



Sharing of Knowledge Learning Series 2026



The Sharing of Knowledge Learning Series is the annual event of TD Global Investment Solutions dedicated to discussing some of the most important current topics in the world of investing. Held in seven cities across Canada – Vancouver, Calgary, Winnipeg, Regina, Edmonton, Saskatoon and Montreal - the 23rd edition of SOKLS was a premier regional event where institutional leaders from TD Asset Management Inc. (TDAM) and Epoch Investment Partners, Inc. (TD Epoch) shared thought-provoking insights and industry trends with current and prospective clients.

This year's SOKLS event focused on two areas: the rupture in the world order and navigating risks in today's private credit landscape.





The Rupture in the World Order: Implications for Investors

The world is experiencing a true geopolitical and economic rupture because the post-World War II, rules-based order has given way to a new, less stable system.

The past 80 years brought two distinct periods: the Cold War, with Russia and the U.S. as the superpowers, followed by several decades of hyper-globalization in which the U.S. was the sole dominant player. Now a different bipolar order has emerged, where China is challenging the U.S.

In the current order, America has adopted a new leadership style. In the past, it acted as a benign hegemon by providing global public goods - especially access to the U.S. consumer market - and security leadership as the world's policeman. But lately America's foreign policy has become more predatory, prompting many countries to reassess their alliances with it.

One consequence of the new order is the breakdown in global trade patterns, reflecting the rise in economic nationalism and selective decoupling of supply chains. The rule of law has been supplanted by the weaponization of chokepoints in the global economy. The number of interstate conflicts has also risen dramatically.

Meanwhile, the world has become desperate for an alternative to the USD-based global financial system. For decades, America has weaponized its currency, sanctioning many countries. Gold and crypto have been touted as possible alternatives, but the renminbi is the most plausible long-run challenger. But given

China's capital controls and limited investable assets, it will likely take a decade or two before its currency effectively challenges the greenback's dominance.

Regardless, the USD remains significantly overvalued. This is an obstacle to Donald Trump's economic objectives, especially the goal of increasing domestic industrial capacity and reducing vulnerability to chokepoints (such as critical minerals). However, the USD is expected to weaken over the coming years.

In this new order, the U.S. and China are competing on all three domains of power: economic strength, tech prowess and defense capabilities. Ultimately, who wins the super-power race will depend on AI. China is focused on physical AI, such as autonomous vehicles and robotics, while the U.S. emphasizes foundation models, such as large language models.

Although the AI wave is still in its early innings, this is where most value will likely be created over the coming years. Investors need meaningful exposure to the sector, but one challenge they face is that many key AI players, like Anthropic and OpenAI, remain private.

Beyond technology, investors must also recognize that most countries are prioritizing re-industrialization, infrastructure and defense. This policy mix is supportive for commodities, infrastructure as an asset class and private credit. This is especially true for Canada, which has the potential to become a superpower in energy, critical minerals, defense and AI.



When Yield Bites Back

Lately, there has been no shortage of scary headlines about defaults in the private credit market, which makes it easy to forget that these events have occurred in a small part of the overall market. The headlines, however, have not scared away institutional investors, whose appetite for the asset class has remained relatively strong.

Despite the size and diversity of the global private credit market – spanning different investor types, fund structures, investment strategies and leverage profiles - problems have been mostly contained to business development corporations geared towards retail investors. Rapid growth in that area led to competitive pressures, looser underwriting standards and weaker portfolio construction.

The key headline issues in the private credit sector – AI risks, opaque valuations, liquidity pressures and leverage complexities – are not systemic and can be mitigated.

AI has disrupted the traditional business models of software companies. This has affected their valuations and created refinancing risk for loans made during periods of higher multiples. However, what this has brought is debt restructurings rather than a broad rise in defaults, underscoring the importance of diversification across sectors, sponsors and vintages.

When it comes to valuation transparency concerns, it's important to distinguish isolated failures from systemic valuation risk. While individual cases of abrupt write downs can trigger alarm, the real issue is governance. Robust, independent valuation processes tied closely to borrower fundamentals help ensure credibility and long term investor confidence.

Liquidity is arguably the greatest source of investor anxiety, largely due to redemption pressures in retail oriented products. Greater liquidity typically comes with lower returns. A key aspect of private markets is earning compensation for holding less liquid positions compared to public markets. Guardrails such as redemption limits are not failures. They're designed to protect investors and align liquidity with underlying assets.

Leverage acts as a key amplifier of both returns and risk. Differences in the leverage levels of funds complicates performance comparisons and can intensify liquidity stress during redemption periods. Institutional investors can often access leverage independently and more efficiently, allowing greater control over risk.

At the end of the day, success in the private credit world depends on disciplined origination, diversification, sound governance, aligned liquidity terms and prudent leverage—not on avoiding the asset class altogether.



For more detail

To learn more about these topics, please contact your relationship manager.

For Consultants, please contact Brendan.O'Brien@td.com.



For Canadian institutional investment professionals only.

The information contained herein is for information purposes only. The information has been drawn from sources believed to be reliable. Graphs and charts are used for illustrative purposes only and do not reflect future values or future performance of any investment. The information does not provide financial, legal, tax or investment advice. Particular investment, tax or trading strategies should be evaluated relative to each individual's objectives and risk tolerance.

This material is not an offer to any person in any jurisdiction where unlawful or unauthorized. These materials have not been reviewed by and are not registered with any securities or other regulatory authority in jurisdictions where we operate.

Any general discussion or opinions contained within these materials regarding securities or market conditions represent our view or the view of the source cited. Unless otherwise indicated, such view is as of the date noted and is subject to change. Information about the portfolio holdings, asset allocation or diversification is historical and is subject to change.

No investment strategy or risk management technique can guarantee returns or eliminate risk in any market environment. Any characteristics, guidelines, constraints or other information provided for this material is representative of the investment strategy and is provided for illustrative purposes only. They may change at any time and may differ for a specific account. Each client account is individually managed; actual holdings will vary for each client and there is no guarantee that a particular client's account will have the same characteristics as described herein. Any information about the holdings, asset allocation, or sector diversification is historical and is not an indication of future performance or any future portfolio composition, which will vary. Portfolio holdings are representative of the strategy, are subject to change at any time and are not a recommendation to buy or sell a security. The securities identified and described do not represent all of the securities purchased, sold or recommended for the portfolio. It should not be assumed that an investment in these securities or sectors was or will be profitable.

This document may contain forward-looking statements ("FLS"). FLS reflect current expectations and projections about future events and/or outcomes based on data currently available. Such expectations and projections may be incorrect in the future as events which were not anticipated or considered in their formulation may occur and lead to results that differ materially from those expressed or implied. FLS are not guarantees of future performance and reliance on FLS should be avoided.

Any projections, targets, or estimates in this presentation are forward-looking statements and are based on our internal research, analysis, and assumptions. There can be no assurances that such projections, targets, or estimates will occur and the actual results may be materially different. Additional information about our assumptions is available upon request. Other events which were not taken into account in formulating such projections, targets, or estimates may occur and may significantly affect the returns or performance.

TD Bank Group means The Toronto-Dominion Bank and its affiliates, who provide deposit, investment, loan, securities, trust, insurance and other products and services.

TD Global Investment Solutions represents TD Asset Management Inc. ("TDAM") and Epoch Investment Partners, Inc. ("TD Epoch"). TDAM operates in Canada and TD Epoch operates in the U.S. Both entities are affiliates and wholly-owned subsidiaries of The Toronto-Dominion Bank.

TDAM and TD Epoch products are also available through a network of affiliated and unaffiliated distributors. Please contact our distribution partners to find out more.

®The TD logo and other TD trademarks are the property of The Toronto-Dominion Bank or its subsidiaries.