

INVESTMENT CONSULTING SERVICE

CIBC PRIVATE WEALTH MANAGEMENT U.S. CORE EQUITY PORTFOLIO

Asset Class: U.S. Equity

Data as of December 31, 2021

Investment manager(s)

CIBC Private Wealth Management

CIBC Private Wealth Management is part of CIBC and provides wealth management advice and solutions to high-net worth clients.

We offer integrated wealth solutions through CIBC Private Banking, CIBC Private Investment Counsel (a division of CIBC Asset Management Inc.) CIBC Trust Corporation, and CIBC Wood Gundy (a division of CIBC World Markets Inc.).

Investor suitability

- Seeking diversified U.S. equity exposure
- Looking for capital appreciation and dividend income
- A mid- to long-term investment horizon
- A risk tolerance profile that allows for investments primarily held in mid and large capitalization U.S. equities

Volatility rating

Low	Low to Medium	Medium	Medium to High	High
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Investment objective

The U.S. Core Equity model portfolio seeks to optimize total return and outperform its underlying benchmark by investing primarily in U.S. mid to large capitalization companies, using a rigorous multi-disciplined fundamental, quantitative and technical investment approach.

Investment philosophy & process

- This model is managed using a multi-disciplined active investment process that leverages the strengths of Fundamental, Quantitative and Technical analysis.
- Each company included in the model must pass a rigorous series of quantitative and technical screens before being selected by thorough fundamental analysis.
- The model portfolio will then be optimized using an exclusive proprietary model to ensure maximum return with lower volatility.
- The model seeks to invest in well-researched, high quality companies with strong fundamentals and the following four key characteristics:
 1. Trading at attractive valuations
 2. Positive quantitative characteristics
 3. Attractive technical metrics upon entry and exit
 4. Strong management team and governance

Investment style

Investment process: Fundamental, Quantitative, Technical

Investment style matrix:

	Value	Core	Growth
Large-Cap			GARP
Mid-Cap			
Small-Cap			

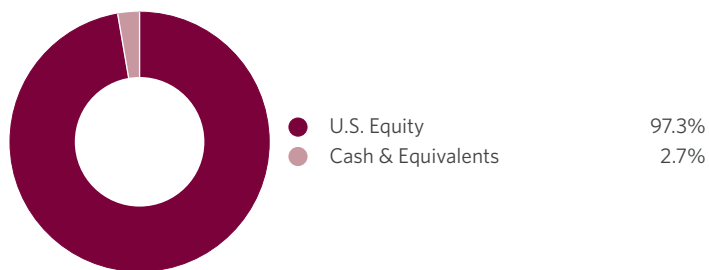
Quarterly commentary

The CIBC Private Wealth Management ISC U.S. Equity Portfolio strategy outperformed the benchmark during the fourth quarter of 2021. Stock selection was the primary contributor to alpha while allocation detracted. From an allocation perspective, overweight positions in healthcare, consumer discretionary, and utilities contributed. Overweight positions in industrials, communications services, energy, and financials detracted as well as underweight positions in materials, real estate consumer staples and information technology.

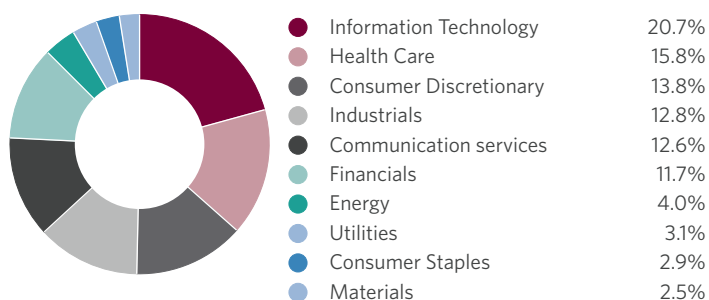
Selection in a variety of sectors including industrials, communications services, healthcare, energy, utilities, and materials contributed to alpha. Selection in communications services and industrials were the biggest contributors. Alphabet performed well as search engine traffic remained high and demand for online advertising continued to experience robust demand. Despite this, the shares trade at the midpoint of the 5-year range of their 1-year forward price-to-earnings ratio, suggesting some reasonable upside from here. Sentiment on volumes hauled on Union Pacific's network remained positive, despite supply chain disruptions caused at the ports on the U.S. west coast. Following a quarterly release that beat the consensus expectations, Ingersoll-Rand continued to benefit from the strong demand for pneumatic and hydraulic equipment, systems, and applications as economic growth continued as the global economic reopening proceeded.

Partially offsetting this was selection financials, consumer staples, and information technology. Texas Instruments shares lagged, despite strong demand for its semiconductors, as the company's quarterly guidance was below expectations due to supply constraints. Shares of IBM lagged during the quarter following the company's disappointing earnings release. The company had reported revenue contraction in its Global Technology and Services businesses, which account for approximately 40% of IBM's total revenue. However, the subsequent spinoff of Kyndryl, IBM's low-margin IT infrastructure management business, resulted in the shares moving up during December. Visa, a position we eliminated from the portfolio during the quarter, saw its shares lag after delivering disappointing guidance amid concerns over reduced pricing power, increased competition from new entrants in the payment processing sector, and doubts regarding the recovery of the travel industry. Within the consumer staples sector, Walmart weighed on performance as the retailing giant saw a decline in its gross margin due to rising supply chain costs and increases in employee wages. Investors traded down the shares of money-centre bank JP Morgan as its perceived high valuation and a possible decline in loan volumes due to expected higher interest rates outweighed its anticipated upward revenue sensitivity once interest rates begin to increase.

Portfolio asset mix (%)



Equity sector breakdown (%)



Top 10 holdings (%)

Microsoft Corp.	8.7
Alphabet Inc., Class A	7.8
Apple Inc.	6.8
Amazon.com Inc.	4.7
JPMorgan Chase & Co.	3.6
AbbVie Inc.	3.4
Bank of America Corp.	3.1
Ingersoll Rand Inc.	3.1
NextEra Energy Inc.	3.0
Nike Inc., Class 'B'	2.8
Total	47.0
Current number of holdings:	38

ICS strategy information

December 31, 2021

The performance returns, risk statistics, and graphs shown in this section are based on a composite of ICS accounts invested in this strategy (the "ICS Composite"). Performance returns are expressed in U.S. dollars. For details on the ICS Composite, refer to the disclaimer on the last page of this document.

Portfolio characteristics

	CIBC Private Wealth Management U.S. Core Equity Portfolio	S&P 500 Index (USD)
Weighted Average Market Cap (\$Mil)	1,064,261	824,048
Price/Earnings (trailing 1 yr)	25.8	26.2
Return on Equity (trailing 1 yr)	40.6	18.6
Equity Dividend Yield (trailing 1 Yr)	1.8	1.3

Trailing returns (%)

	3 Mths	YTD	1 Yr	2 Yrs	3 Yrs	5 Yrs	Since inception
CIBC Private Wealth Management U.S. Core Equity Portfolio	11.3	28.4	28.4	24.8	26.6	19.9	18.9
S&P 500 Index (USD)	11.0	28.7	28.7	23.4	26.1	18.5	17.8

Calendar year returns (%)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
CIBC Private Wealth Management U.S. Core Equity Portfolio	28.4	21.2	30.5	-3.9	27.0	n/a	n/a	n/a	n/a	n/a
S&P 500 Index (USD)	28.7	18.4	31.5	-4.4	21.8	n/a	n/a	n/a	n/a	n/a

ICS strategy information

5 Years as of December 31, 2021

Risk statistics

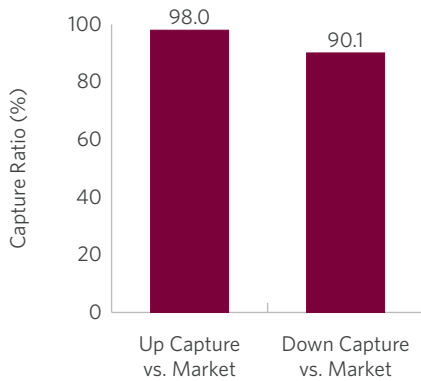
	Std Dev (%)	Sharpe Ratio
CIBC Private Wealth Management U.S. Core Equity Portfolio	14.3	1.31
S&P 500 Index (USD)	15.4	1.13

Risk statistics - strategy vs. benchmark

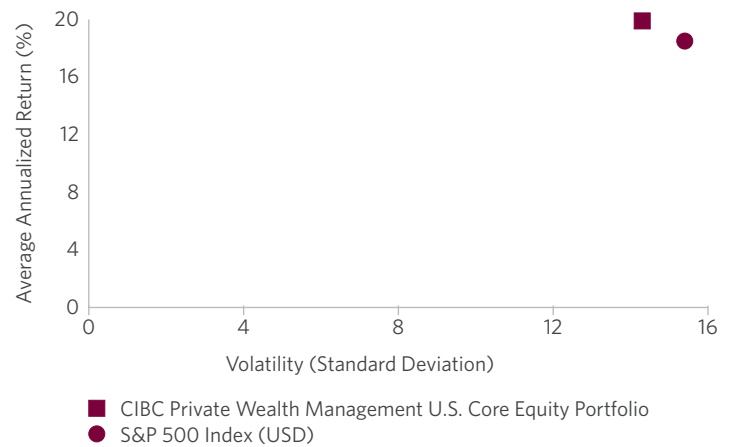
	Beta vs. Market	Alpha vs. Market (%)	R-Squared vs. Market (%)
CIBC Private Wealth Management U.S. Core Equity Portfolio vs. S&P 500 Index (USD)	0.92	2.9	0.97

Up/Down market capture

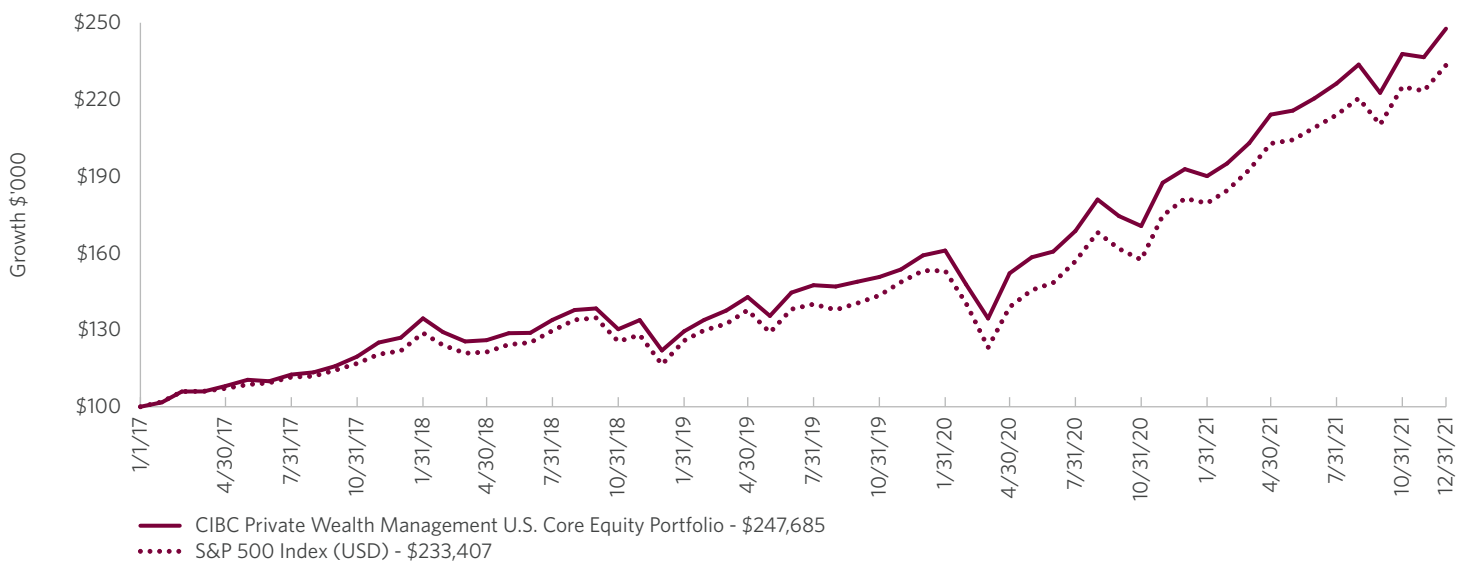
CIBC Private Wealth Management U.S. Core Equity Portfolio vs. S&P 500 Index (USD)



Risk/Reward chart



Growth of \$100,000



ICS Composite

Performance results set out in this document are based on a composite of CIBC Wood Gundy Investment Consulting Service (“ICS”) retail accounts with more than \$80,000 invested in the CIBC Wood Gundy ICS CIBC Private Wealth Management (“CIBC Private Wealth”) U.S. Core Equity Portfolio strategy (the “Strategy”). The composite includes open fee-paying discretionary managed ICS accounts held in the Strategy through a purchase or a switch from another investment or ICS strategy. ICS accounts are included at the start of the second month following their inception. Also included in the composite are closed ICS accounts that held the Strategy, up to the last full month the Strategy was held. The composite was created in June 2016. It includes account performance data from August 1, 2016, the second month after the inception of the first account in the Strategy.

Composite performance returns are geometrically linked and calculated by weighting each ICS account’s monthly performance, including changes in securities’ values, and accrued income (i.e. dividends and interest), against its market value at the beginning of each month, as represented by the market value at the opening of the first business day of each month. Performance returns are expressed in CAD and are gross of ICS investment management fees, and other expenses, if any. Each ICS account’s performance returns will be reduced by these costs.

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Individual account performance results for clients of ICS invested in the Strategy may also materially differ from the performance results set out in this document,

which are based on the Composite due to the factors described above, and other factors such as an account’s size, the length of time the Strategy has been held, cash flows in and out of the individual ICS client account, trade execution timing, market conditions and movements, trading prices, foreign exchange rates, specific client constraints, and constraints against purchasing securities of related and connected issuers to CIBC Wood Gundy, the investment manager and/or either of their affiliates. Past performance may not be repeated and is not indicative of future results. Consideration of individual circumstances and current events is critical to sound investment planning. All investments carry a certain degree of risk. It is important to review objectives, risk tolerance, liquidity needs, tax consequences and any other considerations before choosing an ICS strategy. Clients are advised to seek advice regarding their particular circumstances from their tax and legal advisors. Some investment managers may be situated outside of Canada and may not be registered as an advisor in Canada.

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