CIBC PRIVATE WEALTH

INVESTMENT STRATEGY GROUP

MONTHLY WORLD MARKETS REPORT

October 2021

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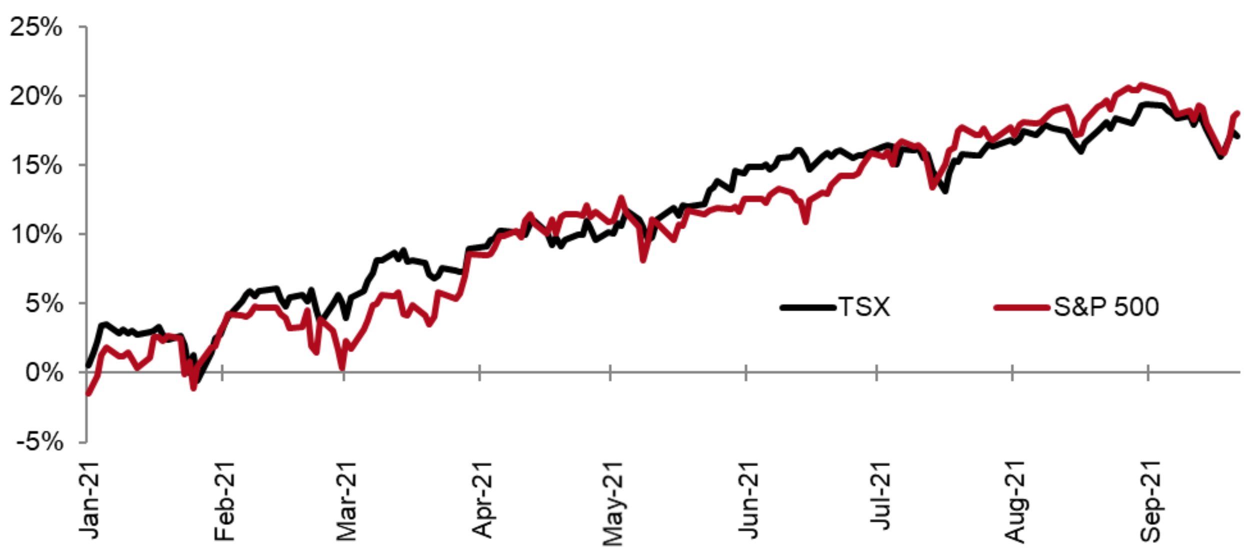
Unless otherwise noted, all prices quoted in this report are as of the close of markets on September 24, 2021.

North American Equity Markets In 2021: So Far, So Good. Now What?

So far, 2021 has been a good year for equity investors. When the first COVID-19 lockdowns began in 2020 and the markets plunged, few investors would have imagined that North American equity markets would have rebounded to their current levels after bottoming in March of 2020. At the time of the writing of this article and as we approach the end of the third quarter of 2021, the S&P/TSX Composite Index (TSX) is up 17.1%, the S&P 500 (S&P) has gained 18.7% while the NASDAQ has risen 16.7%. The three sectors leading the TSX higher have been Energy, Information Technology, and Real Estate, with gains of 33.3%, 30.6%, and 26.8%, respectively, while the laggards have been Utilities, Health Care, and Materials, with respective gains of 5.2%, 2.4%, and -6.4%.

The gain in the TSX may not come as a surprise to many, especially when one considers the massive financial support from the Canadian government in the form of wage subsidies to workers who were unable to work due to the lockdowns, as well as the Bank of Canada (BoC) continuing to maintain a policy of low interest rates and its significant but reduced monthly fixed-income security purchases, which helped to prevent high interest rates across the yield curve while benefitting bondholders by boosting the prices of fixed-income securities. With the run-up in equities from the March 2020 lows and with ten out of the eleven GICS sectors that comprise the TSX registering gains so far this year, investors may be surprised to learn that despite the impressive gains this year, the TSX trades at a price-to-earnings ratio (P/E) of 15.6x next year's estimated earnings per share, which is 9.8% above the 10-year average of 14.2x, suggesting that Canadian equities are not massively overvalued.

Market Performance Year to Date



Source: Bloomberg

Looking at the U.S. equity markets, the same can be said as for Canada's equity markets: it has been a good year so far. The 18.7% gain in the S&P year-to-date has been underpinned by the Energy, Financial and Real Estate sectors, which have registered gains of 35.1%, 29.8% and 26.1%, respectively, so far this year. The laggards year-to-date have been the Materials, Consumer Staples and Utilities sectors with respective gains of 11.7%, 5.7%, and 3.8%. With the U.S. Federal Reserve (Fed) having maintained low interest rates and its huge purchases of fixed-income securities, and with the U.S. government continuing to supply trillions of stimulus dollars, it should not be a surprise that all of the eleven GICS sectors that comprise the S&P are in positive territory so far. However, this has not happened without some investors nervously looking at valuation. Using next year's estimated earnings per share, the S&P trades at a P/E of 20.3x, which is 30.1% above the 10-year average of 15.6x, suggesting that U.S. equities are quite overvalued. Should the S&P's P/E expansion reverse and the P/E return more closely to its long-term average, the drop in the value of U.S. equities could be substantial.

For the TSX and the S&P, it is noteworthy that the Energy and Real Estate sectors are among the leaders. This most likely reflects the effect of the reopening of the North American economy as businesses, stores, and shopping malls reopen and as workers return to the office and more fuel is used for people to get to work. Also for the TSX and the S&P, the Utilities sector is among the laggards. This might not come as a surprise. With strong corporate earnings and optimism having boosted equities this year, investors have had little reason to be defensive.

It would be nice if today we could close out the year and book the above-mentioned gains for 2021 but with three more months left in 2021, there are reasons for caution. With the BoC having reduced its asset purchases and the Fed expected to follow suit sooner than anticipated, the corresponding move up in interest rates could crimp the upside potential for equities. Inflation, which had largely been forgotten over the last several years, is now garnering more attention. Should producers of goods and services not be able to pass on all of their cost increases to consumers through price increases, this may pressure earnings in certain sectors and equities may fall as a result. With the economic reopening proceeding even as the delta variant of COVID-19 spreads, there is still the risk that should the delta variant gain the upper hand, governments of the world will once again panic, overreact and impose far-reaching shutdowns, which could cause significant downside for equities. So as we end the third quarter of 2021, modest expectations for gains in equities in the fourth quarter and a higher weighting in the defensive sectors may be appropriate.

MICHAEL O'CALLAGHAN, MBA, CFA

How Diversified is your Exchange Traded Fund?

Diversification and Overlap of your ETF Holdings

Diversification can reduce risk by investing across various assets classes, geographies, sectors, etc. When we think of diversification in investing we most often think of this concept within the context of an entire portfolio. In other words from a top-down high-level overview of the aggregated components of a portfolio. While this may be an important step of any analysis, identifying the source of this diversification (or alternatively the lack of diversification) is the key to sound portfolio construction.

Some of the largest and most popular ETFs at the surface may seem well diversified when looking at the number of stocks and sectors they represent. For example, the iShares Core S&P 500 Index ETF (XUS or IVV in the US) tracks the 500 largest companies by market capitalization in the US however when looking under the hood we quickly realize that nearly one-quarter of the holdings are invested in the top five stocks: Apple (AAPL), Microsoft (MFST), Amazon (AMZN), Facebook (FB) and Alphabet (GOOGL and GOOG) accounting for 22.9% of the index. It is true as shown in Table 1 below, the ETF is well diversified across sectors but the high concentration of a few stocks at the top can dilute the benefits of diversification.

Table 1: Sector Allocation of US Equity ETFs

ETF/Sector Weight (%)	XUS	QQC	ZDJ	EQL	QQEQ	EDOW
Information Technology	28.0	48.7	22.5	15.5	41.9	24.2
Health Care	13.4	6.7	16.5	14.0	14.7	13.0
Consumer Discretionary	12.0	16.8	13.9	12.3	14.7	11.1
Communication Services	11.5	19.6	4.5	4.2	12.2	6.6
Financials	11.0	0.0	16.6	12.9	0.0	13.5
Industrials	8.1	2.7	15.6	14.6	6.9	12.3
Consumer Staples	5.8	4.7	7.5	6.1	6.7	13.4
Real Estate	2.6	0.0	0.0	5.8	0.0	0.0
Utilities	2.5	0.9	0.0	5.6	3.0	0.0
Materials	2.5	0.0	1.1	5.4	0.0	3.0
Energy	2.4	0.0	1.8	3.7	0.0	3.0
Cash	0.3	0.0	0.0	0.0	0.0	0.0
Total	100.0	100.0	100.0	100.0	100.0	100.0

Source: ETF Fund Providers. September 10, 2021

Another popular US equity ETF is the BMO Dow Jones Industrial Average Hedged to CAD Index ETF (ZDJ) and similarly the SPDR Dow Jones Industrial Average ETF (DIA) in the US. The Dow Jones Industrial Average Index (DJIA) is a price-weighted stock index comprised of 30 sector leading companies. The top five companies listed on the DJIA account for nearly one-third of the entire index at a combined 32.5% in total weight. Although the DJIA utilizes a different weighting methodology as the S&P 500, the overall diversification is not as concentrated as stocks are spread out more uniformly by weight. Finally the Invesco NASDAQ 100 Index ETF (QQC) or the Invesco QQQ Index ETF (QQQ) in the US tracks the Nasdaq 100 Index and include some of the most innovative large-cap companies in the country. The top 5 holdings in this case account for over 37% of the index! These are the same top stocks as the S&P 500 Index (with the exception of GOOGL ranked 8th largest). In fact about 80% of the companies listed on the NASDAQ 100 and every single stock on the DJIA are also listed on the S&P 500 Index. This significant overlap between these large US equity ETFs can reduce the diversification benefits of a portfolio and therefore it is important to understand and be aware of the holdings characteristics of each ETF.

From Table 1 we can see that despite having similar holdings and some overlap the three ETFs possess very distinct sector allocations. In fact, XUS has a much broader mandate across every sector and market capitalization of the economy while QQC tend to focus on firms from the Information Technology sector and ZDJ is much more concentrated in nature only tracking the 30 of largest blue chip companies. Nonetheless these indices have been around many years and at their infancy were not originally intended or designed to be tracked by investment vehicles such as ETFs. One way to correct the disproportionately top heavy concentration of these ETFs, Fund Providers have developed equal-weighted methodologies. Invesco S&P 500 Equal Weight Index ETF (EQL), Invesco NASDAQ 100 Equal Weight Index ETF (QQEQ) and the First Trust Dow 30 Equal Weight ETF (EDOW) track the same stocks as their cap-weighted equivalent (XUS, QQC and ZDJ) but are more diversified and therefore carry less stock specific risk. Investors must be aware that equal-weighted ETFs also tend to have a larger value bias and tilt towards small to mid-cap stocks. Because of their value-tilt they will also typically perform better early in an economic recovery but will likely lag in a sustained bull market versus a market-weighted ETF that favours larger more mature blue chip companies. Also, due to their higher turnover rates, equal-weighted ETFs are more expensive (due to higher trading costs) and will generally trigger higher capital gains (from the regular buying and selling required for rebalancing).

Canada, the iShares S&P/TSX 60 Index ETF (XIU) is one of the largest and most liquid ETFs in Canada. XIU tracks the largest 60 companies trading on the TSE and is heavily tilted towards the Financials and Energy sectors with a combined weight of nearly 50%. Shopify (SHOP) is the largest holding at approximately 9% and from Table 2, the top five holdings account for 32.2% weight of the entire ETF. BMO S&P/TSX Capped Composite Index ETF (ZCN) tracks a broader basket representing approximately 95% of the Canadian equity market. While the top holdings are similar, ZCN tracks a less concentrated basket of 230 large, medium and small capitalization companies and offers a more comprehensive exposure to all sectors. There are no equal-weighted Canadian equity ETFs available however in order to complement existing Canadian equity ETFs that may be heavily concentrated by stock and/or by sector they can be combined with other Canadian equity ETFs in order enhance the overall diversification of a portfolio.

Table 2: Sector Allocation of Canadian Equity ETFs

ETF/Sector Weight (%)	XIU	ZCN	ZLB	WXM	CMCE
Financials	35.3	31.4	22.5	17.7	34.4
Energy	13.2	13.0	0.0	14.0	5.3
Information Technology	12.8	11.3	3.8	3.9	2.2
Industrials	10.7	11.4	9.9	10.7	12.8
Materials	9.7	11.5	7.5	13.4	21.4
Communication Services	5.9	4.9	10.5	6.5	1.8
Consumer Discretionary	3.8	3.9	7.1	16.1	5.9
Consumer Staples	3.8	3.5	15.1	6.7	8.1
Utilities	3.2	4.5	15.2	3.3	2.0
Health Care	0.7	1.4	0.0	0.0	0.0
Real Estate	0.5	3.2	8.0	7.8	6.1
Cash	0.5	0.0	0.4	0.0	0.0
Total	100.0	100.0	100.0	100.0	100.0

Source: ETF Fund Providers. September 10, 2021

BMO Low Volatility Canadian Equity ETF (ZLB) uses beta as the primary investment selection and weighting criteria. Low beta stocks tend to be less volatile over time and as a result of this unique stock selection process this ETF will naturally exhibit more defensive characteristics. ZCN tracks only 47 stocks but as a distinction to both XIU and ZCN places a greater emphasis on the Consumer Staples and Utilities sectors. CI Morningstar Canada Momentum Index ETF (WXM) tracks a basket of 30 companies that have demonstrated positive momentum in earnings and price. The ETF is equally weighted and rebalanced quarterly. Due to the nature of its methodology WXM will focus on sectors that tend to be more sensitive to economic cycles such as Financials, Consumer Discretionary, Energy and Materials. CIBC Multifactor Canadian Equity ETF (CMCE) invests in an equally-weighted portfolio of Canadian stocks that exhibit a high level of value, momentum, low volatility and quality characteristics. What is particularly interesting with CMCE is that it has a large concentration of Financials stocks yet in contrast to the main S&P/TSX parent index those do not include large Canadian banks (with the exception of TD) in its top 10 holdings but rather quite differently will include instead an international management and holding company (POW), life asset management companies (IGM and ONEX) and a regional bank (CWB) a part of their top holdings.

Bottom Line

“Diversification is the only free lunch” in investing, is a quote attributed to Nobel Prize laureate Harry Markowitz. Markowitz, an economist developed the Modern Portfolio Theory (MPT) in the 1950s. MPT advocates the diversification by stocks, bonds and cash but also across various industry sectors. geographic sectors and investment styles. MPT makes sense in theory (hence the name) and should be used as a guide to portfolio construction. However the reality is that investor’s portfolios evolve over time: stocks, bonds, ETFs, mutual funds, etc. are bought and sold over time; equity and credit cycles go up, down and in full circles thereby continually altering the makeup of their portfolios. What can seem at a high level a perfectly diversified portfolio it is essential to do our research by digging down and peeling away the different layers by sector and underlying holdings in order to truly maximize the benefits of diversification.

JOEL BERIAULT, CIM

Canadian equities

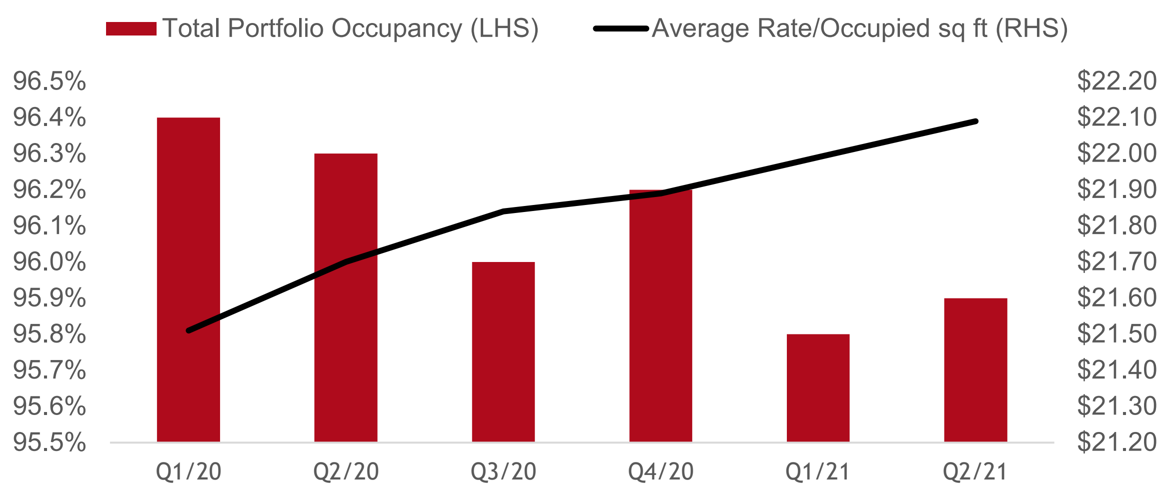
First Capital REIT (FCR.UN, $18.00, Outperformer) Price Target: $22.00

The Canadian REIT complex has continued to deliver strong returns this year, with the S&P/TSX Composite Real Estate Index delivering a total return of 29% year to date, easily surpassing the S&P/TSX Composite Index's total return of 19%. While performances within the sub-sectors have been mixed, every property type is up considerably year to date, fueled by positive sentiment on economic recovery supported by progress on vaccination rollouts. Inflation has been in the headlines this year as pent-up demand in conjunction with supply bottlenecks have resulted in price pressures. REITs overall are well positioned in an inflationary environment as historically both real estate rents and values tend to increase along with a rise in price levels.

With the unwinding of the pandemic-related restrictions over the past few months, which has led to an improving outlook for retailers, retail REIT fundamentals have continued to improve. First Capital REIT owns, operates and develops defensively positioned grocery-anchored retail and mixed-use properties in super urban neighborhoods, which are identified based on population density and proximity to public transit, in Canada's largest cities. More than 90% of the REIT's revenues are derived from leases with retail tenants that provide essential products and services, including grocery stores, pharmacies, and other necessity-based retailers. Throughout the pandemic, the REIT has maintained very healthy levels of total portfolio occupancy. In the latest Q2/21 earnings release, occupancy was reported 95.9%, only slightly lower than pre-pandemic levels. Its reported headline organic growth of 16.6% was driven by much lower rent provisions compared to the same period last year. Excluding the impact of the provisions, organic growth increased at a more modest pace of 0.3%, mostly due to rent growth. Rent renewal spreads continued to trend higher at an average 8% spread over expiring rents, and rent collections were stable at 95% of gross rent due in Q2.

First Capital has been taking positive steps towards deleveraging its balance sheet. It currently has $377 million of assets held for sale, which have a very low Net Operating Income (NOI) yield. Therefore, the proceeds from the disposition of these assets are expected to meaningfully improve the REIT's debt metrics without having a material impact on its earnings over the next couple of quarters. Additionally, management has identified 24.2 million square feet of incremental density for future development within its existing portfolio, which should aid its debt-reduction process and support Net Asset Value (NAV) growth.

First Capital REIT: Occupancy and Average Rate per Occupied Square Feet



Source: Company reports

CIBC analyst Dean Wilkinson rates First Capital Outperformer based on its high-quality assets and attractive valuation. The units are trading at a 22% discount to his estimated NAV per unit, compared to peers which trade at an average discount of 4% to estimated NAV/unit. Given the REIT's superior-quality, defensively positioned assets in desirable locations, a clear path to lower leverage, and a sizeable pipeline of development opportunities, he believes the current valuation offers an attractive entry point.

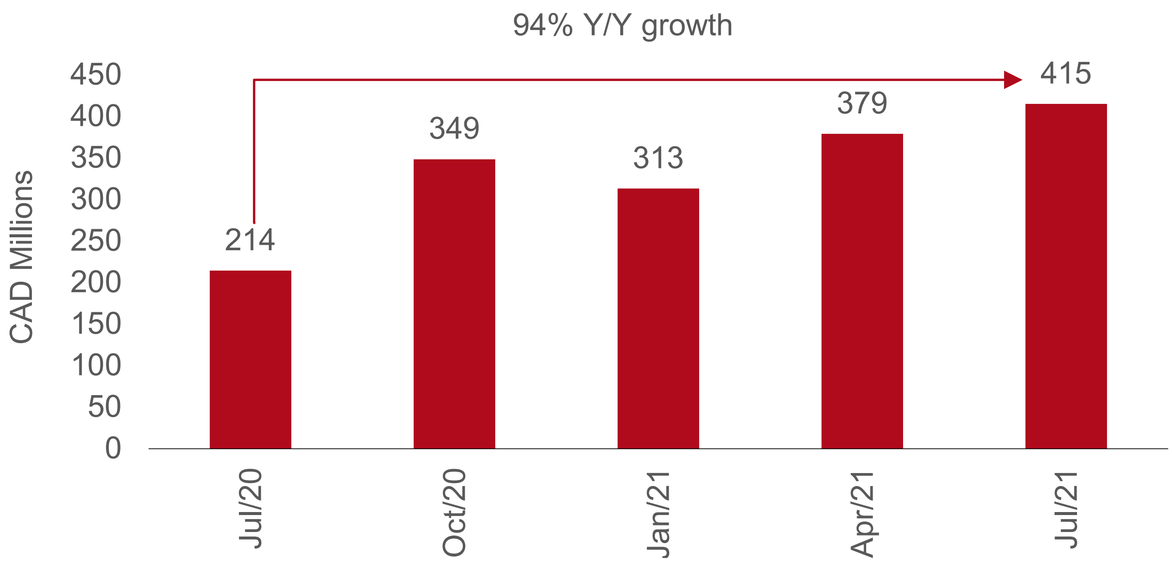
PUJA GHOSH, CFA, MBA, MSc.

BRP Inc. (DOO-TSX, $123.59, Outperformer) Price Target: C$134.00

BRP Inc. designs, develops, manufactures, and distributes recreational vehicles. The company sells watercrafts, sport boats, snowmobiles, pontoons, all-terrain vehicles, utility vehicles, and marine propulsion systems. It also develops and manufactures engines through its Rotax segment for use in BRP's fleet of vehicles in addition to motorcycles, karts, and ultralight aircrafts. Serving customers around the world, BRP sells its products under several well-known brands such as Sea-Doo, Ski-Doo, and Can-Am.

BRP reported strong fiscal Q2/22 results, including adjusted EBITDA of $415 million, well ahead of consensus of $254 million and up 94% year over year (Y/Y). Revenue of $1.90 billion was also above the Street's expectation of $1.72 billion and up 54% Y/Y. The solid beat was driven primarily by better-than-expected gross margin, which was up 980 basis points Y/Y. BRP's North American retail sales were down 19% Y/Y due to low dealer inventory and limited product availability, but it still beat the industry sales decline of mid-30%. Despite dealer inventories remaining well below historical levels, the company has gained market share in side-by-side, three-wheeled vehicle and personal watercraft product lines. Management updated its F2022 guidance, including widening revenue growth guidance to 27%-35%, from 28%-33%, due to the ongoing uncertainty of the supply chain, but increasing EPS guidance to $8.25-$9.75, from $7.25-$8.00.

BRP Inc. - Adjusted EBITDA



Source: Company reports

BRP has several initiatives under way that should allow it to garner a substantial portion of recreational spending from consumers, including a range of new innovative products and expanding factory capacity. The company started production at its Juarez 3 facility on August 23, 2021, which adds 50% capacity to side-by-side vehicles, which has revenue potential of approximately $900 million. Additionally, it launched an entry-level pontoon that has approximately 30% market share in the powerboats industry. BRP has a solid track record of introducing entry-level products in the market that attract new entrants, including a younger generation, to the boating industry. Furthermore, Project Ghost and future electrification of its vehicles will likely position the company well for sustained growth in F2023 and beyond.

Powersports has been a winner in the pandemic, and CIBC analyst Mark Petrie expects demand to slow over time but remain higher than it was before the pandemic. He believes the supply chain challenges are transient, and the semiconductor shortages are expected to improve by 2022 as vaccination rates among OEM workers in South Asia increase. The rebuilding of dealer inventory also presents another tailwind for revenue growth. Mr. Petrie finds valuations at current levels attractive as he believes there is significant upside to BRP before reaching "peak earnings."

ANKUR JAIN

Company Data

A – Actual for the fiscal year; E – Estimate for the fiscal year; NM – Not Meaningful.

Company Name	Symbol	Stock Rating	Market Cap	Price 24-Sep-21	Price Target	Adjusted EPS 2020A	Adjusted EPS 2021E	Adjusted EPS 2022E	P/E 2021E	Dividend Yield
First Capital REIT [1]	FCR.UN	OP	$4.0B	$18.00	$22.00	$1.01	$1.15	$1.14	15.7x	2.4%
BRP Inc.	DOO	OP	$10.0B	$123.59	$134.00	-	$5.39A	$9.08	13.6x[2]	0.4%

[1] FFOPS (Funds from Operations per share) and P/FFOPS are stated instead of EPS and P/E, respectively. [2] P/E figure is based on 2022 EPS estimate. For a full description of the CIBC World Markets Inc. and the Research Rating System, please see disclosures and disclaimers at the end of the report.

Market return data

All data is sourced from Bloomberg unless otherwise noted. Data as of September 30, 2021.

North American indices – Price performance (% Change)

North America indices	Price	1 Month	3 Months	6 Months	YTD
S&P/TSX Composite	20,070	-2.5%	-0.5%	7.3%	15.1%
S&P/TSX Composite – Total Return	75,009	-2.2%	0.2%	8.7%	17.5%
S&P 500 Index	4,308	-4.8%	0.2%	8.4%	14.7%
S&P 500 Index – Total Return	8,995	-4.7%	0.6%	9.2%	15.9%
Dow Jones Industrial Average	33,844	-4.3%	-1.9%	2.6%	10.6%
Dow Jones Industrial Average – Total Return	79,359	-4.2%	-1.5%	3.5%	12.1%
Nasdaq Composite Index	14,449	-5.3%	-0.4%	9.1%	12.1%

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	24.5%	9.8%	7.7%	6.4%	5.6%	3.6%	5.5%
S&P/TSX Composite – Total Return	28.0%	13.1%	11.1%	9.6%	8.8%	6.7%	8.4%
S&P 500 Index	28.1%	20.3%	13.9%	14.7%	14.3%	8.1%	7.4%
S&P 500 Index – Total Return	30.0%	22.4%	16.0%	16.9%	16.6%	10.4%	9.5%
Dow Jones Industrial Average	21.8%	12.1%	8.6%	13.1%	12.0%	7.4%	6.9%
Dow Jones Industrial Average – Total Return	24.2%	14.6%	11.0%	15.7%	14.7%	10.1%	9.6%
Nasdaq Composite Index	29.4%	34.4%	21.5%	22.2%	19.6%	13.2%	12.0%

International indices – Price performance (% Change)

International indices	Price	1 Month	3 Months	6 Months	YTD
Bloomberg Euro 500	298	-3.2%	-0.3%	4.7%	12.4%
FTSE Eurotop 100	3,295	-2.7%	0.2%	5.9%	14.3%
FTSE 100 (England)	7,086	-0.5%	0.7%	5.6%	9.7%
Dax (Germany)	15,261	-3.6%	-1.7%	1.7%	11.2%
CAC 40 (France)	6,520	-2.4%	0.2%	7.5%	17.4%
MSCI World	3,007	-4.3%	-0.4%	6.9%	11.8%
MSCI Emerging Markets	1,253	-4.2%	-8.8%	-4.8%	-3.0%
MSCI Emerging Markets – Total Return	3,021	-3.9%	-8.0%	-3.3%	-1.0%
MSCI EAFE	2,281	-3.2%	-1.0%	3.3%	6.2%
MSCI EAFE – Total Return	10,184	-2.8%	-0.4%	5.0%	8.8%
Nikkei 225 (Japan)	29,453	4.9%	2.3%	0.9%	7.3%
Hang Seng (Hong Kong)	24,576	-5.0%	-14.8%	-13.4%	-9.8%
ASX 200 (Australia)	7,332	-2.7%	0.3%	8.0%	11.3%
Taiwan Weighted	16,935	-3.2%	-4.6%	3.1%	14.9%
Sensex 30 (India)	59,126	2.7%	12.7%	19.4%	23.8%

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	25.2%	6.6%	4.9%	5.3%	6.6%	1.3%	2.2%
FTSE Eurotop 100	25.5%	4.6%	4.6%	4.4%	5.5%	0.7%	1.2%
FTSE 100 (England)	20.8%	-2.2%	-1.9%	0.5%	3.3%	1.2%	1.9%
Dax (Germany)	19.6%	10.8%	7.6%	7.7%	10.7%	6.4%	6.5%
CAC 40 (France)	35.7%	7.2%	5.9%	7.9%	8.1%	1.5%	2.4%
MSCI World	27.0%	17.4%	11.2%	11.7%	10.5%	5.4%	6.1%
MSCI Emerging Markets	15.8%	11.9%	6.1%	6.8%	3.6%	3.2%	8.4%
MSCI Emerging Markets – Total Return	18.6%	14.7%	9.0%	9.6%	6.5%	6.0%	11.3%
MSCI EAFE	23.0%	9.9%	4.9%	6.0%	5.2%	1.3%	3.8%
MSCI EAFE – Total Return	26.3%	12.9%	8.1%	9.3%	8.6%	4.6%	7.0%
Nikkei 225 (Japan)	27.0%	16.4%	6.9%	12.4%	13.0%	4.1%	5.7%
Hang Seng (Hong Kong)	4.8%	-2.9%	-4.0%	1.1%	3.4%	2.3%	4.6%
ASX 200 (Australia)	26.1%	4.7%	5.7%	6.2%	6.2%	2.4%	4.5%
Taiwan Weighted	35.3%	25.0%	15.4%	13.1%	8.9%	6.2%	8.0%
Sensex 30 (India)	55.3%	23.7%	17.7%	16.2%	13.6%	10.9%	16.5%

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	20,070	-2.5%	-0.5%	7.3%	15.1%
S&P/TSX Composite - Total Return	75,009	-2.2%	0.2%	8.7%	17.5%
S&P 500 Index	5,465	-4.3%	2.5%	9.4%	14.0%
S&P 500 Index - Total Return	11,412	-4.2%	2.8%	10.2%	15.2%
Dow Jones Industrial Average	42,938	-3.8%	0.3%	3.5%	9.9%
Dow Jones Industrial Average - Total Return	100,683	-3.7%	0.8%	4.5%	11.4%
Russell 2000	2,797	-2.6%	-2.5%	0.2%	10.9%
Nasdaq Composite Index	18,331	-4.9%	1.9%	10.1%	11.4%
Bloomberg Euro 500	438	-4.7%	-0.5%	4.0%	5.7%
EURO STOXX 50	5,943	-5.0%	-0.5%	2.6%	7.2%
EURO STOXX 50 -Total Return	13,090	-4.9%	-0.3%	4.1%	9.0%
MSCI World	3,814	-3.8%	1.9%	7.9%	11.1%
MSCI Emerging Markets	1,590	-3.8%	-6.8%	-3.9%	-3.6%
MSCI Emerging Markets -Total Return	3,833	-3.5%	-5.9%	-2.4%	-1.6%
MSCI EAFE	2,894	-2.7%	1.2%	4.2%	5.6%
MSCI EAFE - Total Return	12,920	-2.4%	1.9%	6.0%	8.1%
MSCI Far East	5,266	1.5%	4.3%	2.6%	2.8%

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	24.5%	9.8%	7.7%	6.4%	5.6%	3.6%	5.5%
S&P/TSX Composite - Total Return	28.0%	13.1%	11.1%	9.6%	8.8%	6.7%	8.4%
S&P 500 Index	22.1%	17.8%	13.2%	14.0%	16.6%	9.0%	6.2%
S&P 500 Index - Total Return	23.9%	19.8%	15.2%	16.1%	19.0%	11.3%	8.3%
Dow Jones Industrial Average	16.1%	9.8%	7.8%	12.3%	14.2%	8.3%	5.8%
Dow Jones Industrial Average - Total Return	18.3%	12.1%	10.3%	14.9%	17.0%	11.0%	8.4%
Russell 2000	39.4%	17.7%	8.4%	11.2%	15.4%	8.6%	7.7%
Nasdaq Composite Index	23.3%	31.6%	20.8%	21.3%	22.0%	14.1%	10.8%
Bloomberg Euro 500	17.8%	7.5%	4.1%	5.2%	7.1%	1.6%	2.4%
EURO STOXX 50	19.3%	7.4%	5.2%	6.1%	6.9%	0.5%	1.1%
EURO STOXX 50 -Total Return	21.4%	9.5%	7.5%	8.6%	9.8%	3.4%	3.9%
MSCI World	21.1%	15.0%	10.5%	11.0%	12.8%	6.3%	4.9%
MSCI Emerging Markets	10.4%	9.5%	5.4%	6.1%	5.7%	4.1%	7.2%
MSCI Emerging Markets -Total Return	13.0%	12.3%	8.3%	8.9%	8.6%	6.9%	10.1%
MSCI EAFE	17.2%	7.6%	4.3%	5.3%	7.3%	2.1%	2.7%
MSCI EAFE - Total Return	20.4%	10.5%	7.4%	8.6%	10.8%	5.5%	5.9%
MSCI Far East	13.6%	8.2%	3.9%	5.8%	8.1%	2.8%	2.9%

Commodities – (% Change)

Commodities	Price	1 Month	3 Months	6 Months	1 Year	YTD
Gold Spot (US$/oz)	1,756.95	-3.1%	-0.7%	2.9%	-6.8%	-7.4%
Silver (US$/oz)	22.17	-7.2%	-15.1%	-9.2%	-4.6%	-16.0%
Brent Crude Oil	78.52	7.6%	4.5%	23.6%	91.7%	51.6%
West Texas Intermediate Oil	75.03	9.5%	2.1%	26.8%	86.5%	54.6%
NYMEX Natural Gas	5.87	34.0%	60.7%	125.0%	132.2%	131.1%
Spot Nat. Gas (AECO Hub - USD)	2.91	-0.3%	-15.7%	37.3%	114.0%	49.2%
Lumber	627.50	30.0%	-12.4%	-37.8%	2.5%	-28.1%
Copper 3-month	4.05	-6.1%	-4.7%	1.7%	33.9%	15.1%
Nickel 3-month	8.14	-8.2%	-1.5%	11.6%	23.6%	8.0%
Aluminum 3-month	1.30	5.2%	13.3%	29.2%	62.0%	44.4%
Zinc 3-month	1.36	-0.5%	0.5%	6.0%	24.3%	8.6%

Currencies – (% Change)

Currencies	Price	1 Month	3 Months	6 Months	1 Year	YTD
CAD/USD	0.7886	-0.5%	-2.2%	-0.9%	5.0%	0.4%
EURO/CAD	1.4682	-1.5%	-0.1%	-0.4%	-6.0%	-5.6%
EURO/USD	1.1580	-1.9%	-2.3%	-1.3%	-1.2%	-5.2%
USD/YEN	111.2900	1.2%	0.2%	0.5%	5.5%	7.8%
Trade Weighted U.S. Dollar	94.2300	1.7%	1.9%	1.1%	0.4%	4.8%

Bond returns – Total return (% Change)

Bond Index	1 Month	3 Months	6 Months	1 Year	YTD
FTSE Canada Bond Universe Index	-1.4%	-0.5%	1.1%	-3.3%	-4.0%
FTSE Canada Long Term Bond Index	-2.7%	-1.6%	2.1%	-8.1%	-8.9%
FTSE Canada Mid Term Bond Index	-1.4%	0.0%	1.6%	-2.4%	-3.0%
FTSE Canada Short Term Bond Index	-0.4%	0.1%	0.1%	0.0%	-0.4%

Government Yields

Government Notes	Yield	1 Month	3 Months	6 Months	1 Year
Canada 3-month T-Bills	0.12%	0.17%	0.15%	0.09%	0.12%
Canada 5yr Notes	1.11%	0.84%	0.98%	1.00%	0.36%
Canada 10yr Notes	1.51%	1.22%	1.39%	1.56%	0.56%
Canada 30yr Bonds	1.99%	1.78%	1.84%	1.98%	1.11%
U.S. 3-month T-Bills	0.03%	0.04%	0.04%	0.02%	0.09%
U.S. 5yr Notes	0.96%	0.78%	0.89%	0.94%	0.28%
U.S. 10yr Notes	1.49%	1.31%	1.47%	1.74%	0.68%
U.S. 30yr Bonds	2.04%	1.93%	2.09%	2.41%	1.46%

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	-4.3%	-7.0%	-3.1%	30.6%	8.5%	3.6%
Consumer Staples	-4.4%	4.2%	9.9%	5.6%	12.3%	3.7%
Energy	8.1%	1.6%	14.4%	53.5%	35.8%	13.1%
Energy - Integrated Oil & Gas	15.1%	-5.2%	10.8%	88.3%	36.4%	2.2%
Energy - Oil & Gas Exploration & Production	17.5%	7.3%	28.4%	134.6%	67.8%	3.4%
Energy - Pipeline	1.9%	0.6%	9.2%	25.2%	24.7%	6.7%
Financials	-1.2%	0.3%	7.7%	40.1%	21.4%	31.9%
Financials - Banks	-0.7%	-1.1%	6.9%	40.8%	21.2%	21.2%
Financials - Insurance	-0.9%	2.5%	2.1%	34.7%	18.1%	4.4%
Real Estate	-3.4%	2.6%	12.7%	33.1%	22.8%	3.1%
Health Care	-10.4%	-19.5%	-28.9%	27.2%	-2.1%	1.0%
Industrials	-2.8%	3.6%	3.5%	17.4%	10.0%	11.5%
Information Technology	-9.4%	-1.3%	21.3%	29.1%	20.0%	11.5%
Materials	-5.9%	-6.0%	0.1%	-10.9%	-7.2%	11.2%
Materials - Gold	-9.8%	-9.5%	-4.3%	-30.7%	-17.8%	6.0%
Materials - Base Metals	1.4%	4.9%	22.9%	64.0%	24.7%	0.9%
Materials - Fertilizers	7.2%	9.5%	21.4%	57.5%	34.2%	1.6%
Communication Services	-4.1%	-0.4%	8.7%	17.7%	14.9%	4.9%
Utilities	-3.2%	0.1%	0.5%	7.7%	3.0%	4.6%

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	-1.3%	-0.2%	2.4%	3.9%	1.2%
Income	-1.6%	-0.2%	3.2%	6.7%	2.7%
Income & Growth	-2.2%	-0.1%	5.0%	14.6%	7.2%
Growth	-2.7%	0.0%	6.1%	19.3%	9.6%
Aggressive Growth	-3.3%	0.1%	7.5%	25.7%	12.9%

CIBC World Markets interest rate outlook

Interest rates (%) – End of Qtr	24-Sept-21	Dec-21	Mar-22
Canada 3-month T-Bill	0.13%	0.20%	0.25%
U.S. 3-month T-Bill	0.04%	0.10%	0.15%
Canada 10-year Gov't Bond Yield	1.38%	1.50%	1.60%
U.S. 10-year Gov't Bond Yield	1.45%	1.55%	1.70%
US$/C$	0.79	0.79	0.78

Source: CIBC World Markets Inc.

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

CIBC World Markets economic outlook

Economic outlook	2021F	2022F
Canada Real GDP Growth (% Chg)	4.90%	4.00%
U.S. Real GDP Growth (% Chg)	5.60%	4.40%
Canada Consumer Price Index (% Chg)	2.90%	2.20%
U.S. Consumer Price Index (% Chg)	4.20%	3.10%

Source: CIBC World Markets Inc.

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

Price target calculations

First Capital REIT (FCR.UN): CIBC analyst Dean Wilkinson's price target of $22.00 is derived based on parity with his $22.00/unit NAV estimate.

BRP Inc. (DOO): CIBC analyst Mark Petrie's price target of $134.00 is based on applying a 13x P/E multiple to his F2023 EPS estimates.

Disclosures and disclaimers

Important disclosure footnotes for companies mentioned in this report that are covered by CIBC World Markets Corp./Inc.:

Stock prices as of 09/24/2021:

First Capital REIT (2a, 2e, 2g) (FCR.UN-TSX, $18.00)

BRP Inc. (2g, 6c, 12) (DOO-TSX, $123.59)

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Abbreviation	Rating	Description
OP	Outperformer	Stock is expected to outperform the sector during the next 12-18 months.
NT	Neutral	Stock is expected to perform in line with the sector during the next 12-18 months.
UN	Underperformer	Stock is expected to underperform the sector during the next 12-18 months.
NR	Not Rated	CIBC does not maintain an investment recommendation on the stock.
R	Restricted	CIBC World Markets is restricted[2] from rating the stock.

Sector weightings[3]

Abbreviation	Rating	Description
O	Overweight	Sector is expected to outperform the broader market averages.
M	Market Weight	Sector is expected to equal the performance of the broader market averages.
U	Underweight	Sector is expected to underperform the broader market averages.
NA	None	Sector rating is not applicable.

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[3] Broader market averages refer to the S&P 500 in the U.S. and the S&P/TSX Composite in Canada.