**

L. Fiouzi delivered a presentation on the economic outlook for 2018. She advised that the U.S. Federal Reserve has had its first tightening cycle since 2004. There were 17 rate hikes from 2004 to 2007 and none since 2007. Investors appear to be more complacent. The Global Policy Uncertainty Index is at a level that is somewhat concerning.

Global inflation is still relatively low due to the significant upheaval of the credit crisis (not all economic slack has been absorbed) and relatively low wage increases. During the most recent earnings period, profitability remains strong. It has been a long cycle – cycles tend to last 4-5 years and this cycle is now at 8 years.

Despite improvements in corporate profitability, there has been relatively low wage growth. The low growth can be attributed to remaining economic slack and structural changes (losing jobs to automation). There also appears to be a disconnect between the hard and soft economic data (soft is based on survey results). The hard data is not supported by the rosy picture painted by the soft data.

With respect to U.S. bank lending, credit creation has been negative in 2017. The rate of growth has declined, which is another concerning factor. Recovery in Canada has been faster than expected. L. Fiouzi compared the recovery of Alberta and Ontario.

Hourly wages have not recovered and when the minimum wage is increased, there will be an artificial increase.

Several of the key themes for 2017 and beyond:

- U.S. fiscal policy – corporate tax rate changes
- Rise in populism
- Retreat of globalization – rise of globalization had significant impact on economies and increased standards of living

The committee had a discussion regarding the possibility of a softer Brexit.

## **8. Other Business**

## **9. Termination**

*There being no other business, upon a motion duly made by J. Speers and seconded by T. McTiernan, the public meeting terminated at 11:28 a.m.*

Becky Dinwoodie, Secretary