CIBC PRIVATE WEALTH

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Bull Markets Everywhere

U.S. equity indices including the S&P 500 and Nasdaq started off the year much as they finished 2023 —and continued to surge higher in Q1. Resilient economic growth (particularly in the U.S.) and the prospect of central bank rate cuts are fueling risk appetite and pushing equity markets to new highs. Optimism and hype around artificial intelligence (AI) continues to boost the share prices for companies positively exposed to this theme, most notably semiconductor names such as Nvidia (NVDA). Index concentration within the S&P 500 has been increasing - the top 10 stocks now represent roughly 33% of the Index - and mega-cap technology names continue to have an outsized contribution to index returns. But breadth has widened recently and other sectors such as energy and financials have also demonstrated strong performance, while U.S. mid-cap stocks have also had a solid start to 2024.

While U.S. markets have an outsized impact on global equity returns, given the size of the U.S. stock market, other developed markets also produced solid gains and helped the MSCI World Index hit a new all-time high in March. Notably, Japan's Nikkei Index hit a new all-time high at the end of February, breaching a record that was held for 34 years. Bitcoin, perhaps the ultimate indicator of exuberance at this juncture, has been on a tear recently, more than doubling over the past six months and shooting through its previous high reached in the frothy days of 2021. Commodity markets have also been robust. West Texas Intermediate crude oil prices moved above US$80 per barrel, while copper prices moved above US$4 per pound— representing the highest levels seen since early 2023. Last but not least, gold prices at over US$2,200 per ounce are at their all-time highs entering the second quarter of 2024. Bull markets across the board have some people questioning whether investor optimism has gotten ahead of itself and if markets have gotten too frothy in the short-term.

Goldilocks Conditions

Much of the strength in U.S. stocks can be attributed to the current macroeconomic backdrop and the so-called "goldilocks" environment. U.S. economic growth has been resilient to say the least. With the unemployment rate close to record lows at 3.9%, the odds of a recession in the near-term appear very low. The other key element in the "just right" goldilocks narrative is inflation and its gradual decent back to a less-problematic level. While still too high relative to the target rate of 2%, the untethered inflation of 2022 appears to have been tamed. Most importantly, this means that it is all but certain that the next move from the U.S. Federal Reserve (Fed) will be interest rate cuts—likely in the second half of 2024. This combination of robust economic growth and Fed easing is a positive backdrop for risk assets, explaining much of the bullish sentiment.

The biggest risk to this narrative is inflation and the potential of "higher-for-longer" interest rates. Many argue that "the last mile is the hardest" in getting inflation down to the Fed's 2% target. Indeed, the most recent U.S. Consumer Price Index (CPI) reading showed core inflation in February running at close to 4% on a Year-over-Year (Y/Y) basis, fueled by the tight labour market and ongoing wage inflation. The timing and magnitude of rate cut expectations has been continually pushed out in recent months and a patient Fed that stays resolute in its fight against inflation may deflate investor optimism. Heightened geopolitical tensions, ongoing challenges in the Chinese real estate sector and an upcoming U.S. presidential election are some other key areas of uncertainty that investors will be watching closely as the year progresses.

The Dawn of AI

AI has captured investor enthusiasm and has spurred broader optimism about the possibilities this transformative technology will create. New market darling Nvidia, the clear leader in providing the complex chips needed in data centres for training AI models, has seen its stock price catapult higher. Nvidia has returned over 500% since the start of 2023 and over 80% Year-to-Date (YTD) alone. The company now boasts a market capitalization of over US$2 trillion. Other names such as Microsoft (MSFT) and Meta (META) have also benefitted on the back of anticipation around business and consumer applications of AI.

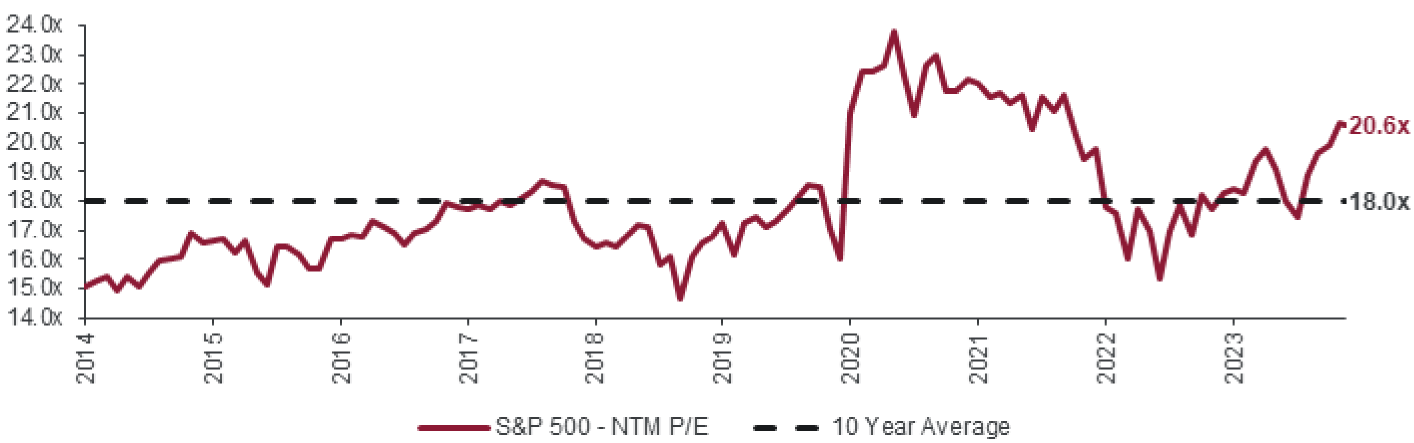
Advancements in generative AI have spurred expectations for huge leaps forward in productivity and enhancement tools in the coming years. Many other transformative applications will likely come to bear in the not-too-distant future. While the early days have been characterized by capital rushing into the space and a fear of being left behind, some believe the hype has gotten ahead of itself. Significant amounts of investment will be needed to reap the full benefits of AI, most notably through leading-edge semiconductors, increased cloud capacity and energy intensive data centres at the heart of training these AI models. Indiscriminate spending on AI ventures may give way to a more measured pace of investment, particularly in light of other spending needs from enterprise customers. Corporations will ultimately need to see a boost to their bottom line (either through increased revenues or lower costs) and a return on their investment.

Valuation Matters

Investors can get caught up in the hype when seeing continuous headlines about markets hitting new highs and a fear-of-missing-out (FOMO) mentality can take over. Valuations matter and at some point markets begin pricing in too much optimism about the future. Whether it's at the stock level or the index level, a time-tested investment adage is that the price you pay is the most important determinant of future returns. Buying at a lower valuation provides a margin of safety and enhances the probability of future profits. A simple metric to look at is a price earnings (P/E) multiple that normalizes the price for the underlying earnings. For the S&P 500, this metric currently stands at 21x based on expected earnings for for the next twelve months. This is a notable premium to both its long-term average of 18x and international equity markets, and suggests that U.S. equities are expensive. Looking at it on a sector basis shows that high valuations in the technology sector (trading at a 9x premium to its 10-year historical average at the end of the first quarter) shows that certain pockets of the market are more expensive than others.

Another investment principal that has served investors well is knowing that valuation is not a great timing tool. Markets can stay expensive for extended periods or get more expensive in the short-term. Betting against expensive U.S. technology growth stocks has been an ill-advised strategy for investors over the last decade. Earnings are a key driver of long-term equity returns, and U.S. equities, particularly technology stocks, have been clear leaders in terms of earnings growth. A possible scenario is that the S&P 500 earnings grow into the current valuation level with higher earnings bringing down the P/E multiple over time. For more value-conscious investors, valuation levels outside of the U.S. look more attractive. For example, Canada's S&P/TSX Composite Index traded at a 14.6x forward P/E multiple at the end of March 2024, relative to its 10-year historical average of 15.1x. Part of this lower multiple is explained by the market composition (lower technology weighting and heavier weighting to interest-rate-sensitive stocks that have lagged) and partly due to the relative weakness of the Canadian economy.

S&P 500 Forward P/E Ratio Vs Historical Average



Source: FactSet; March 15, 2024

The Bottom Line

Some short-term conservatism may be warranted given the elevated macroeconomic uncertainty, pockets of stretched equity valuations and bullish investor sentiment. Trying to time markets tactically is risky and the opportunity cost of missing out on equity market gains can be painful. Time in the market is ultimately what matters to ensure portfolios enjoy the full benefits of long-term compounding. Investors should stick with their investment plan and an asset mix suitable for their risk profile. Please reach out to your CIBC Wood Gundy advisor to discuss your risk preferences and current investment portfolio.

ANDREW O'BRIEN, CFA

A Guide to Canadian Dividend ETFs

In a not so distant past, long-term government bond yields were at historically low levels and the search for yield was a challenge for many investors. In 2010, the head of PIMCO even coined the term "the new normal" implying a new economic landscape of ultra-low rates that could last for years or even decades to come. Fast forward a few years and yields are now making a comeback (reversing a downward trend that started in the summer of 2020) as a result of a combination of factors including higher inflation, an increase in monetary growth, post-Covid supply shortages and the impact of the war in Ukraine. In this current environment when bond yields are higher, they're creating competition for other sources of yield, namely dividend-paying stocks. It's very important to note that Canadian dividend funds should not be thought of as substitutes for fixed income funds. They're inherently different in terms of structure, behaviour and the role they play in portfolios. Below is a look at some Canadian dividend ETFs available in Canada and despite some similarities on the surface, they're very different when we dig in a bit deeper.

Advantages and Drawbacks of Dividend-Paying Companies

When looking at dividend-paying companies from a total return viewpoint, their ability to continue to grow their dividends over time can indicate strong financial health and growth prospects. In that same vein, companies that consistently pay dividends signal discipline in their capital allocation decisions. They prioritize returning profits to shareholders rather than hoarding cash or pursuing risky expansion strategies.

On the flip side, some pundits will claim the distribution of profits to shareholders implies limited growth potential as companies that prioritize paying dividends may have limited capital available for reinvestment into growth opportunities. This could result in slower growth compared to non-dividend-paying companies, particularly in rapidly expanding industries. Investing in dividend-paying companies may mean sacrificing potential returns from high-growth stocks.

Finally, there's an argument to be made that buybacks are a more beneficial way of returning capital to shareholders. Essentially a stock buyback is when a company uses cash to buy shares of its own stock on the open market. In general, stock buybacks lead to fewer shares in circulation meaning each shareholder benefits from owning a larger stake in the company.

There are a total of 23 Canadian dividend ETFs available in Canada. Their management fees range from 10 basis points (bps) to 70 bps. Below is a look at four of the most popular options.

Profile of Four Canadian Dividend ETFs

iShares Canadian Select Dividend ETF (XDIV). XDIV is on CIBC Wood Gundy's ETF Recommended List. The ETF seeks to track the MSCI Canada High Dividend Yield 10% Security index (minus fees). The ETF focuses on Canadian companies (excluding REITs) with high dividend income and includes companies that can generate higher than average dividend yields that are expected to be both sustainable and persistent. Securities are also screened based on certain "quality" factors such as return on equity, earnings variability, debt to equity and on recent 12-month performance. Because of its narrow investment universe, this ETF may have higher than average concentrated exposure to certain companies and/or sectors. The underlying basket of the ETF contains only 17 companies and the top sectors include financials (43.0%), energy (22.4%) and utilities (17.7%). The ETF has a generous distribution yield of 5.97%. However one drawback is the possible duplication in holdings compared to other core equity strategies.

BMO Canadian Dividend ETF (ZDV) and the BMO Canadian High Dividend Covered Call ETF (ZWC).
ZDV does not technically track a specific index. Instead, BMO developed their own proprietary rules-based methodology in order to identify higher yielding companies screened based on their historical growth rate, momentum metric and dividend payout sustainability. Companies that have successfully passed the screening methodology are then weighted by total dividend subject to sector caps. The portfolio is reconstituted in November and rebalanced every May. The ETF currently holds a total of 51 Canadian dividend paying companies and the top sectors include financials (39.4%), energy (18.0%) and communication services (10.4%). The distribution yield is 4.21%.

ZWC is essentially ZDV wrapped into a covered call overlay strategy where call options are written on approximately 50% of the portfolio. More specifically, the ETF will write short-term (typically 1 to 3 months) calls that are out-of-the money (OTM), with the premiums earned from selling calls providing additional income. The methodology was designed in a way to attempt to strike a balance between generating income while allowing some participation in a rising market. At its core, ZWC and other covered call strategies are really intended primarily for investors seeking yield as opposed to those looking for total return (capital appreciation and yield). ZWC has a current distribution yield of 6.96% considerably higher than ZWC. However, ZDV boasts a superior 5-year annualized total return of 7.96% versus 5.37% for ZWC.

Vanguard FTSE Canadian High Dividend Yield ETF (VDY). VDY seeks to track the FTSE Canada High Dividend Yield Index (minus fees). The methodology begins with screening the Canadian stock universe and then ranks the stocks based on their annual forecasted dividend yields. The selected stocks are then market cap weighted to form the ending index. The index is reconstituted annually and rebalanced quarterly. While VDY holds a larger number of companies versus XDIV, it is very much concentrated within two sectors: financials (55.6%) and energy (28.0%). Among the top ten holdings are the five big banks (RY, TD, CM, BMO and BNS) which account for 42% of total portfolio holdings. The distribution yield is decent at 4.96%, however the ETF may contribute to some duplication of holdings with an already well diversified portfolio. Compared to other Canadian dividend ETFs, VDY focuses on the larger capitalization companies and has an overall average market capitalization weight of $85.7 billion.

Table 1: Canadian Dividend ETFs versus the Parent Index ETF (XIC)

Name (click link to view additional details)	Ticker	Yield (%)	MER (%)	Inception Date	Avg. Market Cap. Weight	# of Holdings	5 Yr Rate of Return (%)	5 Yr Sharpe Ratio (%)	Bid/Ask ($)	90D Avg Agg. Vol.
iShares Core MSCI Canadian Qual Div ETF	XDIV	5.97	0.11	6/7/2017	56.5B	17	9.51	0.28	0.01	204.3K
BMO Canadian Dividend ETF	ZDV	4.21	0.39	10/21/2011	67.6B	51	7.96	0.05	0.02	165.9K
BMO CA High Dividend Covered Call ETF	ZWC	6.96	0.72	2/3/2017	70.9B	96	5.37	0.00	0.02	301.9K
Vanguard FTSE Canadian High Div Yield ETF	VDY	4.96	0.22	11/2/2012	85.7B	55	9.76	0.01	0.02	284.2K
iShares Core S&P/TSX Capped Comp ETF	XIC	2.18	0.06	2/16/2001	66.0B	226	9.28	0.38	0.01	1.9M

Source: Fund providers websites. Bloomberg. Data as of February 29, 2024

Bottom Line

Generally, dividend paying companies tend to be more mature and stable companies compared to non-dividend paying companies. They also tend to have a “value” bias which is a positive feature, especially during a market recovery. When looking at Canadian dividend ETFs, the yield may be an important consideration, but there is much more to look at when analyzing an ETF. Along with the yield, the consistency of the returns, volatility, tax efficiency, fees, diversification of the holdings and sectors, and liquidity should all be reviewed and understood before making an investment decision. Please consult with your CIBC Wood Gundy advisor for guidance in selecting suitable investments for your portfolio.

JOEL BERIAULT

Market Return Data

All data is sourced from Bloomberg unless otherwise noted. Data as of March 31, 2024.

North American indices – Price performance (% Change)

North America indices	Price	1 Month	3 Months	6 Months	YTD
S&P/TSX Composite	22,167	3.8%	5.8%	13.4%	5.8%
S&P/TSX Composite – Total Return	89,602	4.1%	6.6%	15.3%	6.6%
S&P 500 Index	5,254	3.1%	10.2%	22.5%	10.2%
S&P 500 Index – Total Return	11,418	3.2%	10.6%	23.5%	10.6%
Dow Jones Industrial Average	39,807	2.1%	5.6%	18.8%	5.6%
Dow Jones Industrial Average – Total Return	98,314	2.2%	6.1%	20.0%	6.1%
Nasdaq Composite Index	16,379	1.8%	9.1%	23.9%	9.1%

North American indices – Price performance (% Change - Annualized)

North America indices	1 Year	2 Years	3 Years	5 Years	10 Years	15 Years	20 Years
S&P/TSX Composite	10.3%	0.6%	5.8%	6.6%	4.5%	6.4%	4.9%
S&P/TSX Composite – Total Return	14.0%	4.0%	9.1%	10.0%	7.7%	9.6%	7.9%
S&P 500 Index	27.9%	7.7%	9.8%	13.1%	10.9%	13.4%	8.0%
S&P 500 Index – Total Return	29.9%	9.5%	11.5%	15.0%	13.0%	15.6%	10.2%
Dow Jones Industrial Average	19.6%	7.1%	6.5%	9.0%	9.2%	11.7%	7.0%
Dow Jones Industrial Average – Total Return	22.2%	9.4%	8.7%	11.3%	11.8%	14.4%	9.6%
Nasdaq Composite Index	34.0%	7.3%	7.3%	16.2%	14.6%	17.1%	11.1%

International indices – Price performance (% Change)

International indices	Price	1 Month	3 Months	6 Months	YTD
Bloomberg Euro 500	326	3.6%	6.2%	12.3%	6.2%
FTSE Eurotop 100	4,057	3.6%	8.3%	13.9%	8.3%
FTSE 100 (England)	7,953	4.2%	2.8%	4.5%	2.8%
Dax (Germany)	18,492	4.6%	10.4%	20.2%	10.4%
CAC 40 (France)	8,206	3.5%	8.8%	15.0%	8.8%
MSCI World	3,438	3.0%	8.5%	20.5%	8.5%
MSCI Emerging Markets	1,043	2.2%	1.9%	9.5%	1.9%
MSCI Emerging Markets – Total Return	2,705	2.5%	2.4%	10.6%	2.4%
MSCI EAFE	2,349	2.8%	5.1%	15.7%	5.1%
MSCI EAFE – Total Return	11,326	3.4%	5.9%	17.0%	5.9%
Nikkei 225 (Japan)	40,369	3.1%	20.6%	26.7%	20.6%
Hang Seng (Hong Kong)	16,541	0.2%	-3.0%	-7.1%	-3.0%
ASX 200 (Australia)	7,897	2.6%	4.0%	12.0%	4.0%
Taiwan Weighted	20,294	7.0%	13.2%	24.1%	13.2%
Sensex 30 (India)	73,651	1.6%	2.0%	11.9%	2.0%

International indices – Price performance (% Change - Annualized)

International indices	1 Year	2 Years	3 Years	5 Years	10 Years	15 Years	20 Years
Bloomberg Euro 500	9.3%	4.6%	4.6%	5.1%	3.7%	6.5%	3.2%
FTSE Eurotop 100	13.2%	8.7%	9.2%	6.9%	4.2%	6.5%	3.2%
FTSE 100 (England)	4.2%	2.9%	5.8%	1.8%	1.9%	4.8%	3.0%
Dax (Germany)	18.3%	13.3%	7.2%	9.9%	6.8%	10.6%	8.2%
CAC 40 (France)	12.1%	11.0%	10.6%	8.9%	6.5%	7.4%	4.2%
MSCI World	23.2%	6.1%	6.9%	10.3%	7.5%	10.2%	6.1%
MSCI Emerging Markets	5.3%	-4.4%	-7.5%	-0.3%	0.5%	4.1%	3.9%
MSCI Emerging Markets – Total Return	8.6%	-1.3%	-4.7%	2.6%	3.3%	7.0%	6.8%
MSCI EAFE	12.3%	3.8%	2.1%	4.6%	2.1%	5.5%	2.9%
MSCI EAFE – Total Return	15.9%	7.2%	5.3%	7.9%	5.3%	8.9%	6.2%
Nikkei 225 (Japan)	44.0%	20.5%	11.4%	13.7%	10.5%	11.3%	6.4%
Hang Seng (Hong Kong)	-18.9%	-13.3%	-16.5%	-10.7%	-2.9%	1.3%	1.3%
ASX 200 (Australia)	10.0%	2.6%	5.2%	5.0%	3.9%	5.4%	4.3%
Taiwan Weighted	27.9%	7.1%	7.3%	13.8%	8.7%	9.5%	5.8%
Sensex 30 (India)	24.9%	12.1%	14.2%	13.8%	12.6%	14.5%	13.8%

Index returns in Canadian dollars – Price performance (% Change)

Index returns in Canadian dollars	Price	1 Month	3 Months	6 Months	YTD
S&P/TSX Composite	22,167	3.8%	5.8%	13.4%	5.8%
S&P/TSX Composite - Total Return	89,602	4.1%	6.6%	15.3%	6.6%
S&P 500 Index	7,113	2.8%	12.9%	22.5%	12.9%
S&P 500 Index - Total Return	15,457	2.9%	13.3%	23.4%	13.3%
Dow Jones Industrial Average	53,887	1.8%	8.3%	18.7%	8.3%
Dow Jones Industrial Average - Total Return	133,087	1.9%	8.8%	20.0%	8.8%
Russell 2000	2,876	3.1%	7.4%	18.9%	7.4%
Nasdaq Composite Index	22,173	1.5%	11.8%	23.8%	11.8%
Bloomberg Euro 500	477	3.2%	6.2%	14.5%	6.2%
EURO STOXX 50	7,429	3.9%	12.4%	24.2%	12.4%
EURO STOXX 50 -Total Return	17,310	4.0%	12.8%	24.9%	12.8%
MSCI World	4,655	2.7%	11.2%	20.5%	11.2%
MSCI Emerging Markets	1,413	1.9%	4.5%	9.5%	4.5%
MSCI Emerging Markets -Total Return	3,663	2.2%	5.0%	10.5%	5.0%
MSCI EAFE	3,182	2.5%	7.7%	15.6%	7.7%
MSCI EAFE - Total Return	15,338	3.1%	8.6%	17.0%	8.6%
MSCI Far East	5,424	1.4%	10.5%	15.7%	10.5%

Index returns in Canadian dollars – Price performance (% Change - Annualized)

Index returns in Canadian dollars	1 Year	2 Years	3 Years	5 Years	10 Years	15 Years	20 Years
S&P/TSX Composite	10.3%	0.6%	5.8%	6.6%	4.5%	6.4%	4.9%
S&P/TSX Composite - Total Return	14.0%	4.0%	9.1%	10.0%	7.7%	9.6%	7.9%
S&P 500 Index	28.0%	12.2%	12.5%	13.4%	13.2%	13.9%	8.2%
S&P 500 Index - Total Return	30.0%	14.0%	14.3%	15.3%	15.3%	16.2%	10.3%
Dow Jones Industrial Average	19.8%	11.6%	9.1%	9.2%	11.5%	12.2%	7.1%
Dow Jones Industrial Average - Total Return	22.3%	14.0%	11.4%	11.6%	14.1%	14.9%	9.8%
Russell 2000	18.0%	5.5%	1.0%	6.9%	8.3%	11.9%	6.8%
Nasdaq Composite Index	34.2%	11.8%	10.0%	16.5%	16.9%	17.7%	11.3%
Bloomberg Euro 500	8.7%	7.5%	4.2%	4.5%	3.2%	5.6%	2.7%
EURO STOXX 50	17.1%	17.3%	8.7%	8.1%	4.5%	5.2%	2.6%
EURO STOXX 50 -Total Return	20.1%	20.3%	11.2%	10.7%	7.1%	8.2%	5.4%
MSCI World	23.3%	10.5%	9.6%	10.6%	9.7%	10.7%	6.2%
MSCI Emerging Markets	5.5%	-0.4%	-5.1%	0.0%	2.6%	4.6%	4.1%
MSCI Emerging Markets -Total Return	8.7%	2.8%	-2.3%	2.9%	5.5%	7.5%	7.0%
MSCI EAFE	12.4%	8.1%	4.6%	4.9%	4.2%	6.0%	3.0%
MSCI EAFE - Total Return	16.1%	11.7%	8.0%	8.1%	7.5%	9.4%	6.3%
MSCI Far East	16.7%	8.2%	1.9%	3.7%	5.8%	5.9%	2.6%

Commodities – (% Change)

Commodities	Price	1 Month	3 Months	6 Months	1 Year	YTD
Gold Spot (US$/oz)	2,229.87	9.1%	8.1%	20.6%	13.2%	8.1%
Silver (US$/oz)	24.96	10.1%	4.9%	12.6%	3.6%	4.9%
Brent Crude Oil	87.48	4.6%	13.6%	-8.2%	9.7%	13.6%
West Texas Intermediate Oil	83.17	6.3%	16.1%	-8.4%	9.9%	16.1%
NYMEX Natural Gas	1.76	-5.2%	-29.9%	-39.8%	-20.4%	-29.9%
Spot Nat. Gas (AECO Hub - USD)	1.24	-7.5%	-4.6%	-30.7%	-37.7%	-4.6%
Copper 3-month	4.02	4.4%	3.6%	7.2%	-1.4%	3.6%
Nickel 3-month	7.60	-6.4%	0.9%	-10.4%	-29.7%	0.9%
Aluminum 3-month	1.06	4.9%	-2.0%	-0.4%	-3.1%	-2.0%
Zinc 3-month	1.11	0.5%	-8.2%	-7.9%	-16.5%	-8.2%

Currencies – (% Change)

Currencies	Price	1 Month	3 Months	6 Months	1 Year	YTD
CAD/USD	0.7386	0.3%	-2.2%	0.3%	-0.2%	-2.2%
EURO/CAD	1.4613	-0.4%	-0.1%	1.8%	-0.3%	-0.1%
EURO/USD	1.0790	-0.1%	-2.3%	2.1%	-0.5%	-2.3%
USD/YEN	151.3500	0.9%	7.3%	1.3%	13.9%	7.3%
U.S. Dollar Index	104.4870	0.3%	3.1%	-1.6%	1.9%	3.1%

Bond returns – Total return (% Change)

Bond Index	1 Month	3 Months	6 Months	1 Year	YTD
FTSE Canada Bond Universe Index	0.5%	-1.2%	6.9%	2.1%	-1.2%
FTSE Canada Long Term Bond Index	0.3%	-3.6%	10.7%	0.8%	-3.6%
FTSE Canada Mid Term Bond Index	0.7%	-1.1%	7.0%	1.1%	-1.1%
FTSE Canada Short Term Bond Index	0.5%	0.3%	4.4%	3.5%	0.3%

Government Yields

Government Notes	Yield	1 Month	3 Months	6 Months	1 Year
Canada 3-month T-Bills	4.99%	4.91%	5.04%	5.07%	4.34%
Canada 5yr Notes	3.53%	3.57%	3.18%	4.25%	3.02%
Canada 10yr Notes	3.47%	3.49%	3.11%	4.03%	2.90%
Canada 30yr Bonds	3.35%	3.36%	3.03%	3.81%	3.00%
U.S. 3-month T-Bills	5.36%	5.38%	5.33%	5.45%	4.69%
U.S. 5yr Notes	4.21%	4.24%	3.85%	4.61%	3.57%
U.S. 10yr Notes	4.20%	4.25%	3.88%	4.57%	3.47%
U.S. 30yr Bonds	4.34%	4.38%	4.03%	4.70%	3.65%

S&P/TSX GICS sectors – Price performance (% Change)

S&P/TSX GICS Sectors	1 Month	3 Months	6 Months	1 Year	YTD	Index Weight (%)
Consumer Discretionary	0.7%	4.0%	10.9%	8.4%	4.0%	3.5%
Consumer Staples	-3.3%	3.6%	11.5%	6.5%	3.6%	4.1%
Energy	6.4%	11.7%	8.8%	17.0%	11.7%	18.0%
Energy - Integrated Oil & Gas	9.7%	20.0%	3.8%	19.8%	20.0%	3.6%
Energy - Oil & Gas Exploration & Production	7.8%	16.9%	8.4%	27.9%	16.9%	6.6%
Energy - Pipeline	3.4%	4.1%	12.1%	0.1%	4.1%	6.3%
Financials	3.2%	4.4%	16.6%	13.2%	4.4%	30.9%
Financials - Banks	4.3%	2.1%	12.9%	6.8%	2.1%	19.8%
Financials - Insurance	2.6%	7.8%	19.5%	22.2%	7.8%	4.6%
Real Estate	2.0%	0.8%	10.4%	-1.2%	0.8%	2.3%
Health Care	13.3%	17.7%	19.3%	35.5%	17.7%	0.3%
Industrials	2.7%	10.8%	18.6%	15.3%	10.8%	14.4%
Information Technology	-0.3%	4.8%	29.9%	39.9%	4.8%	8.6%
Materials	15.1%	5.4%	6.8%	-5.2%	5.4%	11.0%
Materials - Gold	18.2%	3.6%	13.5%	-3.7%	3.6%	6.2%
Materials - Base Metals	16.5%	13.9%	11.5%	20.0%	13.9%	1.4%
Materials - Fertilizers	3.9%	-1.4%	-12.3%	-26.3%	-1.4%	1.1%
Communication Services	-8.1%	-10.0%	-4.5%	-19.8%	-10.0%	3.2%
Utilities	2.2%	-2.3%	4.4%	-11.5%	-2.3%	3.7%

Strategic asset allocation[1] (in C$) - Performance (% Change - Before Fees)

Strategic Asset Allocation (in C$)	1 Month	3 Months	6 Months	1 Year	YTD
Capital Preservation	1.1%	1.1%	7.8%	5.7%	1.1%
Income	1.5%	1.7%	9.4%	7.2%	1.7%
Income & Growth	2.3%	3.9%	12.7%	11.8%	3.9%
Growth	2.7%	5.3%	15.1%	15.2%	5.3%
Aggressive Growth	3.3%	7.3%	18.2%	19.8%	7.3%

CIBC World Markets Interest Rate Outlook

Interest Rates (%) – End of Qtr	31-Mar-24	Jun-24	Sep-24
Canada 3-month T-Bill	4.99%	4.50%	4.00%
U.S. 3-month T-Bill	5.36%	5.30%	4.80%
Canada 10-year Gov’t Bond Yield	3.47%	3.25%	3.20%
U.S. 10-year Gov’t Bond Yield	4.20%	4.10%	3.90%
US$ / C$	0.74	0.73	0.74

Source: CIBC World Markets Inc.

CIBC World Markets Economic Outlook

Economic Outlook	2024F	2025F
Canada Real GDP Growth (% Chg)	1.0%	1.6%
U.S. Real GDP Growth (% Chg)	2.3%	1.9%
Canada Consumer Price Index (% Chg)	2.3%	1.8%
U.S. Consumer Price Index (% Chg)	2.7%	2.6%
Canada Unemployment Rate (%)	6.1%	5.8%
U.S. Unemployment Rate (%)	4.1%	4.0%

Source: CIBC World Markets Inc.

[1] Refer to the Strategic asset allocation in Appendix 1

Appendix 1: Strategic Asset Allocation

Capital Preservation: 5% Global Equity, 15% Canadian Equity, 55% Bonds, 25% Cash

Income: 10% Global Equity, 20% Canadian Equity, 55% Bonds, 15% Cash

Income & Growth: 25% Global Equity, 30% Canadian Equity, 35% Bonds, 10% Cash

Growth: 40% Global Equity, 30% Canadian Equity, 25% Bonds, 5% Cash

Aggressive Growth: 60% Global Equity, 30% Canadian Equity, 10% Bonds, 0% Cash

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