CIBC PRIVATE WEALTH

INVESTMENT STRATEGY GROUP

MONTHLY WORLD MARKETS REPORT

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Unless otherwise noted, all prices quoted in this report are as of the close of markets on July 25, 2022.

O What Lovely Markets!

The first half of 2022 has shown that financial markets have been anything but lovely. Inflation is at levels not seen in forty years; central banks are fighting inflation with large interest rate hikes and ending quantitative easing, and global supply chains have faltered as COVID-19 shutdowns end. Making things worse are the sanctions imposed on Russia by the West in response to Russia's invasion of Ukraine. These have worsened the already tight supply in the world's energy markets and increased energy prices to levels not seen in years.

The result is that equity markets have not performed well. For the first six months of 2022, the S&P/TSX Composite Index (TSX) and the S&P 500 Index (S&P) declined 11.1% and 20.6%, respectively. In looking at the TSX and the S&P, the negative performance in these indices was not just the result of bad performance in a few sectors; it was broad-based. For the TSX, all sectors except energy and consumer staples finished the first half of the year in negative territory. For the S&P, all sectors finished lower except energy and utilities.

The Present Situation

Of the above-mentioned factors that are influencing the financial markets, investors may wonder which factor has the largest influence. Perhaps it might be helpful to look at the sequence of events that led to the current situation. After the COVID-induced shutdown of the world's economy began to end and consumption began to rise, global supply chains had difficulty and continue to have difficulty keeping pace with the increasing demand for many items ranging from semiconductors to finished goods to commodities and energy. The resulting tightness of supply and the corresponding increase in prices, particularly in energy, helped to push up inflation. This finally prompted central banks to increase interest rates significantly in order to get inflation back to the 2% target. Russia's invasion of Ukraine and the sanctions imposed on Russia by the West caused further increases in energy prices and added to inflation. However, with central banks acknowledging that rate hikes should have occurred earlier, investors are bracing for more large rate hikes in the second half of the year and the possibility of a rate-hike-induced recession. This may not be unexpected considering that in June, Federal Reserve (Fed) officials agreed that interest rates may need to keep rising for longer to prevent high inflation from becoming entrenched, even if this slows the U.S. economy. Also, the U.S. Fed Chairman Jerome Powell's recent comments that it will be very hard to engineer a soft landing for the U.S. economy while fighting inflation through rate hikes, have only increased expectations of a recession.

Looking Forward

With the tightness of supply and persistent demand helping to drive inflation to levels not seen in forty years, central banks recognize that rate hikes can't solve the supply problem; they can only reduce demand so that it more closely matches supply. However, given that quantitative easing has ended, interest rates are being increased aggressively and central banks seek to shrink their balance sheets, it appears that the direction for bond yields will continue to be upward. If fears of a rate-hike-induced recession are contributing most to the downward trend in the markets, then an end to the rate hikes by central banks would be needed to calm investors' recession fears. However, an end to rate hikes would require an end to the current strong inflation. This will happen if the rate hikes work but if they do, the current high interest rates will probably have to remain in place, resulting in little to no economic growth, which could mean stagflation. Alternatively, if the current move down in energy prices continues, a large driver of inflation would be eliminated and perhaps this will eventually allow for central banks to lower rates once inflation is brought under control.

When quantitative easing and accommodative interest-rate policies were in place and the economy was strong, the 2% inflation target may have been appropriate. Today, with quantitative easing ended, large interest rate hikes being implemented and central banks seeking to shrink their balance sheets, central bankers need to ask if 2% still makes sense. Perhaps "inflation under control" means something above 2%.

Finally, investors need to recognize that with inflation at levels not seen in forty years and with central banks raising interest rates this aggressively, we are in a type of market that most of the current investors have read about but have not experienced. This is also true for most of today's economists, analysts, CEOs and central bankers. Could this mean that investors overreact on the downside, taking markets lower if central bankers, who were initially too dovish, now raise rates too much, causing a recession? Only time will tell.

MICHAEL O'CALLAGHAN, MBA, CFA

ETF Ideas for the Second Half of 2022

In Canada and the U.S., we are seeing record lows in unemployment which indicates a strong labour market. More job gains also point to a solid economy however the issue central banks are facing now is the fact that wage increases have not been able to keep up with rampant inflation. In an attempt to orchestrate a soft landing, central banks have the challenging task of tightening financial conditions by raising interest rates in the hopes of taming inflation but in such a way not to drive the economy into a deep recession. Many investors are unfamiliar navigating in such an environment of sharply rising inflation not seen in decades combined with rapidly rising rates. Choosing the right ETF can be a daunting task. At last count there were well over 4,000 ETF tickers trading in Canada and the U.S. Below are some ETF ideas that can help protect against interest rate increases and to hedge against inflation.

Rising Rates ETF Investment Strategies

The U.S. Federal Reserve Bank raised their rates three times already this year and most recently by a whopping 75 basis points (bps). Not to be outdone, the Bank of Canada has also been ramping up by rising their overnight rate four times this year from 25 bps at the beginning of the year to the 2.50% mark today (an increase of 100 bps in July).

- Short Duration, Floating Rate and Quality Bond ETFs: Many fixed-income investors suffered in 2022 especially those holding mid to longer duration bonds which are more vulnerable to interest rate increases. BMO Ultra Short-Term Bond ETF (***ZST***) is designed for investors looking for defensive income. It includes federal, provincial, corporate bonds and some preferred shares with less than one year to maturity or reset dates within one year. The annualized distribution yield stands at 2.46% (end of June 2022) with a current weighted average duration of 0.51 years.
- iShares Floating Rate ETF (***XFR***) has an even lower duration as securities held within this ETF must have a minimum index rating of A and a minimum remaining term to maturity of only 3 months. This ETF is for investors who want protection from duration risk but are however willing to accept lower than average yields. Duration for this ETF will be in the range of 25 bps and the current distribution yield is under 1%.
- BMO High Quality Corporate Bond Index ETF (***ZQB***) tracks the FTSE Canada 1-10 Year A+ Corporate Bond Index. Consisting of a diversified basket of high quality Canadian corporate bonds. Bonds with a credit rate of A or better tend be from large-cap, blue-chip companies that often will have lower valuations but can provide greater protection in a rising-rate environment. The annualized distribution yield stands at 2.79% (end of June 2022) with a current weighted average duration of 3.32 years.
- Dividend Equity ETFs: Some of the best performing ETFs thus far this year other than energy ETFs are the dividend equity ETFs. Dividend-paying companies also tend to be more resilient than the broader market during market downturns. These companies will often exhibit solid fundamentals, stable earnings, and strong histories of profit and growth. Value and dividend-paying companies tend to be more mature and well-established. During rising rate and inflationary times these companies have more pricing power and can boost margins by raising prices. Invesco Canadian Dividend ETF (***PDC***) invests in the most liquid and high-yielding Canadian securities (current distribution yield = 3.86%). RBC Quant U.S. Dividend Leaders ETF (***RUD/RUDH***) tracks a basket high-quality U.S. dividend paying companies (current distribution yield = 1.94%).
- Banks and other Financial Institutions ETFs: Financial services businesses, such as banks tend to do well in rising rate environments since they lend assets long and borrow short (from savers) or in other words they own assets with longer average maturities than their liabilities. BMO Equal Weight Banks Index ETF (***ZEB***) tracks an equal-weighted basket of the six largest Canadian banks. BMO Equal Weight U.S. Banks Index (***ZBK/ZUB***) tracks an equal-weighted basket of the largest and most liquid U.S. banking institutions (current number of holdings = 22).

- Life insurance companies are also positively correlated to interest rate movements. Rising interest rates allow insurers to invest new cash flows and maturing investments into a higher-rate environment. iShares Equal Weight Banc & Lifeco ETF (***CEW***) combines an equal-weighted basket of the six largest banks and the four largest life insurance companies in Canada. CI U.S. & Canada Lifeco Covered Call ETF (***FLI***) tracks an equal-weighted basket of the ten largest U.S. and Canadian life insurance companies combined with a covered-call strategy overlay on approximately 25% of the portfolio.

Inflation ETF Investment Strategies

Markets have been extremely volatile especially since Russia invaded Ukraine on February 24th. To add on investor's worries is the threat of lingering inflation eroding their purchasing power.

- Inflation-linked Bond ETFs: BMO Short-Term U.S. TIPS Index ETF (***ZTIP***). As the name indicates, duration is much lower compared to the typical TIPS ETF. This ETF is also available hedged back to the CAD (***ZTIP.F***) or in USD (***ZTIP.U***). The biggest difference between ZTIP and its competitors is that this ETF was specifically designed to focus on the short end of the curve. As we start to see central banks hiking interest rates, holding long-duration bonds (which are more sensitive to interest rate changes) may offset any benefits expected to achieve by purchasing TIPS.
- Real Asset ETFs: During the first half of 2022, commodity futures rallied due to strong overall global demand but also due to the supply-chain issues and the Ukraine-Russia conflict. While commodities in general have sold-off the last few weeks, demand for commodities is a continuous factor and could have only tentatively fallen in the short term. As such, investors can potentially benefit from this sell-off. Purpose Diversified Real Asset Fund (***PRA***). This is not your typical commodity ETF. PRA provides a diversified direct commodity futures exposure and related equities (energy, agriculture, base metals, precious metals) in addition to real estate. The ETF is managed by the Neuberger Berman Canada team and the portfolio is re-weighted to provide equal risk across each asset class.
- Real Estate Equity: Residential real estate tends to increase in value during inflationary periods partly because construction materials will be more expensive and thus drive the cost of new real estate properties higher. Rental rates should also climb as mortgages rates go up individuals will opt to rent rather than buy which leads to higher property values. Commercial and office REITs may also benefit from a post-COVID recovery as more people slowly return to the office. Vanguard FTSE Canadian Capped REIT ETF (***VRE***) is a passively managed ETF that seeks to provide exposure to Canadian large, mid, and small-cap stocks in the Real Estate industry. CI Canadian REIT ETF (***RIT***) is a well-diversified and actively managed ETF that holds a basket of Canadian real estate investment trusts, real estate operating corporations, and other entities involved in real estate-related services.

Bottom Line

Inflation worries and rising rates continue to rattle the markets however the stock market does not always reflect the health of the economy or move in the same direction. Nevertheless volatility continues to dominate global markets. At the same time, central banks around the world led by the Federal Reserve have begun the risky pursuit of a "soft landing" by way of slow and carefully planned interest rate hikes. Investors have no doubt that interest rates will go up but the big question remains for how long and by how much? According to CIBC Capital Market's most recent forecast update (***June 28, 2022***), the Canadian overnight target rate and the U.S. federal funds rate are expected to reached their height at the end of 2022 and remain unchanged for the rest of 2023. Each situation is unique and the reality is that many investors will already have some components in their portfolios that will naturally act as an hedge against higher inflation. Above are ETF ideas from asset classes that historically have done well during rising rate and or inflationary periods. Please consult with your CIBC Wood Gundy Investment Advisor for guidance in selecting a suitable investment for your portfolio.

JOËL BÉRIAULT, CIM

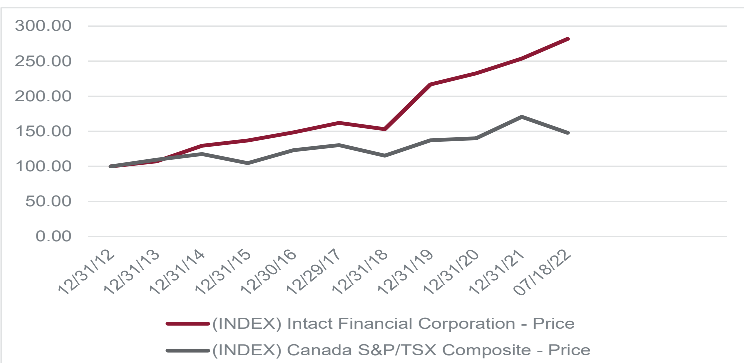
Canadian equities

Intact Financial Corp. (IFC, $178.55, Outperformer) Price Target: $225

Intact Financial Corp. is a property & casualty (P&C), and specialty insurance provider operating in North America. Intact's underwriting business is well diversified across various geographic segments, including Canada, the United States, the United Kingdom, and Internationally. Intact's operating direct premiums were $17.3 billion in fiscal 2021 and it holds a 21% market share within the P&C industry in Canada, allowing it to maintain a high level of profitability in the industry. As the clear leader in the P&C insurance space, Intact has been able to use its scale to its advantage by leveraging its size, sophisticated pricing system, and insurance and investment management expertise, and it is continually investing in its technology to remain at the top of the industry on a number of financial metrics. As an example, Intact's five-year average combined ratio is at 96.7% versus the long-term Canadian industry average of 100%. The combined ratio is a profitability measure in the insurance industry: a number below 100% indicates an underwriting profit, 100% is breakeven, and a number above 100% is an underwriting loss. Intact's combined ratio resulted in it having a return on equity (ROE) of about 13% between 2010 and 2021, relative to the industry average of 8.2%.

As Intact underwrites more policies than its competitors it is able to obtain more statistical data, which enables it to build out more robust pricing models. This then allows the company to invest more funds towards technology, which supports its underwriting capabilities, enabling it to price risk better than its competitors. Intact's size also allows it to better negotiate favorable prices for its services and materials and keep its claims management in-house. This lowers claim costs and keeps Intact's loss claims ratio below those of its peers.

Intact's 10-Year Price Performance versus the S&P/TSX indexed to 2012



Source: FactSet.

Since 1988, the company has undertaken 18 acquisitions, proving itself as an industry consolidator. Intact targets an internal rate of return (IRR) of 15% and has typically managed to either meet or exceed this objective with its acquisitions. According to Intact's management, its most recent and largest acquisition, RSA, is expected to produce an IRR greater than 20%. Since closing in June 2021, the transaction has delivered 12% EPS accretion. Intact also reported run-rate synergies of $125 million as of the end of the first quarter compared to its initial projection of $250 million by 2024. This suggests that there could be significant upside to its synergy expectations.

Thus far this year, organic growth has been strong and expectations are for it to remain so for the rest of the year. CIBC analyst Paul Holden expects pricing to adjust to inflation, and this could become a tailwind for Intact's premium and profit growth even though inflation is expected to have an impact on profit margins in the short term. He regards Intact as a best-in-class operator that continues to offer investors an attractive long-term rate of return underpinned by the growth in its book value, its dividend and additional upside from future acquisitions. Since its IPO, Intact has posted an average operating ROE of 16%, a book value per share compounded annual growth rate (CAGR) of 10%, and a dividend CAGR of about 12%, and these results are expected to remain robust going forward given the company's balance sheet strength, solid growth opportunities, relatively low sensitivity to the current macro and economic environments, and reasonable valuation.

DANISH ZAKIR

ATCO Ltd. (ACO.X, $45.47, Outperformer) Price Target: $54.00

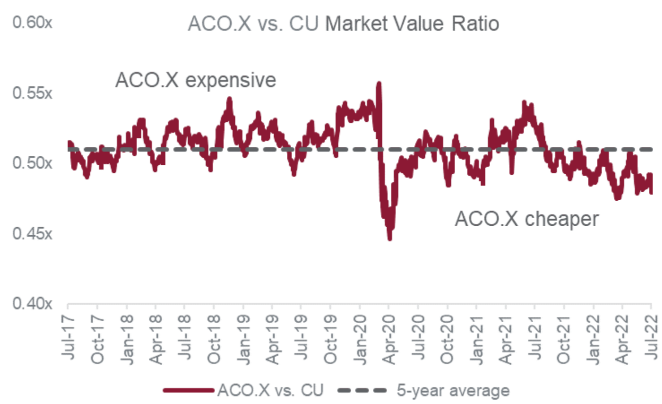
ATCO Ltd. is a diversified global corporation based in Calgary, Alberta with investments in the essential services of Structures & Logistics, Utilities, Energy Infrastructure, Retail Energy, Transportation, and Commercial Real Estate. The company has approximately 6,200 employees and about $23 billion in assets. It has various subsidiaries, including a modular buildings provider (ATCO Structures), a facility operations and maintenance enabler (ATCO Frontec), a commercial real estate investor and developer (ATCO Land & Development), and ATCO owns 40% of South American port operator and developer Neltume Ports. Additionally, it also owns 53% of Canadian Utilities Ltd., which trades on the Toronto Stock Exchange under the ticker CU.

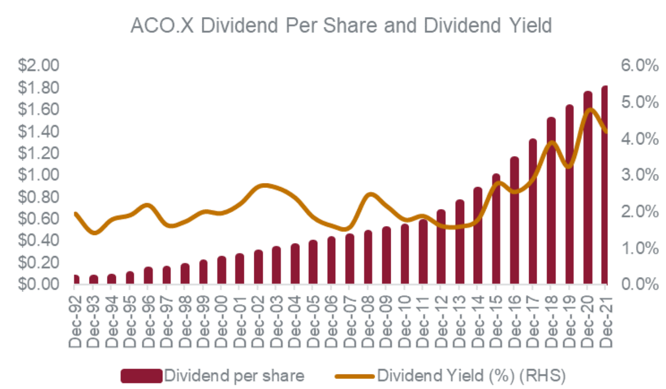
The market capitalization of Canadian Utilities, based on its recent share price is approximately $10.7 billion. Based on this figure, ATCO's 53% ownership position in Canadian Utilities represents approximately $5.7 billion of value, which is higher than ATCO's current market capitalization. This undervalues ATCO's other businesses and undervalues ATCO itself. It also provides a way for investors to gain access to Canadian Utilities for less than the cost of buying Canadian Utilities' shares directly. Given the recent market volatility and rising interest rates, CIBC's Portfolio Strategist, Ian de Verteuil, believes that the utilities sector should provide a defensive component in investor portfolios. He also cites ATCO as being one of his preferred names within the utilities sector. He notes that ATCO offers a discounted way to gain exposure to the utilities sector given its above-mentioned large holding in Canadian Utilities. Along with the utilities exposure, ATCO provides value in the form of its other business segments.

ATCO has an attractive dividend yield of approximately 4.1% and an impressive track record of increasing its dividends in each of the past 29 years. Overall, ATCO stands to benefit from its increasingly more diverse and economically-resilient unregulated businesses (Structure, Frontec & Neltume) along with exposure to the defensive Canadian Utilities business and an attractive consistently increasing dividend yield.

CIBC analyst Mark Jarvi's price target of $54.00 implies an upside of approximately 18.8% from current levels and the dividend yield of 4.1% brings the total implied return to 22.9%.

ATCO Ltd. vs Canadian Utilities Market Value Ratio and ATCO Ltd. Dividend Per Share & Dividend Yield





Source: FactSet, CIBC World Markets Inc.

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 25-Jul-22	Price Target	Adjusted EPS 2021A	Adjusted EPS 2022E	Adjusted EPS 2023E	P/E 2022E	Dividend Yield
Intact Financial Corp.[1,2]	IFC	OP	$31.3B	$178.55	$225.00	$82.30	$88.34	$96.67	2.0x	2.2%
ATCO Ltd.[1]	ACO.X	OP	$5.2B	$45.47	$54.00	$3.34	$3.55	$3.46	12.8x	4.1%

[1] 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.

[2] Book Value Per Share (BVPS) and P/BVPS are stated instead of Adjusted EPS and P/E respectively.

Market return data

All data is sourced from Bloomberg unless otherwise noted. Data as of July 29, 2022.

North American indices – Price performance (% Change)

North America indices	Price	1 Month	3 Months	6 Months	YTD
S&P/TSX Composite	19,693	4.4%	-5.1%	-6.7%	-7.2%
S&P/TSX Composite – Total Return	75,333	4.7%	-4.4%	-5.3%	-5.7%
S&P 500 Index	4,130	9.1%	0.0%	-8.5%	-13.3%
S&P 500 Index – Total Return	8,730	9.2%	0.4%	-7.8%	-12.6%
Dow Jones Industrial Average	32,845	6.7%	-0.4%	-6.5%	-9.6%
Dow Jones Industrial Average – Total Return	78,237	6.8%	0.1%	-5.5%	-8.6%
Nasdaq Composite Index	12,391	12.3%	0.5%	-13.0%	-20.8%

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	-2.9%	10.4%	6.3%	5.4%	5.4%	2.4%	5.6%
S&P/TSX Composite – Total Return	-0.2%	13.5%	9.5%	8.6%	8.6%	5.4%	8.5%
S&P 500 Index	-6.0%	12.4%	11.5%	10.8%	11.6%	7.2%	7.8%
S&P 500 Index – Total Return	-4.6%	14.1%	13.4%	12.8%	13.8%	9.4%	10.0%
Dow Jones Industrial Average	-6.0%	11.5%	6.9%	8.5%	9.7%	6.3%	6.8%
Dow Jones Industrial Average – Total Return	-4.1%	13.7%	9.2%	10.9%	12.3%	8.9%	9.5%
Nasdaq Composite Index	-15.6%	7.4%	14.9%	14.3%	15.5%	11.1%	11.8%

International indices – Price performance (% Change)

International indices	Price	1 Month	3 Months	6 Months	YTD
Bloomberg Euro 500	287	7.2%	-2.8%	-6.7%	-9.7%
FTSE Eurotop 100	3,359	7.1%	-1.5%	-4.0%	-5.7%
FTSE 100 (England)	7,423	3.5%	-1.6%	-0.5%	0.5%
Dax (Germany)	13,484	5.5%	-4.4%	-12.8%	-15.1%
CAC 40 (France)	6,449	8.9%	-1.3%	-7.9%	-9.8%
MSCI World	2,746	7.9%	-1.8%	-10.2%	-15.0%
MSCI Emerging Markets	994	-0.7%	-7.7%	-17.7%	-19.3%
MSCI Emerging Markets – Total Return	2,458	-0.2%	-6.3%	-16.0%	-17.6%
MSCI EAFE	1,937	4.9%	-4.7%	-12.8%	-17.1%
MSCI EAFE – Total Return	8,870	5.0%	-3.9%	-10.9%	-15.2%
Nikkei 225 (Japan)	27,802	5.3%	3.6%	3.0%	-3.4%
Hang Seng (Hong Kong)	20,157	-7.8%	-4.4%	-15.3%	-13.9%
ASX 200 (Australia)	6,945	5.7%	-6.6%	-0.4%	-6.7%
Taiwan Weighted	15,000	1.2%	-9.6%	-15.1%	-17.7%
Sensex 30 (India)	57,570	8.6%	0.9%	-0.8%	-1.2%

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	-5.3%	10.2%	3.6%	2.5%	4.8%	0.4%	2.8%
FTSE Eurotop 100	1.0%	13.0%	4.3%	3.0%	4.3%	0.3%	2.3%
FTSE 100 (England)	5.6%	12.2%	-0.7%	0.1%	2.8%	1.0%	2.8%
Dax (Germany)	-13.3%	4.6%	3.4%	2.2%	7.1%	3.9%	6.7%
CAC 40 (France)	-2.5%	16.1%	5.3%	4.8%	7.0%	0.8%	3.2%
MSCI World	-10.5%	9.2%	7.9%	7.0%	8.2%	3.8%	6.2%
MSCI Emerging Markets	-22.2%	-4.0%	-1.4%	-1.4%	0.4%	-0.8%	6.3%
MSCI Emerging Markets – Total Return	-19.8%	-1.5%	1.3%	1.3%	3.2%	2.0%	9.2%
MSCI EAFE	-16.5%	3.2%	0.7%	0.0%	3.0%	-0.9%	3.3%
MSCI EAFE – Total Return	-13.9%	6.2%	3.6%	3.1%	6.3%	2.3%	6.6%
Nikkei 225 (Japan)	1.9%	13.2%	8.9%	6.9%	12.3%	3.2%	5.3%
Hang Seng (Hong Kong)	-22.4%	-9.5%	-10.1%	-5.9%	0.2%	-0.9%	3.4%
ASX 200 (Australia)	-6.1%	8.2%	0.6%	4.0%	5.0%	0.8%	4.1%
Taiwan Weighted	-13.0%	8.8%	11.5%	7.5%	7.5%	3.2%	5.7%
Sensex 30 (India)	9.5%	23.7%	15.4%	12.1%	12.8%	9.1%	15.9%

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	19,693	4.4%	-5.1%	-6.7%	-7.2%
S&P/TSX Composite - Total Return	75,333	4.7%	-4.4%	-5.3%	-5.7%
S&P 500 Index	5,292	8.6%	-0.1%	-7.7%	-12.2%
S&P 500 Index - Total Return	11,185	8.7%	0.3%	-7.0%	-11.5%
Dow Jones Industrial Average	42,081	6.2%	-0.4%	-5.7%	-8.4%
Dow Jones Industrial Average - Total Return	100,237	6.3%	0.1%	-4.7%	-7.4%
Russell 2000	2,415	9.9%	1.1%	-6.2%	-15.0%
Nasdaq Composite Index	15,875	11.8%	0.4%	-12.2%	-19.8%
Bloomberg Euro 500	375	3.8%	-6.0%	-14.4%	-18.1%
EURO STOXX 50	4,844	3.9%	-5.8%	-18.5%	-21.7%
EURO STOXX 50 -Total Return	10,931	4.0%	-4.5%	-16.8%	-20.0%
MSCI World	3,519	7.4%	-1.8%	-9.4%	-13.9%
MSCI Emerging Markets	1,273	-1.2%	-7.7%	-17.0%	-18.3%
MSCI Emerging Markets -Total Return	3,150	-0.6%	-6.3%	-15.3%	-16.5%
MSCI EAFE	2,482	4.4%	-4.8%	-12.0%	-16.0%
MSCI EAFE - Total Return	11,364	4.5%	-3.9%	-10.1%	-14.1%
MSCI Far East	4,298	4.1%	-1.5%	-11.2%	-14.7%

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	-2.9%	10.4%	6.3%	5.4%	5.4%	2.4%	5.6%
S&P/TSX Composite - Total Return	-0.2%	13.5%	9.5%	8.6%	8.6%	5.4%	8.5%
S&P 500 Index	-3.5%	9.8%	10.5%	11.4%	14.4%	8.5%	6.7%
S&P 500 Index - Total Return	-2.1%	11.5%	12.4%	13.4%	16.6%	10.8%	8.8%
Dow Jones Industrial Average	-3.4%	8.9%	6.0%	9.0%	12.4%	7.6%	5.7%
Dow Jones Industrial Average - Total Return	-1.5%	11.1%	8.3%	11.4%	15.1%	10.3%	8.3%
Russell 2000	-13.0%	10.3%	5.3%	6.3%	11.8%	7.4%	7.0%
Nasdaq Composite Index	-13.3%	4.9%	13.9%	14.9%	18.3%	12.5%	10.6%
Bloomberg Euro 500	-16.4%	0.2%	-0.3%	0.0%	5.4%	-0.3%	1.9%
EURO STOXX 50	-19.9%	-1.8%	-1.5%	-1.0%	5.4%	-1.7%	0.8%
EURO STOXX 50 -Total Return	-17.9%	0.4%	0.6%	1.4%	8.1%	1.1%	3.6%
MSCI World	-8.1%	6.7%	6.9%	7.5%	10.9%	5.1%	5.0%
MSCI Emerging Markets	-20.1%	-6.2%	-2.3%	-0.9%	2.9%	0.5%	5.1%
MSCI Emerging Markets -Total Return	-17.6%	-3.7%	0.4%	1.8%	5.8%	3.3%	8.1%
MSCI EAFE	-14.3%	0.8%	-0.2%	0.5%	5.6%	0.3%	2.2%
MSCI EAFE - Total Return	-11.5%	3.8%	2.7%	3.6%	8.9%	3.6%	5.4%
MSCI Far East	-14.2%	-0.9%	-1.2%	0.4%	6.4%	1.2%	2.0%

Commodities – (% Change)

Commodities	Price	1 Month	3 Months	6 Months	1 Year	YTD
Gold Spot (US$/oz)	1,765.94	-2.3%	-6.9%	-1.7%	-2.7%	-3.5%
Silver (US$/oz)	20.36	0.4%	-10.6%	-9.4%	-20.1%	-12.7%
Brent Crude Oil	110.01	-4.2%	0.6%	20.6%	44.1%	41.4%
West Texas Intermediate Oil	98.62	-6.8%	-5.8%	11.9%	33.4%	31.1%
NYMEX Natural Gas	8.23	51.7%	13.6%	68.8%	110.2%	120.6%
Spot Nat. Gas (AECO Hub - USD)	5.05	12.2%	-11.2%	23.2%	60.8%	53.5%
Lumber	527.10	-20.5%	-49.3%	-46.2%	-15.1%	-54.1%
Copper 3-month	3.59	-4.1%	-19.0%	-16.7%	-18.6%	-18.5%
Nickel 3-month	10.71	4.1%	-25.7%	5.8%	20.8%	13.8%
Aluminum 3-month	1.13	1.8%	-18.5%	-17.6%	-3.9%	-11.4%
Zinc 3-month	1.50	4.8%	-19.4%	-7.7%	9.3%	-6.4%

Currencies – (% Change)

Currencies	Price	1 Month	3 Months	6 Months	1 Year	YTD
CAD/USD	0.7816	0.6%	0.4%	-0.7%	-2.5%	-1.2%
EURO/CAD	1.3084	-3.1%	-3.5%	-8.3%	-11.6%	-9.0%
EURO/USD	1.0220	-2.5%	-3.1%	-9.0%	-13.9%	-10.1%
USD/YEN	133.2700	-1.8%	2.8%	15.8%	21.5%	15.8%
Trade Weighted U.S. Dollar	105.9030	1.2%	2.9%	9.7%	14.9%	10.7%

Bond returns – Total return (% Change)

Bond Index	1 Month	3 Months	6 Months	1 Year	YTD
FTSE Canada Bond Universe Index	3.9%	1.6%	-5.6%	-8.9%	-8.8%
FTSE Canada Long Term Bond Index	7.3%	2.0%	-10.3%	-15.2%	-16.5%
FTSE Canada Mid Term Bond Index	4.6%	2.6%	-4.7%	-8.3%	-7.2%
FTSE Canada Short Term Bond Index	1.2%	0.7%	-2.3%	-4.0%	-3.2%

Government Yields

Government Notes	Yield	1 Month	3 Months	6 Months	1 Year
Canada 3-month T-Bills	2.65%	2.08%	1.39%	0.30%	0.17%
Canada 5yr Notes	2.62%	3.11%	2.75%	1.63%	0.82%
Canada 10yr Notes	2.61%	3.22%	2.87%	1.77%	1.20%
Canada 30yr Bonds	2.77%	3.14%	2.80%	2.05%	1.76%
U.S. 3-month T-Bills	2.32%	1.63%	0.82%	0.18%	0.04%
U.S. 5yr Notes	2.68%	3.04%	2.95%	1.61%	0.69%
U.S. 10yr Notes	2.65%	3.01%	2.93%	1.78%	1.22%
U.S. 30yr Bonds	3.01%	3.18%	3.00%	2.11%	1.89%

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	8.2%	-0.5%	-9.4%	-10.3%	-11.3%	3.4%
Consumer Staples	6.9%	-0.4%	7.9%	9.9%	5.0%	4.2%
Energy	5.0%	-0.8%	15.3%	45.0%	29.7%	18.5%
Energy - Integrated Oil & Gas	-2.3%	-3.6%	22.5%	89.8%	41.5%	3.6%
Energy - Oil & Gas Exploration & Production	7.9%	-2.2%	21.1%	87.2%	45.0%	6.2%
Energy - Pipeline	5.2%	1.8%	7.7%	14.8%	17.5%	7.8%
Financials	2.8%	-5.1%	-13.4%	-2.3%	-10.3%	31.3%
Financials - Banks	1.2%	-6.3%	-15.3%	-1.5%	-10.4%	21.1%
Financials - Insurance	3.6%	-6.7%	-14.9%	-7.2%	-10.6%	4.1%
Real Estate	6.8%	-7.2%	-12.5%	-12.3%	-17.7%	2.8%
Health Care	-8.6%	-44.3%	-53.9%	-69.1%	-58.2%	0.3%
Industrials	10.4%	4.4%	2.3%	4.8%	-0.6%	12.7%
Information Technology	10.0%	-5.0%	-38.3%	-53.6%	-50.9%	5.7%
Materials	-0.7%	-20.6%	-6.5%	-9.1%	-9.6%	11.0%
Materials - Gold	-5.2%	-24.0%	-11.4%	-21.9%	-15.4%	5.5%
Materials - Base Metals	0.2%	-21.6%	-6.8%	19.7%	-2.6%	1.1%
Materials - Fertilizers	6.9%	-13.2%	23.5%	47.8%	15.3%	2.1%
Communication Services	0.0%	-8.5%	-4.4%	0.2%	-2.9%	5.0%
Utilities	3.8%	0.8%	5.6%	4.8%	3.2%	5.2%

Strategic asset allocation[3] (in C$) - Performance (% Change - Before Fees)

Strategic Asset Allocation (in C$)	1 Month	3 Months	6 Months	1 Year	YTD
Capital Preservation	3.3%	0.2%	-4.2%	-5.2%	-6.3%
Income	3.9%	-0.1%	-5.0%	-5.7%	-7.3%
Income & Growth	4.8%	-1.0%	-5.8%	-5.3%	-8.2%
Growth	5.6%	-1.4%	-6.6%	-5.7%	-9.5%
Aggressive Growth	6.6%	-1.9%	-7.6%	-6.2%	-10.9%

CIBC World Markets interest rate outlook

Interest rates (%) – End of Qtr	25-Jul-22	Sep-22	Dec-22
Canada 3-month T-Bill	2.67%	3.30%	3.15%
U.S. 3-month T-Bill	2.42%	2.80%	3.25%
Canada 10-year Gov't Bond Yield	2.86%	3.20%	3.00%
U.S. 10-year Gov't Bond Yield	2.80%	3.20%	3.05%
US$/C$	0.78	0.78	0.76

Source: CIBC World Markets Inc.

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

CIBC World Markets economic outlook

Economic outlook	2022F	2023F
Canada Real GDP Growth (% Chg)	3.40%	1.50%
U.S. Real GDP Growth (% Chg)	2.10%	1.30%
Canada Consumer Price Index (% Chg)	6.90%	2.10%
U.S. Consumer Price Index (% Chg)	8.30%	2.90%

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

Intact Financial Corp. (IFC): CIBC analyst Paul Holden's price target of $225 is derived by applying a price to book multiple of 2.3x to his estimated 2023 BVPS. The price target multiple is in line with Intact's five-year average of 2.3x and above the current trading multiple.

ATCO Ltd. (ACO.X): CIBC analyst Mark Jarvi's price target of $54 is based on a sum-of-the-parts (SOTP) valuation approach that includes two main components: 1) A 10% discount was applied to ACO.X's 53.0% ownership of CU, which reflects illiquidity and implications from the corporate structure; and, 2) The Structures & Logistics and Neltume business units were valued by applying 5.0x and 8.5x multiples to the average of the 2022 and 2023 EBITDA estimates for each business, respectively. After the discounted value of the CU holdings and the Structures & Logistics and Neltume businesses was calculated, net debt at ACO.X was factored in by backing out the net debt at the CU level.

Key risks to price targets

Intact Financial Corp. (IFC): The primary risks to the price target include the following factors: pricing adequacy, adverse reserve development, regulatory changes, irrational competitors, catastrophe losses, investment returns, key management changes and execution on RSA.

ATCO Ltd. (ACO.X): The key risks to the price target include regulatory risk, concentrated exposure to Alberta, volatility of non-regulated assets, structure and voting control, limited operating disclosure and execution risk.

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 7/25/2022:

Intact Financial Corp. (2a, 2c, 2e, 2g, 3a, 3c, 7) (IFC-TSX, C$178.88)

ATCO Ltd. (2g, 13) (ACO.X-TSX, C$45.47)

Key to important disclosure footnotes:

1 CIBC World Markets Corp. makes a market in the securities of this company.

2a This company is a client for which a CIBC World Markets company has performed investment banking services in the past 12 months.

2b CIBC World Markets Corp. has managed or co-managed a public offering of securities for this company in the past 12 months.

2c CIBC World Markets Inc. has managed or co-managed a public offering of securities for this company in the past 12 months.

2d CIBC World Markets Corp. has received compensation for investment banking services from this company in the past 12 months.

2e CIBC World Markets Inc. has received compensation for investment banking services from this company in the past 12 months.

2f CIBC World Markets Corp. expects to receive or intends to seek compensation for investment banking services from this company in the next 3 months.

2g CIBC World Markets Inc. expects to receive or intends to seek compensation for investment banking services from this company in the next 3 months.

3a This company is a client for which a CIBC World Markets company has performed non-investment banking, securities-related services in the past 12 months.

3b CIBC World Markets Corp. has received compensation for non-investment banking, securities-related services from this company in the past 12 months.

3c CIBC World Markets Inc. has received compensation for non-investment banking, securities-related services from this company in the past 12 months.

4a This company is a client for which a CIBC World Markets company has performed non-investment banking, non-securities-related services in the past 12 months.

4b CIBC World Markets Corp. has received compensation for non-investment banking, non-securities-related services from this company in the past 12 months.

4c CIBC World Markets Inc. has received compensation for non-investment banking, non-securities-related services from this company in the past 12 months.

5a The CIBC World Markets Corp. analyst(s) who covers this company also has a long position in its common equity securities.

5b A member of the household of a CIBC World Markets Corp. research analyst who covers this company has a long position in the common equity securities of this company.

6a The CIBC World Markets Inc. fundamental analyst(s) who covers this company also has a long position in its common equity securities.

6b A member of the household of a CIBC World Markets Inc. fundamental research analyst who covers this company has a long position in the common equity securities of this company.

6c One or more members of Investment Strategy Group who was involved in the preparation of this report, and/or a member of their household(s), has a long position in the common equity securities of this company.

7 CIBC World Markets Corp., CIBC World Markets Inc., and their affiliates, in the aggregate, beneficially own 1% or more of a class of equity securities issued by this company.

8 A partner, director or officer of CIBC World Markets Inc. or any analyst involved in the preparation of this research report has provided services to this company for remuneration in the past 12 months.

9 A senior executive member or director of Canadian Imperial Bank of Commerce ("CIBC"), the parent company to CIBC World Markets Inc. and CIBC World Markets Corp., or a member of his/her household is an officer, director or advisory board member of this company or one of its subsidiaries.

10 Canadian Imperial Bank of Commerce ("CIBC"), the parent company to CIBC World Markets Inc. and CIBC World Markets Corp., has a significant credit relationship with this company.

11 The equity securities of this company are restricted voting shares.

12 The equity securities of this company are subordinate voting shares.

13 The equity securities of this company are non-voting shares.

14 The equity securities of this company are limited voting shares.

CIBC World Markets Research rating system

Stock ratings

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.
TR	Tender	Shareholders are advised to tender shares to a specific offer as we do not believe a superior offer will materialize
NR	Not Rated	CIBC does not maintain an investment recommendation on the stock.
R	Restricted	CIBC World Markets is restricted[4] from rating the stock.

Sector weightings[5]

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.

"CC" indicates Commencement of Coverage. The analyst named started covering the security on the date specified.

[4] Restricted due to a potential conflict of interest.

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