CIBC PRIVATE WEALTH

INVESTMENT STRATEGY GROUP

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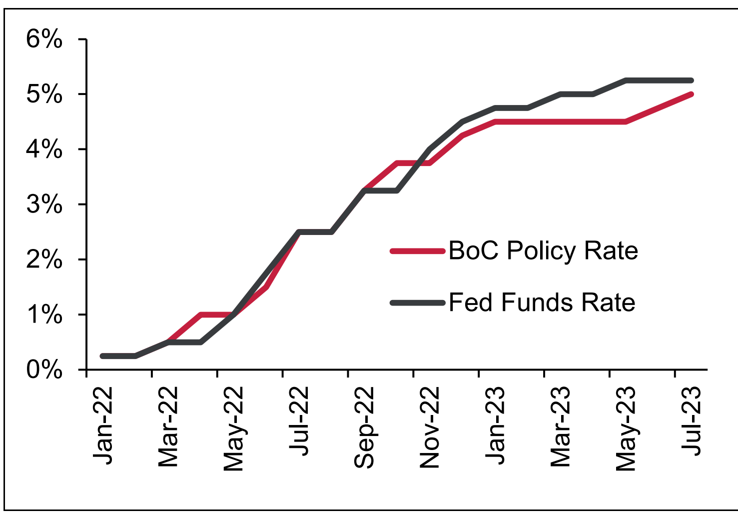
Central Banks And Interest Rates: Yikes, More Hikes!

Throughout the past 12 months as the Bank of Canada (BoC) and the U.S. Federal Reserve (Fed) hiked rates, there were investors who believed that a policy reversal would occur during the latter part of this year. The recent rate hike by the BoC and the signals from the Fed that two more hikes may happen in 2023 seem to have quelled expectations of a reversal in the direction of interest rates.

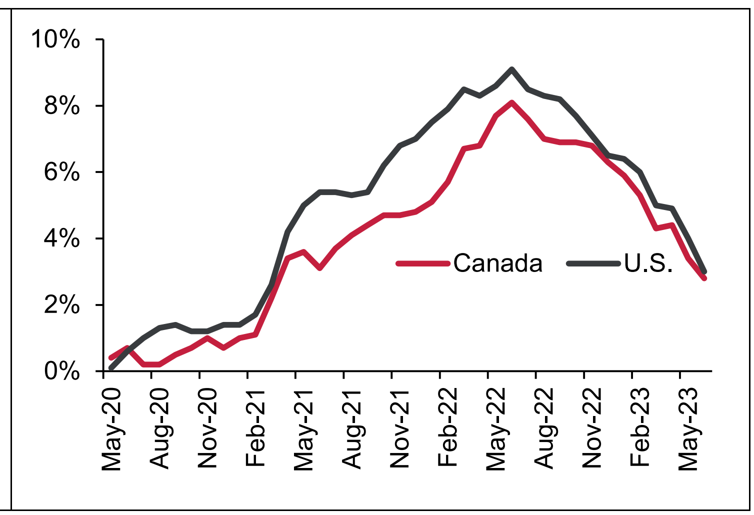
At the start of the year, investors were looking back at 2022 and the large decline in equity markets that occurred, which was mainly due to huge increases in interest rates by the BoC and the Fed. The resulting sell-off in equities in 2022 should not have been a surprise. The surprise was that investors bought back into equities from the first day of trading this year and that they seem poised to continue this trend. With the rate increases over the last 18 months, the big question is whether the impacts of these rate hikes have been completely felt in the economy or whether over the next several months the impacts will continue to be felt. Estimates vary on how long the full impact will take to be reflected in the economy, especially when the yield curve is inverted as it is presently but some estimates are as long as 18 months. This could mean that that we are still a long way from seeing the full impact of all the rate hikes being reflected, especially given the prospect of more hikes to come.

Are the rate hikes succeeding in reducing inflation? Yes, they are. Using the Consumer Price Index (CPI), the charts below show that inflation in Canada has fallen from 8.1% to 2.8%. In the U.S., it has fallen from 9.1% to 3%. So it would be understandable if investors wonder why the BoC and the Fed are set to continue hiking rates given the huge drop in inflation and because the impact of previous rate hikes may continue to be felt over the next several months. The answer is that the BoC and the Fed are strongly focused on getting inflation down to 2%. They believe the easy part of the task was reducing inflation to current levels and the hard part will be reducing it from current levels to 2%. Investors might ask where the 2% figure came from. This is where things get interesting.

BoC and Fed Rate Hikes



Canadian and U.S. Inflation



Source: Bloomberg

Why Is The Inflation Target 2%?

Several years ago, as the world was recovering from the global financial crisis, the biggest worry of central bankers was that inflation was too low, potentially leading to a deflationary spiral where low prices would cause a severe and continuous drop in consumption on expectations that goods would be cheaper in the future. This would be a severe blow to the world's economic growth prospects and could be very hard to reverse, so central bankers were anxious to get inflation up to 2% to prevent this. However, today the economic conditions are very different. Unlike the situation several years ago, where central bankers feared that there was not enough inflation, today we have enough inflation. So why is 2% still the target today? There does not seem to be an answer except that in taking a data-dependent approach, central bankers might not be asking this same question. Perhaps they should recognize that inflation has largely been brought under control and is sufficient for a balanced economy.

Rate hikes are supposed to control inflation by causing an economic slowdown. Whether it is a hard landing or a soft landing, this is a polite way of saying they are intended to cause lots of people to lose their jobs. Job losses will cause people to spend less, thus reducing consumption and resulting in lower inflation. The problem is that although inflation has fallen significantly, wide-spread job losses across all sectors of the economy have not occurred. Could central bankers be missing something? It appears that employers are reluctant to reduce staff levels because the current tight labour market means that if they reduce their workforces, it may be very difficult to find adequate replacements 12 - 18 months from now when the economy begins to recover. The result is that the job market remains very strong in Canada and the U.S.. So the consumer, which is roughly 70% of the economy, remains gainfully employed, is receiving decent wage and salary increases and can absorb price increases and keep spending on goods and services.

Perhaps the aging demographics, which we have been hearing about for so many years, are finally becoming a factor in this equation and contributing to the tight labour market. Maybe central bankers need to recognize this and adjust their inflation targets instead of stubbornly focusing on 2% inflation. In the end it might come down to the job market versus the central bankers. After all, these are the same bankers who were wrong when they said inflation would be transitory and they could also be wrong with their 2% inflation target.

Implications For Investors

The expectation is growing that there will be no rate reductions in 2023 and possibly, even if there are no more rate hikes in 2024, that rates may stay high into 2025. This has implications for investors' portfolios. While dividends will continue to be an important part of portfolio returns, the current high interest rates mean that investors can receive high yields from GICs and corporate bonds without taking on much equity-market risk. As such, interest income from the fixed-income portion of portfolios will likely remain an important contributor to overall returns. This may diminish the relative attractiveness of equities. Should rate hikes continue to levels that impair economic growth, equities may give up some of their gains, increasing the importance of fixed-income securities even further. However, if the central bankers relent and end their fixation on 2% inflation, investors could benefit from continued increases in equity prices as well as the attractive interest rates from fixed-income securities. So as the second half of the year unfolds, uncertainty over interest rates will continue and investors will have to adjust their portfolio strategies accordingly.

MICHAEL O'CALLAGHAN, MBA, CFA

A Look At International Dividend Equity ETFs

Home Sweet Home

For many Canadians, investing in their home country gives them a sense of comfort. After all, most of us are familiar with the popular big banks, oil and telecommunication companies brand names because we see, hear or deal with them one way or another on a regular basis. Also, until 2005, a foreign exposure limit of 30 percent was imposed on Canadians in their RRSPs. Since then, Canadians investors have slowly been increasing the non-Canadian holdings in their investment portfolios. This tendency for investors to favour companies from their own countries is referred to as “home bias”. While there is nothing inherently wrong with investors overweighting Canadian equity exposure, there are some benefits to exploring foreign investment options.

Advantages of Investing in Canada

Canada is one of the safest countries to invest in because we benefit from our close proximity to the U.S., which is the largest economy in the world and our most important trading partner. Canada is very rich in natural resources and holds vast reserves of crude oil, natural gas, diverse minerals and timber. From an investing point of view, other advantages of investing domestically include:

- Access to well-regulated, liquid and efficient Canadian stock markets
- Canadian eligible dividends are more tax efficient than foreign income
- Canadian investments are not exposed to currency exchange rate risk

Some Drawbacks of Investing in Canada

Canada is the world’s second-largest country in land mass, but represents only approximately 3 percent of the global economy. Its stock market is very concentrated by sector and lacks diversification.

- Sector concentration: the top three sectors Financials, Energy and Industrials represent 61% of the S&P/TSX
- Lack of diversification: 36% of the S&P/TSX equity market is represented by the top ten companies while the six big banks account for 20%
- Currency risk: the Canadian dollar is driven by commodity and resource prices which can be volatile

Benefits of Adding International Equity to Enhance Portfolio Diversification

- International equity funds provide access to a wide range of companies from various countries and regions around the world. For example, the MSCI EAFE Index represents 21 developed equity market countries from Europe, Australasia and the Far East. This index is not only better diversified by geography, it's also diversified by sector which compliments holdings from the S&P/TSX.
- Global growth opportunities: Investing in international equity funds allows investors to participate in the growth of economies and industries beyond domestic markets. Different countries may experience varying levels of economic growth at different times, providing opportunities to capitalize on emerging markets or industries that are thriving in certain regions.
- Exposure to leading companies: International equity funds provide exposure to some of the world's leading companies that may not be available in your domestic market (e.g. Nestle and Toyota). Investing globally allows investors to access industries and sectors that may not be well-represented in Canada such as technology or healthcare.
- Currency diversification: Investing in international equity funds provides investors exposure to different currencies. This exposure can provide a hedge against currency risk and help diversify holdings beyond domestic currencies. Currency movements can impact the returns of international investments. By diversifying currency exposure can potentially benefit from favorable exchange rate movements.

International Dividend Equity ETFs

One way to include international equity exposure to their portfolios, investors can choose from a multitude of ETFs domiciled in Canada. The list below features ETFs tracking international dividend paying companies. These companies tend to be more established, often "blue chip" companies exhibiting relatively stronger fundamentals that can potentially be more resilient during downturns and volatile markets.

Table 1: International Dividend Equity ETFs Domiciled in Canada

Name (click link to view additional details)	Ticker(s)*	$ CAD-Hedged Option	MER (%)	Yield (%)	1 Year RoR (%)	3 Year RoR (%)	5 Year RoR (%)	Inception Date
BMO International Dividend ETF	ZDI / ZDH	Yes	0.44	4.48	24.43	11.24	4.42	2014-11-05
CI WisdomTree International Quality Dividend Growth ETF	IQD.B / IQD	Yes	0.54	2.58	21.98	6.06	5.24	2016-07-12
CIBC Qx International Low Volatility Dividend ETF	CQLI	No	0.46	3.07	7.43	-	-	2021-11-16
Dynamic Active International Dividend ETF	DXW	No	0.76	1.99	15.06	5.46	-	2020-02-14
Fidelity International High Dividend ETF	FCID	No	0.51	5.56	15.52	11.08	-	2018-09-13
Invesco S&P Intl. Devel. Dividend Aristocrats ESG Index ETF	IIAE / IIAE.F	Yes	N/A	-	-	-	-	2023-02-10
Manulife Smart International Dividend ETF	IDIV.B	No	N/A	-	-	-	-	2022-11-09
Purpose International Dividend ETF	PID	No	0.68	4.54	20.96	7.58	4.38	2015-04-22
RBC Quant EAFE Dividend Leaders ETF	RID / RIDH	Yes	0.54	4.74	19.30	6.50	2.95	2014-01-09
Vanguard FTSE Developed ex NA High Dividend Yield ETF	VIDY	No	0.31	4.62	19.73	11.56	-	2018-08-21

Source: Fund providers websites. * Second ticker indicates CAD-hedged version. 3 and 5-year RoR numbers are annualized.

The BMO International Dividend ETF is available on CIBC Wood Gundy's Recommended List. This ETF follows a rules-based, multi-factor investment strategy that focuses on a company's 3-year dividend growth rate, yield and payout ratio. In addition, sector caps ensure that no particular sector is over represented. Generally, the ETF will be tilted towards defensive sectors which tend to have more stable business models and payout more of their cash flow through dividends.

The CI WisdomTree International Quality Dividend Growth Index ETF follows a screening methodology that combines a quality screen focusing on return on equity (ROE) and return on assets (ROA) with a forward-looking earnings growth estimates. Eligible companies in the ETF are then weighted by dividends, rather than by a market cap which can magnify the effect dividends have on performance. The ETF is available in Canadian dollars (CAD) and CAD-hedged. It also as a variably hedged overlay (ticker DQI). This isa dynamic approach to managing currency exposure determined by relative currency momentum, interest rate differentials and value (purchasing power parity).

The RBC Quant EAFE Dividend Leaders ETF is based on extensive quantitative research with the aim of screening top performing dividend paying companies with an emphasis of the following five alpha factor sources: profitability (ROA, forward ROE and EBIT margin), value (dividend yield, forward P/E and price to FCF), quality (balance sheet and management behavior), technical (momentum) and growth (FCF and EPS growth). There are only 10 International Dividend ETFs domiciled in Canada. Only three (detailed above) have at least a 5-year track record and a minimum size of $100 million in assets. The great majority of these ETFs employ a rules-based methodology with the exception of the only two actively managed ETFs from Dynamic (DXW) and Manulife (IDIV.B).

It's worth noting, the CIBC Qx International Low Volatility Dividend ETF (CQLI) is the only ETF that combines the low volatility and dividend strategy. Finally, investors interested in ethical investing can do so with the newly launched Invesco Dividend ETFs (IIAE and IIAE.F) tracking the 100 highest companies in developed markets (ex. North-America) that meet certain ESG criteria.

It's important to consider that investing in international equity funds also comes with certain risks, such as currency risk, political and economic instability in foreign markets, and regulatory differences. Therefore, it's recommended to carefully evaluate your risk tolerance, conduct thorough research, and consider seeking professional advice from your CIBC Wood Gundy investment advisor before making any investment decisions.

Joël Bériault, CIM

Market Return Data

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

North American indices – Price performance (% Change)

North America indices	Price	1 Month	3 Months	6 Months	YTD
S&P/TSX Composite	20,627	2.3%	0.0%	-0.7%	6.4%
S&P/TSX Composite – Total Return	81,536	2.6%	0.8%	0.9%	8.4%
S&P 500 Index	4,589	3.1%	10.1%	12.6%	19.5%
S&P 500 Index – Total Return	9,867	3.2%	10.5%	13.5%	20.6%
Dow Jones Industrial Average	35,560	3.3%	4.3%	4.3%	7.3%
Dow Jones Industrial Average – Total Return	86,545	3.4%	4.9%	5.5%	8.5%
Nasdaq Composite Index	14,346	4.0%	17.3%	23.8%	37.1%

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	4.7%	0.8%	8.5%	4.6%	5.1%	2.8%	5.4%
S&P/TSX Composite – Total Return	8.2%	3.9%	11.7%	7.9%	8.4%	6.0%	8.3%
S&P 500 Index	11.1%	2.2%	11.9%	10.3%	10.5%	9.0%	8.0%
S&P 500 Index – Total Return	13.0%	3.8%	13.7%	12.2%	12.7%	11.2%	10.1%
Dow Jones Industrial Average	8.3%	0.9%	10.4%	6.9%	8.7%	7.9%	7.0%
Dow Jones Industrial Average – Total Return	10.6%	3.0%	12.6%	9.3%	11.2%	10.6%	9.6%
Nasdaq Composite Index	15.8%	-1.1%	10.1%	13.3%	14.7%	12.9%	11.1%

International indices – Price performance (% Change)

International indices	Price	1 Month	3 Months	6 Months	YTD
Bloomberg Euro 500	305	1.8%	0.3%	3.2%	10.1%
FTSE Eurotop 100	3,700	1.4%	1.0%	4.9%	11.8%
FTSE 100 (England)	7,699	2.2%	-2.2%	-0.9%	3.3%
Dax (Germany)	16,447	1.9%	3.3%	8.7%	18.1%
CAC 40 (France)	7,498	1.3%	0.1%	5.9%	15.8%
MSCI World	3,064	3.3%	8.1%	10.0%	17.7%
MSCI Emerging Markets	1,047	5.8%	7.2%	1.5%	9.5%
MSCI Emerging Markets – Total Return	2,675	6.3%	8.6%	3.5%	11.7%
MSCI EAFE	2,199	3.2%	2.6%	4.7%	13.1%
MSCI EAFE – Total Return	10,415	3.2%	3.5%	7.1%	15.8%
Nikkei 225 (Japan)	33,172	-0.1%	15.0%	21.4%	27.1%
Hang Seng (Hong Kong)	20,079	6.1%	0.9%	-8.1%	1.5%
ASX 200 (Australia)	7,410	2.9%	1.4%	-0.9%	5.3%
Taiwan Weighted	17,145	1.4%	10.1%	12.3%	21.3%
Sensex 30 (India)	66,528	2.8%	8.9%	11.7%	9.3%

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	6.2%	0.3%	8.9%	2.9%	4.0%	2.7%	3.4%
FTSE Eurotop 100	10.1%	5.5%	12.1%	4.6%	4.2%	2.7%	3.2%
FTSE 100 (England)	3.7%	4.6%	9.3%	-0.1%	1.5%	2.4%	3.1%
Dax (Germany)	22.0%	2.9%	10.1%	5.1%	7.1%	6.4%	8.1%
CAC 40 (France)	16.3%	6.5%	16.2%	6.3%	6.5%	3.6%	4.3%
MSCI World	11.6%	-0.1%	10.0%	7.3%	7.3%	5.5%	6.4%
MSCI Emerging Markets	5.3%	-9.5%	-1.0%	-0.8%	1.0%	0.0%	5.6%
MSCI Emerging Markets – Total Return	8.8%	-6.6%	1.9%	2.1%	3.9%	2.8%	8.5%
MSCI EAFE	13.5%	-2.7%	6.5%	1.9%	2.5%	1.0%	3.8%
MSCI EAFE – Total Return	17.4%	0.6%	9.8%	5.1%	5.7%	4.3%	7.1%
Nikkei 225 (Japan)	19.3%	10.3%	15.2%	8.0%	9.3%	6.2%	6.4%
Hang Seng (Hong Kong)	-0.4%	-12.1%	-6.5%	-6.8%	-0.9%	-0.8%	3.5%
ASX 200 (Australia)	6.7%	0.1%	7.7%	3.4%	3.9%	2.7%	4.4%
Taiwan Weighted	14.3%	-0.3%	10.6%	9.2%	7.8%	6.1%	6.0%
Sensex 30 (India)	15.6%	12.5%	20.9%	12.1%	13.1%	10.8%	15.4%

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	20,627	2.3%	0.0%	-0.7%	6.4%
S&P/TSX Composite - Total Return	81,536	2.6%	0.8%	0.9%	8.4%
S&P 500 Index	6,041	2.6%	6.9%	11.2%	16.3%
S&P 500 Index - Total Return	12,990	2.7%	7.4%	12.2%	17.4%
Dow Jones Industrial Average	46,814	2.8%	1.3%	3.1%	4.4%
Dow Jones Industrial Average - Total Return	113,936	2.9%	1.9%	4.2%	5.6%
Russell 2000	2,637	5.5%	10.0%	2.5%	10.7%
Nasdaq Composite Index	18,887	3.5%	14.0%	22.4%	33.4%
Bloomberg Euro 500	441	2.2%	-2.8%	3.3%	10.1%
EURO STOXX 50	6,479	2.0%	-0.6%	7.5%	17.9%
EURO STOXX 50 -Total Return	14,994	2.1%	0.6%	9.7%	20.4%
MSCI World	4,034	2.8%	5.0%	8.7%	14.6%
MSCI Emerging Markets	1,378	5.3%	4.1%	0.3%	6.5%
MSCI Emerging Markets -Total Return	3,522	5.8%	5.5%	2.3%	8.7%
MSCI EAFE	2,895	2.7%	-0.3%	3.5%	10.1%
MSCI EAFE - Total Return	13,712	2.7%	0.6%	5.8%	12.6%
MSCI Far East	4,868	2.8%	4.2%	4.6%	9.2%

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	4.7%	0.8%	8.5%	4.6%	5.1%	2.8%	5.4%
S&P/TSX Composite - Total Return	8.2%	3.9%	11.7%	7.9%	8.4%	6.0%	8.3%
S&P 500 Index	14.2%	5.0%	11.2%	10.5%	13.3%	10.8%	7.6%
S&P 500 Index - Total Return	16.1%	6.6%	13.0%	12.5%	15.5%	13.0%	9.7%
Dow Jones Industrial Average	11.2%	3.6%	9.7%	7.2%	11.4%	9.7%	6.6%
Dow Jones Industrial Average - Total Return	13.7%	5.8%	11.9%	9.6%	14.0%	12.5%	9.2%
Russell 2000	9.2%	-2.6%	9.9%	3.9%	9.4%	8.9%	7.1%
Nasdaq Composite Index	19.0%	1.6%	9.4%	13.6%	17.6%	14.8%	10.8%
Bloomberg Euro 500	17.8%	-0.8%	5.7%	1.9%	4.6%	2.0%	3.0%
EURO STOXX 50	33.7%	3.5%	8.9%	3.8%	5.5%	1.2%	2.5%
EURO STOXX 50 -Total Return	37.2%	6.2%	11.4%	6.3%	8.2%	4.1%	5.3%
MSCI World	14.7%	2.6%	9.3%	7.6%	10.0%	7.3%	6.0%
MSCI Emerging Markets	8.2%	-7.0%	-1.6%	-0.5%	3.5%	1.7%	5.2%
MSCI Emerging Markets -Total Return	11.8%	-4.0%	1.2%	2.3%	6.4%	4.6%	8.2%
MSCI EAFE	16.7%	0.0%	5.8%	2.1%	5.0%	2.7%	3.4%
MSCI EAFE - Total Return	20.7%	3.3%	9.1%	5.3%	8.3%	6.1%	6.7%
MSCI Far East	13.3%	-1.4%	3.6%	0.9%	5.5%	3.4%	3.5%

Commodities – (% Change)

Commodities	Price	1 Month	3 Months	6 Months	1 Year	YTD
Gold Spot (US$/oz)	1,965.09	2.4%	-1.3%	1.9%	11.3%	7.7%
Silver (US$/oz)	24.75	8.7%	-1.2%	4.3%	21.6%	3.3%
Brent Crude Oil	85.56	14.2%	7.6%	1.3%	-22.2%	-0.4%
West Texas Intermediate Oil	81.80	15.8%	6.5%	3.7%	-17.1%	1.9%
NYMEX Natural Gas	2.63	-5.9%	9.3%	-1.9%	-68.0%	-41.1%
Spot Nat. Gas (AECO Hub - USD)	1.93	1.0%	13.5%	-17.9%	-61.8%	-40.6%
Lumber	511.50	-6.1%	-3.1%	-22.3%	N/A	-2.7%
Copper 3-month	4.01	6.2%	2.7%	-4.2%	11.5%	5.5%
Nickel 3-month	10.11	8.7%	-8.0%	-26.5%	-5.6%	-25.8%
Aluminum 3-month	1.04	6.1%	-3.1%	-13.7%	-8.3%	-4.0%
Zinc 3-month	1.16	7.4%	-3.1%	-24.3%	-22.5%	-13.7%

Currencies – (% Change)

Currencies	Price	1 Month	3 Months	6 Months	1 Year	YTD
CAD/USD	0.7582	0.4%	2.7%	0.9%	-3.0%	2.8%
EURO/CAD	1.4503	0.3%	-2.8%	0.3%	10.8%	0.0%
EURO/USD	1.0997	0.8%	-0.2%	1.2%	7.6%	2.7%
USD/YEN	142.2900	-1.4%	4.4%	9.4%	6.8%	8.5%
Trade Weighted U.S. Dollar	101.8550	-1.0%	0.2%	-0.2%	-3.8%	-1.6%

Bond returns – Total return (% Change)

Bond Index	1 Month	3 Months	6 Months	1 Year	YTD
FTSE Canada Bond Universe Index	-1.1%	-2.7%	-1.7%	-1.8%	1.4%
FTSE Canada Long Term Bond Index	-2.6%	-3.9%	-2.6%	-3.8%	2.7%
FTSE Canada Mid Term Bond Index	-1.1%	-3.7%	-2.5%	-2.6%	0.7%
FTSE Canada Short Term Bond Index	-0.1%	-1.3%	-0.4%	0.1%	0.9%

Government Yields

Government Notes	Yield	1 Month	3 Months	6 Months	1 Year
Canada 3-month T-Bills	5.01%	4.90%	4.37%	4.36%	2.65%
Canada 5yr Notes	3.90%	3.69%	2.98%	3.03%	2.62%
Canada 10yr Notes	3.50%	3.27%	2.84%	2.92%	2.61%
Canada 30yr Bonds	3.31%	3.09%	2.94%	2.98%	2.77%
U.S. 3-month T-Bills	5.40%	5.28%	5.03%	4.64%	2.32%
U.S. 5yr Notes	4.18%	4.16%	3.48%	3.62%	2.68%
U.S. 10yr Notes	3.96%	3.84%	3.42%	3.51%	2.65%
U.S. 30yr Bonds	4.01%	3.86%	3.67%	3.63%	3.01%

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

S&P/TSX GICS Sectors	1 Month	3 Months	6 Months	1 Year	YTD	Index Weight (%)
Consumer Discretionary	0.6%	5.1%	4.2%	14.8%	10.8%	3.9%
Consumer Staples	-2.4%	-6.4%	0.1%	5.3%	1.9%	4.0%
Energy	4.1%	-1.8%	-5.1%	-5.0%	-1.0%	16.9%
Energy - Integrated Oil & Gas	7.7%	2.0%	-8.0%	-0.4%	-2.8%	3.4%
Energy - Oil & Gas Exploration & Production	9.7%	2.6%	2.0%	6.7%	4.7%	6.2%
Energy - Pipeline	-3.9%	-10.8%	-12.3%	-19.7%	-9.0%	6.1%
Financials	3.2%	1.5%	-2.9%	2.0%	4.7%	30.9%
Financials - Banks	3.5%	0.9%	-5.1%	-0.4%	2.0%	20.4%
Financials - Insurance	3.2%	1.5%	3.5%	15.1%	12.5%	4.4%
Real Estate	1.5%	-3.2%	-7.2%	-5.7%	2.4%	2.4%
Health Care	21.0%	14.6%	6.1%	9.6%	21.3%	0.3%
Industrials	0.7%	1.9%	5.0%	9.7%	8.8%	13.6%
Information Technology	1.9%	17.0%	25.7%	46.4%	50.2%	7.8%
Materials	6.4%	-4.5%	-4.2%	17.1%	6.0%	12.0%
Materials - Gold	2.7%	-9.5%	-5.4%	21.5%	3.7%	6.3%
Materials - Base Metals	6.9%	-0.9%	1.8%	48.8%	16.1%	1.4%
Materials - Fertilizers	16.2%	-3.3%	-17.5%	-17.1%	-8.1%	1.5%
Communication Services	-6.3%	-14.2%	-11.6%	-10.8%	-6.8%	3.9%
Utilities	-1.3%	-5.9%	-1.7%	-15.4%	1.6%	4.3%

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	0.0%	-0.7%	0.3%	1.9%	3.6%
Income	0.3%	-0.3%	0.7%	2.7%	4.8%
Income & Growth	1.3%	1.5%	2.8%	5.8%	8.1%
Growth	1.9%	3.1%	4.5%	7.8%	10.7%
Aggressive Growth	2.7%	5.2%	7.0%	10.7%	14.3%

CIBC World Markets Interest Rate Outlook

Interest Rates (%) – End of Qtr	31-Jul-23	Sep-23	Dec-23
Canada 3-month T-Bill	5.05%	5.25%	5.20%
U.S. 3-month T-Bill	5.42%	5.80%	5.75%
Canada 10-year Gov't Bond Yield	3.51%	3.55%	3.45%
U.S. 10-year Gov't Bond Yield	3.96%	3.90%	3.80%
US$ / C$	0.76	0.75	0.76

Source: CIBC World Markets Inc.

CIBC World Markets Economic Outlook

Economic Outlook	2023F	2024F
Canada Real GDP Growth (% Chg)	1.60%	0.80%
U.S. Real GDP Growth (% Chg)	1.80%	0.60%
Canada Consumer Price Index (% Chg)	3.70%	2.10%
U.S. Consumer Price Index (% Chg)	3.90%	2.00%

Source: CIBC World Markets Inc.

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

Appendix 1: Strategic Asset Allocation

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

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

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

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

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

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