

Factors for Consideration When Building a Portfolio of Canadian SME, Mid-market Investments:

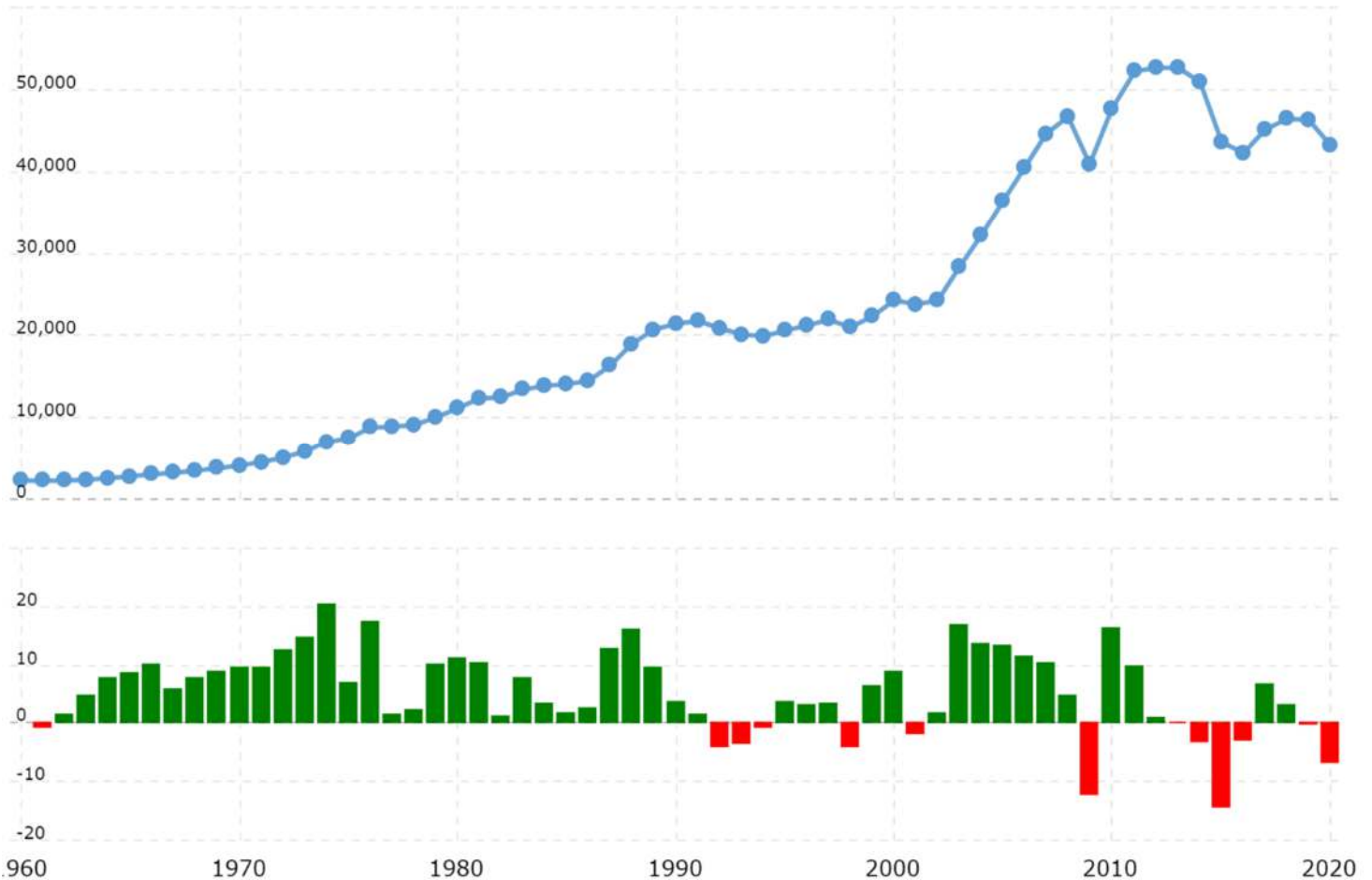
GDP per capita is a useful indicator of whether an economy is growing or contracting from the perspective of the individual participant rather than the often-used nominal, aggregate GDP number. A simple demonstration of this is whether you would rather live in a country of 1 billion people with \$15,000 GDP per capita or a country of 100 million people with \$150,000 GDP per capita all other things being equal (both have economies of the same aggregate size)?

Based on GDP per capita, after suffering from nearly a decade of stagnating economic growth, Canadians have now actually started to become poorer (on an average per capita basis) since 2015:

- 2007 - GDP per capita = USD\$ 44,262
- 2015 - GDP per capita = USD\$ 50,956
- 2020 - GDP per capita = USD\$ 43,242

What started the trend in 2015 that has seen Canadians becoming poorer for 7 years? The answer to that is for another day, but nonetheless it is a factor that must be considered when constructing a portfolio of Canadian mid-market, SME businesses.

Chart 1: Canadian GDP per capita Measured in USD\$



Source: World Bank