



PRIVATE WEALTH  
MANAGEMENT

INVESTMENT STRATEGY GROUP

# MONTHLY WORLD MARKETS REPORT

August 2021



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Unless otherwise noted, all prices quoted in this report are as of the close of markets on July 26, 2021.

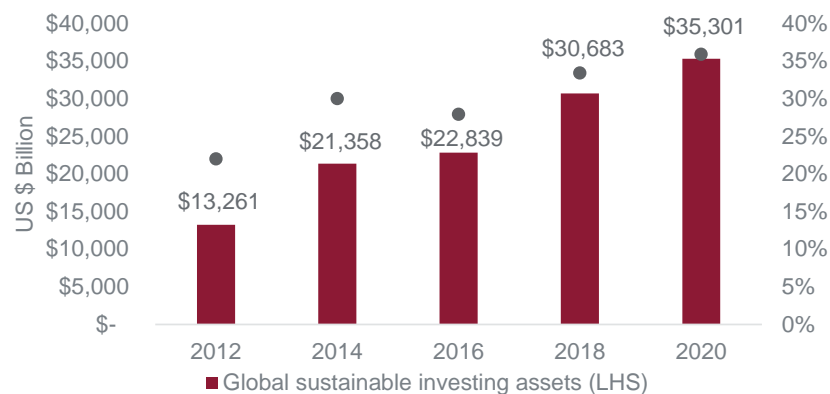
## ESG: Where are we today?

Actions taken to support environmental, social and governance (ESG) interests are becoming more headline-worthy be it protests in support of victims of excessive force by the police or a dramatic shake-up for the board composition of a major energy company to add individuals with experience in clean energy and energy transitions. While each topic is an interesting article in and of itself, let's step back to put where we are into context and provide some clarity on what's happening currently.

Drilling down into the individual components, first, let's take a look at what each may mean. Environmental cover a broad range of potential risks including climate change, biodiversity, air pollution, water resources just to name a few. Social may encapsulate risks around human rights, employee relations, health and safety, diversity, product responsibility, and customer relations. Governance risks include consideration for business integrity, shareholder rights, executive pay, board independence and expertise, related-party transactions as examples. While risk assessment has been around as long as investing, the ESG priorities are broader and incorporate longer time horizons than what has typically been the focus for portfolio managers. An added challenge is that ESG-related risks may differ by sector, by time horizon and historically, most of these risks were difficult to measure and hence acknowledged as a qualitative risk and possibly loosely incorporated into investment decisions by fundamental analysts.

Institutional investors have been voicing concerns on ESG topics for decades but there appears to be alignment from key stakeholders now more than ever before. In 2006, 63 investment companies with ~\$6.5 trillion in assets under management committed to integrating ESG into their investment decisions by becoming signatories of the UN Principles for responsible investment (PRI) - a number that's grown to > 3,000 participants (CIBC is a member). Governments, including those here in Canada, have stated intentions to support ESG initiatives such as climate change by adopting the target of net-zero greenhouse gas (GHG) emissions by 2050. Business owners are deploying capital to support ESG initiatives - whether its incorporating ESG targets into compensation plans, investments in technology to enhance relevant disclosures or a pivot in strategy (i.e. investing in clean energy) and finally progress on aligning global sustainability disclosures and standards by five key firms including Global Reporting Initiative (GRI), Sustainability Accounting Standards Board (SASB), Taskforce on climate-related financial disclosures (TCFD), CDP and International Integrated Reporting Framework (IIRC). No question, the stars are aligning like never before on ESG topics.

### Global sustainable investing assets with proportion of total managed assets (2012-20)



Source: Global Sustainable Investment Review 2020

We should start to see meaningful adoption of ESG initiatives as global standards are set that help both corporations and investors from a disclosure and assessment perspective and government policies are set to provide support for this adoption. A challenge for many companies will be balancing their corporate priorities with investors' ESG priorities and the added costs associated with disclosure, measurement, and execution. For the investor, recognize that investment returns do not have to be sacrificed but longer-term risks may moderate as ESG integration is adopted. Currently, there is no one approach to incorporating ESG the right way but a multitude of approaches that require investors to prioritize their ESG interests and develop a comfort with the manager's approach.

**WINCY WONG, CFA, FSA Credential Holder**

## ETF News and Updates

### Record-Breaking ETF Flows

The popularity of ETFs is showing no signs of slowing down with year-to-date inflows of \$30 billion in Canada marking the highest half-year number ever recorded. In the US, encouraged by the strong equity markets, flows have reached a mind-boggling \$US485 billion in the first half of the year, just \$US5 billion short of the 2020 record<sup>1</sup>.

While the majority of the flows on both sides of the border so far this year have been directed towards the low-cost beta type of ETFs, all kinds of new ETF strategies have been launched in 2021 (nearly 100 in Canada and over 200 in the US). These ETFs range from hydrogen-focused to semiconductor-focused equity funds with green bonds and actively managed sustainable ETFs also joining the growing ranks of the more than 1,100 Canadian and 2,500 US-listed ETFs.

### New ETF Launches

Finding the right ETF can be a daunting task. After all, as recently as 2010 total ETF assets in Canada were still shy of the \$40 billion mark and split across only three providers at the time: BlackRock (iShares), Horizons and BMO (interesting fact: TD first launched ETFs in 2001 but pulled out five years later only to return in 2016). 2011 was a breakthrough year with the entry of four more players including Vanguard, First Asset (now part of CI Investments), Invesco and RBC. A decade ago sifting through a list of mostly plain-vanilla types of ETFs was fairly straightforward, however, today investors must navigate a wide array of strategies which at times be both challenging and time-consuming. Today, there are 40 ETF providers in Canada competing with each other to capitalize on the newest trends. Highlighted below are some of the few ETFs launched this year.

#### Franklin Templeton

Franklin Templeton acquired Legg Mason in 2020, giving Canadian investors access to two investment management firms that specialize in sustainable investing, Brandywine Global and ClearBridge Investments. Adding to its ETF lineup of 20, Franklin Templeton is leveraging that sustainable investing expertise by launching three actively managed ESG ETFs. Two additional sustainable ETFs will be launched later this month managed by specialty investment manager Martin Currie.

Franklin Brandywine Global Sustainable Income Optimiser Active ETF (FBGO):

- An unconstrained all-weather global fixed income strategy that strives for attractive income generation and total return through a high-quality bias, sector rotation and active management
- The ETF invests primarily in units of the Franklin Brandywine Global Income Optimiser Fund
- Management fee of 0.60% with an inception date of June 29, 2021

Franklin ClearBridge Sustainable International Growth Active ETF (FCSI):

- An equity strategy that invests primarily in approximately 40 to 70 high-quality companies outside of Canada and the US and which represent the full spectrum of growth: structural, secular, and emerging
- The ETF invests primarily in units of the Franklin ClearBridge International Growth Fund
- Management fee of 0.85% with an inception date of June 29, 2021
- Franklin ClearBridge Sustainable Global Infrastructure Income Active ETF (FCII)
- A strategy that invests in infrastructure equity investments (30 to 60) from around the world and seeks to deliver a dependable, attractive income of around 5%
- The ETF invests primarily in units of Franklin ClearBridge Sustainable Global Infrastructure Income Fund
- Management fee of 0.85% with an inception date of June 29, 2021

<sup>1</sup> Canadian ETF Association and etf.com

## Horizons ETFs

Horizons ETFs is the fourth-largest ETF provider in Canada with nearly \$19 billion in assets. Always at the forefront of innovation, they have been very active in 2021 with the launch of the first ETF focused on global green bonds, semiconductor and alternative energy strategies:

Horizons S&P Green Bond Index ETF (HGGB):

- Canada's first ETF focused exclusively on providing exposure to a portfolio of global green bonds which is a type of fixed-income instrument that raises capital for projects with specific environmental objectives or benefits. With US\$1 trillion in cumulative issuance, green bonds are helping to harness capital toward climate action worldwide
- Although sub-advised by Mirae Asset Global Investments, the ETF is not actively managed but rather the use of the sub-advisor is to help with best execution strategies on the global bond portfolio that trades on global OTC markets
- Management fee of 0.45% with an inception date of June 1, 2021

Horizons Global Semiconductor Index ETF (CHPS and CHPS.U)

- Semiconductors are used in everyday life and there has been much written recently about their shortage and the impact it has on all levels of production from cars to vacuum cleaners.
- CHPS tracks the Solactive Global Semiconductor Index which is designed to provide exposure to the performance of global, publicly listed equity securities of companies that are involved in the development or production of semiconductors and semiconductor equipment
- Management fee of 0.45% with an inception date of June 21, 2021

Horizons Global Lithium Producers ETF (HLIT) and Horizons Global Hydrogen ETF (HYDR)

- Betting on the greater future use of greener or alternative energy resources, Horizons launched HLIT which is designed to provide exposure to the performance of global, publicly listed companies engaged in the mining and/or production of lithium, lithium compounds, or lithium related components
- HYDR is designed to provide exposure to the performance of global, publicly-listed companies engaged in the development and production of fuel cell technology and equipment, as well as infrastructure, components, and systems for hydrogen generation, storage, and transportation
- Both ETFs have a management fee of 0.75% and were launched on June 22, 2021

## Harvest Space Innovation ETF (ORBT and ORBT.U) and the Emerge ARK Space Exploration (EAXP and EAXP.U)

Billionaire Richard Branson and his crew successfully flew to the edge of space last Sunday on board his private rocket developed by his company Virgin Galactic (of which stock "SPCE" is also held in ORBT). It only seems appropriate to feature two ETFs specializing in the space exploration theme. Only time will tell if these rising stars will shine

- ORBT is an equal-weighted portfolio of 40 stocks. The ETF seeks to provide diversified exposure to dominant areas benefitting from growth in the space economy such as the satellite owners, manufacturers and related services; rocket launch and specialty technology equipment; spending by governments on space exploration and space programs and future spending on human space exploration as the technology matures
- EAXP is actively managed by Cathie Wood a well-known portfolio manager within the disruptive innovation field. EAXP aims for thematic multi-cap exposure to innovative technologies, including orbital and sub-orbital aerospace, enabling technologies, and beneficiaries of aerospace activities, such as agriculture, internet access, a global positioning system (GPS), construction, and imaging

**JOEL BERIAULT, CIM**

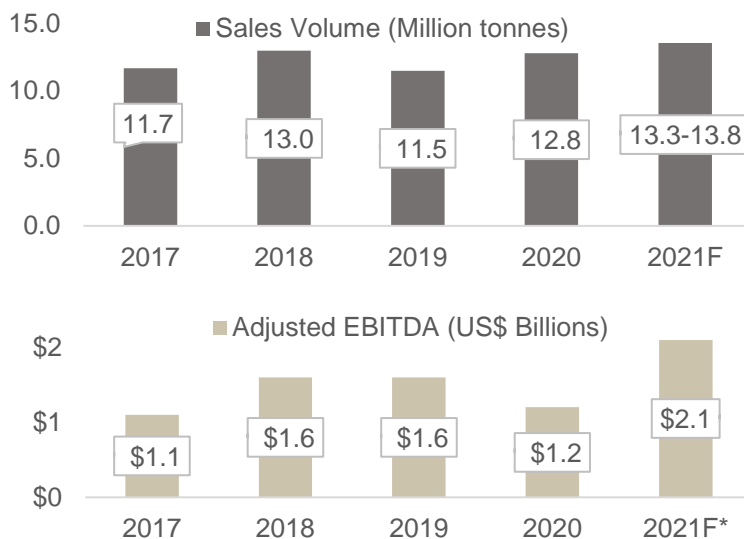
## Canadian equities

### Nutrien Ltd. (NTR, US\$59.40, Outperformer) Price Target: US\$72.00

Soaring crop prices supported by tight global supply and demand fundamentals have led to higher farm profitability, driving farmers to maximize planting and yields this year. This has led to a surge in prices for major fertilizers, positioning the agricultural-chemical producers for solid growth this year. Nutrien, the world's largest crop nutrient company, which produces and sells 27 million tonnes of crop nutrients annually, is poised to capitalize on strengthening fertilizer pricing and a robust agricultural cycle, both of which are expected to continue through 2021 and into 2022. The company operates through four segments: Nutrien Ag Solutions (Retail), Potash, Nitrogen and Phosphate.

Nutrien has a network of high-quality, low-cost potash and nitrogen production assets as well as an extensive distribution system that enables it to optimize its production mix, deliver strong margins and respond quickly and efficiently to changing market conditions. Its integrated business model provides stability and growth through the operating cycle as well as earnings torque from rising fertilizer prices. CIBC analyst Jacob Bout notes that strong global demand, good affordability and supply-side issues have resulted in very bullish sentiment for potash pricing. In response to continued strength in the potash market, Nutrien recently raised its adjusted EPS guidance for the first half of 2021 to US\$2.30-US\$2.50, up from US\$2.00-US\$2.20, and expanded 2021E potash production by 1 million tonnes. It has multiple levers to grow its potash earnings by bringing online five million tonnes of strategic available capacity beyond its existing production levels, with an option to build an additional five million tonnes in brownfield expansion.

#### Potash Sales Volume and Adjusted EBITDA



Source: Company Reports, CIBC World Markets; \* Represents CIBC's estimates.

The company has continued to grow earnings across the value chain by way of organic growth (through investments in its proprietary product portfolio, technical capabilities, network optimization and sustainability solutions) and accretive acquisitions across its retail businesses. Nutrien also has a solid track record of returning capital to shareholders. Since 2018 it has returned US\$6.9 billion of capital to shareholders through dividends and share buybacks. Its strong balance sheet with ample liquidity, earnings stability, leverage to fertilizer prices, and exposure to several growth platforms have supported a stable and growing dividend yield, which is one of the highest among its peers.

Nutrien is one of Mr. Bout's top picks in the Agriculture/Fertilizer sector. He recently raised his forward estimates to reflect the strength in nutrient pricing and the increase in potash production guidance for this year. He notes that valuation is also compelling, with the shares trading at a 2022E EV/EBITDA multiple of 8.2x, which is a discount of approximately 2x to its peers on a sum-of-the-parts valuation basis.

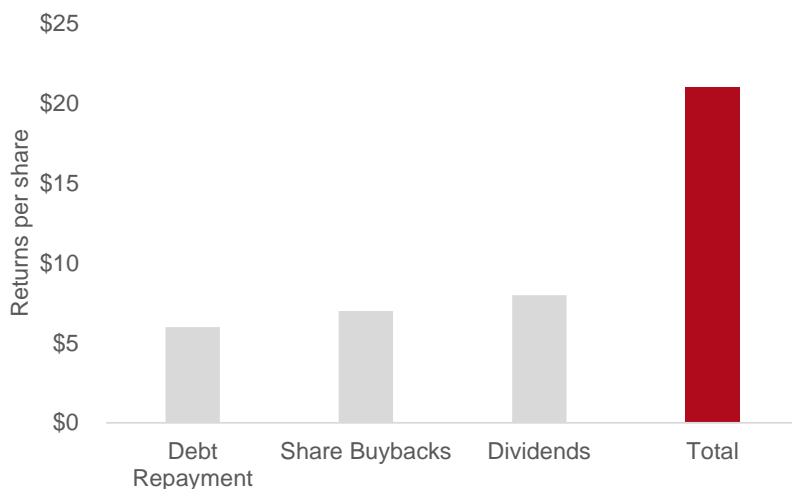
**PUJA GHOSH, CFA, MBA, MSc**

## Suncor Energy Inc. (SU, \$26.72, Outperformer) Price Target \$48.00

So far in 2021, West Texas Intermediate (WTI) crude oil prices have surged more than 40%. Given the recent OPEC+ agreement to increase oil supply, coupled with rising demand uncertainty, investors may be looking to maintain their energy exposure but reduce some of the volatility associated with commodity price fluctuations. As one of Canada's largest integrated oil producers, Suncor Energy may serve as a viable option to achieve this. CIBC analyst Dennis Fong views Suncor as one of the world's most enduring energy companies. It has exhibited a high degree of stability in its production output, relative to its North American peers, and its diversified operations provide a natural hedge against oil price fluctuations. With nearly 80% upside to his price target, Mr. Fong views Suncor as a top pick in the energy space.

Suncor places a strong emphasis on returning value to its shareholders, and its stock carries an attractive dividend yield of 3.1%. The company expects to increase its dividend at a compound average growth rate of 25% annually for the next four years, on the back of improved free funds flows arising from better cost management. As part of its capital allocation strategy, Suncor is committed to delivering additional returns to shareholders through its share buyback program and debt repayment initiatives. The company has completed roughly \$700 million in buybacks in fiscal 2021 thus far and is on track to exceed \$1 billion in buybacks by year-end. If oil prices remain robust for the remainder of 2021, Mr. Fong expects that Suncor's share buyback program could be enhanced further.

### Projected 2021-2025 Cumulative Shareholder Returns: US\$55/Bbl WTI



Source Company Reports

Suncor strives to be an industry leader in both cost and carbon efficiency and recognizes the growing importance of ESG considerations. The company aims to reduce its carbon emissions by 10 megatonnes each year until 2030 and is targeting net zero emissions by 2050. It has outlined a plan to achieve these goals, which leverages a combination of technologies, such as Carbon Capture, Utilization, and Storage (CCUS), and placing a focus on clean energy production. Suncor believes its ESG initiatives and investment in renewable energy are not only beneficial for the environment and society, but also have the potential to deliver competitive financial returns.

**LAUREN ELLISON, CFP, CIM, PFP**

## 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 26-Jul-21	Price Target	Adjusted EPS 2020A	Adjusted EPS 2021E	Adjusted EPS 2022E	P/E 2021E	Dividend Yield
Nutrien Ltd. <sup>1,2</sup>	NTR	OP	\$33.8B	\$59.40	\$72.00	\$3667.00	\$5497.47	\$5531.49	8.1x	3.1%
Suncor Energy Inc. <sup>3</sup>	SU	OP	\$40.3B	\$26.72	\$48.00	\$2.54	\$6.43	\$7.61	4.2x	3.1%

<sup>1</sup> All figures are stated in USD; <sup>2</sup> EBITDA (in US\$ millions) and EV/EDITBA are stated instead of EPS and P/E, respectively. <sup>3</sup> CFPS and P/CFPS are stated instead of EPS and P/E, respectively.

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 July 30, 2021.

### North American indices – Price performance (% Change)

North America indices	Price	1 Month	3 Months	6 Months	YTD
S&P/TSX Composite	20,288	0.6%	6.2%	17.0%	16.4%
S&P/TSX Composite – Total Return	75,483	0.8%	6.9%	18.6%	18.2%
S&P 500 Index	4,395	2.3%	5.1%	18.3%	17.0%
S&P 500 Index – Total Return	9,155	2.4%	5.5%	19.2%	18.0%
Dow Jones Industrial Average	34,935	1.3%	3.1%	16.5%	14.1%
Dow Jones Industrial Average – Total Return	81,613	1.3%	3.6%	17.6%	15.3%
Nasdaq Composite Index	14,673	1.2%	5.1%	12.3%	13.8%

### 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	25.5%	11.2%	7.3%	6.8%	4.6%	3.7%	5.0%
S&P/TSX Composite – Total Return	29.1%	14.7%	10.7%	10.1%	7.8%	6.8%	7.8%
S&P 500 Index	34.4%	21.4%	16.0%	15.1%	13.0%	8.6%	6.7%
S&P 500 Index – Total Return	36.4%	23.6%	18.2%	17.3%	15.3%	10.9%	8.8%
Dow Jones Industrial Average	32.2%	14.0%	11.2%	13.6%	11.1%	7.9%	6.2%
Dow Jones Industrial Average – Total Return	34.8%	16.6%	13.7%	16.3%	13.9%	10.6%	8.8%
Nasdaq Composite Index	36.6%	34.0%	24.1%	23.2%	18.2%	13.9%	10.4%

### International indices – Price performance (% Change)

International indices	Price	1 Month	3 Months	6 Months	YTD
Bloomberg Euro 500	303	1.2%	4.5%	15.3%	14.2%
FTSE Eurotop 100	3,326	1.2%	5.2%	16.6%	15.4%
FTSE 100 (England)	7,032	-0.1%	0.9%	9.8%	8.9%
Dax (Germany)	15,544	0.1%	2.7%	15.7%	13.3%
CAC 40 (France)	6,613	1.6%	5.5%	22.5%	19.1%
MSCI World	3,069	1.7%	4.4%	15.3%	14.1%
MSCI Emerging Markets	1,278	-7.0%	-5.2%	-3.9%	-1.0%
MSCI Emerging Markets – Total Return	3,064	-6.7%	-4.3%	-2.6%	0.4%
MSCI EAFE	2,321	0.7%	2.3%	9.3%	8.1%
MSCI EAFE – Total Return	10,297	0.8%	3.0%	11.2%	10.0%
Nikkei 225 (Japan)	27,284	-5.2%	-5.3%	-1.4%	-0.6%
Hang Seng (Hong Kong)	25,961	-9.9%	-9.6%	-8.2%	-4.7%
ASX 200 (Australia)	7,393	1.1%	5.2%	11.9%	12.2%
Taiwan Weighted	17,247	-2.9%	-1.8%	13.9%	17.1%
Sensex 30 (India)	52,587	0.2%	7.8%	13.6%	10.1%

### 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	28.4%	8.3%	4.7%	5.7%	5.1%	1.7%	1.4%
FTSE Eurotop 100	26.5%	6.0%	4.0%	4.6%	4.0%	1.0%	0.4%
FTSE 100 (England)	19.2%	-3.7%	-3.2%	0.9%	1.9%	1.1%	1.2%
Dax (Germany)	26.2%	12.9%	6.7%	8.5%	8.1%	6.9%	5.0%
CAC 40 (France)	38.2%	9.5%	6.3%	8.3%	6.1%	1.9%	1.3%
MSCI World	33.2%	18.5%	12.5%	12.3%	8.9%	5.7%	5.4%
MSCI Emerging Markets	18.4%	11.0%	5.5%	7.9%	1.2%	3.6%	7.5%
MSCI Emerging Markets – Total Return	21.0%	13.7%	8.3%	10.8%	4.0%	6.4%	10.4%
MSCI EAFE	27.5%	10.6%	5.0%	6.6%	3.3%	1.6%	3.2%
MSCI EAFE – Total Return	30.9%	13.7%	8.2%	9.9%	6.6%	4.9%	6.4%
Nikkei 225 (Japan)	25.7%	12.6%	6.6%	10.5%	10.7%	3.9%	4.3%
Hang Seng (Hong Kong)	5.6%	-3.3%	-3.2%	3.5%	1.5%	2.9%	3.8%
ASX 200 (Australia)	24.7%	4.2%	5.6%	5.9%	5.3%	2.7%	4.1%
Taiwan Weighted	36.2%	26.2%	16.0%	13.9%	7.2%	6.8%	7.1%
Sensex 30 (India)	39.8%	18.4%	11.8%	13.4%	11.2%	11.2%	14.8%



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

Index returns in Canadian dollars	Price	1 Month	3 Months	6 Months	YTD
S&P/TSX Composite	20,288	0.6%	6.2%	17.0%	16.4%
S&P/TSX Composite - Total Return	75,483	0.8%	6.9%	18.6%	18.2%
S&P 500 Index	5,483	2.8%	6.7%	15.3%	14.3%
S&P 500 Index - Total Return	11,421	2.9%	7.1%	16.1%	15.3%
Dow Jones Industrial Average	43,582	1.8%	4.7%	13.5%	11.5%
Dow Jones Industrial Average - Total Return	101,812	1.9%	5.2%	14.6%	12.7%
Russell 2000	2,777	-3.1%	-0.3%	4.6%	10.1%
Nasdaq Composite Index	18,304	1.7%	6.7%	9.4%	11.2%
Bloomberg Euro 500	448	1.9%	4.6%	9.8%	8.2%
EURO STOXX 50	6,050	1.2%	3.0%	11.9%	9.1%
EURO STOXX 50 -Total Return	13,307	1.3%	3.9%	13.5%	10.8%
MSCI World	3,829	2.3%	6.0%	12.4%	11.5%
MSCI Emerging Markets	1,594	-6.5%	-3.7%	-6.4%	-3.3%
MSCI Emerging Markets -Total Return	3,822	-6.2%	-2.8%	-5.1%	-1.9%
MSCI EAFE	2,896	1.2%	3.9%	6.5%	5.6%
MSCI EAFE - Total Return	12,846	1.3%	4.6%	8.3%	7.5%
MSCI Far East	5,009	-0.8%	0.7%	-1.9%	-2.2%

## 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	25.5%	11.2%	7.3%	6.8%	4.6%	3.7%	5.0%
S&P/TSX Composite - Total Return	29.1%	14.7%	10.7%	10.1%	7.8%	6.8%	7.8%
S&P 500 Index	25.0%	18.3%	14.4%	14.1%	16.1%	9.3%	5.6%
S&P 500 Index - Total Return	26.9%	20.4%	16.5%	16.3%	18.5%	11.6%	7.7%
Dow Jones Industrial Average	22.9%	11.1%	9.6%	12.6%	14.1%	8.6%	5.1%
Dow Jones Industrial Average - Total Return	25.3%	13.6%	12.1%	15.2%	17.0%	11.4%	7.7%
Russell 2000	39.8%	15.8%	8.5%	11.7%	13.8%	8.7%	6.8%
Nasdaq Composite Index	27.0%	30.5%	22.4%	22.1%	21.4%	14.6%	9.3%
Bloomberg Euro 500	20.1%	8.9%	3.7%	6.0%	5.8%	1.9%	1.9%
EURO STOXX 50	20.5%	9.2%	4.1%	6.8%	5.1%	0.8%	0.5%
EURO STOXX 50 -Total Return	22.7%	11.4%	6.4%	9.3%	8.0%	3.8%	3.3%
MSCI World	23.8%	15.4%	11.0%	11.2%	11.9%	6.4%	4.3%
MSCI Emerging Markets	10.1%	8.1%	4.1%	6.9%	3.9%	4.2%	6.4%
MSCI Emerging Markets -Total Return	12.5%	10.8%	6.8%	9.7%	6.8%	7.1%	9.3%
MSCI EAFE	18.6%	7.7%	3.5%	5.6%	6.1%	2.2%	2.2%
MSCI EAFE - Total Return	21.7%	10.7%	6.7%	8.8%	9.5%	5.6%	5.3%
MSCI Far East	14.5%	6.0%	2.5%	5.1%	7.0%	2.4%	2.1%

## Commodities – (% Change)

Commodities	Price	1 Month	3 Months	6 Months	1 Year	YTD
Gold Spot (US\$/oz)	1,814.19	2.5%	2.5%	-1.8%	-8.2%	-4.4%
Silver (US\$/oz)	25.49	-2.4%	-1.6%	-5.5%	4.5%	-3.5%
Brent Crude Oil	76.33	1.6%	13.5%	36.6%	76.3%	47.4%
West Texas Intermediate Oil	73.95	0.7%	16.3%	41.7%	83.6%	52.4%
NYMEX Natural Gas	3.91	7.2%	33.5%	52.7%	117.6%	54.2%
Spot Nat. Gas (AECO Hub - USD)	3.14	-9.0%	32.5%	37.7%	103.9%	61.0%
Lumber	621.20	-13.2%	-58.6%	-30.0%	6.0%	-28.9%
Copper 3-month	4.41	3.8%	-1.0%	23.8%	51.7%	25.3%
Nickel 3-month	8.87	7.3%	10.6%	10.5%	41.8%	17.7%
Aluminum 3-month	1.17	2.6%	8.1%	31.0%	51.2%	30.8%
Zinc 3-month	1.37	1.8%	3.5%	17.3%	30.6%	10.0%

## Currencies – (% Change)

Currencies	Price	1 Month	3 Months	6 Months	1 Year	YTD
CAD/USD	0.8016	-0.6%	-1.5%	2.4%	7.5%	2.0%
EURO/CAD	1.4797	0.7%	0.1%	-4.6%	-6.3%	-4.9%
EURO/USD	1.1870	0.1%	-1.2%	-2.2%	0.8%	-2.8%
USD/YEN	109.7200	-1.3%	0.4%	4.8%	3.7%	6.3%
Trade Weighted U.S. Dollar	92.1740	-0.3%	1.0%	1.8%	-1.3%	2.5%

## Bond returns – Total return (% Change)

Bond Index	1 Month	3 Months	6 Months	1 Year	YTD
FTSE Canada Bond Universe Index	1.0%	2.6%	-1.4%	-2.7%	-2.5%
FTSE Canada Long Term Bond Index	1.5%	5.8%	-3.0%	-7.7%	-5.9%
FTSE Canada Mid Term Bond Index	1.4%	2.5%	-1.1%	-1.0%	-1.6%
FTSE Canada Short Term Bond Index	0.4%	0.3%	-0.3%	0.6%	-0.2%

## Government Yields

Government Notes	Yield	1 Month	3 Months	6 Months	1 Year
Canada 3-month T-Bills	0.17%	0.15%	0.11%	0.07%	0.17%
Canada 5yr Notes	0.82%	0.98%	0.93%	0.42%	0.32%
Canada 10yr Notes	1.20%	1.39%	1.55%	0.89%	0.47%
Canada 30yr Bonds	1.76%	1.84%	2.08%	1.47%	0.93%
U.S. 3-month T-Bills	0.04%	0.04%	0.00%	0.05%	0.08%
U.S. 5yr Notes	0.69%	0.89%	0.85%	0.42%	0.20%
U.S. 10yr Notes	1.22%	1.47%	1.63%	1.07%	0.53%
U.S. 30yr Bonds	1.89%	2.09%	2.30%	1.83%	1.19%

## 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	-1.3%	-2.2%	18.2%	43.6%	15.1%	3.8%
Consumer Staples	7.0%	12.9%	21.8%	10.9%	15.3%	3.8%
Energy	-5.1%	4.3%	23.5%	28.6%	26.9%	12.3%
Energy - Integrated Oil & Gas	-15.2%	-3.1%	22.3%	31.7%	21.9%	2.0%
Energy - Oil & Gas Exploration & Production	-8.5%	11.3%	46.9%	84.9%	43.0%	2.8%
Energy - Pipeline	-0.3%	3.9%	16.4%	13.4%	23.6%	6.9%
Financials	-0.2%	4.7%	21.8%	43.3%	20.9%	31.3%
Financials - Banks	-1.5%	4.2%	21.3%	44.8%	20.8%	21.0%
Financials - Insurance	0.6%	-2.5%	13.3%	38.4%	16.0%	4.3%
Real Estate	4.4%	10.1%	23.3%	35.4%	24.9%	3.1%
Health Care	-11.1%	-13.5%	-20.0%	18.8%	8.2%	1.2%
Industrials	2.9%	4.6%	12.5%	24.9%	9.2%	11.7%
Information Technology	2.9%	22.0%	26.1%	31.5%	25.2%	11.5%
Materials	3.0%	3.9%	5.4%	-6.2%	1.7%	11.9%
Materials - Gold	6.2%	6.6%	1.4%	-24.9%	-3.5%	7.0%
Materials - Base Metals	1.3%	7.0%	25.2%	101.5%	20.4%	0.9%
Materials - Fertilizers	-1.2%	9.3%	17.8%	70.1%	21.1%	1.5%
Communication Services	0.1%	6.0%	14.9%	17.7%	15.5%	4.9%
Utilities	2.8%	3.9%	3.1%	14.8%	5.8%	4.7%

## Strategic asset allocation<sup>2</sup> (in C\$) - Performance (% Change - Before Fees)

Strategic Asset Allocation (in C\$)	1 Month	3 Months	6 Months	1 Year	YTD
Capital Preservation	0.8%	2.7%	2.9%	4.7%	2.2%
Income	0.9%	3.3%	4.6%	8.0%	3.8%
Income & Growth	1.1%	4.2%	9.2%	16.7%	8.5%
Growth	1.2%	4.7%	11.8%	22.4%	11.0%
Aggressive Growth	1.4%	5.3%	15.4%	29.9%	14.5%

## CIBC World Markets interest rate outlook

Interest rates (%) – End of Qtr	26-Jul-21	Sep-21	Dec-21
Canada 3-month T-Bill	0.17%	0.15%	0.25%
U.S. 3-month T-Bill	0.05%	0.05%	0.10%
Canada 10-year Gov't Bond Yield	1.22%	1.55%	1.50%
U.S. 10-year Gov't Bond Yield	1.30%	1.75%	1.60%
US\$/C\$	0.80	0.79	0.79

Source: CIBC World Markets Inc.

<sup>2</sup> Refer to the Strategic asset allocation in Appendix 1

## CIBC World Markets economic outlook

<b>Economic outlook</b>	<b>2021F</b>	<b>2022F</b>
Canada Real GDP Growth (% Chg)	6.00%	4.20%
U.S. Real GDP Growth (% Chg)	6.60%	4.40%
Canada Consumer Price Index (% Chg)	2.90%	2.20%
U.S. Consumer Price Index (% Chg)	4.00%	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

**Nutrien Ltd. (NTR):** CIBC analyst Jacob Bout's price target of US\$72.00 is derived by applying a multiple of 1x to his NAV calculation.

**Suncor Energy Inc. (SU):** CIBC analyst Dennis Fong's price target of \$48.00 is based on 0.9x his RNAV estimate and maps to a 2022E EV/DACF multiple of 6.5x and FCF yield of 10.3% on his base price deck, including current net debt of \$18.8B.

## 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 07/26/2021:

Nutrien Ltd. (2g, 6c, 7) (NTR-NYSE, US\$59.40)

Suncor Energy Inc. (2a, 2c, 2e, 2g, 3a, 3c, 7) (SU-TSX, C\$26.72)

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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 <sup>3</sup> from rating the stock.

### Sector weightings<sup>4</sup>

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.

"Speculative" indicates that an investment in this security involves a high amount of risk due to volatility and/or liquidity issues.

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

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<sup>4</sup> Broader market averages refer to the S&P 500 in the U.S. and the S&P/TSX Composite in Canada.