Corporate News

More Canadians plan to invest internationally this year: CIBC

Although the majority of Canadians hold homegrown stocks, more will invest beyond our borders to diversify and boost returns

TORONTO, Feb. 24, 2016 – Canadians investing for retirement are increasingly looking to diversify their portfolios with global equities in an attempt to boost returns, a new **CIBC** (TSX: CM) (NYSE: CM) poll finds. Despite the lower loonie, as many as **41 per cent** of investors say they are looking for opportunities outside of Canada, up sharply from only one third (**31 per cent**) last year.

Key poll findings include:

- **41 per cent** of Canadians investing for retirement in stocks or mutual funds this year, will invest mainly outside of Canada, up from **31 per cent** in a similar poll last year

- Of these:
    - **15 per cent** plan to add exposure to the U.S.
    - **15 per cent** intend to invest in emerging markets and
    - **11 per cent** are looking to invest in developed markets

"While it's natural for investors to have a 'home bias' by overweighting your portfolio to domestic stocks, taking a Canada-only approach can hurt returns," says Luc de la Durantaye, Managing Director, Asset Allocation and Currency Management, CIBC Asset Management. "Canada accounts for only about three per cent of the world's market capitalization, so diversifying geographically can strengthen your portfolio for the long-term. It significantly broadens your investment options and helps to mitigate risk."

Searching the world and alternate asset classes for returns

Over the past 15 years, four different equity markets around the world posted the best annual returns. But, Canada's benchmark S&P/TSX Composite Index didn't top the list once during that period. Last year, Japan's Nikkei was the top performer, rising 9.2 per cent, while the U.S. Standard & Poor's 500 Index ranked first in 2014, returning 13.7 per cent.

The poll also showed that recent market volatility and the lower loonie are prompting nearly a quarter (**22 per cent**) of investors to look at so-called "alternative asset" classes, such as real estate or infrastructure, as a way to diversify and gain exposure to growth. Another **26 per cent** said they wanted to learn more about alternative asset classes.

"Adding carefully selected alternative investments to a portfolio of traditional stocks and bonds is another way to diversify and can help to reduce your portfolio's overall risk," says Mr. de la Durantaye. "With resources and financials the two biggest weights in Canada's equity markets, it's important that investors diversify their holdings both geographically and between asset classes to help them meet their long-term investment goals," he adds.

Strategies for investors striving to diversify their investments

- **Work with an advisor**: A financial advisor can help you assess your portfolio and understand its overall sensitivity to stock market volatility. An advisor will help customize a plan based on long-term investment goals and help to ensure that the investments are globally diversified.

- **Consider global "balanced" investments**: A strategically diversified mix of different kinds of stocks and bonds, and potentially alternative asset classes, such as infrastructure and real estate, can provide a smoother ride to investment goals by mitigating the volatility of their underlying components.

Key poll findings

Geographic region Canadians think they will mainly invest in:

Canadian stocks, incl. mutual funds holding these stocks	59%
U.S. stocks, incl. mutual funds holding these stocks	15%
Global stocks in emerging markets, incl. mutual funds holding these stocks	15%
Global stocks in developed markets like Europe, incl. mutual funds holding these stocks	11%

From January 20th to 22nd, 2016, Vision Critical conducted an online survey among 1,003 Angus Reid Forum panelists who are Canadian adults with an investment portfolio for retirement. The margin of error - which measures sampling variability - is +/- 3.1 per cent, 19 times out of 20. The results have been statistically weighted according to age, gender and region. Discrepancies in or between totals are due to rounding.

About CIBC Asset Management
CAM, the asset management subsidiary of CIBC, provides a range of high-quality investment management services and solutions to individual and institutional investors. CAM's offerings include: a comprehensive platform of mutual funds, strategic managed portfolio solutions, discretionary investment management services for high-net-worth individuals, and portfolio management for institutional clients. CAM is one of Canada's largest asset management firms, with over $111 billion in assets under management as of December 31, 2015.

About CIBC
CIBC is a leading Canadian-based global financial institution with 11 million personal banking and business clients. Through our three major business units - Retail and Business Banking, Wealth Management and Capital Markets - CIBC offers a full range of products and services through its comprehensive electronic banking network, banking centres and offices across Canada with offices in the United States and around the world. You can find other news releases and information about CIBC in our Media Centre on our corporate website at www.cibc.com.

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