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Delivered by email: Trevor.McGowan@fin.gc.ca

Mr. Trevor McGowan
Associate Assistant Deputy Minister (Legislation)
Tax Policy Branch
Department of Finance Canada
90 Elgin Street, Ottawa, ON K1A 0G5

Re: International Competitiveness of the Canadian Asset Management Industry — Tax Policy Reforms

Dear Mr. McGowan,

The Securities and Investment Management Association (SIMA) appreciates the opportunity to begin a dialogue with the Department of Finance on targeted tax measures that would strengthen Canada's international competitiveness, support capital formation and reinforce Canada's position as a global financial centre. Our proposals build on prior submissions to Finance, most recently our August 2018 letter,[1] and address structural barriers in the *Income Tax Act* (Canada) (the "Tax Act")[2] that continue to limit Canada's ability to compete for globally mobile investment mandates.

Canada's investment management industry already manages approximately $4.5 trillion on behalf of more than 20 million investors and supports more than 415,000 Canadian jobs.[3,4] Yet Canada continues to lose globally mobile mandates to competing jurisdictions — Ireland, Luxembourg, Singapore, the United Kingdom and the United States — that have modernized their tax regimes to encourage investment management activity. These proposals are intended to begin a collaborative discussion with reference to suggested changes as a starting point.

Why these recommendations matter now

- The federal government has committed to diversifying trade, strengthening Canada's export base, and reducing economic dependence on the United States. Financial services are one of Canada's highest-value, most portable export industries — yet Canada's tax rules actively deter the world from investing through Canadian investment managers.
- The 2026 budget pre-consultation has identified "mega trends" — energy, critical minerals, defence, and AI — as investment priorities. Efficient capital formation and sophisticated global capital allocation are prerequisites for all of these sectors. A competitive Canadian asset-management industry helps mobilize the capital they require.

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[1]SIMA has previously made submissions to the Department of Finance requesting amendments to modify the taxation of non-resident investors in Canadian-based investment funds and to expand section 115.2 of the Tax Act. Our most recent submission was made by letter dated August 2, 2018.
[2]References herein to sections and components thereof are to the *Income Tax Act* (Canada).
[3]"Funding the Future – The Economic Impact of Canada's Investment Funds Industry, September 24, 2024" at p. 3.
[4]See Appendix C, Economic Impact Analysis: Sizing the Opportunity from Tax.

- These reforms have a near-zero fiscal cost: they eliminate tax on income that would not be taxed in Canada and will generate employment, fee revenue, and GDP instead of simply losing mandates to Dublin, Luxembourg, or Singapore.
- Canada is already losing ground. Members report that international operations are migrating outside Canada because our competitors have more attractive tax frameworks. The reforms we have recommended lay a strong foundation for future growth and help prevent further erosion of the investment industry.

The Competitive Landscape: Canada Is Falling Behind

Canada is not competing on a level playing field with jurisdictions that have built their asset-management industries into global hubs. Luxembourg and Ireland — economies smaller than Canada's in almost every dimension — have become dominant domiciles for globally distributed investment funds by creating tax regimes that treat non-resident investors as a distinct, tax-efficient constituency. Singapore and the United Kingdom have enacted broad safe-harbour protections that enable domestic managers to serve foreign clients without triggering tax nexus for those clients.

By the end of 2024, overseas clients represented 51per cent of assets managed by UK investment managers — surpassing domestic clients for the first time.[5] The United States maintains a comprehensive securities trading safe-harbour under section 864(b)(2) of the *Internal Revenue Code*, allowing fully discretionary U.S.-based management of non-U.S. capital without triggering U.S. trade or business exposure for the foreign fund.

Canada, by contrast, imposes withholding tax on non-resident investors in Canadian mutual fund trusts even on income derived from outside Canada. Our safe-harbour rule (section 115.2) is narrower and harder to use than any peer-jurisdiction equivalent. The result: Canadian investment managers who wish to serve global clients are routinely compelled to migrate mandates to their offshore affiliates, exporting high-skill jobs in the process.

Proposed Reforms

i. A New Canadian Collective Investment Vehicle (CCIV)

The Problem

Canada currently lacks an investment fund structure that works well for foreign investors. Both the mutual fund trust and the mutual fund corporation impose Canadian withholding tax on income that non-residents would not pay if they invested directly — a structural penalty that has no equivalent in competing jurisdictions. The result is that non-resident capital that could be managed in Canada is instead routed through Irish, Luxembourgish, or Singaporean vehicles managed by local affiliates of Canadian firms.

Proposed Solution

SIMA proposes that Finance consider creating an elective Canadian Collective Investment Vehicle (CCIV) regime — a new fund structure designed to attract non-resident investment while anchoring management activity and employment in Canada. At a concept level, the regime would be designed to:

- Attract non-resident capital by removing the withholding tax penalty on non-Canadian-source income;
- Maintain appropriate Canadian taxation of Canadian-source income, including taxable Canadian property ("TCP") gains and Canadian-source business income;
- Require management by a Canadian service provider, preserving jobs and expertise in Canada; and
- Align Canada with the structure and competitive position of leading international fund domiciles, particularly Ireland and Luxembourg.

The proposal presents a positive fiscal outcome for Canada. The income that a CCIV would shelter for non-residents is not currently taxed in Canada as it is earned and taxed — or not taxed — in the hands of the investor's offshore vehicle of choice. Consequently, the introduction of the CCIV preserves the existing revenue

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[5]"Investment Management in the UK 2024–2025, The Investment Association Annual Survey, October 2025" at p. 15.

position while enabling Canada to capture additional fund-management activity. Technical parameters are set out in Appendix A for Finance's reference.

Precedent

This is not a novel concept. Ireland's ICAV (introduced in 2015), Luxembourg's SICAV, and Singapore's VCC are all variants of the same structural logic. Ireland's fund industry grew at a compound rate exceeding 15 per cent per annum following the ICAV's introduction and now hosts over €900 billion in assets managed on behalf of global investors. Canada has the talent and institutional infrastructure to compete for this activity. The missing element is a competitive tax framework.

ii. Modernizing the Safe-Harbour in Section 115.2 of the Tax Act

The Problem

Section 115.2 of the Tax Act was designed in 1999 to allow Canadian service providers[6] to manage non-Canadian funds without creating Canadian tax exposure for those funds. In principle, it is a sound policy tool. In practice, it has not kept pace with the evolution of investment management — particularly the growth of private equity, infrastructure, and alternative asset strategies — and is substantially more restrictive than equivalent rules in the US, UK, and other leading jurisdictions. Leading commentators have identified modernizing section 115.2 as "the most important area to focus on" in Canada's international tax framework.[7]

The Proposed Solution

SIMA recommends that Finance explore targeted amendments to section 115.2 in four areas:

- **Qualified investments:** Expand the definition to cover investments that Canadian managers are increasingly asked to manage for global clients, including private company shares where value derives from Canadian resource or real property assets.
- **Designated investment services:** Modernize the permitted services list to reflect the full investment management lifecycle for private markets and alternative strategies, consistent with the UK's broadly-worded Investment Manager Exemption.
- **Canadian co-investment:** Permit appropriate co-investment by Canadian principals and employees of the managing firm, removing a competitive disadvantage in winning institutional mandates where manager alignment is a standard due diligence requirement.
- **Grace period and independence test:** Extend the grace period to at least two years, and review whether the 25 per cent independence test remains necessary given the extensive global transparency now provided by the OECD's Common Reporting Standard ("CRS").

These amendments are primarily defensive: they are designed to retain mandates and employment in Canada, not to create new tax preferences. A detailed issue-by-issue analysis with peer jurisdiction comparators is set out in Appendix B for Finance's reference.

Economic Opportunity: Sizing the Impact

Based on analysis prepared by SIMA's research team applying PwC global assets under management ("AUM") data and Conference Board of Canada economic ratios, these reforms present a substantial and credible economic opportunity for Canada. Capturing just 0.50 per cent of the projected 2030 global mandate and alternatives pool — a pool PwC estimates at approximately US$98.8 trillion — could attract or retain approximately $701 billion in foreign-sourced mandates under Canadian management, generating roughly $3.09 billion in annual Canadian revenue, close to $1 billion in direct GDP contribution, and approximately 8,790 direct jobs. Even under a conservative 0.10 per cent capture assumption, the reforms would attract approximately $140 billion in mandates and generate $617 million in annual revenue and 1,760 direct jobs. The full three-scenario analysis and supporting methodology are set out in Appendix C. Critically, none of this represents a fiscal cost: Canada does not currently tax the non-Canadian-source income in question, and the

[6] Defined in section 115.2 to mean "a corporation resident in Canada, a trust resident in Canada, or a Canadian partnership".
[7] Brian Arnold, Larry Chapman, Allan Lanthier, Jack Mintz, and Richard J. Tremblay, "Reforming Canada's System of International Taxation: A Perspective from Practitioners and Academics," Report of Proceedings of Sixtieth Tax Conference, 2008 Conference Report (Toronto: Canadian Tax Foundation, 2009), 5:1-30.

reforms generate positive revenue through employment taxes, GST/HST on management fees, and withholding on taxable Canadian property gains.

Latin America illustrates where Canada's competitive advantage is most actionable in the near term. The region's pension, insurance, and wealth-management markets are growing rapidly and increasingly seek global diversification and sophisticated investment capabilities. Canada's time-zone alignment, bilingual capabilities, and institutional credibility position our managers well to serve this demand — if our tax framework allows it. For illustrative modelling purposes, Latin America is assumed to represent approximately 25 per cent of the total opportunity across all three scenarios (e.g., $175 billion of the $701 billion ambitious scenario), and is treated as part of the global opportunity, not additive to it.

The table below summarizes the key impact metrics, drawing on the scenario analysis in Appendix C. SIMA remains committed to working collaboratively with Finance officials to refine and validate these estimates using agreed modelling methodology.

Economic Impact Metric	Conservative (0.10%)	Moderate (0.20%)	Ambitious (0.50%)
Global mandate & alternatives pool capture (2030 basis: US$98.8T)	0.10% of pool	0.20% of pool	0.50% of pool
Non-resident fund and mandate assets attracted or retained under Canadian management (C$)	$140 billion	$281 billion	$701 billion
of which: Latin America component (≈ 25% of total; not additive)	$35 billion	$70 billion	$175 billion
Annual Canadian management revenue at 44 bps (C$)	$617 million	$1.23 billion	$3.09 billion
Direct GDP contribution (C$)	$197 million	$394 million	$985 million
Direct jobs created or retained	1,760	3,510	8,790
Net fiscal cost to the Crown	Nil — no Canadian-source income exempted	Nil — no Canadian-source income exempted	Nil — no Canadian-source income exempted
Additional federal and provincial tax revenues	Positive (employment taxes + GST/HST on fees + withholding on TCP gains)	Positive (employment taxes + GST/HST on fees + withholding on TCP gains)	Positive (employment taxes + GST/HST on fees + withholding on TCP gains)

Alignment with Federal Budget Priorities

The following maps each proposed reform to specific commitments and priorities articulated by the federal government:

Government Priority	How SIMA's Proposed Reforms Respond
Trade diversification / reducing US dependence	A competitive Canadian fund domicile creates a new export service stream — global investors accessing Canadian management expertise without routing through U.S. or European intermediaries.
Capital formation and investment in Canada	Both reforms increase the pool of Canadian-managed capital available for domestic growth priorities: energy, critical minerals, infrastructure, and AI.

Government Priority	How SIMA’s Proposed Reforms Respond
	Foreign institutional capital can flow into Canada via Canadian-managed vehicles.
Energy and critical minerals mega trends	Expanding the definition of qualified investments specifically enables Canadian managers to serve international funds with mandates in Canadian resource and infrastructure sectors — an area of deepening global demand.
Fiscal responsibility	The CCIV regime generates a positive fiscal contribution with no base erosion: employment taxes, GST/HST on management fees, and withholding on TCP gains. No existing tax revenue is foregone.
High-quality job creation	Asset management is knowledge-intensive and high-wage. These reforms target meaningful expansion of the existing 415,000-job base through attraction of non-resident capital to Canadian-managed vehicles.
Attracting investment to Canada	A transparent, internationally competitive fund regime signals to global investors that Canada is open for business as a financial centre — reinforcing parallel efforts to attract foreign direct investment and institutional capital.

Conclusion and Next Steps

Canada is well-positioned to establish itself as a top-tier global financial centre. We have the regulatory credibility, the human capital, and the institutional depth to compete for globally mobile capital. What we lack is a tax framework that makes it rational for non-resident investors to use Canadian-domiciled vehicles, or for global fund managers to choose a Canadian service provider over a competitor in a more permissive jurisdiction.

These two workstreams represent practical, targeted reforms that align with the government’s competitiveness agenda and could be advanced in the near term. SIMA respectfully requests:

- **An early meeting:** with Tax Policy Branch officials to discuss the proposed workstreams, share industry expertise, and agree on next steps.
- **Consultation inclusion:** of international competitiveness of the asset management industry as a named theme in the fall 2026 budget pre-consultation process.
- **Collaborative modelling:** to quantify the economic benefits of these proposals jointly. SIMA is prepared to commission independent analysis and contribute member data.

We appreciate your consideration and look forward to continuing the dialogue. Please contact me at jbaillargeon@sima-amvi.ca or 416-309-2323.

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Yours sincerely,

Josée Baillargeon

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APPENDIX A
Technical Parameters: Proposed Canadian Collective Investment Vehicle (CCIV) Regime

This appendix sets out the principal design parameters of SIMA's proposed CCIV regime for Finance's reference. These parameters are intended as a starting point for technical dialogue, not as a prescriptive legislative proposal.

Background: Why Existing Vehicles Do Not Work for Non-Residents

Under current law, a Canadian mutual fund trust re-sources foreign income to Canada, subjecting non-resident distributions to Canadian withholding tax on amounts that would be exempt if the investor held the underlying assets directly. The re-sourcing effect is overridden only by the Canada-US Convention,[8] providing no relief for non-US investors.

Capital gains distributions by a mutual fund trust to non-residents do not attract withholding tax unless the relevant gains are from TCP and non-residents hold more than 5 per cent of the trust[9], a threshold easily breached in any internationally distributed fund. If the trust is not a mutual fund trust, withholding tax applies regardless of the nature of the capital gains. In addition, Part XII.2 imposes an additional 40 per cent charge on designated income of non-mutual fund trusts with non-resident beneficiaries.

A mutual fund corporation fares no better: it is subject to corporate tax on interest and foreign income not offset by expenses, making it structurally uncompetitive relative to tax-transparent offshore vehicles. Dividends, other than capital gains dividends, are generally subject to withholding tax.

The result is that no existing Canadian vehicle efficiently serves non-resident investors — the precise constituency that Ireland, Luxembourg, and Singapore have built their fund industries around.

Proposed CCIV Design Parameters

Parameter	Proposed Design	Policy Rationale
Vehicle type	Trust or corporation; irrevocable election at formation	Flexibility to accommodate existing market structures
Umbrella funds	CBCA amendment to provide sub-fund liability segregation; each sub-fund treated as a separate CCIV	Enables institutional-grade fund architecture common in Ireland and Luxembourg
Permitted activities	Investment in financial instruments (not real property or immovables); diversification and concentration requirements tested at time of investment only	Minimizes ongoing compliance burden; aligns with international norms
Manager requirement	Must be managed by a Canadian service provider (as defined in s.115.2(1)); delegation of portfolio management permitted	Anchors management activity and employment in Canada
Investor eligibility	No restriction on Canadian participation; after two years, reasonable to consider fund maintained primarily for non-residents	Avoids over-restriction while preserving non-resident focus
Share/unit classes	Accumulating class (income reflected in NAV) and distributing class (income paid currently); allocation on time-weighted basis within and between classes	Matches investor preference flexibility standard in international fund markets
Tax — non-residents	Distributions not subject to Canadian withholding tax. Non-resident dispositions not taxable unless interest is TCP.	Eliminates the re-sourcing penalty that makes Canadian vehicles uncompetitive

[8] See Article XXII(2) of the Canada-US Income Tax Convention, which reduces the rate of withholding tax on income distributed by a trust to a resident of the United States to 15 per cent and provides that such income shall be exempt from tax in Canada to the extent of any amount distributed out of income arising outside Canada.
[9] This provision technically applies if more than 5 per cent of the net taxable capital gains of the trust are designated to such persons.

Parameter	Proposed Design	Policy Rationale
Tax — Canadian investors	Look-through: investor includes allocated share of CCIV income; adjusted cost base increased accordingly; credit for CCIV-level Canadian and foreign taxes paid. Losses not allocated.	Preserves neutrality for Canadian investors; prevents deferral
CCIV-level tax	50% on net TCP gains and Canadian-source business income; Part XIII equivalent on Canadian-source amounts, reduced by treaty entitlements. No alternative minimum tax.	Mirrors treatment non-residents would face investing directly; no windfall
Part XIII mechanics	Option A: CCIV treated as non-resident for Part XIII; separate series for treaty/non-treaty investors. Option B: CCIV treated as resident; pays Part XIII equivalent directly. Either approach maintains integrity of withholding system.	Both options preserve Crown revenue on Canadian-source income; drafting choice for Finance

Fiscal Analysis

The CCIV regime does not create a revenue loss from Canada's perspective. Non-resident investors who currently route capital through offshore vehicles pay no Canadian tax on non-Canadian-source income regardless of whether a Canadian manager is involved. The CCIV simply removes the structural penalty that makes Canadian-domiciled vehicles non-competitive, retaining the management activity, employment, and associated Canadian tax base (income taxes on employees, GST/HST on management fees, and withholding on TCP-source gains) that would otherwise migrate offshore.

To the extent Canadian investors participate in a CCIV, look-through treatment preserves Canada's tax base on their share of CCIV income. The regime is designed to be revenue-neutral in base case and positively revenue-generative as management activity grows.

APPENDIX B

Technical Analysis: Section 115.2 Safe-Harbour — Deficiencies and Proposed Amendments

Section 115.2 provides a safe-harbour pursuant to which a non-resident person will not be considered to be carrying on business in Canada solely because a Canadian service provider[10] provides designated investment services to it. This appendix sets out the specific deficiencies SIMA members have identified and the amendments we propose, together with peer jurisdiction comparators.

Issue	Current Rule	Proposed Amendment	Peer Jurisdiction Comparator
Qualified investments definition	Excludes shares of private companies deriving value primarily from real property or resource property in Canada	Remove exclusion; non-residents already taxable on TCP gains regardless of vehicle	UK IME and US s.864(b)(2) impose no equivalent restriction
Designated investment services	Restricted to investment management, advice, and execution re: qualified investments; does not cover private equity deal lifecycle	Expand to encompass deal origination, due diligence, post-acquisition oversight, and derivative risk management; align with UK IME's broad "investment transactions" definition	UK: broadly defined in Investment Manager (Tax) Regulations 2014. US: s.864(b)(2) covers own-account trading with full discretionary delegation to US manager
Canadian investor prohibition	Non-Canadian fund cannot admit Canadian investors or file with Canadian securities regulators; applies to principals and employees of the Canadian manager	Eliminate prohibition or introduce de minimis threshold for affiliated/employee co-investment; address residual concern via CRS participating jurisdiction requirement rather than blanket ban	CRA has confirmed master/feeder structures with Canadian feeder investors can qualify; full prohibition is broader than necessary
Grace period	25% independence test applies after one year from fund formation	Extend grace period to minimum two years from formation	UK IME: 18 months from commencement of trading
25% independence test	Affiliated investors must not exceed 25% of fund FMV; applied at partner level for partnerships, creating structural complexity	Review continued need given 125+ CRS participating jurisdictions[11]; if retained, simplify application to partnership structures	CRS provides transparency mechanisms that did not exist in 1999; OECD framework has substantially addressed original policy concern

Note on Policy Rationale for the No Canadian Investor Requirement

SIMA acknowledges that the no Canadian investor requirement was introduced to address concerns about Canadian tax deferral through offshore vehicles. However, since 1999, the OECD Common Reporting Standard

[10] Defined in section 115.2 to mean "a corporation resident in Canada, a trust resident in Canada, or a Canadian partnership".

[11] Although the United States is not a participating jurisdiction under the Common Reporting Standard, investment funds organized in the United States are generally required to distribute all or substantially all their investment income annually and as such do not facilitate the type of tax deferral targeted by section 94.1.

has been adopted by over 125 participating jurisdictions[12], providing robust due diligence and reporting obligations on offshore investment vehicles. In addition, sections 94.1 and the foreign affiliate rules in the Tax Act address residual deferral concerns for Canadian investors in non-resident funds. SIMA submits that a targeted CRS participating jurisdiction requirement — excluding funds not established in a CRS-participating or US jurisdiction — would address any residual concern more proportionately than a blanket prohibition on Canadian investors.

Relief Requested: Summary

SIMA respectfully requests that section 115.2 be amended to:

- Remove the exclusion of shares in private companies deriving value from real property or resource properties from the definition of “qualified investments”;
- Expand the definition of “designated investment services” to encompass the full investment management lifecycle for private equity, alternatives, and infrastructure, consistent with the broad scope of the UK’s Investment Manager Exemption;
- Eliminate the prohibition on Canadian investors in non-Canadian funds benefiting from the safe-harbour, or introduce a targeted CRS-based alternative with a reasonable de minimis threshold for affiliated and employee co-investment;
- Extend the grace period to a minimum of two years after fund formation; and
- Review the continued need for the 25 per cent independence test given the evolution of global reporting standards since 1999.

SIMA would welcome the opportunity to provide further technical details on any of the above, including draft legislative language, at the appropriate stage of the consultation process.

[12] Although the United States is not a participating jurisdiction under the Common Reporting Standard, investment funds organized in the United States are generally required to distribute all or substantially all their investment income annually and as such do not facilitate the type of tax deferral targeted by section 94.1.

APPENDIX C

Economic Impact Analysis: Sizing the Opportunity from Tax Reform

Approach and Scope

The economic impact of these proposals is estimated using capture-rate assumptions applied to globally mobile non-resident fund and mandate activity, rather than by comparing Canada directly to Ireland or Luxembourg. Ireland and Luxembourg benefit from the European UCITS framework and cross-border retail fund passporting, which Canada is not proposing to replicate. The relevant opportunity for Canada is narrower, but still substantial: non-resident pooled funds, institutional mandates, private-market strategies, alternatives, infrastructure, private credit, and other cross-border investment activity that is already mobile across jurisdictions.

PwC estimates global AUM at approximately US$139.9 trillion in 2024, rising to US$200.4 trillion by 2030. Within that total, the most relevant segments for these proposals are pooled fund assets, mandates, and alternatives. This analysis applies capture-rate assumptions to the globally mobile mandate and alternatives pool, which PwC estimates at approximately US$71.6 trillion in 2024 and US$98.8 trillion by 2030.

Capture-Rate Assumptions

The capture-rate assumptions applied here are modest relative to the size of the global opportunity. The reforms would not need to make Canada a European-style fund domicile — they need only allow Canadian managers to compete more effectively for a small share of global fund and mandate activity where Canada has a credible starting point, including Canadian-owned asset managers with foreign affiliates, existing investment teams, Canadian pension and infrastructure expertise, and established global institutional relationships.

Scenario	Global capture assumption	Mandates attracted/retained	Annual revenue at 44 bps	Direct GDP	Direct jobs
Conservative	0.10% of 2030 global mandate and alternatives pool	$140 billion	$617 million	$197 million	1,760
Moderate	0.20% of 2030 global mandate and alternatives pool	$281 billion	$1.23 billion	$394 million	3,510
Ambitious	0.50% of 2030 global mandate and alternatives pool	$701 billion	$3.09 billion	$985 million	8,790

Note: Latin America component equals approximately 25 per cent of the "Mandates attracted or retained" figure in the corresponding scenario and is not additive to it. Revenue estimated at 44 bps of AUM, derived from PwC 2024 global AWM revenue data. GDP and employment ratios derived from Conference Board of Canada analysis of Canada's investment funds industry (2023): $0.32 direct GDP per $1 revenue; 2.85 direct jobs per $1 million revenue. Figures converted at US$1 = C$1.42.

Latin America: Canada's Most Actionable Near-Term Opportunity

Latin America provides a useful illustration of where this opportunity is most realistic in the near term. The region is in compatible time zones with Canada, has growing pension, insurance, high-net-worth, and mass-affluent markets, and is increasingly seeking global diversification, yield, and sophisticated investment-management capabilities. PwC analysis estimates Latin American AUM at approximately US$3.2 trillion in 2024, rising to approximately US$4.7 trillion by 2030, with the mandates and alternatives segment growing from approximately US$1.2 trillion to approximately US$1.6 trillion over the same period. Cerulli's 2025 Latin America distribution report identifies the region as a cross-border asset-gathering opportunity for global managers serving pension funds, affluent retail investors, and offshore wealth-management channels.

Canada's bilingual and multicultural capabilities, institutional credibility, and deeper asset-management infrastructure relative to many regional markets position Canadian managers well to serve Latin American demand — if the tax framework allows it. Latin America is assumed to represent approximately 25 per cent of total mandates captured across all three scenarios, as reflected in the table above.

Revenue and Economic Ratio Assumptions

For revenue modelling, the analysis uses a single assumption of 44 basis points of annual Canadian management and related service revenue. This assumption is derived from PwC's global asset and wealth management data, which show 2024 global AUM of US$139.9 trillion and 2024 global revenues of US$611.3 billion, implying an average of approximately 44 basis points of AUM. The resulting Canadian revenue would include portfolio management, research, administration, legal, accounting, compliance, custody, reporting, technology, and related services performed in Canada.

The direct GDP and employment estimates are benchmarked against the Conference Board of Canada's economic footprint analysis of Canada's investment funds industry. That report found that the industry generated $42.6 billion in revenues in 2023, directly contributed $13.6 billion to GDP, and directly supported 121,259 full-time, full-year jobs — implying approximately $0.32 in direct GDP per $1 of industry revenue and approximately 2.85 direct jobs per $1 million of industry revenue. Applying these ratios to the projected revenue from attracted or retained foreign mandates provides a conservative estimate of direct economic impact. Broader indirect and induced impacts would be additional.