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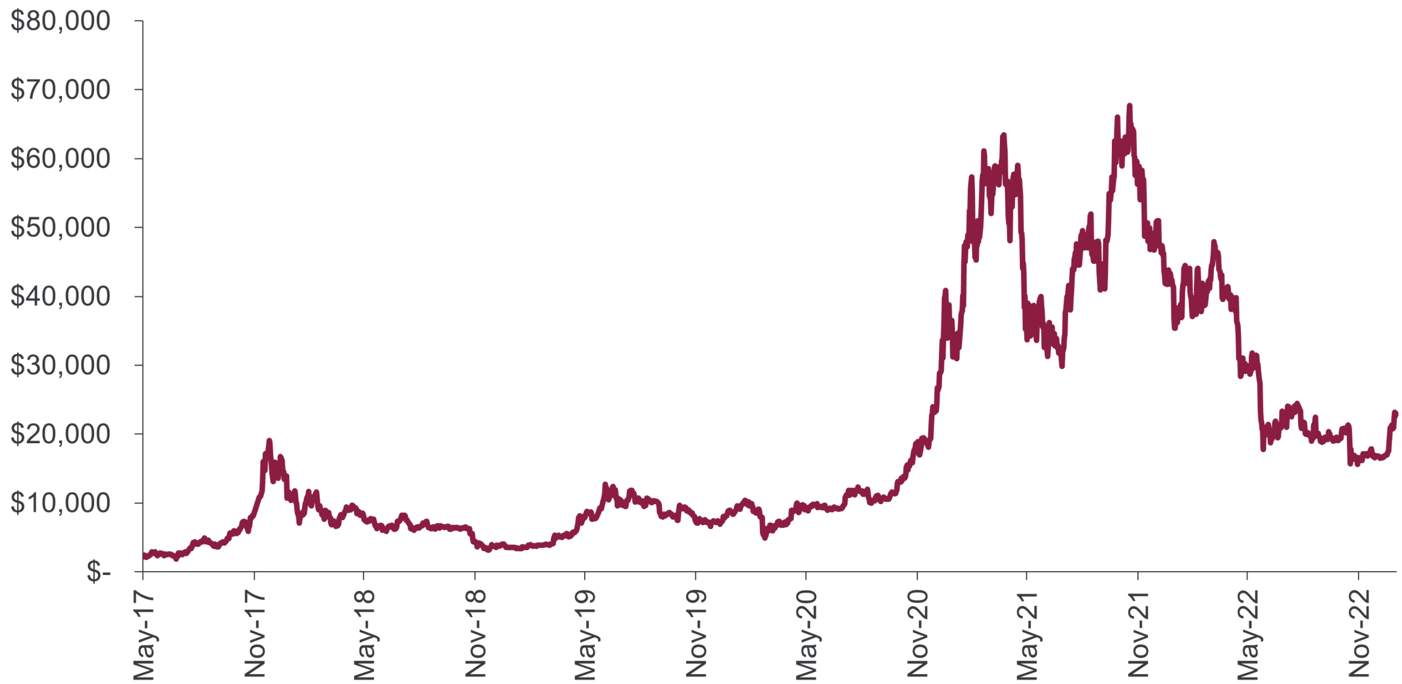
Cryptocurrencies: Reasonable Investment or Oversized Risk?

Cryptocurrencies have been available to investors for several years and throughout this time they appear to have become more and more accepted. However, many investors still wonder whether they are a suitable investment for their portfolios. When digital currencies were first introduced, the direct investment in cryptocurrencies seemed more like a speculative fad but over the years large corporations and hedge fund managers alike have come to back this unregulated investment option.

Recently, cryptocurrencies have made their way back into the headlines but rather than touting cryptocurrencies' large returns and those who have become overnight millionaires by investing in them like they have in the past, the headlines highlight the potential risks of these investments and the crypto-related companies.

Bitcoin/USD Price Chart



Source: Bloomberg

What are Cryptocurrencies?

Traditional forms of currency are widely-used and are considered a safe store of value and represent the full faith and credit of a centralized government which can use fiscal measures, if needed, to guarantee at least some of its relative purchasing power. Cryptocurrencies, on the other hand, are intended to be digital-based forms of currency that also function as assets with real-time market pricing but trade nearly entirely on speculative demand. They are supposed to be alternatives to physical money, are not backed by any particular country or entity and are based on the decentralization of the currency with only a finite amount of each cryptocurrency intended to exist. Cryptocurrencies trade exclusively on crypto exchange platforms, which have also been subject to data breaches and hacking and continue to operate in an unregulated environment. Recent events at cryptocurrency exchange FTX have highlighted the potential pitfalls of the unregulated crypto exchanges.

The FTX Fallout

In November 2022, the co-founder of the digital trading platform FTX, Sam Bankman-Fried was accused of misappropriating approximately US$8 billion in customer funds. He is facing federal charges for money laundering, conspiracy to commit campaign finance violations and fraud (wire fraud, securities fraud, and commodities fraud) between FTX and his crypto hedge fund Alameda. Mr. Bankman-Fried maintains his innocence and is set to stand trial in New York later this year.

Unregulated businesses like crypto exchanges are not subject to regular independent oversight which increases their overall risk profile as information is not widely available and significantly less transparent. Since the FTX fallout, several crypto exchanges have completed proof-of-reserve audits but according to the U.S. Securities and Exchange Commission (SEC) these type of audits don't necessarily provide an accurate picture of financial positions within these firms. The SEC has noted that investors should proceed with caution and be very careful of the claims being made during these audits.

How Do Investors Know If Cryptocurrencies and Crypto-Related Companies Are A Reasonable Investment Option or An Oversized Risk?

Although we have seen Bitcoin recover basically all that it lost following the FTX fallout, it does not dismiss the fact that Bitcoin, like all cryptos and crypto-related companies, are still very volatile. In fact, while many refer to cryptos as currencies most of them tend to trade more like speculative assets which produce a risk/reward similar to those found in the casinos of Las Vegas. This is one reason why stable coins have emerged. Stable coins peg the price of the crypto-asset to a trusted type of value such as a country's currency, a physical commodity or another traditional financial instrument. While this is an improvement relative to traditional cryptos, stable coins also carry their own unique set of risks (i.e. fraud, etc.). These risks and concerns may potentially be resolved over time and cryptos may one day be a legitimate asset class but certain measures will need to be put in place to improve transparency, reduce volatility and establish clear regulations before that will happen.

Before investing in cryptocurrencies or crypto-related companies, it is important for investors to conduct significant due diligence. As a first step, investors should ask themselves if the investment aligns with their goals and risk tolerance. Ultimately, investors thinking of diversifying their portfolio and looking towards a non-traditional asset like cryptos need to approach the vast majority of them with skepticism and also take the time to develop a clear understanding of the trade-off between the risk of such a product and the potential reward.

As famed economist Milton Friedman once said "There ain't no such thing as a free lunch" and investors who find themselves caught up in the excitement of cryptos should remember those words, for every increase in the potential reward there is an increase in the risk associated with it.

Brad Brown, MBA, CFA

What's Next For REITs?

Real Estate Investment Trusts (REITs) underperformed along with the traditional equity and fixed income asset classes in 2022, despite being considered a portfolio diversifying asset class and an inflation hedge within well-diversified portfolios. Sustained inflation, central bank rate hikes and broader geopolitical risks all impacted the asset class in 2022. The FTSE EPRA Nareit Developed Total Return Index, a global developed markets REIT index, was down -24.41%[1] (TR USD) in 2022 while the S&P 500 Index returned -18.11%[2] (TR USD).

REIT Magazine recently spoke with a few portfolio managers on their outlook and positioning for 2023[3]. We've summarized some key takeaways below:

i) The 2023 outlook for REITs remains constructive. Despite the underperformance that already occurred in 2022, the possibility of a recession and persistent inflation remain key themes. REITs are in better shape in 2023 due to resilient balance sheets and diverse demand drivers with limited supply growth.

ii) REITs are over-discounting the current macroeconomic environment (inflation, Federal Reserve tightening and tight debt markets). The expectation is for risk assets (including REITs) to rally as some level of certainty returns to markets in 2023 once the outlook for inflation is more certain and the level of base interest rates is set.

iii) The current focus is on property types that are defensive. This includes properties with attractive demand characteristics and limited exposure to inflation on the expense side that trade favourably, such as apartments and specialty living property types. Industrial, self-storage and assisted living facilities are also benefitting from secular growth drivers and limited new supply. Single family homes are expected to grow over the next few years due to upward pressure on rents from inflation and an under supply of affordable housing.

The full REIT Magazine article is available on their website.

We discuss the REIT products that are on the CIBC Wood Gundy Recommended Lists

Renaissance Global Real Estate Fund

Renaissance Global Real Estate Fund seeks long-term capital growth by investing primarily in equity securities of companies throughout the world that are involved in or indirectly benefit from management companies, commercial, industrial and residential properties or other investment in the real estate sector.

The fund is sub-advised by Cohen & Steers, which was established in 1986 as one of the first U.S. investment advisors to focus on real estate securities. The investment team's philosophy is based on the principles that equity markets tend to be inefficient at pricing real estate fundamentals due to the heavy burden required to understand local economic conditions and the unique financial metrics used to measure REIT performance.

Long-term performance for REITs is driven by the performance of the underlying property type, despite trading like equities in the short term. The team's expected sources of future alpha generation based on their investment process include:

- security selection (40%-60%)
- sector allocation (20%-40%)
- country allocation and currency selection (10%-25%)
- macroeconomic factors (0%-15%)

This is based on historical contributions and where the team has a competitive edge.

[1] https://www.ftserussell.com/products/indices/epra-nareit

[2] https://www.spglobal.com/spdji/en/indices/equity/sp-500/#overview

[3] https://www.reit.com/news/reit-magazine/november-december-2022/reit-portfolio-managers-assess-key-trends-and-issues-2023

The investment team is led by Jon Cheigh, CIO and Head of Global Real Estate who works with other portfolio managers on the team that leads distinct geographies. The portfolio managers (PMs) are supported by a team of dedicated analysts, associates and traders located in New York, London and Hong Kong. As the drivers of real estate fundamentals are local, there is a clear benefit to having boots on the ground in the regions they cover. With an integrated global team, members are able to exchange ideas and combine local and global perspectives. PMs set the research agenda, construct the portfolio, initiate ideas and shape decisions. Mr. Cheigh is ultimately responsible for the strategy and ensuring the investment discipline is adhered to.

The investment process begins with the formation of uniform research assumptions across each country. Global PMs help establish economic inputs such as GDP, job growth, inflation and interest rates. They also receive information from the dedicated macro strategy team. The macro strategy team is responsible for formalizing the economic views of the firm. The above assumptions are provided to the analysts to establish and maintain consistency in the portfolio construction process.

Analysts conduct bottom-up research in their local regions, which consists of an in-depth analysis of local market fundamentals, real estate portfolio, tenant health, external growth strategy, capital structure, management quality, corporate structure and governance, and environmental and social considerations. Macroeconomic assumptions for each sector are incorporated into bottom-up research.

Analysts use their research to generate forward-looking net asset values ("NAVs") and dividend discount model ("DDM") estimates for the securities under coverage. NAV is meant to capture real estate characteristics such as proprietary views of asset values derived from cash flow growth and return requirements. Comparable market transactions and replacement costs are also considered in this calculation. DDM captures cash flow growth estimates and the appropriate discount rate given the property type, business model and balance sheet, and accounts for the team's ESG analysis.

The investment team also uses a proprietary valuation model that takes these analyst valuations as inputs to rank securities on price-to-NAV and price-to-DDM to identify overvalued and undervalued securities to guide portfolio construction. The magnitude of statistical variances is used to assign a recommended target weight for securities in the portfolio. The team discusses these recommendations and adjusts portfolio weights based on risk management, sector diversification, liquidity and other factors—this will ultimately provide an overlay to the model.

The end result is a portfolio consisting of 60-90 securities diversified by country and property sector. Sector allocations are primarily derived from the stock selection process, driven by the valuation model and regional allocation bands relative to the index. The firm also employs dedicated and multi-faceted risk management teams that look at risk from various levels at the fund level and throughout the organization.

For more information, you can read the team's recent REIT outlook "Why we see favorable entry points emerging for REITs".

CI Canadian REIT ETF (Ticker: RIT)

The investment objective of the CI Canadian REIT ETF is to seek long-term total returns consisting of regular income and long-term capital appreciation from an actively managed portfolio comprised primarily of securities of Canadian REITs, real estate operating corporations and entities involved in real estate related services. Up to 30% of the Fund's assets may be invested in foreign securities. The Fund is managed in Toronto by Lee Goldman, SVP and Senior Portfolio Manager, and Chris Couprie, VP and Portfolio Manager.

The Fund uses a top-down and a bottom-up investment process. From a top-down perspective, the Macro and Rates team at CI Global Asset Management (CIGAM) provides information to the investment team to help formulate their views on the current and future economic growth and identify real estate sectors that would be positioned attractively in that environment. The team also conducts additional reviews of the various geographic subsector fundamentals including occupancy, rent and supply under construction trends in order to identify and select the desired sub-market positioning of the portfolio.

This is then followed by a bottom-up, fundamental analysis to understand the companies within those sectors with a focus on management quality (track record, capital allocation decisions), assets (difficult to replace, high barriers to entry, quality and sustainability of income generation), balance sheet resilience and growth prospects (rental and/or occupancy increases, development). The sector specialist analyst teams within

CIGAM analyze companies and industries that are major tenants to the landlords that the REIT team owns. This allows access to global insight from various teams.

Emphasis is put on companies with well-located assets, especially in supply-constrained markets, with strong long-term cash flow prospects. The fund seeks companies with manageable distribution and dividend payout ratios because they can be more defendable in periods of economic weakness and have the potential for longer-term increases due to the expected growth in underlying cash flows. For risk management at the portfolio level, the team has established risk targets during the asset allocation process which are monitored ex-post. These targets include exposure monitoring (for sector, region, rating, currency, issuer, risk contribution and return, etc.), liquidity monitoring, correlation/beta analysis versus external factors, scenario analysis, etc.

Conclusion

REITs can provide income and diversification within a portfolio, along with reduced volatility. However, because of the macroeconomic conditions mentioned, they underperformed equities in 2022. Given the above mentioned market outlook, REITs could be a valuable asset class to consider when creating portfolios. Please reach out to your CIBC Wood Gundy Advisor to learn more about these funds and other REIT investment options.

Sid Santdasani, MBA, CFA

Market Return Data

All data is sourced from Bloomberg unless otherwise noted. Data as of January 31, 2023.

North American Indices – Price Performance (% Change)

North America indices	Price	1 Month	3 Months	6 Months	YTD
S&P/TSX Composite	20,767	7.1%	6.9%	5.5%	7.1%
S&P/TSX Composite – Total Return	80,772	7.4%	7.8%	7.2%	7.4%
S&P 500 Index	4,077	6.2%	5.3%	-1.3%	6.2%
S&P 500 Index – Total Return	8,692	6.3%	5.8%	-0.4%	6.3%
Dow Jones Industrial Average	34,086	2.8%	4.1%	3.8%	2.8%
Dow Jones Industrial Average – Total Return	82,063	2.9%	4.7%	4.9%	2.9%
Nasdaq Composite Index	11,585	10.7%	5.4%	-6.5%	10.7%

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	-1.6%	9.4%	6.2%	5.4%	5.1%	3.1%	5.9%
S&P/TSX Composite – Total Return	1.6%	12.7%	9.5%	8.7%	8.3%	6.2%	8.9%
S&P 500 Index	-9.7%	4.8%	8.1%	7.6%	10.5%	7.5%	8.1%
S&P 500 Index – Total Return	-8.2%	6.4%	9.9%	9.5%	12.7%	9.7%	10.3%
Dow Jones Industrial Average	-3.0%	6.6%	6.5%	5.4%	9.4%	6.8%	7.5%
Dow Jones Industrial Average – Total Return	-0.9%	8.7%	8.7%	7.8%	12.0%	9.5%	10.1%
Nasdaq Composite Index	-18.6%	-5.9%	8.2%	9.3%	13.9%	11.1%	11.5%

International Indices – Price Performance (% Change)

International indices	Price	1 Month	3 Months	6 Months	YTD
Bloomberg Euro 500	295	6.7%	10.0%	2.9%	6.7%
FTSE Eurotop 100	3,526	6.5%	10.0%	5.0%	6.5%
FTSE 100 (England)	7,772	4.3%	9.5%	4.7%	4.3%
Dax (Germany)	15,128	8.7%	14.1%	12.2%	8.7%
CAC 40 (France)	7,082	9.4%	13.0%	9.8%	9.4%
MSCI World	2,785	7.0%	9.3%	1.4%	7.0%
MSCI Emerging Markets	1,032	7.9%	21.6%	3.8%	7.9%
MSCI Emerging Markets – Total Return	2,584	7.9%	22.3%	5.1%	7.9%
MSCI EAFE	2,100	8.1%	20.0%	8.4%	8.1%
MSCI EAFE – Total Return	9,726	8.1%	20.4%	9.7%	8.1%
Nikkei 225 (Japan)	27,327	4.7%	-0.9%	-1.7%	4.7%
Hang Seng (Hong Kong)	21,842	10.4%	48.7%	8.4%	10.4%
ASX 200 (Australia)	7,477	6.2%	8.9%	7.7%	6.2%
Taiwan Weighted	15,265	8.0%	17.9%	1.8%	8.0%
Sensex 30 (India)	59,550	-2.1%	-2.0%	3.4%	-2.1%

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	-4.0%	6.0%	2.6%	2.1%	4.1%	1.6%	3.8%
FTSE Eurotop 100	0.7%	11.2%	4.4%	3.2%	4.0%	1.6%	3.5%
FTSE 100 (England)	4.1%	10.1%	2.2%	0.6%	2.2%	1.9%	4.0%
Dax (Germany)	-2.2%	6.1%	5.2%	2.8%	6.9%	5.4%	8.9%
CAC 40 (France)	1.2%	14.5%	6.8%	5.3%	6.6%	2.5%	4.5%
MSCI World	-9.0%	2.3%	5.9%	4.7%	7.1%	4.4%	6.7%
MSCI Emerging Markets	-14.6%	-11.9%	-1.0%	-3.8%	-0.4%	-0.4%	6.5%
MSCI Emerging Markets – Total Return	-11.7%	-9.4%	1.8%	-1.1%	2.4%	2.4%	9.5%
MSCI EAFE	-5.5%	-0.6%	1.8%	-0.5%	2.2%	0.2%	4.3%
MSCI EAFE – Total Return	-2.3%	2.5%	4.7%	2.6%	5.4%	3.5%	7.6%
Nikkei 225 (Japan)	1.2%	-0.6%	5.6%	3.4%	9.4%	4.8%	6.1%
Hang Seng (Hong Kong)	-8.2%	-12.1%	-6.0%	-7.9%	-0.8%	-0.5%	4.4%
ASX 200 (Australia)	7.2%	6.4%	2.1%	4.4%	4.4%	1.9%	4.7%
Taiwan Weighted	-13.6%	0.4%	9.9%	6.6%	6.9%	4.8%	5.7%
Sensex 30 (India)	2.6%	13.4%	13.5%	10.6%	11.6%	8.4%	15.7%

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	20,767	7.1%	6.9%	5.5%	7.1%
S&P/TSX Composite - Total Return	80,772	7.4%	7.8%	7.2%	7.4%
S&P 500 Index	5,431	4.5%	2.8%	2.6%	4.5%
S&P 500 Index - Total Return	11,579	4.6%	3.3%	3.5%	4.6%
Dow Jones Industrial Average	45,409	1.3%	1.7%	7.9%	1.3%
Dow Jones Industrial Average - Total Return	109,324	1.3%	2.2%	9.1%	1.3%
Russell 2000	2,574	8.0%	2.2%	6.6%	8.0%
Nasdaq Composite Index	15,433	9.0%	3.0%	-2.8%	9.0%
Bloomberg Euro 500	427	6.6%	18.0%	14.0%	6.6%
EURO STOXX 50	6,026	9.6%	23.5%	24.4%	9.6%
EURO STOXX 50 -Total Return	13,663	9.8%	23.9%	25.0%	9.8%
MSCI World	3,710	5.4%	6.8%	5.4%	5.4%
MSCI Emerging Markets	1,374	6.2%	18.8%	7.9%	6.2%
MSCI Emerging Markets -Total Return	3,443	6.2%	19.4%	9.3%	6.2%
MSCI EAFE	2,798	6.4%	17.2%	12.7%	6.4%
MSCI EAFE - Total Return	12,957	6.4%	17.6%	14.0%	6.4%
MSCI Far East	4,655	4.4%	16.1%	8.3%	4.4%

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	-1.6%	9.4%	6.2%	5.4%	5.1%	3.1%	5.9%
S&P/TSX Composite - Total Return	1.6%	12.7%	9.5%	8.7%	8.3%	6.2%	8.9%
S&P 500 Index	-5.3%	6.9%	8.4%	9.3%	13.8%	9.5%	7.4%
S&P 500 Index - Total Return	-3.7%	8.5%	10.1%	11.3%	16.0%	11.8%	9.5%
Dow Jones Industrial Average	1.8%	8.8%	6.7%	7.1%	12.6%	8.9%	6.8%
Dow Jones Industrial Average - Total Return	3.9%	10.9%	8.9%	9.5%	15.3%	11.6%	9.4%
Russell 2000	-0.1%	-1.5%	6.4%	5.8%	11.1%	8.9%	7.9%
Nasdaq Composite Index	-14.6%	-4.0%	8.4%	11.1%	17.3%	13.2%	10.7%
Bloomberg Euro 500	-2.5%	2.3%	2.1%	1.0%	4.8%	1.4%	3.2%
EURO STOXX 50	1.3%	5.6%	4.1%	1.8%	5.1%	0.4%	2.5%
EURO STOXX 50 -Total Return	3.9%	7.9%	6.4%	4.2%	7.8%	3.3%	5.4%
MSCI World	-4.5%	4.3%	6.2%	6.4%	10.2%	6.4%	5.9%
MSCI Emerging Markets	-10.4%	-10.2%	-0.8%	-2.3%	2.6%	1.5%	5.8%
MSCI Emerging Markets -Total Return	-7.4%	-7.5%	2.0%	0.5%	5.5%	4.4%	8.8%
MSCI EAFE	-0.8%	1.4%	2.0%	1.1%	5.2%	2.1%	3.6%
MSCI EAFE - Total Return	2.5%	4.5%	5.0%	4.3%	8.5%	5.5%	6.8%
MSCI Far East	-3.8%	-4.5%	-0.6%	-0.3%	6.2%	2.8%	3.4%

Commodities – (% Change)

Commodities	Price	1 Month	3 Months	6 Months	1 Year	YTD
Gold Spot (US$/oz)	1,928.36	5.7%	18.0%	9.2%	7.3%	5.7%
Silver (US$/oz)	23.73	-0.9%	23.8%	16.6%	5.6%	-0.9%
Brent Crude Oil	84.49	-1.7%	-10.9%	-23.2%	-7.4%	-1.7%
West Texas Intermediate Oil	78.87	-1.7%	-8.9%	-20.0%	-10.5%	-1.7%
NYMEX Natural Gas	2.68	-40.0%	-57.8%	-67.4%	-44.9%	-40.0%
Spot Nat. Gas (AECO Hub - USD)	2.35	-27.7%	-47.1%	-53.5%	-42.7%	-27.7%
Lumber	524.10	40.2%	13.5%	-0.6%	-46.5%	40.2%
Copper 3-month	4.18	10.2%	23.8%	16.5%	-3.0%	10.2%
Nickel 3-month	13.76	1.0%	39.1%	28.5%	35.9%	1.0%
Aluminum 3-month	1.20	11.2%	19.0%	6.2%	-12.5%	11.2%
Zinc 3-month	1.54	14.0%	25.7%	2.4%	-5.5%	14.0%

Currencies – (% Change)

Currencies	Price	1 Month	3 Months	6 Months	1 Year	YTD
CAD/USD	0.7515	1.9%	2.4%	-3.8%	-4.5%	1.9%
EURO/CAD	1.4453	-0.4%	7.3%	10.5%	1.3%	-0.4%
EURO/USD	1.0863	1.5%	9.9%	6.3%	-3.3%	1.5%
USD/YEN	130.0900	-0.8%	-12.5%	-2.4%	13.0%	-0.8%
Trade Weighted U.S. Dollar	102.0970	-1.4%	-8.5%	-3.6%	5.8%	-1.4%

Bond Returns – Total Return (% Change)

Bond Index	1 Month	3 Months	6 Months	1 Year	YTD
FTSE Canada Bond Universe Index	3.1%	4.2%	-0.2%	-5.8%	3.1%
FTSE Canada Long Term Bond Index	5.5%	7.4%	-1.2%	-11.4%	5.5%
FTSE Canada Mid Term Bond Index	3.3%	4.1%	-0.1%	-4.8%	3.3%
FTSE Canada Short Term Bond Index	1.4%	2.1%	0.5%	-1.8%	1.4%

Government Yields

Government Notes	Yield	1 Month	3 Months	6 Months	1 Year
Canada 3-month T-Bills	4.36%	4.23%	3.93%	2.65%	0.30%
Canada 5yr Notes	3.03%	3.41%	3.41%	2.62%	1.63%
Canada 10yr Notes	2.92%	3.30%	3.25%	2.61%	1.77%
Canada 30yr Bonds	2.98%	3.28%	3.29%	2.77%	2.05%
U.S. 3-month T-Bills	4.64%	4.34%	4.06%	2.32%	0.18%
U.S. 5yr Notes	3.62%	4.00%	4.23%	2.68%	1.61%
U.S. 10yr Notes	3.51%	3.87%	4.05%	2.65%	1.78%
U.S. 30yr Bonds	3.63%	3.96%	4.16%	3.01%	2.11%

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	6.3%	6.5%	10.1%	-0.3%	6.3%	3.6%
Consumer Staples	1.8%	4.4%	5.2%	13.6%	1.8%	4.0%
Energy	4.3%	-1.4%	0.1%	15.4%	4.3%	17.6%
Energy - Integrated Oil & Gas	5.6%	-2.2%	8.2%	32.6%	5.6%	3.7%
Energy - Oil & Gas Exploration & Production	2.6%	-5.3%	4.6%	26.7%	2.6%	6.0%
Energy - Pipeline	3.8%	0.9%	-8.5%	-1.4%	3.8%	6.8%
Financials	7.9%	7.7%	5.0%	-9.0%	7.9%	31.1%
Financials - Banks	7.5%	6.6%	4.9%	-11.2%	7.5%	21.0%
Financials - Insurance	8.7%	13.7%	11.2%	-5.3%	8.7%	4.2%
Real Estate	10.4%	14.1%	1.6%	-11.1%	10.4%	2.7%
Health Care	14.4%	-5.3%	3.4%	-52.4%	14.4%	0.4%
Industrials	3.6%	3.6%	4.4%	6.9%	3.6%	12.9%
Information Technology	19.5%	21.3%	16.5%	-28.2%	19.5%	6.3%
Materials	10.7%	20.0%	22.2%	14.3%	10.7%	12.4%
Materials - Gold	9.6%	26.8%	28.4%	13.8%	9.6%	6.7%
Materials - Base Metals	14.1%	32.8%	46.2%	36.3%	14.1%	1.3%
Materials - Fertilizers	11.4%	-4.3%	0.5%	24.1%	11.4%	1.9%
Communication Services	5.5%	5.4%	0.9%	-3.5%	5.5%	4.8%
Utilities	3.4%	-2.8%	-13.9%	-9.0%	3.4%	4.3%

Strategic Asset Allocation[4] (in C$) – Performance (% Change - Before Fees)

Strategic Asset Allocation (in C$)	1 Month	3 Months	6 Months	1 Year	YTD
Capital Preservation	3.3%	4.3%	1.6%	-2.7%	3.3%
Income	3.9%	5.0%	1.9%	-3.2%	3.9%
Income & Growth	5.1%	6.4%	2.9%	-3.1%	5.1%
Growth	5.9%	7.4%	3.2%	-3.7%	5.9%
Aggressive Growth	6.8%	8.6%	3.6%	-4.3%	6.8%

CIBC World Markets Interest Rate Outlook

Interest Rates (%) – End of Qtr	31-Jan-23	Mar-23	Jun-23
Canada 3-month T-Bill	4.41%	4.45%	4.35%
U.S. 3-month T-Bill	4.66%	4.95%	4.90%
Canada 10-year Gov't Bond Yield	2.92%	3.40%	3.55%
U.S. 10-year Gov't Bond Yield	3.51%	3.90%	4.00%
US$/C$	0.75	0.75	0.76

Source: CIBC World Markets Inc.

CIBC World Markets Economic Outlook

Economic Outlook	2023F	2024F
Canada Real GDP Growth (% Chg)	0.70%	0.90%
U.S. Real GDP Growth (% Chg)	0.70%	0.80%
Canada Consumer Price Index (% Chg)	3.50%	2.10%
U.S. Consumer Price Index (% Chg)	3.10%	2.20%

Source: CIBC World Markets Inc.

[4] 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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