CIBC PRIVATE WEALTH

INVESTMENT STRATEGY GROUP

# MONTHLY WORLD MARKETS REPORT

November 2023

# Inside This Issue



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## Investing in Dividend Stocks During Uncertain Times

The North American economic outlook remains highly uncertain as 2023 draws to a close. An aggressive rate hiking cycle from central banks around the world over the last 18 months has tightened financial conditions for consumers and businesses. Despite this, consumer spending remains robust, helped by low unemployment levels and excess accumulated consumer savings in recent years.

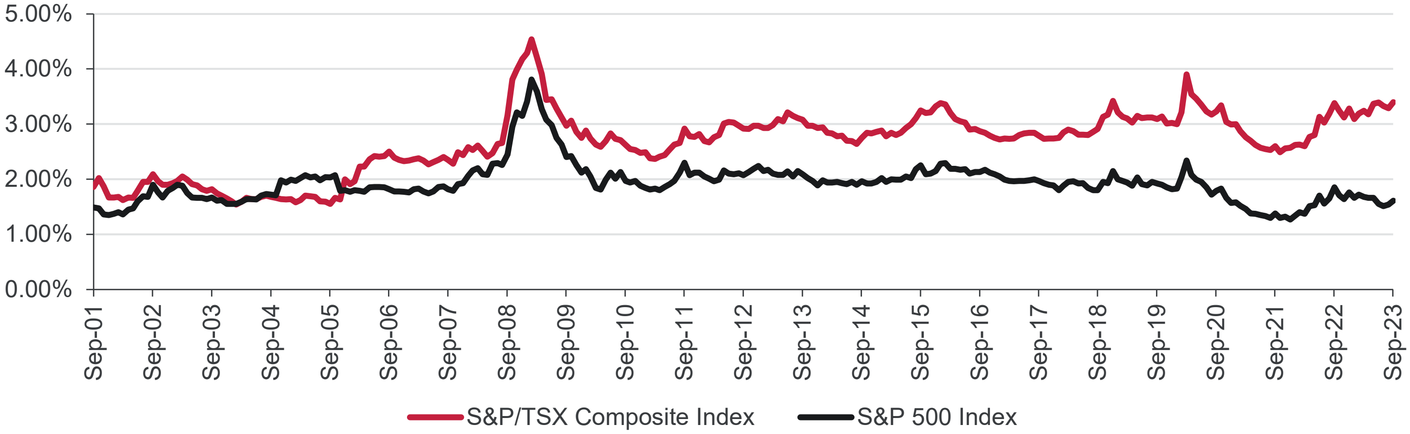
Interest rate increases work with a lagged effect. The U.S. and Canada have avoided a recession to date, but the impact of higher rates is a headwind for growth in the coming quarters. Inflation, while down significantly from the peak levels seen in 2022, remains above central bank targets of close to 2%. Higher interest rates are benefitting savers, as is intended by central bankers. To get inflation under control, central bankers believe that demand for goods and services needs to slow down to match supply and higher interest rates are the mechanism to incentivize saving over spending. This "higher-for-longer" interest rate environment, combined with geopolitical tensions, slowing Chinese growth and trade-related headwinds mean we are cautious on equity markets in the short-term.

Many investors have crowded into short-term bonds or interest-bearing savings accounts, which are now offering attractive yields with very little risk. Although we agree the current risk-reward ratio of these vehicles is relatively attractive, there can be an opportunity cost to missing out on equity market gains. While the gap between bond yields and equity market dividend yields has narrowed, it is important to remember that dividends grow over time, while bond coupons are generally fixed. This is an important consideration, particularly in the current environment when real purchasing power gets eroded by higher inflation. Tax advantages are another consideration for Canadian investors. Preferential tax treatment of dividend income allows the dividend tax credit to be applied to dividend income and gives a boost to the after-tax yield for high-income Canadians. Dividend yielding stocks offer a nice mix of income and growth in the current environment and can be an important building block in investor portfolios.

Focusing on companies with stable, growing dividends is a good way to mitigate downside risk and enhance capital preservation. This is because at the corporate level, paying dividends is one of several competing uses of capital. A healthy consistent dividend instills a level of discipline in a company's capital allocation decisions and reduces the chances of value-destroying investments. While attractive organic investment and merger and acquisition (M&A) opportunities can be pursued by corporations, stable shareholder payouts may discourage growth opportunities that can simply increase the size of a corporation, but also harm its profitability. A dividend increase is rightly taken as a sign that a company's management team and the Board of Directors are optimistic about the company's future.

A commensurate increase in underlying earnings and cash flows are paramount to ensuring healthy payout ratios and sustainable dividend payments. A company that builds a track record of disciplined capital allocation and consistently grows shareholder returns can make owning its stock an attractive proposition. While U.S. equity markets offer outsized exposure to innovative technology companies with strong growth prospects, the S&P/TSX Composite Index (TSX) is fertile ground for dividend investors. The TSX currently has a dividend yield roughly twice the size of the S&P 500 Index. Canada's sector composition and its larger tilt to mature dividend-paying companies is a key driver of this yield premium. Many of these mature industries, such as the banks and telecom providers, are characterized by rational competition, high barriers to entry and pricing power, often resulting in attractive cash flow profiles.

*North American Dividend Yields*




Source: Bloomberg as of 09/29/2023

Canadian equities have a strong track record when it comes to dividend growth. CIBC's Portfolio Strategy team notes in 2022 there were 151 incidents of companies that increased their dividends (out of a universe of roughly 240 members). Four groups of stocks do most of the heavy lifting when it comes to dividend payments from the TSX. Financials, pipelines, communications and utilities contribute to over two-thirds of dividends in dollar terms.

The financials sector is the primary source of dividends in the TSX. This sector is comprised of large banks (and to a lessor extent, insurers) that have a track record of managing dividend payouts. This allows them to handle the inherent cyclicality in their businesses without a high likelihood of dividend cuts. The big six Canadian banks currently offer an average dividend yield of over 5.5%. Outside the financials sector, we highlight dividend yields of 6%-7% from certain Canadian telecom providers and roughly 8.0% from the two largest Canadian pipeline companies. Dividend yields are not considered a great valuation tool by equity investors, but any kind of mean reversion in yields back to historical norms would mean attractive price appreciation. In the meantime, investors are paid (in the form of dividends) to wait with these attractive going-in yields.

When choosing dividend paying investment options, investors should focus on total returns (price returns plus dividends). Dividend yields accounted for 30%-40% of total Canadian equity returns over the past several decades and this contribution was even higher in periods of equity market weakness. In an uncertain economic environment with heighted market volatility, we think high-quality dividend-paying stocks are a good choice for investors to weather the storm and continue growing their capital.

**Andrew O'Brien, CFA**
**Investment Strategy Group**

# Is It Time To Consider Corporate Bonds?

Corporate bond issuers are continuing to fund their business even as investors are demanding the highest yields in nearly 14 years to participate in the market. Inflation remains stubbornly high and interest rates are expected to stay higher for longer. For more than a year, the Bank of Canada (BoC) has pushed bond yields higher and is likely getting close to the end of its rate hiking campaign. These higher yields mean corporate bonds can now play a more significant role in income investing strategies.

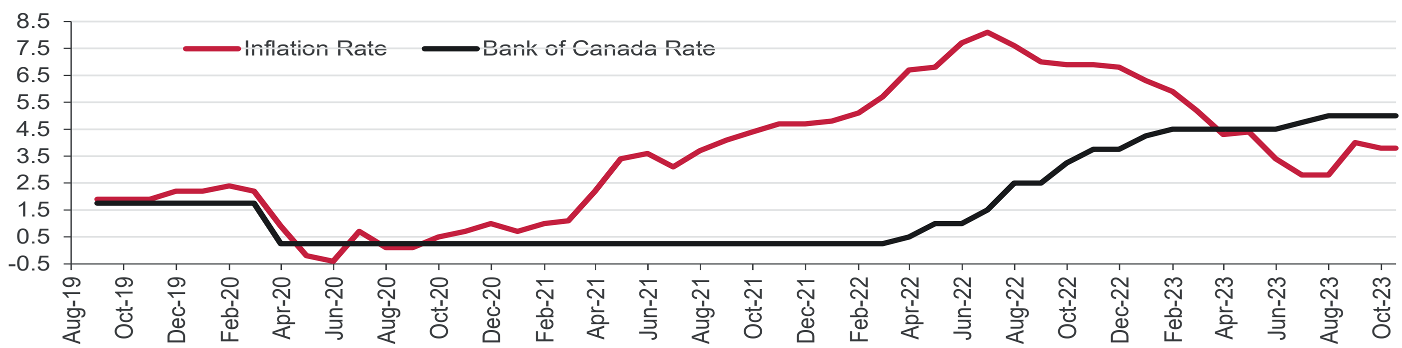
The two most common reasons for buying bonds are to receive an income stream and to provide stability to a portfolio. Investors who want to own bonds for stability typically buy shorter dated investment-grade bonds to help reduce risk. Buying bonds with a longer maturity or increasing corporate bond exposure vs. more conservative government bonds are common ways to increase yields. Investors have many choices and can choose from individual bonds, exchange-traded funds (ETFs) and mutual funds, all of which have certain advantages and disadvantages.

## Buying Individual Corporate Bonds

When buying individual corporate bonds there are several investment decisions to consider such as rating, sector, yield, liquidity, and region to name a few. Buying individual corporate bonds gives investors the advantage of customizing their bond holdings while maintaining full control and discretion over when and what to buy or sell.

The best feature of an individual corporate bond is the defined maturity date, at which time the principal is returned to the bondholder. This offers an element of principal protection, provided the issuer does not default on the obligation. Corporate bonds offer regular cash payouts and their price tends to fluctuate less than the company's stock. Upon purchase, individual corporate bonds have a one-time commission if the investor holds the bond until its maturity date.

*Bank of Canada Rate and Inflation Rate*




Sources: Bloomberg as of 10/17/2023

## How Are Corporate Bonds Rated?

Bonds are rated on the quality of their issuer and the terms of the particular bond. The higher the issuer's quality, the lower the interest coupon rate the issuer will have to pay investors. Investors demand a higher return from corporations or governments that are considered to be at higher risk for default. Bonds are rated in Canada by four major ratings agencies: Standard & Poor's, Moody's, DBRS and Fitch. All bonds fall into two categories based on their rating: investment-grade bonds and high-yield bonds.

- Investment-grade bonds are viewed as good to excellent credit risks with a low risk of default. Top companies may enjoy being rated as investment-grade and pay lower interest rates in exchange for the low default risk.
- High-yield bonds are also referred to as junk bonds and are considered to have higher risk of default. However, several well-known companies are rated as high-yield while continuing to reliably make their interest payments.

## GIC's, ETF's and Mutual Fund Options

As an alternative to buying individual corporate bonds, investors may want to consider some of the following investment options:

GICs have an extremely low level of risk because nearly all GICs are backed by the Canada Deposit Insurance Corporation (CDIC), a Crown corporation, for up to $100,000 (with some limitations). GICs are one product investors can use if capital protection is a key goal because they're a low risk investment product that can be used to balance out the overall risk in a portfolio. GICs provide flexibility with minimal risk and a predictable interest rate return through market cycles.

Bond ETFs offer simplified fixed income investing by bringing the bond market to the retail investor within a single security. With a single ticker, an investor can tap into thousands of bonds without having to hunt for inventory. Investors use ETFs to gain instant diversification, mitigating single-security risk, at a lower cost than fully active alternatives. The number of ETF options enables investors to access a variety of fixed income markets or specific segments of the bond market. Investors can make adjustments to a portfolio's overall duration and credit quality, and tailor the exposures to their specific preferences.

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 actively managed. Active managers use various strategies to try to add value above index returns. As a result, investors will pay more for the fully active mutual fund manager than the index-tracking ETF alternative. Investors ultimately must decide if they believe active management can outperform passive investments net of fees.

## The Bottom Line

Every portfolio should have a fixed income portion to help smooth out overall portfolio fluctuations during market volatility. Corporate bonds are an effective way to add some diversification to the fixed income portion of a portfolio if an investor is stock-heavy. As markets face volatility due to a combination of financial and geopolitical factors, investors are looking at strategies that give liquidity to portfolio holdings and can be traded during uncertain times. Investors should consult with their financial advisor to discuss how corporate bonds and fixed income fit into their portfolio as well as make informed investment decisions.

**Allan Bishop**
**Investment Strategy Group**

# Market Return Data

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

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

| North America indices | Price | 1 Month | 3 Months | 6 Months | YTD |
|---|---|---|---|---|---|
| S&P/TSX Composite | 18,873 | -3.4% | -8.5% | -8.5% | -2.6% |
| S&P/TSX Composite – Total Return | 75,242 | -3.2% | -7.7% | -7.0% | 0.1% |
| S&P 500 Index | 4,194 | -2.2% | -8.6% | 0.6% | 9.2% |
| S&P 500 Index – Total Return | 9,052 | -2.1% | -8.3% | 1.4% | 10.7% |
| Dow Jones Industrial Average | 33,053 | -1.4% | -7.0% | -3.1% | -0.3% |
| Dow Jones Industrial Average – Total Return | 80,875 | -1.3% | -6.6% | -2.0% | 1.4% |
| Nasdaq Composite Index | 12,851 | -2.8% | -10.4% | 5.1% | 22.8% |

## 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 | -2.8% | -5.3% | 6.6% | 4.7% | 3.5% | 4.5% | 4.5% |
| S&P/TSX Composite – Total Return | 0.4% | -2.3% | 9.8% | 8.0% | 6.7% | 7.7% | 7.5% |
| S&P 500 Index | 8.3% | -4.6% | 8.6% | 9.1% | 9.1% | 10.3% | 7.2% |
| S&P 500 Index – Total Return | 10.1% | -3.0% | 10.4% | 11.0% | 11.2% | 12.5% | 9.3% |
| Dow Jones Industrial Average | 1.0% | -3.9% | 7.6% | 5.6% | 7.8% | 8.8% | 6.3% |
| Dow Jones Industrial Average – Total Return | 3.2% | -1.9% | 9.8% | 8.0% | 10.3% | 11.5% | 8.9% |
| Nasdaq Composite Index | 17.0% | -8.9% | 5.6% | 12.0% | 12.6% | 14.3% | 9.9% |

## International indices – Price performance (% Change)

| International indices | Price | 1 Month | 3 Months | 6 Months | YTD |
|---|---|---|---|---|---|
| Bloomberg Euro 500 | 279 | -3.9% | -8.3% | -8.1% | 1.0% |
| FTSE Eurotop 100 | 3,452 | -3.1% | -6.7% | -5.7% | 4.3% |
| FTSE 100 (England) | 7,322 | -3.8% | -4.9% | -7.0% | -1.7% |
| Dax (Germany) | 14,810 | -3.7% | -10.0% | -7.0% | 6.4% |
| CAC 40 (France) | 6,886 | -3.5% | -8.2% | -8.1% | 6.4% |
| MSCI World | 2,769 | -3.0% | -9.6% | -2.4% | 6.4% |
| MSCI Emerging Markets | 915 | -3.9% | -12.6% | -6.3% | -4.3% |
| MSCI Emerging Markets – Total Return | 2,352 | -3.9% | -12.1% | -4.5% | -1.8% |
| MSCI EAFE | 1,948 | -4.1% | -11.4% | -9.1% | 0.2% |
| MSCI EAFE – Total Return | 9,288 | -4.0% | -10.8% | -7.7% | 3.2% |
| Nikkei 225 (Japan) | 30,859 | -3.1% | -7.0% | 6.9% | 18.3% |
| Hang Seng (Hong Kong) | 17,112 | -3.9% | -14.8% | -14.0% | -13.5% |
| ASX 200 (Australia) | 6,781 | -3.8% | -8.5% | -7.2% | -3.7% |
| Taiwan Weighted | 16,001 | -2.2% | -6.7% | 2.7% | 13.2% |
| Sensex 30 (India) | 63,875 | -3.0% | -4.0% | 4.5% | 5.0% |

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

| International indices | 1 Year | 2 Years | 3 Years | 5 Years | 10 Years | 15 Years | 20 Years |
|---|---|---|---|---|---|---|---|
| Bloomberg Euro 500 | 4.1% | -5.3% | 7.1% | 2.8% | 2.4% | 3.8% | 2.7% |
| FTSE Eurotop 100 | 7.7% | -0.2% | 11.8% | 4.6% | 2.8% | 3.7% | 2.7% |
| FTSE 100 (England) | 3.2% | 0.6% | 9.5% | 0.5% | 0.8% | 3.5% | 2.7% |
| Dax (Germany) | 11.7% | -2.8% | 8.6% | 5.3% | 5.1% | 7.5% | 7.2% |
| CAC 40 (France) | 9.9% | 0.4% | 14.4% | 6.2% | 4.8% | 4.6% | 3.6% |
| MSCI World | 8.7% | -6.6% | 6.5% | 6.5% | 5.6% | 7.3% | 5.4% |
| MSCI Emerging Markets | 7.9% | -14.9% | -6.0% | -0.9% | -1.2% | 3.2% | 4.1% |
| MSCI Emerging Markets – Total Return | 11.3% | -12.2% | -3.3% | 2.0% | 1.6% | 6.1% | 7.0% |
| MSCI EAFE | 11.3% | -8.7% | 3.0% | 1.4% | 0.4% | 3.1% | 2.6% |
| MSCI EAFE – Total Return | 15.0% | -5.7% | 6.3% | 4.6% | 3.5% | 6.5% | 5.8% |
| Nikkei 225 (Japan) | 11.9% | 3.3% | 10.3% | 7.1% | 8.0% | 8.9% | 5.5% |
| Hang Seng (Hong Kong) | 16.5% | -17.9% | -10.8% | -7.3% | -3.0% | 1.4% | 1.7% |
| ASX 200 (Australia) | -1.2% | -3.8% | 4.6% | 3.1% | 2.3% | 3.6% | 3.7% |
| Taiwan Weighted | 23.6% | -2.9% | 8.4% | 10.3% | 6.6% | 8.3% | 5.0% |
| Sensex 30 (India) | 5.1% | 3.8% | 17.3% | 13.1% | 11.7% | 13.3% | 13.7% |

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

| Index returns in Canadian dollars | Price | 1 Month | 3 Months | 6 Months | YTD |
|---|---|---|---|---|---|
| S&P/TSX Composite | 18,873 | -3.4% | -8.5% | -8.5% | -2.6% |
| S&P/TSX Composite - Total Return | 75,242 | -3.2% | -7.7% | -7.0% | 0.1% |
| S&P 500 Index | 5,821 | 0.2% | -3.7% | 3.0% | 12.0% |
| S&P 500 Index - Total Return | 12,564 | 0.3% | -3.3% | 3.8% | 13.5% |
| Dow Jones Industrial Average | 45,874 | 1.1% | -2.0% | -0.7% | 2.3% |
| Dow Jones Industrial Average - Total Return | 112,247 | 1.2% | -1.5% | 0.3% | 4.1% |
| Russell 2000 | 2,307 | -4.6% | -12.5% | -3.8% | -3.2% |
| Nasdaq Composite Index | 17,836 | -0.4% | -5.6% | 7.6% | 26.0% |
| Bloomberg Euro 500 | 410 | -1.5% | -7.1% | -9.7% | 2.3% |
| EURO STOXX 50 | 5,961 | -0.3% | -8.0% | -8.5% | 8.4% |
| EURO STOXX 50 -Total Return | 13,821 | -0.3% | -7.8% | -7.2% | 11.0% |
| MSCI World | 3,843 | -0.6% | -4.7% | 0.0% | 9.1% |
| MSCI Emerging Markets | 1,270 | -1.6% | -7.8% | -4.1% | -1.8% |
| MSCI Emerging Markets -Total Return | 3,264 | -1.5% | -7.3% | -2.2% | 0.7% |
| MSCI EAFE | 2,704 | -1.7% | -6.6% | -6.9% | 2.8% |
| MSCI EAFE - Total Return | 12,891 | -1.7% | -6.0% | -5.4% | 5.9% |
| MSCI Far East | 4,598 | -2.0% | -5.6% | -1.6% | 3.1% |

## 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 | -2.8% | -5.3% | 6.6% | 4.7% | 3.5% | 4.5% | 4.5% |
| S&P/TSX Composite - Total Return | 0.4% | -2.3% | 9.8% | 8.0% | 6.7% | 7.7% | 7.5% |
| S&P 500 Index | 10.2% | 1.0% | 10.1% | 10.3% | 12.3% | 11.3% | 7.4% |
| S&P 500 Index - Total Return | 12.1% | 2.6% | 11.8% | 12.2% | 14.4% | 13.6% | 9.6% |
| Dow Jones Industrial Average | 2.8% | 1.6% | 9.1% | 6.8% | 11.0% | 9.9% | 6.5% |
| Dow Jones Industrial Average - Total Return | 5.0% | 3.8% | 11.3% | 9.1% | 13.5% | 12.6% | 9.2% |
| Russell 2000 | -8.4% | -10.0% | 4.0% | 3.0% | 7.2% | 8.9% | 6.2% |
| Nasdaq Composite Index | 19.0% | -3.6% | 7.0% | 13.2% | 15.9% | 15.5% | 10.2% |
| Bloomberg Euro 500 | 13.3% | -4.1% | 5.1% | 2.5% | 2.7% | 3.6% | 2.5% |
| EURO STOXX 50 | 22.2% | -1.0% | 9.1% | 4.6% | 3.2% | 2.8% | 2.1% |
| EURO STOXX 50 -Total Return | 25.3% | 1.5% | 11.6% | 7.1% | 5.8% | 5.7% | 4.9% |
| MSCI World | 10.6% | -1.2% | 7.9% | 7.6% | 8.7% | 8.4% | 5.7% |
| MSCI Emerging Markets | 9.8% | -10.0% | -4.8% | 0.2% | 1.6% | 4.2% | 4.4% |
| MSCI Emerging Markets -Total Return | 13.2% | -7.1% | -2.0% | 3.1% | 4.5% | 7.1% | 7.3% |
| MSCI EAFE | 13.3% | -3.4% | 4.4% | 2.5% | 3.3% | 4.1% | 2.8% |
| MSCI EAFE - Total Return | 17.0% | -0.2% | 7.7% | 5.7% | 6.6% | 7.5% | 6.1% |
| MSCI Far East | 14.7% | -4.2% | 0.2% | 1.1% | 4.2% | 4.3% | 2.6% |

## Commodities – (% Change)

| Commodities | Price | 1 Month | 3 Months | 6 Months | 1 Year | YTD |
|---|---|---|---|---|---|---|
| Gold Spot (US$/oz) | 1,983.88 | 7.3% | 1.0% | -0.3% | 21.4% | 8.8% |
| Silver (US$/oz) | 22.85 | 3.0% | -7.7% | -8.8% | 19.2% | -4.6% |
| Brent Crude Oil | 87.41 | -8.3% | 2.2% | 9.9% | -7.8% | 1.7% |
| West Texas Intermediate Oil | 81.02 | -10.8% | -1.0% | 5.5% | -6.4% | 0.9% |
| NYMEX Natural Gas | 3.58 | 22.1% | 35.7% | 48.3% | -43.7% | -20.1% |
| Spot Nat. Gas (AECO Hub - USD) | 2.01 | 12.3% | 4.1% | 18.2% | -54.7% | -38.2% |
| Lumber | 501.50 | -3.2% | -5.5% | -7.5% | N/A | -6.7% |
| Copper 3-month | 3.68 | -1.9% | -8.2% | -5.6% | 8.9% | -3.1% |
| Nickel 3-month | 8.22 | -3.0% | -18.7% | -25.1% | -16.9% | -39.7% |
| Aluminum 3-month | 1.02 | -4.1% | -1.4% | -4.4% | 1.3% | -5.3% |
| Zinc 3-month | 1.10 | -8.3% | -5.3% | -8.2% | -9.9% | -18.3% |

## Currencies – (% Change)

| Currencies | Price | 1 Month | 3 Months | 6 Months | 1 Year | YTD |
|---|---|---|---|---|---|---|
| CAD/USD | 0.7207 | -2.1% | -4.9% | -2.3% | -1.8% | -2.3% |
| EURO/CAD | 1.4671 | 2.2% | 1.2% | -1.7% | 9.0% | 1.1% |
| EURO/USD | 1.0575 | 0.0% | -3.8% | -4.0% | 7.0% | -1.2% |
| USD/YEN | 151.6800 | 1.5% | 6.6% | 11.3% | 2.0% | 15.7% |
| U.S. Dollar Index | 106.6630 | 0.5% | 4.7% | 4.9% | -4.4% | 3.0% |

## Bond returns – Total return (% Change)

| Bond Index | 1 Month | 3 Months | 6 Months | 1 Year | YTD |
|---|---|---|---|---|---|
| FTSE Canada Bond Universe Index | 0.4% | -2.4% | -5.1% | 0.0% | -1.1% |
| FTSE Canada Long Term Bond Index | -0.3% | -7.4% | -10.9% | -3.1% | -4.9% |
| FTSE Canada Mid Term Bond Index | 0.4% | -2.3% | -5.9% | -0.9% | -1.6% |
| FTSE Canada Short Term Bond Index | 0.8% | 0.7% | -0.6% | 2.4% | 1.7% |

## Government Yields

| Government Notes | Yield | 1 Month | 3 Months | 6 Months | 1 Year |
|---|---|---|---|---|---|
| Canada 3-month T-Bills | 5.03% | 5.07% | 5.01% | 4.37% | 3.93% |
| Canada 5yr Notes | 4.13% | 4.25% | 3.90% | 2.98% | 3.41% |
| Canada 10yr Notes | 4.06% | 4.03% | 3.50% | 2.84% | 3.25% |
| Canada 30yr Bonds | 3.86% | 3.81% | 3.31% | 2.94% | 3.29% |
| U.S. 3-month T-Bills | 5.46% | 5.45% | 5.40% | 5.03% | 4.06% |
| U.S. 5yr Notes | 4.85% | 4.61% | 4.18% | 3.48% | 4.23% |
| U.S. 10yr Notes | 4.93% | 4.57% | 3.96% | 3.42% | 4.05% |
| U.S. 30yr Bonds | 5.09% | 4.70% | 4.01% | 3.67% | 4.16% |

## 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 | -2.1% | -10.1% | -5.5% | -0.2% | -0.4% | 3.7% |
| Consumer Staples | 3.7% | 4.5% | -2.2% | 9.2% | 6.4% | 4.5% |
| Energy | -0.1% | 4.5% | 2.6% | -2.2% | 3.5% | 19.4% |
| Energy - Integrated Oil & Gas | -5.0% | 8.0% | 10.2% | -2.9% | 4.9% | 4.0% |
| Energy - Oil & Gas Exploration & Production | 1.2% | 8.4% | 11.2% | 4.8% | 13.4% | 7.3% |
| Energy - Pipeline | 0.7% | -4.1% | -14.4% | -15.1% | -12.7% | 6.6% |
| Financials | -5.5% | -11.9% | -10.5% | -7.8% | -7.7% | 29.7% |
| Financials - Banks | -6.6% | -14.1% | -13.3% | -13.1% | -12.4% | 19.2% |
| Financials - Insurance | -3.4% | -8.7% | -7.3% | 7.4% | 2.8% | 4.4% |
| Real Estate | -6.3% | -14.1% | -16.8% | -9.1% | -12.0% | 2.3% |
| Health Care | -12.8% | -18.0% | -6.1% | -17.7% | -0.5% | 0.3% |
| Industrials | -3.5% | -8.5% | -6.7% | -0.4% | -0.4% | 13.5% |
| Information Technology | -6.2% | -14.9% | -0.4% | 29.8% | 27.8% | 7.3% |
| Materials | -4.1% | -13.7% | -17.6% | -0.8% | -8.5% | 11.5% |
| Materials - Gold | 5.2% | -5.2% | -14.1% | 13.8% | -1.7% | 6.7% |
| Materials - Base Metals | -15.5% | -20.6% | -21.3% | 7.3% | -7.8% | 1.3% |
| Materials - Fertilizers | -11.2% | -18.0% | -20.8% | -35.3% | -24.7% | 1.4% |
| Communication Services | -0.6% | -8.6% | -21.6% | -14.9% | -14.8% | 3.8% |
| Utilities | -4.7% | -15.9% | -20.9% | -19.7% | -14.6% | 4.0% |

## 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 | -0.3% | -2.6% | -3.3% | 1.8% | 0.8% |
| Income | -0.7% | -3.6% | -4.0% | 1.9% | 0.8% |
| Income & Growth | -1.5% | -5.3% | -4.0% | 3.4% | 2.1% |
| Growth | -2.0% | -6.5% | -3.8% | 4.8% | 3.3% |
| Aggressive Growth | -2.7% | -8.1% | -3.4% | 6.8% | 4.9% |

## CIBC World Markets Interest Rate Outlook

| Interest Rates (%) – End of Qtr | 31-Oct-23 | Dec-23 | Mar-24 |
|---|---|---|---|
| Canada 3-month T-Bill | 5.02% | 5.05% | 5.05% |
| U.S. 3-month T-Bill | 5.46% | 5.60% | 5.60% |
| Canada 10-year Gov't Bond Yield | 4.06% | 3.80% | 3.65% |
| U.S. 10-year Gov't Bond Yield | 4.93% | 4.75% | 4.55% |
| US$ / C$ | 0.72 | 0.72 | 0.70 |

Source: CIBC World Markets Inc.

## CIBC World Markets Economic Outlook

| Economic Outlook | 2023F | 2024F |
|---|---|---|
| Canada Real GDP Growth (% Chg) | 1.20% | 0.70% |
| U.S. Real GDP Growth (% Chg) | 2.40% | 1.10% |
| Canada Consumer Price Index (% Chg) | 3.80% | 2.20% |
| U.S. Consumer Price Index (% Chg) | 4.20% | 2.80% |

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

## About CIBC Private Wealth

You have unique challenges and ambitions. We can help you address these with our tailored services and solutions. At CIBC Private Wealth, we take a comprehensive approach to managing, building and protecting your wealth. Together we develop a plan that takes into account who you are today and what you want for your family and wealth tomorrow.

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Our integrated approach is built around four key pillars. It all starts with understanding you, your goals and your values, which are supported by our customized services and expert guidance that keeps you moving forward.

Our services are delivered by professionals with our specialized business groups who collaborate to help you meet all of your personal, family and business financial needs.

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