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Artificial Intelligence: Looking Forward

Over the last 18 months, trillions of dollars in shareholder value has been created as investors rushed to buy the shares of companies in the semiconductor, software, hardware or services industries that have exposure to generative artificial intelligence (gen AI). Now its potential and the opportunity for transformation that it represents has become evident, corporations are scrambling to develop gen AI strategies. However, this is just the start of the gen AI era and like the Internet frenzy of thirty years ago, it is unclear where gen AI is headed.

Since Open AI released ChatGPT in 2022, many AI startups have started to provide gen AI services to businesses and governments while raising billions of dollars in capital from venture capitalists and large technology corporations. There is increasing demand on Wall Street for these companies to go public and some of them are actively considering this as their next move.

Current Developments

There are too many recent AI developments to list in this article but many corporations are rolling out AI initiatives. Microsoft, which has reported significant revenue growth from clients running AI models in its Azure public cloud, recently said that in 2024 AI will become a part of every PC and at its annual conference in May, it is expected to reveal new AI tools for use on PCs and in the cloud. Apple, which has seen its share price lag the market this year, partly because it had not unveiled an AI strategy, recently said it plans to overhaul its entire line of Mac computers with the AI-focused M4 chip, which will bring AI capability to its PCs. Software provider Adobe is paying photographers and artists to submit videos of people engaged in everyday actions to build its AI text-to-video generator so it can catch up to competitors after Open AI demonstrated a similar technology. Meta Platforms offers Seamless, a translator that translates English to nearly 100 languages with text-to-text, text-to-speech, speech-to-text and speech-to-speech modes while capturing the intricacies of speech, such as pauses and speech rate, in addition to vocal style and emotional tone. Google Gemini (previously Bard), which is considered Google's answer to ChatGPT, allows users to extract text and summarize large documents quickly, analyze images and annotate them, and build gen AI applications.

Possible Trends

Cloud computing has driven the demand for large data centres. Until recently, the processing units powering most data centres were designed to perform tasks sequentially (one task at a time) and could easily switch between tasks. However, these are not ideal for AI because of the huge processing power and speed required to process vast amounts of data in large language models (LLMs) - computer algorithms that are trained using massive sets of text, audio and visual data to enable them to recognize, translate and predict, as well as generate new text, audio and visual content. The innovation of using data centres powered by graphics processing units (GPUs) - computer chips that process tasks in parallel and perform rapid calculations to render images and graphics - has been seen as a major step forward. This is because the much higher speed and processing power of GPUs has provided a faster way to train LLMs and more easily provide the impressive features gen AI offers, such as digital assistants that manage email, automatic text and video creation, and chatbots that can communicate with enterprise data across industries, languages and specialties.

Not surprisingly, most of the investor focus and the wealth created so far regarding gen AI has been in semiconductor companies such as Nvidia, Advanced Micro Devices, Marvel Technology and others that have developed GPUs and integrated circuits for gen AI. It has also benefitted companies like Taiwan Semiconductor Manufacturing, to which many companies outsource the manufacturing of their GPUs. However, since GPUs are standardized products, they may not match the specific requirements of the end customer. This should benefit companies like Broadcom, which provides application-specific integrated circuits (ASICs) - chips designed for a customer's specific generative AI needs. Although GPUs seem to be driving the evolution of gen AI presently, ASICs may eventually set the direction as corporations seek to gain the advantage through a customized, rather than a standardized approach.

Hyperscalers

The largest customers for GPUs and ASICs related to AI appear to be hyperscalers - mega-cap technology companies such as Microsoft, Amazon, Google and Meta Platforms. They are incorporating AI capabilities in their products and services and with their huge cash flows and gigantic balance sheets, they are spending heavily on the infrastructure and data centres capable of providing these AI capabilities. With their enormous existing base of customers and subscribers, it seems that it will be easy for each company to drive considerable market adoption of their existing and future AI offerings. However, since being the first to market with a particular product or service is critical, to speed things up, most hyperscalers have started to design integrated circuits for their own needs and then outsource production to an outside semiconductor company to produce these in the quantities required. This requires special design software provided by companies such as Synopsys, Cadence Design and Siemens AG, which is a critical tool for semiconductor designers as they try to reduce the time to market for the chips and integrated circuits required. As the AI race progresses, more advances and innovations in the design of chips and integrated circuits will make these tools essential.

Possible Limitations

Already, there may be some items that may limit the pace of AI growth. First, growth expectations for gen AI applications are huge and as demand for GPUs and gen AI-related ASICs soars, the productive capacity of the industry may become a factor because it takes several years to build a single chip manufacturing facility. This may slow the pace at which new data centres can be built. Second, data centres require significant amounts of electricity to run the devices inside and for the air conditioning required to cool them, since the devices generate significant amounts of heat. Preliminary estimates are that the current portfolio of data centres in the U.S. consumes approximately 2% of the electricity generated and that this could rise to 20% as more data centres are built. Already, some U.S. electric utilities are predicting electricity sales growth several times higher than estimates just months earlier. With data centres' large power consumption and low job creation, since they require few people to operate them, not all jurisdictions may welcome them, especially if their power consumption increases electricity prices for local residential and industrial customers. This may require companies to build data centres that don't draw power from the grid but instead build a separate power source dedicated to each data centre. However, since local opposition to the construction of electricity generating facilities can slow or can stop the construction, the increase in data centres and the pace of AI growth may not be what forecasters expect. Finally, as the capability of AI becomes evident, governments will impose regulations to prevent AI to be used for acts such as fraud, identity theft or anything that is perceived to jeopardize national security.

Implications For Investors

Most investors have focused on U.S. semiconductor companies and the hyperscalers as a way to profit from AI but there may be other ways to profit. If data centre power requirements become a problem and this affects electricity supply, certain utilities may benefit either from higher electricity demand, higher electricity prices or both. Pharmaceutical companies may benefit because new drug discovery is a labour-intensive, time-consuming process to determine the potential effects of a drug on patients. AI can accelerate the prediction of the benefits and side effects of potential drug compounds, reducing the time and cost required to develop new treatments. AI is eventually expected to enable motion pictures to be produced without building movie sets, which will significantly reduce the cost and time required to produce movies. So perhaps the movie streamers who have had such difficulty generating earnings will become profitable. Finally, companies that provide chip design software to semiconductor companies and now to hyperscalers also stand to benefit as the relentless race to be first to market will make these tools essential for chip design - that is unless AI algorithms eventually learn how to design integrated circuits!

MICHAEL O'CALLAGHAN, MBA, CFA

The 60/40 Portfolio Isn't Dead But It May Need A Tweak

Understanding the 60/40 Portfolio

The 60/40 portfolio has weathered the test of time. The 60/40 portfolio is a standard portfolio that offers balanced risk tolerance with a 60% asset allocation in stocks and a 40% asset allocation in bonds. It gives the investor about half the volatility compared to investing 100% in the stock market and tends to give good returns over the long term.

Since 2022, prices for stocks and bonds have shown a tendency to move in the same direction. A main reason for the large decline in stock prices in 2022 was because interest rates were rising so quickly. In 2023, interest rates began to stabilize, creating more stability in the stock market. The 60/40 portfolio strategy underwent a recovery in 2023, with investors seeing a rebound that countered the setbacks of 2022 and reaffirmed the strength of this time-tested 60/40 investment approach.

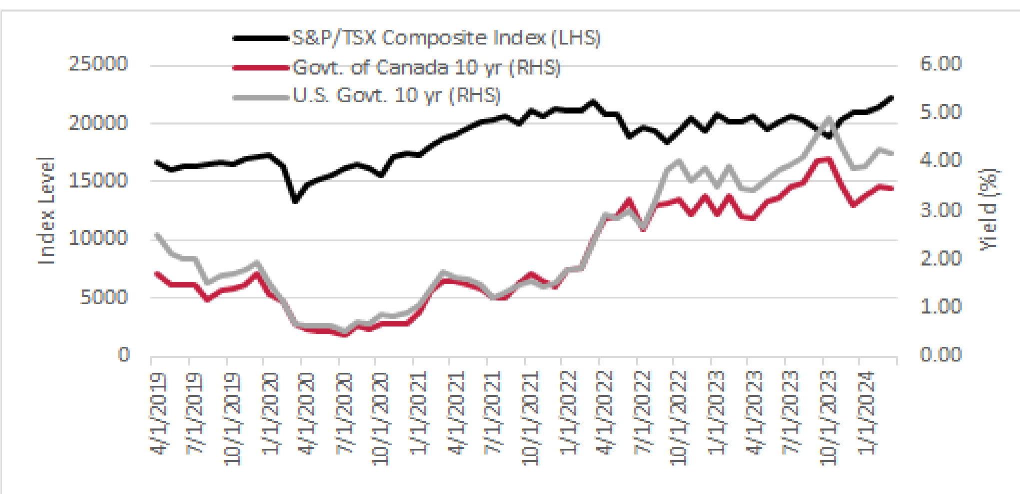
The idea behind the 60/40 model's strength is based on stocks providing better long-term returns than bonds and bonds providing a margin of safety when stocks have poor performance. Historically, that means investing in bonds with high credit quality can help mitigate the risk of stocks. Bonds also traditionally served to generate income. Despite the headwinds, a 60/40 portfolio still has value for investors.

It would be wrong to assume that a 60/40 asset mix is a one-size-fits-all portfolio solution. It has been a starting point for investors since the creation of the Modern Portfolio Theory in the 1950s and this traditional asset mix has produced one of the best risk-adjusted returns ever since. The 60/40 split won't be the ideal benchmark for every investor as it is only a guiding point and the ratio will vary for each individual. The right asset allocation must fit one's objectives, risk-return profile and time horizon.

Why the 60/40 Portfolio is Still Viable

The volatility in financial markets experienced in 2022 led many individual investors to reassess their asset allocation strategy. Despite this, most financial advisors didn't recommend abandoning the 60/40 portfolio strategy entirely. Instead, they suggested that investors be more creative when deciding which individual investments go into their stock and bond allocations.

S&P TSX Index and 10-Year Bond Performance



Source: Bloomberg; Data as of April 17, 2024.

The reputation of the 60/40 portfolio suffered in 2022 as both bonds and stocks fell into a bear market. It was only the second time in over 40 years that stocks and bonds both posted losses for two consecutive quarters. However, it's important to note that just because investors experienced a tough six-month period, it doesn't mean the 60/40 portfolio is no longer viable. No single year's return should matter to longer-term investors. The performance of diversified portfolios tends to smooth out over a longer time frame. A major bond market downturn like that experienced in 2022 is an event with a relatively low probability, but this has pushed yields higher. Today, much of the fixed income market is yielding over 4%, offering yields not seen in 17 years. It's important to remember that diversification has served investors well for a long time. The 60/40 portfolio is not obsolete, the strategy is experiencing a resurgence. It's also important to note that it's not just the allocation between stocks and bonds in 60/40 portfolio that's important, what's in the 60/40 is equally as important.

Assessing Investment Options

Now may be the time to reassess fixed income strategies as interest rates have stabilized and stock markets have hit their recent highs. Investors may want to consider some of the following:

• Construct a bond ladder, which is a series of bonds that mature at regular intervals over a period of time. This allows for a staggered reinvestment and potential better overall yields.

• Purchase a floating-rate ETF or mutual fund if one has moderate interest rate risk tolerance. The interest rates on these securities reset periodically based on market rates.

• Include provincial bonds or investment grade corporate bonds which will provide higher rates of return.

• Incorporate floating rate notes because when market rates rise, the expected coupons of the notes increase and their prices remain constant, protecting the principal investment.

Bond ETFs have simplified fixed income investing by bringing the bond market to the retail investor within a single security. Investors use ETFs to gain instant diversification, at a lower cost than fully active alternatives. The number of ETF options enables investors to access a variety of fixed income markets and adjust a portfolio's duration and credit quality.

Mutual funds are another option for fixed income investors and are similar to ETFs in some ways. Like ETFs, bond mutual funds offer diversification for a relatively small investment minimum. The main difference is that ETFs are predominately for passive investing strategies whereas mutual funds are generally fully active. As a result, investors will pay more for the fully active manager than the index-tracking alternative.

The Bottom Line

So, does the 60/40 portfolio still make sense? For 70 years, the allocation of 60% to stocks and 40% to bonds has been a cornerstone of the modern portfolio model, offering an attractive balance of risk and return. There isn't a one-size-fits-all answer to allocating between stocks, bonds and other asset classes. The allocation should reflect the investor's risk tolerance, time horizon and income needs. Investors should consult with their advisor if they have any concerns about their investment portfolio and to learn how your investment goals can benefit from a 60/40 balanced portfolio.

ALLAN BISHOP

Market Return Data

All data is sourced from Bloomberg unless otherwise noted. Data as of April 30, 2024.

North American indices – Price performance (% Change)

North America indices	Price	1 Month	3 Months	6 Months	YTD
S&P/TSX Composite	21,715	-2.0%	3.3%	15.1%	3.6%
S&P/TSX Composite – Total Return	87,969	-1.8%	4.1%	16.9%	4.7%
S&P 500 Index	5,036	-4.2%	3.9%	20.1%	5.6%
S&P 500 Index – Total Return	10,952	-4.1%	4.3%	21.0%	6.0%
Dow Jones Industrial Average	37,816	-5.0%	-0.9%	14.4%	0.3%
Dow Jones Industrial Average – Total Return	93,479	-4.9%	-0.4%	15.6%	0.9%
Nasdaq Composite Index	15,658	-4.4%	3.3%	21.8%	4.3%

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	5.2%	2.3%	4.4%	5.5%	4.0%	5.8%	5.0%
S&P/TSX Composite – Total Return	8.7%	5.7%	7.6%	8.9%	7.2%	9.0%	8.0%
S&P 500 Index	20.8%	10.4%	6.4%	11.3%	10.3%	12.4%	7.9%
S&P 500 Index – Total Return	22.7%	12.2%	8.1%	13.2%	12.4%	14.6%	10.0%
Dow Jones Industrial Average	10.9%	7.1%	3.7%	7.3%	8.6%	10.8%	6.8%
Dow Jones Industrial Average – Total Return	13.3%	9.4%	5.9%	9.6%	11.1%	13.5%	9.4%
Nasdaq Composite Index	28.1%	12.7%	3.9%	14.1%	14.3%	15.9%	11.1%

International indices – Price performance (% Change)

International indices	Price	1 Month	3 Months	6 Months	YTD
Bloomberg Euro 500	326	-0.1%	4.9%	16.7%	6.2%
FTSE Eurotop 100	3,994	-1.6%	4.1%	15.7%	6.6%
FTSE 100 (England)	8,144	2.4%	6.7%	11.2%	5.3%
Dax (Germany)	17,932	-3.0%	6.1%	21.1%	7.0%
CAC 40 (France)	7,985	-2.7%	4.3%	16.0%	5.9%
MSCI World	3,305	-3.9%	3.1%	19.4%	4.3%
MSCI Emerging Markets	1,046	0.3%	7.2%	14.3%	2.2%
MSCI Emerging Markets – Total Return	2,718	0.5%	7.9%	15.6%	2.9%
MSCI EAFE	2,281	-2.9%	1.4%	17.1%	2.0%
MSCI EAFE – Total Return	11,048	-2.5%	2.7%	19.0%	3.3%
Nikkei 225 (Japan)	38,406	-4.9%	5.8%	24.5%	14.8%
Hang Seng (Hong Kong)	17,763	7.4%	14.7%	3.8%	4.2%
ASX 200 (Australia)	7,664	-2.9%	-0.2%	13.0%	1.0%
Taiwan Weighted	20,397	0.5%	14.0%	27.5%	13.8%
Sensex 30 (India)	74,483	1.1%	3.8%	16.6%	3.1%

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	7.3%	5.1%	4.0%	4.4%	3.5%	5.7%	3.2%
FTSE Eurotop 100	9.1%	8.2%	8.1%	6.0%	3.9%	5.6%	3.1%
FTSE 100 (England)	3.5%	3.9%	5.3%	1.9%	1.9%	4.4%	3.0%
Dax (Germany)	12.6%	12.8%	5.8%	7.8%	6.4%	9.2%	7.8%
CAC 40 (France)	6.6%	10.5%	8.4%	7.4%	5.9%	6.4%	4.0%
MSCI World	16.6%	8.7%	4.0%	8.7%	7.0%	9.1%	6.0%
MSCI Emerging Markets	7.1%	-1.4%	-8.1%	-0.6%	0.5%	3.1%	4.4%
MSCI Emerging Markets – Total Return	10.3%	1.8%	-5.3%	2.3%	3.3%	6.0%	7.3%
MSCI EAFE	6.4%	5.9%	0.2%	3.5%	1.6%	4.5%	2.8%
MSCI EAFE – Total Return	9.8%	9.4%	3.4%	6.7%	4.9%	7.9%	6.1%
Nikkei 225 (Japan)	33.1%	19.6%	10.1%	11.5%	10.4%	10.3%	6.1%
Hang Seng (Hong Kong)	-10.7%	-8.2%	-14.8%	-9.8%	-2.2%	0.9%	2.0%
ASX 200 (Australia)	4.9%	1.5%	2.9%	3.9%	3.4%	4.8%	4.1%
Taiwan Weighted	30.9%	10.9%	5.1%	13.2%	8.8%	8.5%	6.2%
Sensex 30 (India)	21.9%	14.3%	15.2%	13.8%	12.8%	13.3%	13.8%

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	21,715	-2.0%	3.3%	15.1%	3.6%
S&P/TSX Composite - Total Return	87,969	-1.8%	4.1%	16.9%	4.7%
S&P 500 Index	6,927	-2.6%	6.7%	19.0%	10.0%
S&P 500 Index - Total Return	15,064	-2.5%	7.1%	19.9%	10.4%
Dow Jones Industrial Average	52,016	-3.5%	1.8%	13.4%	4.5%
Dow Jones Industrial Average - Total Return	128,580	-3.4%	2.3%	14.6%	5.1%
Russell 2000	2,715	-5.6%	4.1%	17.7%	1.4%
Nasdaq Composite Index	21,537	-2.9%	6.0%	20.8%	8.6%
Bloomberg Euro 500	475	-0.3%	5.2%	15.9%	5.9%
EURO STOXX 50	7,229	-2.7%	7.0%	21.3%	9.4%
EURO STOXX 50 -Total Return	16,974	-1.9%	8.1%	22.8%	10.6%
MSCI World	4,546	-2.3%	5.9%	18.3%	8.6%
MSCI Emerging Markets	1,439	1.8%	10.1%	13.3%	6.4%
MSCI Emerging Markets -Total Return	3,738	2.0%	10.8%	14.5%	7.2%
MSCI EAFE	3,137	-1.4%	4.2%	16.0%	6.2%
MSCI EAFE - Total Return	15,197	-0.9%	5.5%	17.9%	7.6%
MSCI Far East	5,300	-2.3%	3.4%	15.3%	7.9%

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	5.2%	2.3%	4.4%	5.5%	4.0%	5.8%	5.0%
S&P/TSX Composite - Total Return	8.7%	5.7%	7.6%	8.9%	7.2%	9.0%	8.0%
S&P 500 Index	22.6%	14.4%	10.5%	11.9%	12.9%	13.4%	7.9%
S&P 500 Index - Total Return	24.5%	16.3%	12.2%	13.8%	15.0%	15.7%	10.0%
Dow Jones Industrial Average	12.6%	10.9%	7.7%	7.8%	11.1%	11.8%	6.8%
Dow Jones Industrial Average - Total Return	14.9%	13.3%	9.9%	10.2%	13.7%	14.5%	9.4%
Russell 2000	13.3%	6.6%	-0.8%	4.9%	8.2%	10.8%	6.5%
Nasdaq Composite Index	30.0%	16.7%	7.9%	14.7%	16.9%	17.0%	11.1%
Bloomberg Euro 500	4.7%	9.2%	3.5%	3.7%	3.1%	5.1%	2.6%
EURO STOXX 50	10.9%	18.6%	7.2%	6.5%	4.1%	4.5%	2.3%
EURO STOXX 50 -Total Return	13.9%	21.8%	9.8%	9.0%	6.7%	7.4%	5.2%
MSCI World	18.3%	12.6%	8.0%	9.2%	9.4%	10.1%	6.0%
MSCI Emerging Markets	8.7%	2.1%	-4.6%	-0.1%	2.8%	4.0%	4.4%
MSCI Emerging Markets -Total Return	12.0%	5.4%	-1.7%	2.8%	5.7%	7.0%	7.3%
MSCI EAFE	8.0%	9.7%	4.0%	4.0%	4.0%	5.4%	2.9%
MSCI EAFE - Total Return	11.5%	13.4%	7.4%	7.2%	7.3%	8.9%	6.2%
MSCI Far East	13.5%	10.2%	2.1%	2.9%	5.8%	5.5%	2.5%

Commodities – (% Change)

Commodities	Price	1 Month	3 Months	6 Months	1 Year	YTD
Gold Spot (US$/oz)	2,286.25	2.5%	12.1%	15.2%	14.9%	10.8%
Silver (US$/oz)	26.29	5.3%	14.5%	15.1%	4.9%	10.5%
Brent Crude Oil	87.86	0.4%	7.5%	0.5%	10.5%	14.0%
West Texas Intermediate Oil	81.93	-1.5%	8.0%	1.1%	6.7%	14.3%
NYMEX Natural Gas	1.99	12.9%	-5.2%	-44.3%	-17.4%	-20.8%
Spot Nat. Gas (AECO Hub - USD)	0.95	-23.4%	-33.6%	-52.7%	-44.1%	-26.9%
Copper 3-month	4.53	12.7%	16.1%	23.2%	16.2%	16.7%
Nickel 3-month	8.73	14.9%	18.2%	6.1%	-20.6%	15.9%
Aluminum 3-month	1.18	10.9%	13.7%	15.1%	10.0%	8.7%
Zinc 3-month	1.33	20.0%	15.8%	20.4%	10.5%	10.1%

Currencies – (% Change)

Currencies	Price	1 Month	3 Months	6 Months	1 Year	YTD
CAD/USD	0.7258	-1.7%	-2.5%	0.7%	-1.6%	-3.9%
EURO/CAD	1.4697	0.6%	1.1%	0.2%	-1.5%	0.5%
EURO/USD	1.0666	-1.1%	-1.4%	0.9%	-3.2%	-3.4%
USD/YEN	157.8000	4.3%	7.4%	4.0%	15.8%	11.9%
U.S. Dollar Index	106.2210	1.7%	2.9%	-0.4%	4.5%	4.8%

Bond returns – Total return (% Change)

Bond Index	1 Month	3 Months	6 Months	1 Year	YTD
FTSE Canada Bond Universe Index	-2.0%	-1.9%	4.4%	-0.9%	-3.2%
FTSE Canada Long Term Bond Index	-4.5%	-4.8%	6.0%	-5.6%	-7.9%
FTSE Canada Mid Term Bond Index	-2.0%	-1.9%	4.6%	-1.7%	-3.1%
FTSE Canada Short Term Bond Index	-0.4%	0.1%	3.2%	2.6%	-0.1%

Government Yields

Government Notes	Yield	1 Month	3 Months	6 Months	1 Year
Canada 3-month T-Bills	4.93%	4.99%	4.94%	5.05%	4.37%
Canada 5yr Notes	3.87%	3.53%	3.40%	4.13%	2.98%
Canada 10yr Notes	3.82%	3.47%	3.32%	4.06%	2.84%
Canada 30yr Bonds	3.67%	3.35%	3.26%	3.86%	2.94%
U.S. 3-month T-Bills	5.39%	5.36%	5.36%	5.46%	5.03%
U.S. 5yr Notes	4.72%	4.21%	3.84%	4.85%	3.48%
U.S. 10yr Notes	4.68%	4.20%	3.91%	4.93%	3.42%
U.S. 30yr Bonds	4.78%	4.34%	4.17%	5.09%	3.67%

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	-1.0%	1.7%	12.2%	6.0%	2.9%	3.6%
Consumer Staples	-0.8%	0.9%	6.7%	4.4%	2.8%	4.1%
Energy	1.1%	11.1%	10.1%	13.0%	12.9%	18.6%
Energy - Integrated Oil & Gas	4.4%	22.0%	14.1%	25.6%	25.3%	3.9%
Energy - Oil & Gas Exploration & Production	2.1%	20.3%	9.3%	21.5%	19.3%	6.9%
Energy - Pipeline	-2.5%	0.4%	8.6%	-7.1%	1.5%	6.2%
Financials	-3.4%	1.8%	19.1%	6.6%	0.8%	30.4%
Financials - Banks	-4.1%	0.9%	16.0%	0.5%	-2.1%	19.4%
Financials - Insurance	-4.6%	1.0%	18.0%	9.4%	2.8%	4.5%
Real Estate	-7.1%	-6.5%	9.5%	-9.0%	-6.4%	2.2%
Health Care	-5.5%	16.0%	29.3%	21.5%	11.3%	0.3%
Industrials	-6.1%	1.9%	15.4%	7.6%	4.0%	13.8%
Information Technology	-5.8%	-7.5%	30.3%	29.8%	-1.3%	8.3%
Materials	5.9%	19.0%	18.0%	-2.8%	11.5%	11.9%
Materials - Gold	4.9%	16.9%	13.1%	-2.9%	8.7%	6.6%
Materials - Base Metals	11.3%	29.7%	47.0%	15.7%	26.9%	1.6%
Materials - Fertilizers	-1.4%	8.3%	-2.5%	-22.8%	-2.8%	1.2%
Communication Services	-1.9%	-14.1%	-5.8%	-26.1%	-11.6%	3.2%
Utilities	-3.5%	-4.4%	5.6%	-16.5%	-5.8%	3.7%

Strategic asset allocation[1] (in C$) - Performance (% Change - Before Fees)

Strategic Asset Allocation (in C$)	1 Month	3 Months	6 Months	1 Year	YTD
Capital Preservation	-1.4%	0.1%	6.6%	3.0%	-0.4%
Income	-1.8%	0.4%	8.3%	3.9%	-0.1%
Income & Growth	-2.1%	1.6%	12.0%	7.5%	1.7%
Growth	-2.5%	2.3%	14.5%	10.2%	2.7%
Aggressive Growth	-2.9%	3.3%	17.9%	13.9%	4.1%

CIBC World Markets Interest Rate Outlook

Interest Rates (%) – End of Qtr	30-Apr-24	Jun-24	Sep-24
Canada 3-month T-Bill	4.93%	4.60%	4.35%
U.S. 3-month T-Bill	5.39%	5.30%	5.05%
Canada 10-year Gov't Bond Yield	3.81%	3.50%	3.40%
U.S. 10-year Gov't Bond Yield	4.68%	4.35%	4.15%
US$ / C$	0.73	0.72	0.72

Source: CIBC World Markets Inc.

CIBC World Markets Economic Outlook

Economic Outlook	2024F	2025F
Canada Real GDP Growth (% Chg)	1.0%	1.6%
U.S. Real GDP Growth (% Chg)	2.3%	1.9%
Canada Consumer Price Index (% Chg)	2.3%	1.8%
U.S. Consumer Price Index (% Chg)	2.8%	2.5%
Canada Unemployment Rate (%)	6.1%	5.8%
U.S. Unemployment Rate (%)	4.1%	4.0%

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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