

# 2026 Long-term strategic asset allocation

## April 2026

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## Executive summary

CIBC Global Asset Management’s 2026 Long-term strategic asset allocation (LTSAA) is built for a market environment where headlines change quickly—but long-term goals should not. The objective is to support long-term outcomes by positioning portfolios to remain resilient across a range of macro and market environments, recognizing heightened policy uncertainty, evolving inflation dynamics, and rapid technological change.

The views expressed herein are those of CIBC Global Asset Management’s (GAM) Portfolio Solutions Research Forum, a cross-functional group that develops market and thematic perspectives to support strategic asset allocation discussions, challenge assumptions, and provide insight across GAM and its partners.

Our various outlooks and implications are summarized below.

### Global macroeconomic outlook | Steady global growth despite persistent risks

The global economy grew close to trend in 2025 despite elevated policy uncertainty and renewed trade frictions. The conflict in Iran remains fluid and risks of escalation remain. However, we believe that markets and central banks will ultimately look through short term events. In our base scenario, we expect the next year to deliver steady, if unspectacular growth. In recent months, leading indicators have improved, with gradual recovery expected in Canada and Europe, and continued relative resilience in Asia. For the US, we expect a contained and healthy growth deceleration. Over the coming decade, we expect trend growth to remain supported by investment spending tied to strategically important supply chains, defense, infrastructure upgrades, and AI adoption. Inflation is expected to remain modestly above target in several developed markets. Central banks may tolerate limited overshoots, keeping policy rates below what traditional reaction functions would imply. In portfolio terms, this combination of steady growth across economies and less predictable inflation outcomes increases the value of diversification across regions and return drivers, and makes it less prudent to rely on a single macro path to deliver results.

### Fixed income outlook | Attractive yields and resilient credit

Major central banks shifted toward easing in 2025, with the BoC and Fed cutting rates, but further reductions are expected to be limited. Credit performed well in 2025 as spreads tightened, and all-in yields remain attractive. Looking ahead, elevated starting yields should remain a key driver of bond returns, with outcomes increasingly shaped by income and the gradual lift as bonds move closer to maturity rather than large price gains from falling yields. This backdrop supports a more intentional use of credit within strategic portfolios, which is reflected in the 2026 decision to introduce and increase a dedicated Canadian corporate bond allocation to enhance income and improve the efficiency of the fixed income sleeve, while keeping a strong emphasis on issuer quality and risk control.

### Equity outlook | A dynamic landscape

Equities delivered strong gains in 2025, with Canadian equities outperforming the S&P 500 (CAD) amid strength in materials and financials. In the US, mega-cap technology continued to drive index performance, while small and mid-caps improved as rate expectations

eased. Eurozone and emerging markets benefited from policy support and cyclical momentum. As we look to the rest of 2026 and beyond, we expect opportunities to remain, but to be more selective, with earnings growth playing a larger role given elevated valuations in many regions. Over the long term, most equity markets are expected to deliver mid- to high-single-digit returns. In portfolio construction, this reinforces the role of equities as the primary long-term growth engine, while also underscoring the importance of diversification across regions and styles as market leadership rotates and valuation support is less reliable than in earlier cycles.

## Alternatives outlook | Purposeful diversification

Alternatives are expected to remain an important component of well-diversified portfolios, primarily because they broaden the set of return sources beyond traditional public equities and core fixed income. Within this opportunity set, private credit continues to offer attractive yields, although outcomes can differ meaningfully across strategies based on liquidity terms, leverage, underwriting standards, and vintage dispersion. Private infrastructure can provide stability and inflation protection in select segments, while real estate opportunities are increasingly localized and, given their cash-flow profile, often fit more naturally within income-oriented mandates. Private equity remains positioned to generate excess returns over long horizons, and liquid and absolute return strategies can add differentiated, typically lower-volatility return streams. Taken together, this outlook supports two refinements in 2026: a greater emphasis on uncorrelated strategies to strengthen diversification and drawdown resilience, and a clearer alignment of private real estate with income-focused profiles, where its cash-flow and diversification attributes tend to be most additive, while explicitly managing liquidity and implementation considerations.

## Active management outlook | Looking past narrow leadership

Active managers faced another challenging year in 2025, as market leadership in the US and Canada favored a few dominant sectors and companies. In the US, the technology sector continued to drive index returns, while in Canada, select industries including gold dominated, making it difficult for diversified strategies to outperform. While the current environment has rewarded concentration, history shows that active management tends to perform better when markets become less concentrated and leadership shifts. Maintaining diversification remains important, as sentiment and market dynamics can change quickly, highlighting the value of active approaches during these shifts.

## Strategic asset allocation theme | The AI megatrend

Artificial Intelligence is no longer just a headline; it's shaping investment opportunities across asset classes. The ongoing AI-driven capital investment cycle is creating substantial prospects in infrastructure, technology, and utilities. Companies that successfully integrate AI are experiencing productivity gains and margin expansion, while private markets are increasingly capturing early-stage innovation. In fixed income, record debt issuance by tech leaders is expanding the range of high-quality issuers and offering new yield opportunities. The impact of AI is broad, and the path forward is likely to be uneven, underscoring the importance of portfolio balance to capture upside while managing volatility and evolving risks.

## Portfolio positioning | Strength in balance

A balanced portfolio delivered strong returns in 2025 as both equities and bonds contributed positively to performance. Equities remain the foundation for long-term wealth accumulation, while higher yields have restored bonds as a valuable diversifier and source of income. Investment-grade credit stands out for its attractive yields and shorter duration, helping to stabilize portfolios. Looking ahead, uncertainties around valuations, technology leadership, and geopolitical dynamics reinforce the need for broad diversification. Alternatives and private assets play an increasingly important role, enhancing resilience and access to new opportunities. Our strategic asset allocation remains focused on preparation, adaptability, and disciplined risk management.

The 2026 LTSAA reinforces the value of designing portfolios for what we can't predict. With greater policy uncertainty, geopolitical risk, evolving inflation dynamics, and rapid technological change, the objective is not to time markets; it is to own a balanced mix of return sources and maintain the discipline to stay invested.

## Asset allocation recommendations

### 2026 Long-term strategic asset allocation (LTSAA) recommendations

Canadian assets only

Asset class	Asset class category	Capital Preservation	Income	Income & Growth	Growth	Growth Plus
Canadian short-term fixed income	Traditional fixed income	10.0%	8.0%	4.0%	3.0%	0.0%
Canadian universe bonds	Traditional fixed income	53.0%	45.0%	32.0%	18.0%	4.0%
Canadian corporate bonds	Traditional fixed income	12.0%	7.0%	4.0%	4.0%	6.0%
Canadian equity	Traditional equity	25.0%	40.0%	60.0%	75.0%	90.0%
Asset class totals		Capital Preservation	Income	Income & Growth	Growth	Growth Plus
Fixed income		75.0%	60.0%	40.0%	25.0%	10.0%
Equity		25.0%	40.0%	60.0%	75.0%	90.0%
Expected return		4.4%	4.8%	5.3%	5.6%	6.0%
Expected risk		5.0%	6.0%	7.7%	9.2%	10.8%
Historical return		4.9%	5.7%	6.7%	7.4%	8.1%
Historical risk		5.0%	6.3%	8.5%	10.2%	12.1%

Returns are annualized and in Canadian Dollars. Risk refers to volatility as measured by annualized standard deviation. For illustrative purposes only. Source: CIBC Global Asset Management's 2026 long-term expected returns. Bloomberg for historical risk and returns, calculated on the 20-year period ending December 31, 2025.

*Traditional global assets*

<b>Asset class</b>	<b>Asset class category</b>	<b>Capital Preservation</b>	<b>Income</b>	<b>Income &amp; Growth</b>	<b>Growth</b>	<b>Growth Plus</b>
Canadian short-term fixed income	Traditional fixed income	8.0%	6.0%	4.0%	2.0%	0.0%
Canadian universe bonds	Traditional fixed income	48.0%	28.0%	14.0%	10.0%	0.0%
Canadian corporate bonds	Traditional fixed income	7.0%	6.0%	6.0%	3.0%	3.0%
Global fixed income (hedged to CAD)	Traditional fixed income	7.0%	10.0%	7.0%	5.0%	3.0%
Emerging markets bonds	Traditional fixed income	0.0%	0.0%	0.0%	0.0%	0.0%
US high yield (hedged to CAD)	Traditional fixed income	5.0%	10.0%	9.0%	5.0%	4.0%
Canadian equity	Traditional equity	8.0%	10.5%	16.5%	21.0%	23.0%
US equity	Traditional equity	8.0%	15.0%	25.0%	30.0%	36.0%
International equity	Traditional equity	7.0%	12.0%	15.0%	19.0%	24.0%
Emerging markets equity	Traditional equity	2.0%	2.5%	3.5%	5.0%	7.0%

<b>Asset class totals</b>	<b>Capital Preservation</b>	<b>Income</b>	<b>Income &amp; Growth</b>	<b>Growth</b>	<b>Growth Plus</b>
Fixed income	75.0%	60.0%	40.0%	25.0%	10.0%
Equity	25.0%	40.0%	60.0%	75.0%	90.0%
<b>Expected return</b>	4.4%	4.8%	5.2%	5.5%	5.8%
<b>Expected risk</b>	4.8%	5.6%	7.0%	8.1%	9.3%
<b>Historical return</b>	5.1%	6.1%	7.5%	8.2%	9.0%
<b>Historical risk</b>	4.8%	5.9%	7.7%	8.9%	10.3%

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*Diversified portfolio with alternatives*

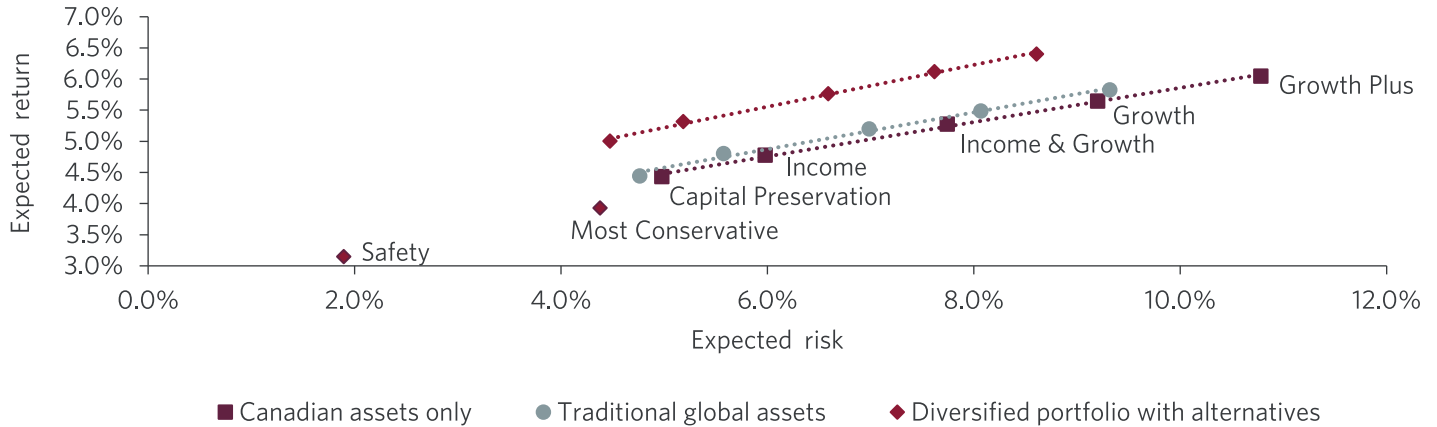
<b>Asset class</b>	<b>Asset class category</b>	<b>Safety</b>	<b>Most Conservative</b>	<b>Capital Preservation</b>	<b>Income</b>	<b>Income &amp; Growth</b>	<b>Growth</b>	<b>Growth Plus</b>
<b>Canadian short-term fixed income</b>	Traditional fixed income	80.0%	10.0%	8.0%	5.0%	3.0%	2.0%	0.0%
<b>Canadian universe bonds</b>	Traditional fixed income	15.0%	61.0%	34.0%	20.0%	11.0%	2.0%	0.0%
<b>Canadian corporate bonds</b>	Traditional fixed income	5.0%	23.0%	14.0%	8.0%	4.0%	2.0%	0.0%
<b>Global fixed income (hedged to CAD)</b>	Traditional fixed income	0.0%	6.0%	2.0%	6.0%	2.0%	2.0%	0.0%
<b>Emerging markets bonds</b>	Traditional fixed income	0.0%	0.0%	2.0%	3.0%	3.0%	2.0%	0.0%
<b>US high yield (hedged to CAD)</b>	Traditional fixed income	0.0%	0.0%	4.0%	9.0%	8.0%	5.0%	2.0%
<b>Canadian equity</b>	Traditional equity	0.0%	0.0%	6.0%	8.0%	13.5%	18.0%	20.0%
<b>US equity</b>	Traditional equity	0.0%	0.0%	7.0%	13.5%	21.0%	26.0%	30.0%
<b>International equity</b>	Traditional equity	0.0%	0.0%	5.0%	8.5%	12.5%	15.0%	20.0%
<b>Emerging markets equity</b>	Traditional equity	0.0%	0.0%	2.0%	2.0%	3.0%	4.0%	6.0%
<b>Global infrastructure</b>	Alternative equity	0.0%	0.0%	3.0%	2.0%	2.0%	2.0%	0.0%
<b>Unconstrained fixed income</b>	Alternative fixed income	0.0%	0.0%	4.0%	3.0%	2.0%	2.0%	2.0%
<b>Liquid alternatives (equity)</b>	Alternative equity	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Uncorrelated alternatives (multi-strategy)</b>	Alternative uncorrelated	0.0%	0.0%	6.0%	5.0%	6.0%	7.0%	8.0%
<b>Uncorrelated alternatives (single strategy)</b>	Alternative uncorrelated	0.0%	0.0%	0.0%	2.0%	2.0%	2.0%	3.0%
<b>Private equity</b>	Alternative equity	0.0%	0.0%	0.0%	0.0%	2.0%	4.0%	6.0%
<b>Private credit</b>	Alternative fixed income	0.0%	0.0%	3.0%	3.0%	3.0%	3.0%	3.0%
<b>Private real estate</b>	Alternative equity	0.0%	0.0%	0.0%	2.0%	2.0%	2.0%	0.0%

<b>Asset class totals</b>	<b>Safety</b>	<b>Most Conservative</b>	<b>Capital Preservation</b>	<b>Income</b>	<b>Income &amp; Growth</b>	<b>Growth</b>	<b>Growth Plus</b>
<b>Fixed income</b>	100.0%	100.0%	71.0%	57.0%	36.0%	20.0%	7.0%
<b>Traditional fixed income</b>	100.0%	100.0%	64.0%	51.0%	31.0%	15.0%	2.0%
<b>Equity</b>	0.0%	0.0%	23.0%	36.0%	56.0%	71.0%	82.0%
<b>Traditional equity</b>	0.0%	0.0%	20.0%	32.0%	50.0%	63.0%	76.0%
<b>Alternatives</b>	0.0%	0.0%	16.0%	17.0%	19.0%	22.0%	22.0%
<b>Expected return</b>	3.2%	3.9%	5.0%	5.3%	5.8%	6.1%	6.4%
<b>Expected risk</b>	1.9%	4.4%	4.5%	5.2%	6.6%	7.6%	8.6%
<b>Historical return</b>	3.1%	3.6%	5.4%	6.2%	7.5%	8.4%	9.0%
<b>Historical risk</b>	2.3%	4.0%	4.6%	5.6%	7.3%	8.4%	9.5%

Returns are annualized and in Canadian Dollars. Risk refers to annualized volatility as measured by standard deviation. For illustrative purposes only. Source: CIBC Global Asset Management's 2026 long-term expected returns. Bloomberg for historical risk and returns, calculated on the 20-year period ending December 31, 2025.

## 2026 expected return and risk (10-year forward-looking) of 2026 LTSAA Portfolio

Adding more global assets and alternatives improves the balance between risk and reward for each investor profile, thanks to better diversification and new sources of return.

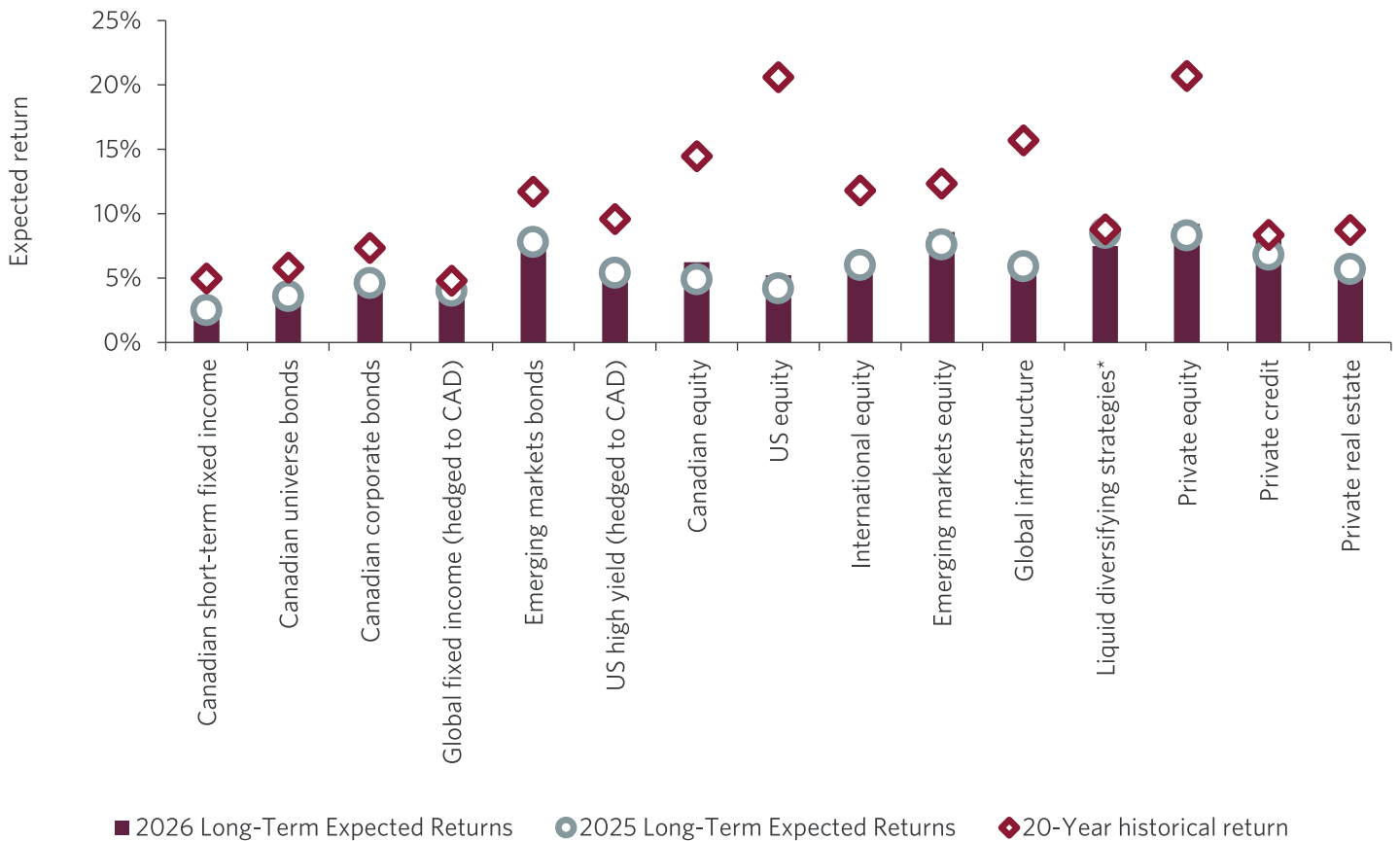


Returns are annualized and in Canadian Dollars. Risk refers to annualized volatility as measured by standard deviation. For illustrative purposes only. Source: CIBC Global Asset Management's 2026 long-term expected returns. Bloomberg for historical risk and returns, calculated on the 20-year period ending December 31, 2025.

## Asset class expectations

### Asset class expected returns

Asset class long-term expected returns (10-year average, %) and 20-year historical



Returns are annualized and in Canadian Dollars, unless hedged. \*Liquid diversifying strategies include unconstrained equity and fixed income, liquid alternatives and uncorrelated alternatives such as macroeconomic strategies, market-neutral strategies and multi-strategy hedge funds. Source: CIBC Global Asset Management's 2026 long-term expected returns. Calculated by CIBC Global Asset Management using data from the following third-party providers: Bloomberg, and PitchBook. Calculations based on data available as of December 31, 2025. For illustrative purposes only. Please refer to the Disclaimer page for further information. See endnotes for more information!

## Asset class expected volatility and historical 10-year correlations

Asset class	Volatility	Canadian short-term fixed income	Canadian universe bonds	Canadian corporate bonds	Global fixed income (hedged to CAD)	Emerging markets bonds	US high yield (hedged to CAD)	Canadian equity	US equity	International equity	Emerging markets equity	Global infrastructure	Liquid diversifying strategies	Private equity	Private credit	Private real estate
Canadian short-term fixed income	1.23%	1	0.87	0.78	0.74	0.45	0.18	0.05	0.15	0.23	0.17	0.36	0.13	0.16	-0.10	0.17
Canadian universe bonds	5.23%	0.87	1	0.92	0.82	0.53	0.32	0.22	0.28	0.30	0.24	0.48	0.17	0.25	0.06	0.31
Canadian corporate bonds	4.21%	0.78	0.92	1	0.69	0.53	0.50	0.39	0.35	0.39	0.36	0.51	0.17	0.25	0.35	0.27
Global fixed income (hedged to CAD)	3.56%	0.74	0.82	0.69	1	0.54	0.14	0.02	0.08	0.06	0.03	0.33	-0.01	0.06	-0.16	0.22
Emerging markets bonds	6.05%	0.45	0.53	0.53	0.54	1	0.50	0.30	0.18	0.34	0.44	0.33	0.02	0.04	0.20	0.27
US high yield (hedged to CAD)	8.08%	0.18	0.32	0.50	0.14	0.50	1	0.69	0.45	0.56	0.57	0.46	0.12	0.25	0.80	0.35
Canadian equity	11.81%	0.05	0.22	0.39	0.02	0.30	0.69	1	0.59	0.66	0.66	0.52	0.33	0.36	0.63	0.34
US equity	11.16%	0.15	0.28	0.35	0.08	0.18	0.45	0.59	1	0.77	0.52	0.62	0.53	0.85	0.37	0.51
International equity	11.32%	0.23	0.30	0.39	0.06	0.34	0.56	0.66	0.77	1	0.73	0.66	0.42	0.61	0.44	0.45
Emerging markets equity	13.05%	0.17	0.24	0.36	0.03	0.44	0.57	0.66	0.52	0.73	1	0.47	0.28	0.38	0.47	0.32
Global infrastructure	10.99%	0.36	0.48	0.51	0.33	0.33	0.46	0.52	0.62	0.66	0.47	1	0.33	0.55	0.33	0.52
Liquid diversifying strategies	5.60%	0.13	0.17	0.17	-0.01	0.02	0.12	0.33	0.53	0.42	0.28	0.33	1	0.50	0.06	0.18
Private equity	9.40%	0.16	0.25	0.25	0.06	0.04	0.25	0.36	0.85	0.61	0.38	0.55	0.50	1	0.19	0.60
Private credit	5.10%	-0.10	0.06	0.35	-0.16	0.20	0.80	0.63	0.37	0.44	0.47	0.33	0.06	0.19	1	0.20
Private real estate	7.90%	0.17	0.31	0.27	0.22	0.27	0.35	0.34	0.51	0.45	0.32	0.52	0.18	0.60	0.20	1

Volatility is measured by annualized standard deviation. Source: CIBC Global Asset Management's 2026 long-term expected returns for expected volatility; calculated by CIBC Global Asset Management using data from the following third-party providers: Bloomberg, and PitchBook. Historical correlation is calculated based on historical returns. Calculations based on data available as of December 31, 2025. For illustrative purposes only. Please refer to the Disclaimer page for further information. See endnotes for more information<sup>1</sup>.

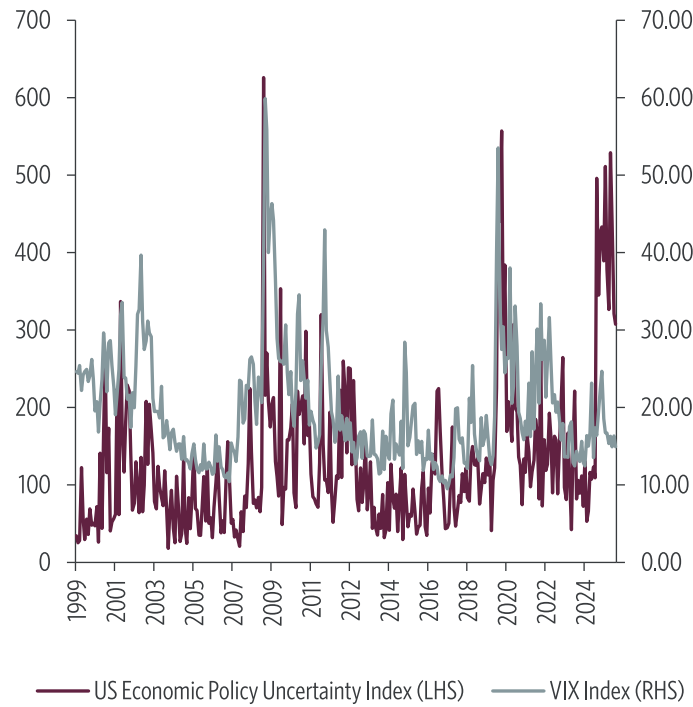
## Market backdrop

All major asset classes delivered positive returns over the last three years, supporting strong balanced portfolio performance.

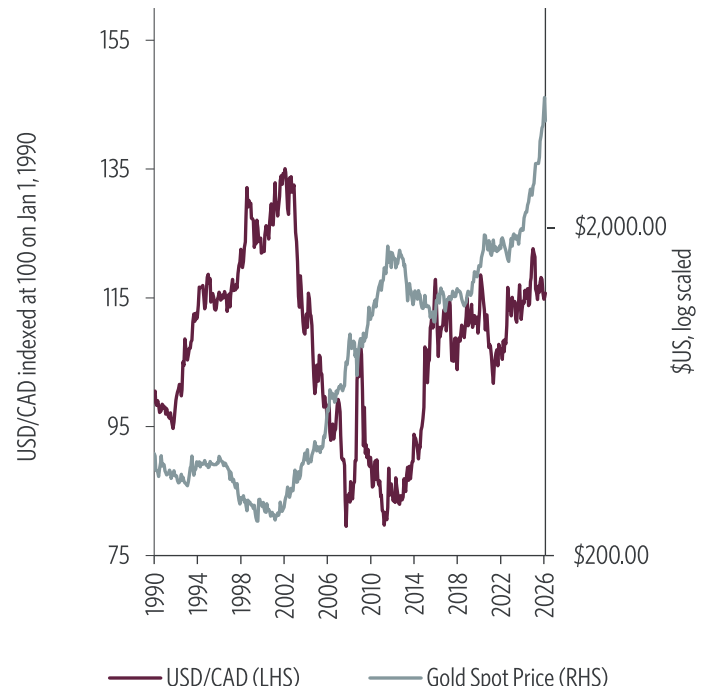
2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Canadian equity 31.68%	US Equity 36.36%	US Equity 22.90%	Global infrastructure 0.17%	US Equity 27.61%	Emerging market equity 16.60%	US Equity 24.84%	Global government bonds (hedged) 8.09%	Emerging market equity 28.70%	Canadian equity 21.09%
Emerging market equity 28.05%	Canadian equity 21.65%	International equity 15.66%	Canadian short-term fixed income -4.04%	Listed real estate 26.13%	US Equity 16.32%	Canadian equity 22.88%	US Equity 4.23%	International equity 17.36%	US High yield (hedged) 16.98%
International equity 25.70%	Global infrastructure 19.90%	Balanced portfolio 13.30%	Emerging market bonds -5.27%	Canadian equity 25.09%	Balanced portfolio 9.80%	Global infrastructure 22.19%	Listed real estate 3.84%	US Equity 13.83%	Global infrastructure 8.63%
Balanced portfolio 14.39%	Emerging market equity 17.85%	US High yield (hedged) 12.46%	Canadian equity -5.84%	Global infrastructure 18.85%	Canadian universe bonds 8.68%	Listed real estate 16.84%	Emerging market bonds 2.23%	Balanced portfolio 9.75%	US Equity 8.09%
Emerging market bonds 13.67%	Balanced portfolio 16.77%	Canadian equity 11.73%	International equity -7.76%	Balanced portfolio 11.82%	Global government bonds (hedged) 8.18%	International equity 16.45%	Canadian short-term fixed income 1.91%	Canadian equity 9.10%	Emerging market equity 7.74%
US Equity 12.35%	International equity 13.81%	Emerging market bonds 9.67%	Balanced portfolio -9.75%	International equity 10.82%	International equity 6.38%	Balanced portfolio 16.15%	Canadian universe bonds 1.41%	Global infrastructure 8.18%	Balanced portfolio 7.48%
Global infrastructure 8.75%	Listed real estate 11.25%	Listed real estate 7.88%	Canadian universe bonds -11.69%	US High yield (hedged) 5.24%	Canadian equity 5.59%	US High yield (hedged) 13.28%	Global infrastructure 0.36%	Emerging market bonds 7.63%	Emerging market bonds 6.13%
US High yield (hedged) 6.59%	US High yield (hedged) 7.25%	Emerging market equity 7.31%	US High yield (hedged) -11.73%	Canadian short-term fixed income -0.93%	Canadian short-term fixed income 5.29%	Emerging market equity 12.87%	Balanced portfolio -1.19%	US High yield (hedged) 6.93%	Canadian universe bonds 1.66%
Listed real estate 5.51%	Emerging market bonds 6.47%	Canadian universe bonds 6.69%	US Equity -12.16%	Canadian universe bonds -2.54%	US High yield (hedged) 4.75%	Emerging market bonds 7.74%	US High yield (hedged) -3.15%	Listed real estate 4.10%	Listed real estate 1.35%
Canadian short-term fixed income 3.88%	Global government bonds (hedged) 5.94%	Canadian short-term fixed income 5.02%	Global government bonds (hedged) -12.32%	Emerging market equity -3.06%	Emerging market bonds 0.90%	Canadian universe bonds 6.87%	International equity -5.55%	Canadian universe bonds 2.52%	Canadian short-term fixed income 1.01%
Canadian universe bonds 2.64%	Canadian short-term fixed income 5.70%	Global government bonds (hedged) 2.36%	Emerging market equity -13.90%	Global government bonds (hedged) -7.76%	Global infrastructure -8.61%	Canadian short-term fixed income 3.10%	Emerging market equity -6.52%	Global government bonds (hedged) 0.43%	Global government bonds (hedged) -1.91%
Global government bonds (hedged) 2.50%	Canadian universe bonds 4.23%	Global infrastructure 1.71%	Listed real estate -18.93%	Emerging market bonds -9.52%	Listed real estate -9.79%	Global government bonds (hedged) 0.54%	Canadian equity -8.88%	Canadian short-term fixed income 0.08%	International equity -2.00%

Source: CIBC Global Asset Management, Bloomberg as of December 31, 2025.

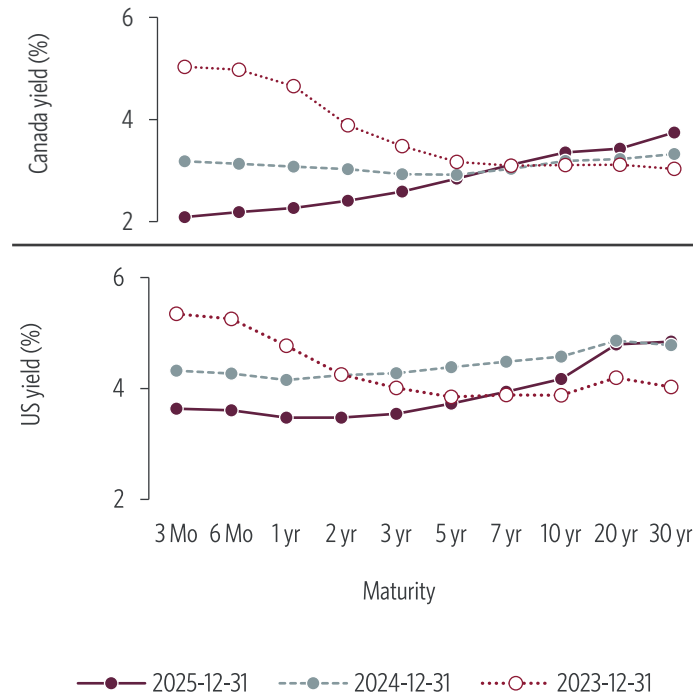
Equity markets stayed calm even as economic policy uncertainty increased.



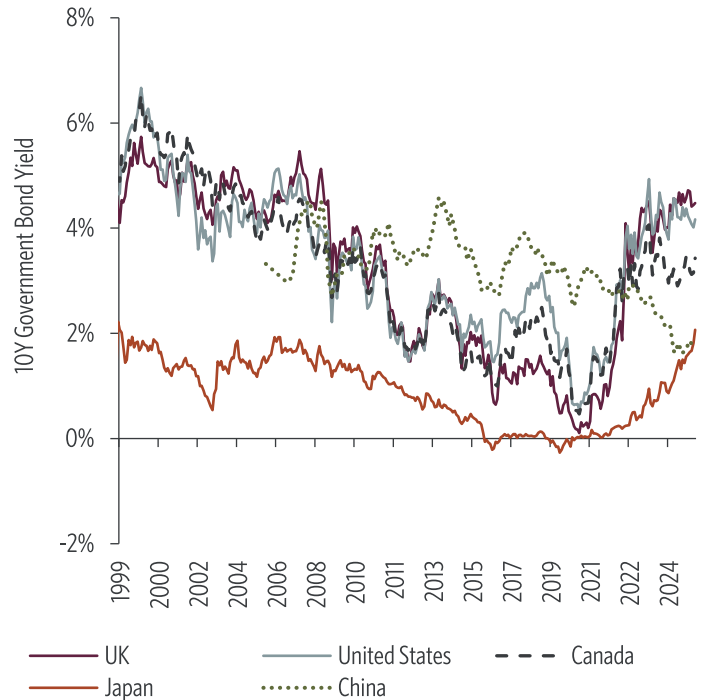
Gold prices surged, while the US dollar weakened slightly against the Canadian dollar.



Canadian and US yield curves shifted downward and steepened as central bank policy rates fell and inflation expectations rose.

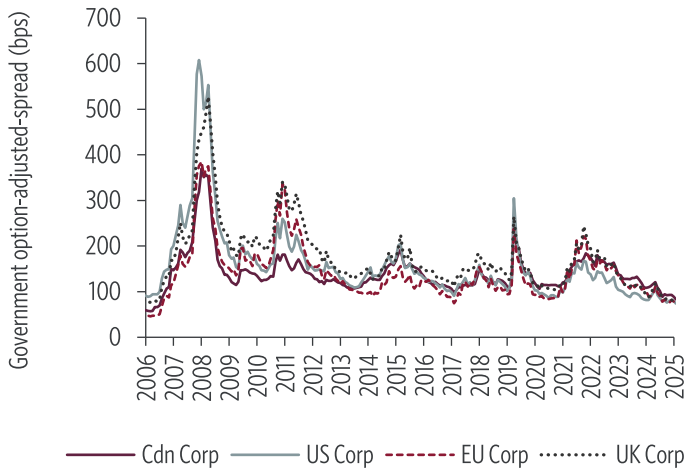


10-year government bond yield.

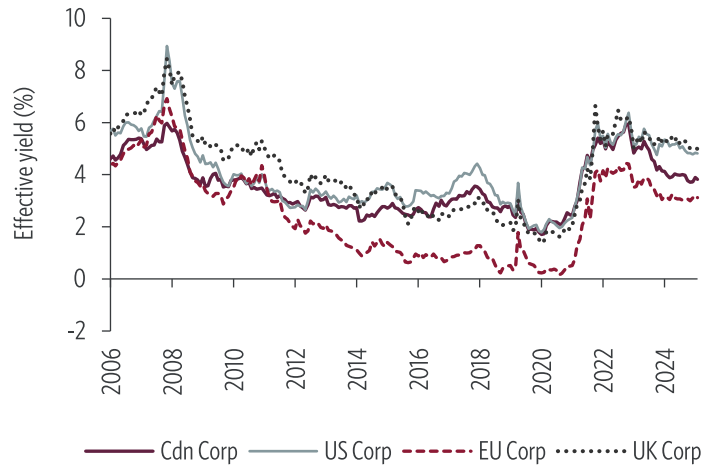


Source: CIBC Global Asset Management, Bloomberg as of December 31, 2025.

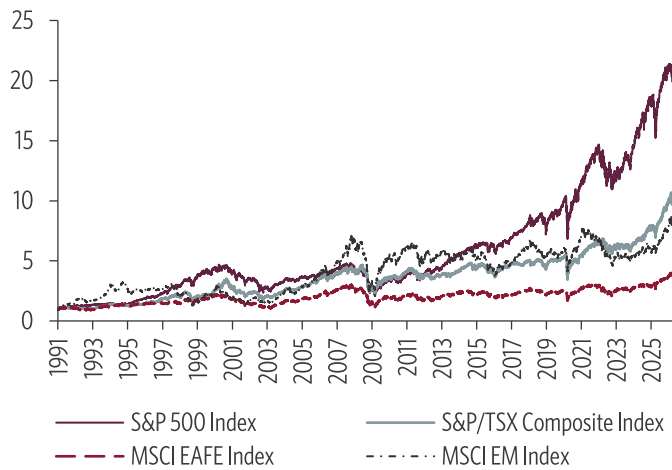
Investors' appetite for risk pushed corporate bond spreads lower.



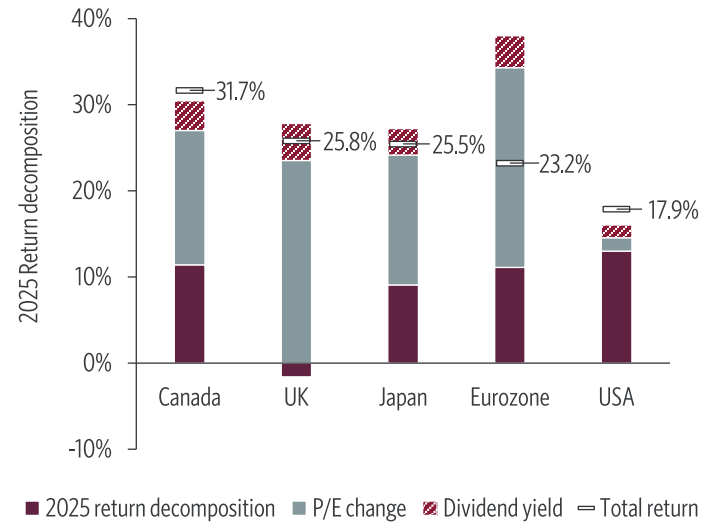
Despite lower spreads, yields remain high compared to the post-GFC era.



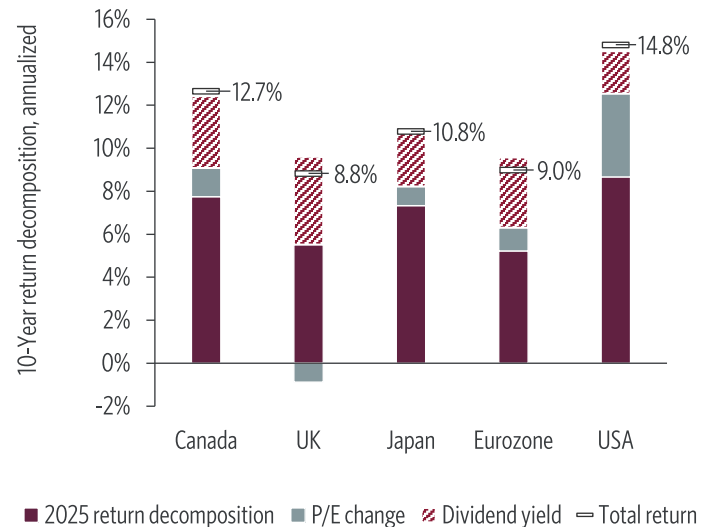
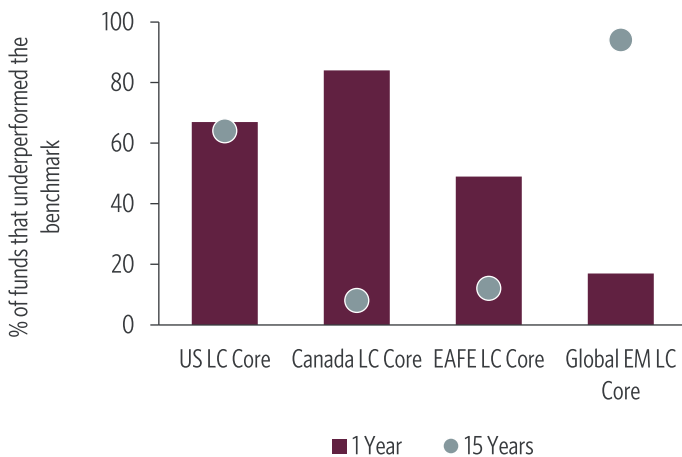
Several equity markets reached new highs.



In 2025, non-US developed markets saw strong P/E expansion, while the US continues to lead in earnings growth due to technology and productivity.



Active managers struggled to beat benchmarks in narrowly-driven markets as seen in 2025 in both the US (AI-driven) and Canada (gold-driven)



Source: CIBC Global Asset Management, Bloomberg as of December 31, 2025.

## Global macroeconomic outlook | Steady global growth despite persistent risks



**Michael Sager**  
Managing Director & CIO, Multi-Asset & Currency Management

2025 was a year of significant contrasts for the global economy. Policy uncertainty rose to levels seen during the Global Financial Crisis and at the onset of Covid-19. Trade frictions rose to levels unseen for decades. And yet the world economy grew at a rate close to its long-term trend. Inflation continued its gradual moderation.

The conflict in Iran remains fluid and risks of escalation remain. However, we believe that markets and central banks will ultimately look through short term events. As a result, looking over the long term, portfolios will likely still benefit from positioning for a constructive global risk environment, through it's important to continue to monitor developments as severe escalation could negatively affect global growth and inflation.

In our base scenario, we expect the next year to deliver steady, if unspectacular growth. Recent months have seen improvement in several key cyclical leading indicators globally. Evidence of gradual recovery is also expected in Canada and Europe. Activity in Asia is likely to remain relatively resilient. In the US, supportive tailwinds—including fiscal policy, continued military and AI-related tech spending—are expected to dominate in the near-term. That said, we expect a gradual and healthy growth slowdown towards trend growth entering into 2027, reflecting receding tailwinds as well as lingering growth impediments from US immigration policies.

Despite stagnating (negative) population growth in developed markets (in China and Japan), we expect global economic growth to remain resilient over the next 10 years. Investment spending tied to strategically important supply chains and natural resources, defense, infrastructure upgrades, AI-robotic adoption and climate-related energy transition underpin our outlook. We expect to see the strongest trend growth in Emerging Markets and North America.

Labor shortage and aforementioned structural investment tailwinds should keep inflation stubbornly slightly above central bank policy targets in several developed markets. In the US, for instance, core PCE inflation is expected to average 2.3% over the next 10 years, above the Federal Reserve's target of 2.0%. We expect central banks to tolerate these modest overshoots—since they have limited influence over the underlying factors—by keeping policy rates below what traditional reaction functions would imply to minimize downside risks to growth. This bias supports our view that developed-market bond yields have little room to fall from current levels and that term premiums may widen further. An important exception to this inflation outlook is China, where inflation is expected to remain weak due to a persistent negative domestic output gap caused by excess savings and booming supply capacity.

### Global economic outlook (next 12 months) - Outlook date: Spring 2026

Region	Current GDP**	GDP – Consensus***	GDP – CAM view***	GDP 27Q1 – CAM view	Current inflation**	Inflation – ionsensus***	Inflation – CAM view***	Infl. 27Q1 – CAM view	Policy rate change – CAM view (as of Jan 13, 2026)
Canada	1.40%	1.80%	1.60%	1.80%	2.50%	2.50%	2.60%	2.30%	25
United States	2.90%	2.10%	1.90%	1.60%	3.10%	3.10%	3.10%	2.60%	25
Eurozone	0.90%	1.20%	0.80%	1.20%	2.30%	2.30%	2.70%	2.10%	50
China	4.60%	4.60%	4.60%	4.40%	1.00%	1.00%	1.20%	1.10%	0 (but fiscal stimulus of 1% of GDP)
Japan	0.60%	0.80%	0.60%	1.10%	2.10%	2.10%	2.30%	2.40%	50
World	3.30%	—	3.00%	3.10%	—	—	—	—	—

\*GDP: Q/Q SAAR. \*\*26Q1 nowcast. \*\*\* Average, next 4 quarters. \*\*\*\* Consensus for World is annual. The number is for 2026. For illustrative purpose only.

## Fixed income outlook | Attractive yields and resilient credit



**Gaurav Dhiman**  
Co-Head, Corporate Bonds

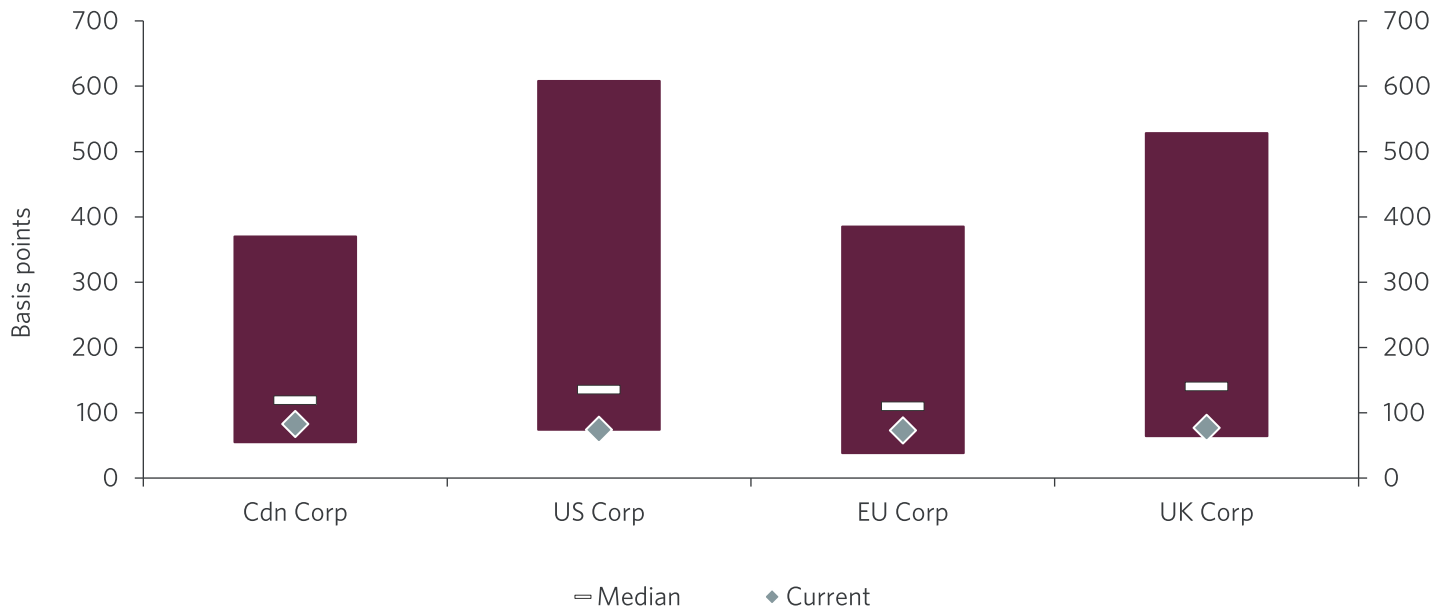


**Francis Thivierge**  
Senior Portfolio Manager,  
Multi-Asset & Currency Management

In 2025, most major central banks shifted toward policy easing, driving further yield curve normalization. The Bank of Canada (BoC) cut its policy rate from 3.0% to 2.25%, now at the low end of its neutral range. We expect the BoC to remain on hold for the year unless tariff wars and continued conflict in the middle east prompt policy response. In the US, the Federal Reserve reduced its effective rate from 4.33% to 3.64%.

Developed market credit outperformed government bonds in 2025, as stable growth, moderating inflation, and policy easing drove spreads tighter despite starting near long-term lows. Strong all-in yields attracted significant inflows, while healthy credit fundamentals supported corporate balance sheets. Globally, Investment Grade (IG) spreads tightened by up to 20 bps, with Europe (-23 bps) and Canada (-19 bps) leading and spreads reaching new post-Global Financial Crisis (GFC) lows. US IG spreads narrowed to levels last seen in the mid-1990s.

### Long-Term Investment Grade spread range



Source: CIBC Global Asset Management, using data from: Bank of America, Bloomberg. Data from December 31, 1999 to December 31, 2025.

These trends should persist, with attractive all-in yields supporting strong demand. However, a stronger supply calendar driven by increased AI-related capex, along with greater M&A activity and shareholder-friendly actions, could pressure credit fundamentals. As a result, excess returns may be lower, but total returns for IG bond funds should remain healthy.

2025 saw high yield (HY) spreads narrow by 10 to 50 bps globally, with Euro and Sterling HY outperforming. With spreads near post-GFC lows, we are more selective within HY and focused on quality issuers.

Over the next decade, we expect strong returns from bonds, supported by elevated yields and improved roll-down as yield curves continue to normalize. Global Bonds (hedged) are expected to perform roughly in line with Canadian Bonds. We expect highest returns from EM bonds (local currency), driven by higher nominal growth, higher real yields and higher income levels. Credit risk should be rewarded over medium- and long-term horizons, as attractive starting yields remain a strong predictor of future returns.

## Equity outlook | A dynamic landscape



**Crystal Maloney**  
Head of Equity Research



**Michael Sager,**  
CIO & Managing Director  
Multi-Asset & Currency Management

As we look ahead to the rest of 2026 and beyond, it's important to anchor our outlook in the context of another year of strong equity performance in 2025. Canadian equities delivered impressive 31.7% CAD returns, outperforming the S&P 500 (CAD) by over 19%, driven by materials (notably gold miners), financials, and consumer discretionary sectors and a weaker USD. Despite rising unemployment and trade slowdowns, strong earnings and attractive valuations set Canada apart. In the US, AI-driven growth remained dominant among mega-cap tech stocks, while small and mid-caps narrowed the gap as policy rate expectations eased and valuations became compelling. The Eurozone and emerging markets also posted strong gains, supported by policy measures and cyclical momentum.

We expect continued, but selective, equity market opportunities, with earnings growth remaining the key fundamental driver of equity returns. Canadian equities look set up for solid earnings expansion, supported by resources and financials. In the US, small caps appear poised for a strong rebound, with consensus earnings growth expected to outpace large caps. Meanwhile, Emerging Markets continue to benefit from reforms and technology, while Eurozone industrials and bank fundamentals are positioned for margin recovery.

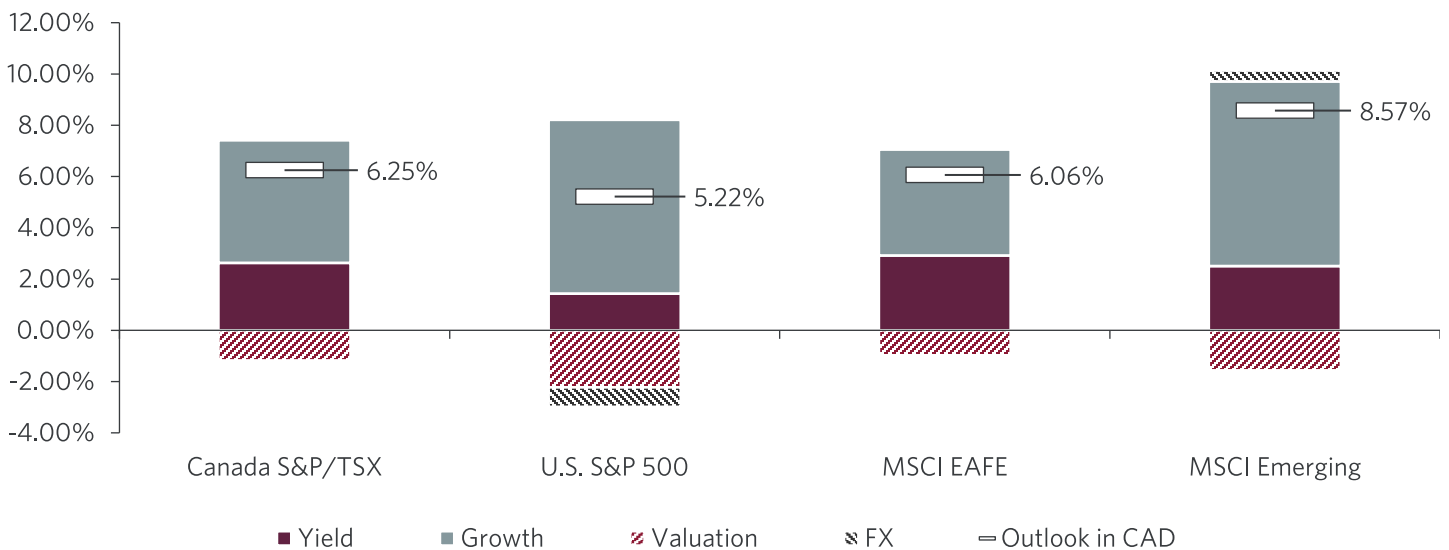
Over the next decade, we expect most country equity indexes to deliver mid- to high single-digit returns in local currency terms. The return outlooks for the next decade are less attractive given that starting valuations in most markets are nearly 2 standard deviations above their 30-year averages, making earnings delivery even more critical for future returns.

While valuations are a headwind in many markets, particularly the US, resilient GDP growth is likely to support earnings growth that partially offsets this risk. While we remain positive on US equities, we believe US exceptionalism is more likely to narrow than widen, at least from a Canadian-domiciled investor's perspective, partly as a result of an expected weakening in the US dollar.

Emerging equity markets remain the most attractive, although awareness of country heterogeneity is particularly important for this asset class.

Overall, our long-term economic outlook is favourable to continued equity outperformance versus core fixed income.

### 10-year annualized expected return decomposition



Source: CIBC Global Asset Management as of January 30, 2026. CIBC Global Asset Management's 2026 long-term expected returns. Calculated by CIBC Global Asset Management using data from the following third-party providers: Bloomberg, and PitchBook. Calculations based on data available as of December 31, 2025. For illustrative purposes only. See endnotes for more information<sup>1</sup>.

## Alternatives outlook | Purposeful diversification



**Ohm Srinivasan**  
Global Head of Alternatives Investing  
CIBC Private Wealth US

Alternative investments have become an integral part of a total portfolio to enhance returns and diversify risk versus a traditional portfolio of public equity and fixed income. While central banks across the US and Canada lowered overnight interest rates (i.e., base rates) in 2025, the yield curve steepened as long-term interest rates stayed stubbornly high. This has profound implications for different alternative asset classes.

Growth in private credit is still strong despite lower yields stemming from lower base rates and tighter credit spreads. Nevertheless, corporate direct lending remains attractive, with gross yields around 7-9% and limited volatility—still favorable compared to the previous Zero-Interest-Rate-Policy (ZIRP) era. Unlike direct lending, specialty finance and asset-based lending strategies face less competition and have kept a higher yield over 9%. Against this backdrop, we might expect private credit to generate returns commensurate with public equity, while exhibiting less risk, given seniority in the capital structure and less frequent valuation marks. However, this reported volatility may understate true economic risk.

By contrast, longer duration real assets, such as private real estate and private infrastructure, did not greatly benefit from lower base rates. Loan interest rates and cap rates tend to be longer term. However, localized supply-demand dynamics in certain segments of real estate can provide selective opportunities. With government support and AI demand, private infrastructure could provide stability and inflation protection.

Private equity should be in a stronger position to generate excess returns going forward. Valuations tend to lag strong public market rallies over the short-to-medium term while outperforming by 2-3% annualized over the long term. After three strong years, public equity valuations have increased and arguably outpaced business fundamentals.

Absolute return strategies across both hedge funds and liquid alternatives continue to produce steady returns of 7-12%, though results can vary widely by strategy and market regime. These strategies typically target low reported volatility similar to fixed income, but without duration risk. Recent hedge funds' returns have been overshadowed by higher public and private equity returns; however, the diversification benefits in an economic downturn or market correction can be valuable to the total portfolio, while targeting greater returns than core fixed income yields.

Overall, private market alternatives are expected to outperform traditional public assets. Accessing private companies, diversifying public market risk, and seeking excess returns can enhance portfolio outcomes.

However, there are important considerations for investors exploring private assets:

- Illiquidity is inherent: changing how you access privates does not change the underlying asset. It's important to keep allocations modest.
- Selection matters: Not all private assets are equal. Dispersion among private asset managers is wider than in public markets, so rigorous underwriting is essential.

Looking at the big picture, private assets can enhance portfolio outcomes if sized prudently, selected carefully, and diversified across themes and return drivers to spread opportunity and risk especially as industries reprice.

## Active management outlook | Looking past narrow leadership

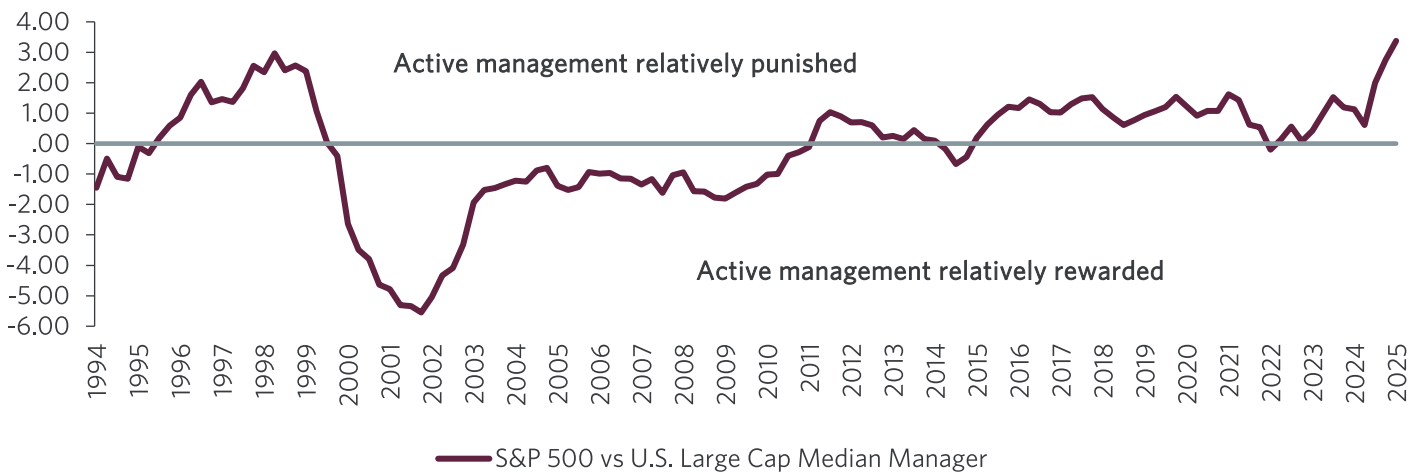


**Philip Lee**  
Executive Director, Manager Research  
Total Investment Solutions

2025 was a challenging year for active managers, which extended a trend that started since the end of the Global Financial Crisis where generating positive excess return was difficult. This has been particularly acute in the US equity market. The continuous concentration in the top 10 names in the S&P 500 Index over this period diminished the benefits of diversification and active positioning away from the index. In essence, active managers were punished for running strategies that diversified away from the market.

Over this period, the S&P 500 technology sector outperformed the broader market in 12 of the 16 years. At the same time, the weights of the top 10 positions in the index continued to rise with mega-cap technology companies stealing the show. From the end of 2010 to the end of 2025, the share of the top 10 holdings as a percentage of the S&P 500 Index’s market cap rose from around 20% to over 39%. Against this backdrop, active managers who seek diversification as a practice, struggled to beat the benchmark. The median manager in eVestment’s US Large Cap Equity Universe has failed to beat the benchmark in 13 of the past 16 calendar years as a result.

### S&P 500 Returns Minus S&P 500 Equal Weighted Index Returns – 3-Year Rolling Annualized



Source: CIBC Global Asset Management, eVestment; as of December 31, 2025.

In domestic equities, the S&P/TSX Composite index returned 31.7% in 2025 generating significant wealth for investors. The index’s robust return was driven by the 132% rise in the gold sub-industry and the 46% gain for diversified banks. Together, those two sub-industries accounted for nearly 60% of the index’s return making it difficult for active managers to add value. Among the 107 strategies in the eVestment Canadian Large Cap Equity universe, only 10 managed to beat the benchmark. This is hardly a surprising outcome with the index’s return ranking 10th percentile within the category.

While benchmark outperformance has been challenging in an environment of high concentration, active management still plays a purposeful role in portfolio construction. Active managers can provide benefits through diversification, factor balance, and downside risk management, which can help portfolios remain resilient when market leadership shifts or volatility rises.

It is difficult to predict how long markets can continue to become more concentrated, which increases the value of maintaining diversification as a risk-control, not a forecast. Ultimately, we believe that maintaining diversification is important because sentiment can shift quickly. While indexes represent a full opportunity set on a market-cap weighted basis, historically, concentrated markets do unwind and active management has typically been better rewarded when this happens. To wit, in the 10-year period between 2000 and 2009 when concentration in the top 10 names went from its then peak of 27% to around 20% by the end of the decade, the median active manager outperformed in 9 of 10 years. Should markets become less concentrated, active management may again be a more effective approach to achieving equity returns.

## The AI megatrend | What it means for strategic asset allocation



**Leslie Alba**  
Head, Portfolio Solutions  
Total Investment Solutions



**Gaurav Dhiman**  
Co-Head, Corporate Bonds



**Crystal Maloney**  
Head of Equity Research



**Michael Sager,**  
CIO & Managing Director  
Multi-Asset & Currency Management

Artificial Intelligence is shifting from hype to everyday use, and we believe this theme has the potential to influence asset prices beyond equities, including government bonds, credit and private assets. In our view, the opportunity can be significant, but it needs to be matched with disciplined risk assessment and portfolio management.

The buildout is also supporting a major near-term capex cycle, with potential implications for neutral rates, inflation dynamics, and global capital flows. At the same time, AI could reshape labour markets and income distribution by both substituting for and complementing human work. The risk is that it creates workforce churn and potential longer-term pressure on consumer spending and housing demand.

The key market debate is how disruptive AI will be and which companies ultimately emerge as winners or losers. Our focus remains on evidence of real adoption, disciplined capital deployment, and valuations that can hold up across cycles.

In our view, the key opportunities in equities are in:

- **Infrastructure and capital investment boom:** AI is driving the largest capital investment cycle in decades, especially in data centers, energy systems, and cloud infrastructure. This creates substantial opportunities for companies involved in construction, utilities, capital goods, and skilled trades.
- **Productivity and margin expansion for adopters:** Organizations that successfully integrate AI—particularly in technology, utilities, and financials—are realizing improved productivity and profit margins, positioning themselves for competitive advantage.
- **Sectoral transformation and broad adoption:** AI adoption is accelerating growth and transformation across multiple sectors. Companies in infrastructure-related fields, as well as those that leverage AI to enhance operations and business models, are poised to benefit from the ongoing buildout and innovation cycle.

In bonds, the expected wave of AI-related credit issuance in 2026 is a meaningful shift, expanding access to contractual income streams from high-quality issuers with typically less direct volatility than equities (though spreads can still be volatile). We see attractive entry points and diversification benefits. Key opportunities include:

- **Diversification into “digital utilities”:** Tech leaders such as Microsoft, Alphabet and Amazon are issuing record debt to fund long-life assets (data centers, subsea cables and power infrastructure) that share some utility-like characteristics. However, it is important to note that these assets still carry credit risk different from regulated utility risk.
- **Access to high credit quality:** Despite elevated capex, many hyperscalers retain strong investment-grade ratings and robust cash balances.
- **Potential yield premiums:** Heavy supply may test market appetite and cause spreads to widen in 2026, however, this can create attractive entry points for higher yields in high-quality issuers.

Meanwhile, private markets are increasingly providing direct access to AI-led innovation.

- **Frontier innovation is shifting to private markets:** AI companies represent approximately 40% of the top 50 most valuable private companies, while public markets increasingly capture value after companies have scaled.
- **Companies are staying private for longer:** The median age of US IPOs has risen from ~6 years (1980) to ~14–16 years today, and the number of US listed companies is down by nearly 50% since the mid-1990s, shifting more value creation to private investors.

- **Diversification:** Public equity indices, such as the S&P 500 and MSCI Emerging Markets remain concentrated in a small set of mega-caps; private exposure can help reduce concentration risk and may deliver smoother return patterns due to less frequent mark-to-market pricing (though underlying risk remains).

At the same time, AI's opportunities also bring risks: as leaders take on more debt and shift to more capital-intensive models, long-term profitability and today's equity valuations may be tested. Valuation parallels to prior cycles argue for measured optimism, particularly where cash-flow timelines are long and discount-rate sensitivity is high, while risk of equity market volatility remains elevated as markets rotate between perceived winners and losers, as seen in the Q1 2026 software repricing.

Taken together, AI is a powerful multi-asset theme that can meaningfully shape long-term portfolio outcomes, but the upside and risks will likely be unevenly distributed and the path forward is unlikely to be linear. That's why balance matters: diversifying across asset classes helps manage the trade-off between growth upside and drawdown risk, diversifying across regions reduces reliance on any single policy, rate, or regulatory path, and diversifying across styles (growth, value, quality, defensives) helps navigate shifting leadership as markets reprice winners and losers. This strategic positioning means that even if the AI trend accelerates and negatively impacts certain segments, other parts of the portfolio should benefit even more, providing a natural ballast in the portfolio across a range of outcomes.

In practice, balance in a portfolio allows us to participate in AI-driven upside while staying resilient through inevitable volatility, valuation resets, and macro spillovers.

## Portfolio positioning | Strength in balance



**Leslie Alba**  
 Head, Portfolio Solutions  
 Total Investment Solutions

Despite ongoing headlines about tariffs in 2025, positive market sentiment after “Liberation Day” (April 2, 2025) and greater investor risk appetite helped push major stock markets to new highs. Bonds also played a meaningful role in portfolios, as higher yields boosted returns compared to the low-interest-rate years after the global financial crisis. Over the year, a balanced mix of stocks and bonds—represented by our Traditional Global Assets model—delivered a strong 14.4% return, well above its long-term average of 8.6% per year since 1988.

### Distribution of Balanced Portfolio calendar returns

**22% Negative annual returns**

**Avg negative annual rolling return: -5.51%**

**78% Positive annual rolling returns**

**Avg positive annual rolling return: +12.97%**

-20% to -15%	-15% to -10%	-10% to -5%	-5% to 0%	0% to +5%	+5% to +10%	+10% to +15%	+15% to +20%	+20% to +25%
2008		2002	2018	2011	2020	2025	2024	1993
		2002	2007	1994	2017	2023	2019	1991
			2001		2016	2021	2013	
			2000		2015	2014	2009	
			1990		2010	2012	1998	
					2005	2006	1997	
					2004	2003	1996	
					1992	1999	1995	
							1989	

CIBC Global Asset Management, Bloomberg; as of December 31, 2025.

Looking ahead, we expect resilient but modest growth, inflation that may stay above target, and ongoing policy and geopolitical uncertainty. Geopolitical outcomes may be less predictable, increasing the potential for market swings.

Equities remain central to long-term wealth accumulation, but after a strong 2025 and with valuations elevated in many regions, the path forward may be more selective and rotational. In practical terms, that means:

- Returns may rely more on earnings delivery and less on valuation expansion.
- The technology and innovation landscape could shift, with leadership broadening or rotating across regions and segments.
- Elevated capital expenditures may translate into higher depreciation over time, which could pressure margins if revenue growth does not keep pace.

For bonds, higher starting yields have restored bonds’ ability to contribute meaningfully to portfolios, primarily through income and some additional return as bonds approach maturity. While bonds continue to offer diversification, developed-market yields have less room to fall, which limits the potential for large price gains. Bonds may also offer less downside protection during inflation shocks, when rising rates can hurt bond prices.

Within fixed income, and grounded in elevated starting yields and global economic resilience in our base scenario, we are incrementally more constructive on investment-grade credit. All-in yields remain attractive, default rates have been low, and the shorter duration profile, or sensitivity to interest rates, of many corporate bonds can result in lower index-level price volatility over the cycle while maintaining income, though credit spreads can still widen during risk-off episodes.

Overall, this environment highlights the importance of broad diversification, including alternatives and private assets. Multi-strategy hedge funds, market-neutral strategies, and private assets can provide differentiated returns and additional diversification.

Strategic asset allocation remains focused on preparation, discipline, and staying diversified to help investors participate in long-term growth while managing volatility.

## Asset allocation change recommendations

### Summary of 2026 changes to long-term strategic asset allocation models

#### Canadian assets only

Asset class	Asset class category	Capital Preservation	Income	Income & Growth	Growth	Growth Plus
Canadian short-term fixed income	Traditional fixed income	—	—	—	—	—
Canadian fixed income	Traditional fixed income	-12.0%	-7.0%	-4.0%	-4.0%	-6.0%
Canadian corporate bonds	Traditional fixed income	12.0%	7.0%	4.0%	4.0%	6.0%
Canadian equity	Traditional equity	—	—	—	—	—
Asset class totals		Capital Preservation	Income	Income & Growth	Growth	Growth Plus
Fixed income		—	—	—	—	—
Equity		—	—	—	—	—
<b>Expected return</b>		0.6%	0.7%	0.9%	1.1%	1.3%
<b>Expected risk</b>		-0.1%	—	—	—	—
<b>Historical return</b>		-3.1%	-2.7%	-2.0%	-1.5%	-1.0%
<b>Historical risk</b>		-1.3%	-1.2%	-1.2%	-1.2%	-1.3%

Returns are in Canadian Dollars. Risk refers to volatility as measured by standard deviation. For illustrative purposes only. Source: CIBC Global Asset Management's 2026 long-term expected returns. Bloomberg for historical risk and returns, calculated on the 20-year period ending December 31, 2025.

## Traditional global assets

Asset class	Asset class category	Capital Preservation	Income	Income & Growth	Growth	Growth Plus
Canadian short-term fixed income	Traditional fixed income	—	—	—	—	—
Canadian fixed income	Traditional fixed income	-7.0%	-6.0%	-6.0%	-3.0%	-3.0%
Canadian corporate bonds	Traditional fixed income	7.0%	6.0%	6.0%	3.0%	3.0%
Global fixed income (hedged to CAD)	Traditional fixed income	—	—	—	—	—
Emerging markets bonds	Traditional fixed income	—	—	—	—	—
US high yield (hedged to CAD)	Traditional fixed income	—	—	—	—	—
Canadian equity	Traditional equity	—	—	—	—	—
US equity	Traditional equity	—	—	—	—	—
International equity	Traditional equity	—	—	—	—	—
Emerging markets equity	Traditional equity	—	—	—	—	—
<b>Asset class totals</b>		<b>Capital Preservation</b>	<b>Income</b>	<b>Income &amp; Growth</b>	<b>Growth</b>	<b>Growth Plus</b>
Fixed income		—	—	—	—	—
Equity		—	—	—	—	—
<b>Expected return</b>		0.4%	0.4%	0.6%	0.7%	0.8%
<b>Expected risk</b>		—	—	—	—	—
<b>Historical return</b>		-2.1%	-1.6%	-1.1%	-0.9%	-0.5%
<b>Historical risk</b>		-0.2%	-0.1%	-0.2%	-0.4%	-0.5%

Returns are in Canadian Dollars. Risk refers to volatility as measured by standard deviation. For illustrative purposes only. Source: CIBC Global Asset Management's 2026 long-term expected returns. Bloomberg for historical risk and returns, calculated on the 20-year period ending December 31, 2025.

## Diversified portfolio with alternatives

Asset class	Asset class category	Safety	Most Conservative	Capital Preservation	Income	Income & Growth	Growth	Growth Plus
Canadian short-term fixed income	Traditional fixed income	—	—	—	—	—	—	—
Canadian universe bonds	Traditional fixed income	—	—	-19.0%	-10.0%	-7.0%	-6.0%	—
Canadian corporate bonds	Traditional fixed income	—	—	14.0%	8.0%	4.0%	2.0%	—
Global government bonds (hedged to CAD)	Traditional fixed income	—	—	—	—	—	—	—
Emerging markets bonds	Traditional fixed income	—	—	—	—	—	—	-2.0%
US high yield (hedged to CAD)	Traditional fixed income	—	—	—	—	—	—	-1.0%
Canadian equity	Traditional equity	—	—	-1.0%	-1.5%	-1.0%	—	—
US equity	Traditional equity	—	—	—	—	-1.0%	—	—
International equity	Traditional equity	—	—	-1.0%	-2.5%	-1.0%	-1.0%	—
Emerging markets equity	Traditional equity	—	—	—	—	—	—	—
Global infrastructure	Alternative equity	—	—	—	—	—	—	—
Unconstrained fixed income	Alternative fixed income	—	—	1.0%	-1.0%	-2.0%	-1.0%	—
Liquid alternatives (equity)	Alternative equity	—	—	—	-2.0%	-3.0%	-2.0%	-3.0%
Uncorrelated alternatives (multi-strategy)	Alternative uncorrelated	—	—	6.0%	5.0%	6.0%	7.0%	8.0%
Uncorrelated alternatives (single strategy)	Alternative uncorrelated	—	—	—	2.0%	2.0%	2.0%	3.0%
Private equity	Alternative equity	—	—	—	—	—	—	—
Private credit	Alternative fixed income	—	—	—	—	1.0%	—	—
Private real estate	Alternative equity	—	—	—	2.0%	2.0%	-1.0%	-5.0%

Asset class totals	Safety	Most Conservative	Capital Preservation	Income	Income & Growth	Growth	Growth Plus
Fixed income	—	—	-4.0%	-3.0%	-4.0%	-5.0%	-3.0%
Traditional fixed income	—	—	-5.0%	-2.0%	-3.0%	-4.0%	-3.0%
Equity	—	—	-2.0%	-4.0%	-4.0%	-4.0%	-8.0%
Traditional equity	—	—	-2.0%	-4.0%	-3.0%	-1.0%	—
Alternatives	—	—	7.0%	6.0%	6.0%	5.0%	3.0%
Expected return	—	—	0.7%	0.5%	0.6%	0.8%	0.8%
Expected risk	—	—	-0.3%	-0.3%	-0.2%	—	-0.1%
Historical return	—	—	-0.2%	-0.3%	-0.2%	-0.1%	-0.2%
Historical risk	—	—	—	—	0.1%	0.2%	—

Returns are in Canadian Dollars. Risk refers to volatility as measured by standard deviation. For illustrative purposes only. Source: CIBC Global Asset Management's 2026 long-term expected returns. Bloomberg for historical risk and returns, calculated on the 20-year period ending December 31, 2025. The Safety and Most Conservative Profiles were introduced in 2026; as a result, there is no prior model against which to measure a change.

Summary of changes	Applicable models
<b>1. Add dedicated Canadian corporate bond allocation and increase exposure</b>	<ul style="list-style-type: none"> <li>• Canadian assets only</li> <li>• Global traditional assets</li> <li>• Diversified models with alternatives</li> </ul>
<b>2. Refine alternatives segmentation and labelling:</b> <ul style="list-style-type: none"> <li>• Add uncorrelated alternatives as a distinct asset class</li> <li>• Split liquid alternatives (fixed income) into two categories: <ul style="list-style-type: none"> <li>▪ Unconstrained fixed income (e.g., long/short strategies with a factor bias)</li> <li>▪ Uncorrelated strategies (e.g. market-neutral bond strategies)</li> </ul> </li> <li>• Uncorrelated strategies also include, but are not limited to: <ul style="list-style-type: none"> <li>▪ Global macro strategy</li> <li>▪ Multi-strategy hedge fund</li> <li>▪ Equity market neutral, which would have previously been captured in the liquid alternatives bucket</li> </ul> </li> <li>• Remove liquid alternatives (equity) as a separate line item</li> </ul> <b>Add to uncorrelated strategies funded from:</b> <ul style="list-style-type: none"> <li>▪ Canada universe bonds</li> <li>▪ Canadian equities</li> <li>▪ International equities</li> </ul>	<ul style="list-style-type: none"> <li>• Diversified models with alternatives</li> </ul>
<b>3. Reduce or remove private real estate from 'Balanced Growth' and 'Growth' profile; Add to "Income" and "Income &amp; Growth" profile</b>	<ul style="list-style-type: none"> <li>• Diversified models with alternatives</li> </ul>

## Rationale for changes

### 1. Add dedicated Canadian corporate bond allocation and increase exposure to the asset class

A higher allocation to Canadian corporate bonds can improve portfolio income, reduce volatility, and enhance overall resilience, especially when combined with active management and a focus on quality issuers.

Canadian corporate bonds offer steady interest payments (“carry”) and the potential for price gains as bonds approach maturity (“roll-down”). Historically, these bonds have provided a stable income stream, lower volatility than stocks, and typically, lower loss severity in the capital structure than stocks, since bondholders are paid before shareholders if a company defaults. Also, default rates for Canadian corporate bonds have remained low.

#### Cumulative default rates

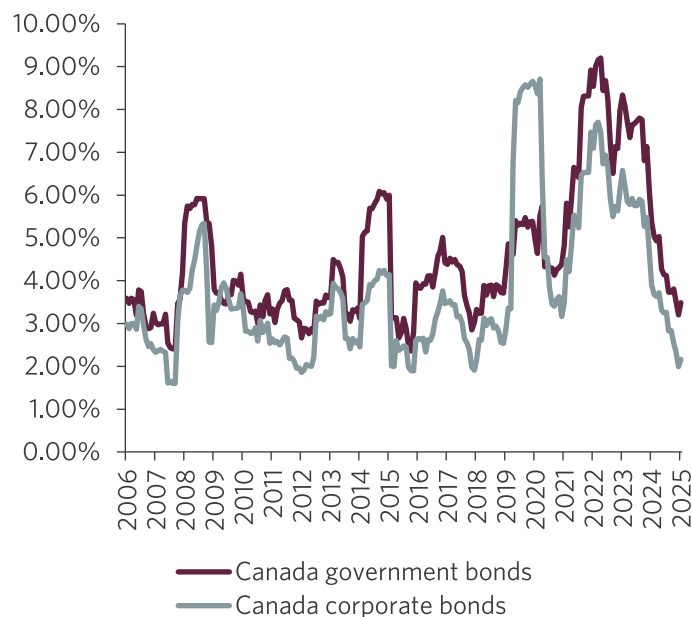
Default rates	Holding period				
	Year 1	Year 2	Year 3	Year 4	Year 5
AAA	0	0	0	0	0
AA	0.07	0.18	0.37	0.54	0.68
A	0.07	0.19	0.36	0.55	0.7
BBB	0.24	0.55	0.83	1.08	1.32

Source: S&P; as of December 31, 2024.

Active managers can add value in this space by trading more frequently, using shorter holding periods, and selecting higher-quality issuers. This approach enables them to respond quickly to market changes and manage risk more effectively.

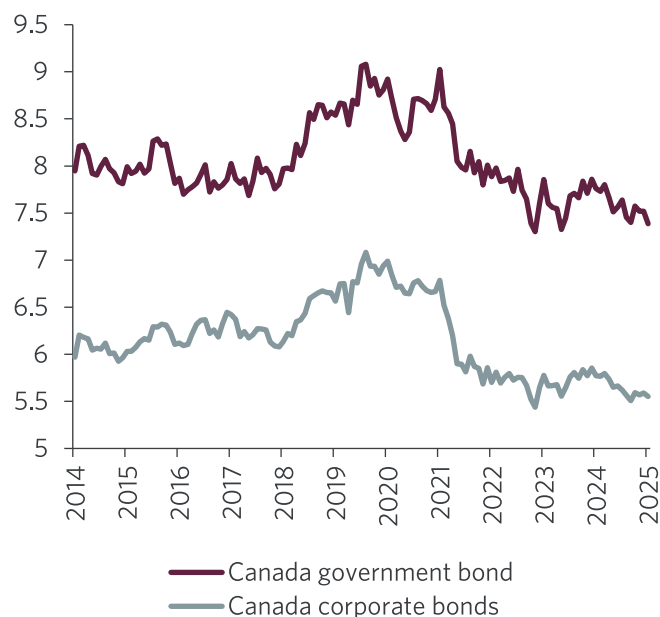
Corporate bonds also tend to have lower volatility than Canada Universe bonds, in part because corporate bonds often have shorter duration than government bonds, reflecting that corporations typically issue debt with shorter maturities, making them less sensitive to interest rate changes.

#### 1-year rolling volatility tends to be lower for corporate bonds...



Source: Bloomberg, as of December 31, 2025.

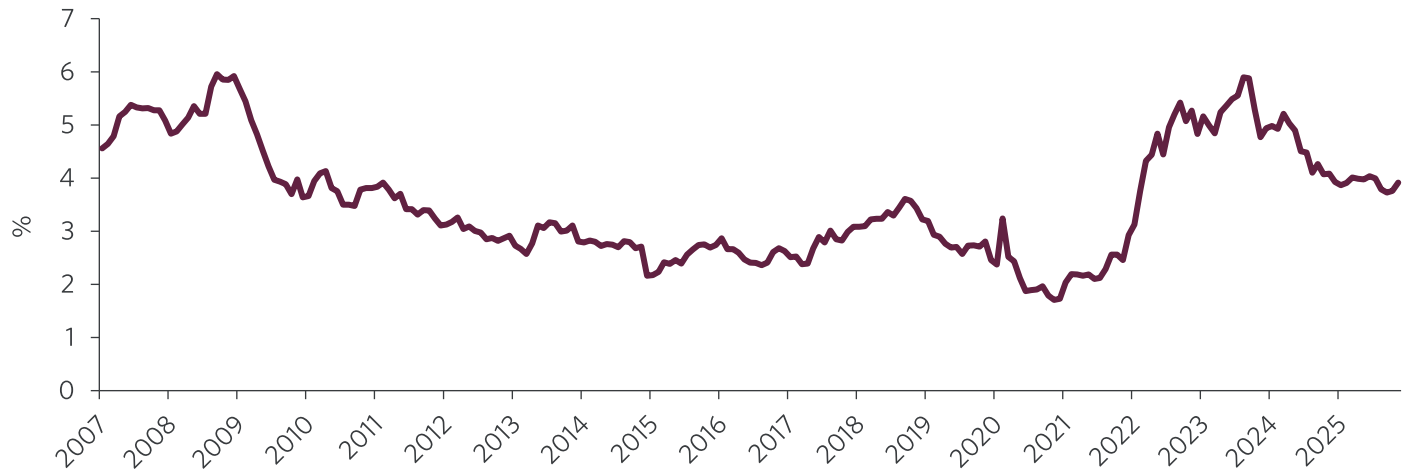
#### ...driven by lower interest rate sensitivity, as measured by duration



Source: Bloomberg, as of December 31, 2025.

Over longer horizons, bond returns are closely linked to starting yields, and today's higher all-in yields support a constructive outlook for Canadian corporate bonds even with tight spreads. We expect returns to be driven primarily by carry and roll-down, not further spread tightening, and we recognize that tight spreads can reduce credit's shock-absorbing potential in risk-off periods. Historically, however, spread widening has been recoverable for long-term investors. For example, an investor who bought Canadian corporate bonds near tight spreads at the beginning of 2020 still earned about 3.2% annualized through December 31, 2025, despite a temporary drawdown of roughly -12.7% (FTSE Canada All Corporate Bond Index).

**Corporate bond yield to maturity remains elevated relative to post-GFC era**



Source: Bloomberg, as of December 31, 2025.

## 2. Split out alternatives into more granular segments and add to uncorrelated strategies

*Uncorrelated strategies add meaningful diversification, support more consistent outcomes, and help optimize risk and return for clients.*

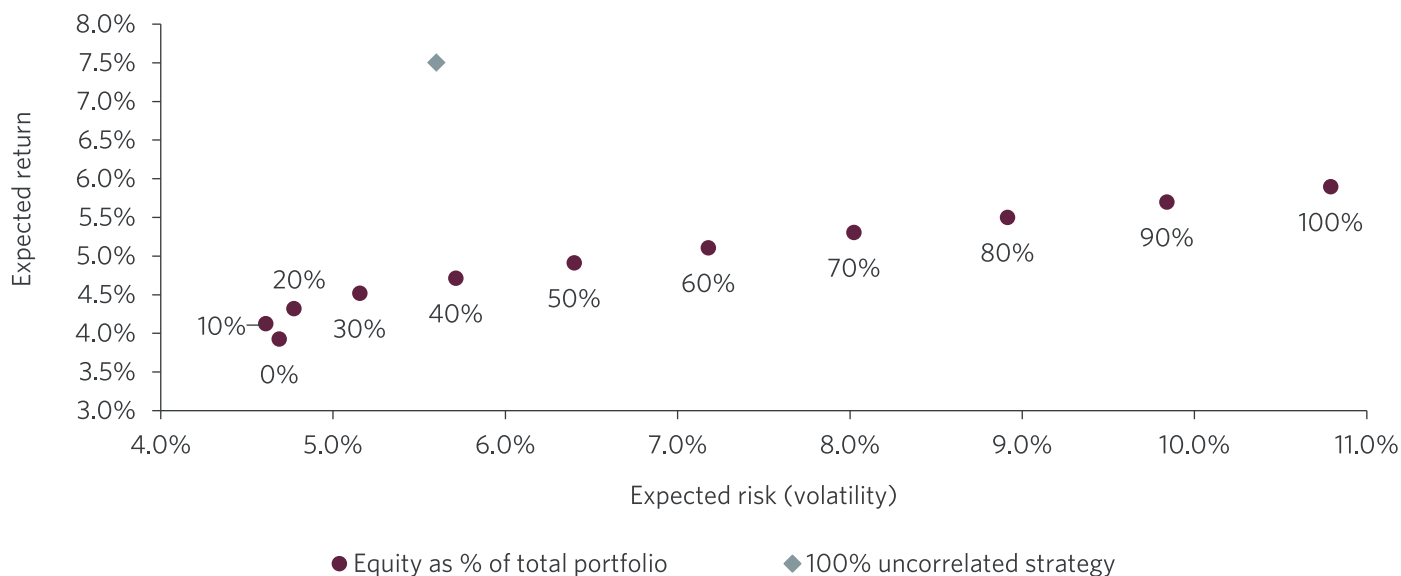
Adding uncorrelated strategies to a portfolio introduces new sources of return that are independent from traditional stock and bond markets. This diversification helps manage risk and can enhance overall portfolio stability. In practice, it offers several practical benefits:

- **Lower portfolio volatility:** If a strategy’s returns don’t move in tandem with stocks/bonds, combining them can reduce the portfolio’s overall return variability (the classic “don’t put all your eggs in one basket” effect, quantified by correlation).
- **Drawdown mitigation:** During equity sell-offs or rate shocks, an uncorrelated strategy may be less affected—or may even benefit—helping cushion portfolio losses and shorten recovery time.
- **Broader opportunity set:** Many uncorrelated strategies can take long/short, use relative value/arbitrage, or trade event-driven and macro themes. These sources of return can persist even when broad markets are flat or declining.
- **Improved risk-adjusted returns:** By reducing volatility and tail losses without necessarily sacrificing expected return, uncorrelated allocations can improve risk-adjusted returns and overall portfolio efficiency.
- **More stable outcomes across regimes:** Because different strategies respond differently to growth, inflation, liquidity, and volatility regimes, uncorrelated strategies can help make performance less dependent on a single market environment.

**Although our 2026 versus 2025 change tables show a decrease in liquid alternatives, we are not recommending a reduction or exit from the asset class. Instead, we are refining our approach by categorizing liquid alternatives into more specific segments (see Summary of changes table).**

With an expected return of 7.5% for uncorrelated strategies, adding to these allocations can further improve a portfolio’s risk-adjusted performance.

The risk-adjusted return of the uncorrelated strategy is greater than a portfolio consisting of traditional equities and bonds



Returns are in Canadian Dollars. Risk refers to volatility as measured by standard deviation. For illustrative purposes only. Source: CIBC Global Asset Management’s 2026 long-term expected returns. The equity sleeve of the comparison portfolio is comprised of 25% Canadian Equities and 75% Global Equities; the fixed income sleeve of the comparison portfolio is comprised of 75% Canadian Bonds and 25% Global Bonds (hedged).

### 3. Remove private real estate from 'growth' and 'growth plus' profiles; add private real estate to "income" and "income & growth" profiles

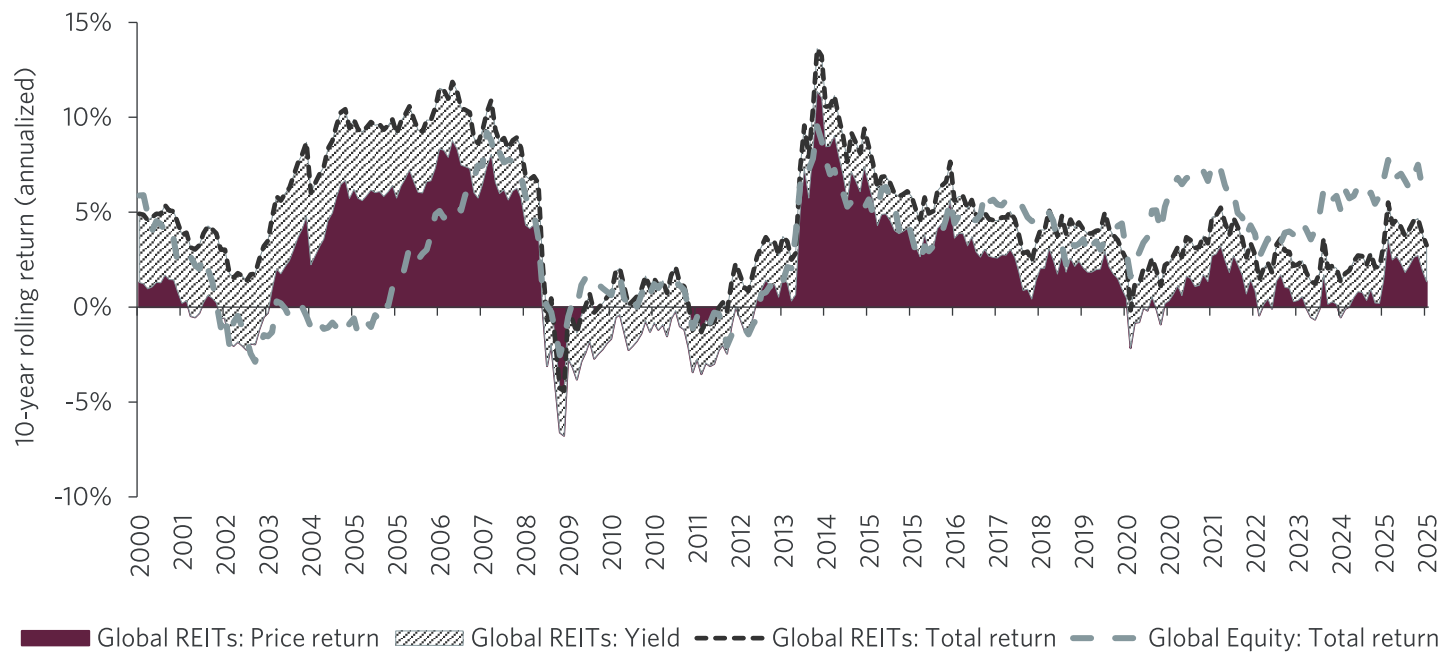
*Aligning real estate with income-oriented objectives makes portfolio construction more intentional and ensures that each asset class is used where it adds the most value for clients.*

We expect broad equities to remain a primary engine of long-term growth. Historically, equities have delivered strong wealth accumulation, including higher 10-year rolling returns than real estate investment trusts (REITs) in recent periods. As a result, equities have become a more effective core allocation for capital appreciation in growth-oriented portfolios.

In contrast, real estate is better suited for generating income and diversifying portfolios, rather than serving as a main growth engine. Real estate investments typically offer steady cash flows from rent and higher distribution yields than public equities, making them ideal for investors seeking income, stability, and diversification.

Private real estate, in particular, provides more predictable cash flows and stable return patterns than publicly traded real estate, which can behave more like equities during market volatility. Prioritizing private real estate in income profiles helps deliver consistent income and reinforces its role as a reliable income generator within the portfolio.

**Broad global equities have recently delivered greater 10-year rolling returns than global REITs, though global REITs continue to deliver robust yield.**



FTSE Nareit Equity REITS Index is used to represent global REITs; MSCI World Index is used to represent global equities. Returns are in US Dollars. For illustrative purposes only. Source: Bloomberg, as of December 31, 2025.

## Portfolio construction | Our Total Portfolio Approach

Global capital markets are more interconnected, faster-moving, and structurally complex than ever. In this environment, asset owners are increasingly adopting a Total Portfolio Approach (TPA) to improve how they allocate capital and manage risk.

### What is TPA?

TPA provides a single, integrated portfolio view that aims to support more effective capital allocation, a deeper understanding of risk, and improved long-term outcomes.

### Why does it matter?

A holistic, objective-driven strategy can help portfolios navigate uncertainty and prepare for a wider range of outcomes.

Several institutional investors—including the Canada Pension Plan Investment Board (CPPIB), Australia’s Future Fund, and Singapore’s GIC—have implemented the Total Portfolio Approach in their portfolio construction. However, there is no single blueprint for implementation; TPA serves as a guiding framework rather than a prescribed strategy.

### Beyond strategic asset allocation: designing for resilience

This label-driven approach can sometimes mask overlapping exposures; for example, credit may move with equities, infrastructure can reflect duration risk, and real estate may combine equity and rate sensitivity, leading to unintended concentrations. SAA’s structure is also relatively rigid, with strategic weights that may not adjust quickly enough as returns, risks, and correlations shift, potentially leaving portfolios misaligned with evolving market conditions.

Topic	Traditional SAA	Total Portfolio Approach
Organizing principle	Asset-class silos	One integrated portfolio
Success metric	Benchmark-relative	Objective-specific, absolute
Diversification lens	Labels (equity, bond, etc.)	Underlying drivers (growth, inflation, credit, currency, liquidity)
Agility	Periodic rebalancing	Dynamic, risk aware
Risk visibility	Overlapping exposures can hide	Driver-level clarity
Role of currency	Often passive/implicit	Intentional: hedging and active management

A Total Portfolio Approach addresses these challenges by focusing on balancing risk exposures rather than only asset class allocations. It encourages diversification away from concentrated risks, leans into themes that could impact the next decade of returns, and aims to enhance resilience to unexpected economic shifts. For instance, prolonged low rates after the GFC increased duration risk (or interest rate sensitivity), and as central banks hiked rates in 2022, both equities and bonds declined, erasing historically expected diversification benefits. This experience underscores why adopting a Total Portfolio Approach may help strengthen portfolios against regime changes and economic surprises.

### An integrated perspective: Long style cycles and manager evaluation

From a Total Portfolio perspective, manager evaluation should focus on how exposures contribute to whole-portfolio balance and resilience, not just index-relative results. Amid a prolonged growth super-cycle with narrow market leadership, many US core managers struggled to match headline index returns as diversified exposures lagged the concentrated winners. Nevertheless, active core funds still provide value through balanced factor exposure, sector and style diversification, and drawdown protection that can help stabilize total portfolios during market cycles. Focusing solely on alpha or fund-level benchmark comparisons may overlook regime risk and concentration, underestimating the role of active core funds in managing correlations, mitigating downside risk, and supporting overall portfolio resilience.

### Moving beyond silos

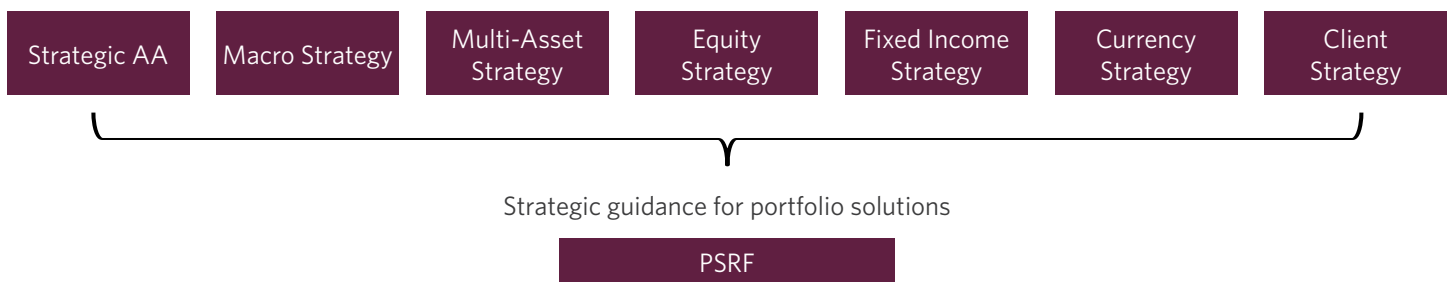
Traditional strategic asset allocation often treats portfolios as collections of separate asset class silos, which can reinforce organizational divisions, duplication, unintended concentrations, or excessive diversification.

TPA reframes the portfolio as a single, unified entity with transparent governance and clear accountability. The focus shifts to absolute, objective-specific outcomes rather than relative benchmark comparisons. Capital allocation becomes a competitive process, directed toward opportunities with the greatest potential to advance portfolio objectives.

At CIBC Global Asset Management, we follow a purpose-centric approach to portfolio construction:

Purpose	A clear, forward-looking purpose for each investment sets expectations and ensures it delivers intended value, prompting us to challenge tradition and consider new strategies or asset classes to stay aligned with our objectives.
Structure	Next, we look to improve its structure before selecting a manager; chasing alpha without efficient structuring is often suboptimal. Thoughtful structuring systematically improves portfolio outcomes and maximizes the value of purposeful assets.
Fulfillment	With purpose and structure set, we select managers, sometimes favoring active or passive methods. In a Total Portfolio Approach, manager choice should complement (not override) purpose and structure, adding value while serving whole-portfolio needs.

Portfolio construction is approached through collaboration and alignment to total-portfolio objectives, rather than individual asset class silos. Every investment decision is evaluated in the context of the broader portfolio’s goals and risks.



### Implementation & governance: Tangible outcomes of a Total Portfolio Approach

Adopting a Total Portfolio Approach goes beyond asset allocation; it fundamentally changes how portfolios are implemented and governed. By viewing the portfolio as a single, unified entity, organizations can achieve several tangible outcomes:

- **Fewer hidden concentrations:** Integrated risk management reduces the likelihood of unintended overlaps across asset classes, resulting in a more balanced portfolio.
- **Clearer accountability:** Transparent governance structures and unified decision-making create clear lines of responsibility for portfolio outcomes.
- **Faster risk response:** Dynamic, cross-asset oversight enables quicker identification and mitigation of emerging risks, improving the portfolio’s ability to adapt to changing market conditions.

As markets evolve and investment challenges become more complex, portfolios may benefit from a forward-looking approach to construction and risk management. The Total Portfolio Approach aims to position portfolios for greater resilience and agility.

## The 2026 Portfolio Solutions Research Forum

The views of our Portfolio Solutions Research Forum help guide CIBC Global Asset Management and our partners by providing strategic asset allocation recommendations, as well as strategic and tactical oversight for managed solutions.

*"We carefully selected investment experts from across the organization, each with a unique perspective, to bring forward deep insights and best ideas around strategic asset allocation and portfolio construction"*

- Leslie Alba, Chair, Portfolio Solutions Research Forum

*"The Portfolio Solutions Research Forum is at the heart of our investment process for Managed Solutions. It's how we turn investment opportunities and threats into actionable investment decisions to drive desired outcomes for our clients"*

- David Wong, CIO, Managing Director & Head, Total Investment Solutions

## Portfolio construction

### Total portfolio approach



**Leslie Alba, CFA, MBA**  
Head, Portfolio Solutions  
Total Investment Solutions



**David Wong, CFA, FRM**  
Group Chief Investment Officer  
Total Investment Solutions

### Purpose



**Alex Dyoujenko, CFA**  
Director, Purpose Scores  
Total Investment Solutions

### Structure



**Patrick Thillou, CFA**  
Managing Director & Head,  
Trading, Global Beta and  
Outcome Management  
Total Investment Solutions

### Fulfillment



**Philip Lee, CFA**  
Executive Director  
Manager Research  
Total Investment Solutions

## Top-down economic insights

### Multi-asset and currency



**Francis Thivierge, CFA, MSc**  
Senior Portfolio Manager  
Multi Asset & Currency Management



**Michael Sager, PhD**  
Managing Director & CIO  
Multi Asset & Currency Management

## Bottom-up fundamental insights

### Asset class expertise



**Gaurav Dhiman, CFA, MBA**  
Co-Head, Corporate Bond Investments &  
Portfolio Manager  
Global Fixed Income



**Crystal Maloney, CFA, CPA**  
Head of Equity Research



**Ohm Srinivasan, CFA**  
Global Head of Alternative Investing,  
CIBC Global Asset Management &  
CIBC Private Wealth, US

## Client portfolio management

### Client perspectives and communications

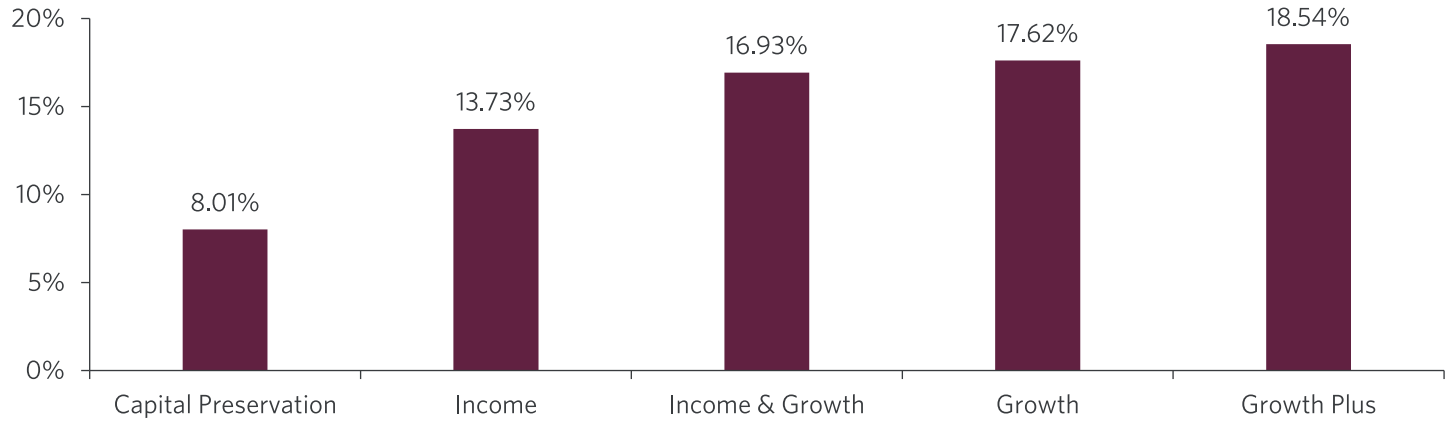


**Michael Keaveney, CFA, MSc**  
Client Portfolio Manager  
Total Investment Solutions

## Appendix

The following risk analysis is based on the 2026 recommended asset allocation for global traditional asset portfolios given their long track record of benchmark proxy indices<sup>2</sup>.

### Probability of negative annual returns in one-year rolling periods



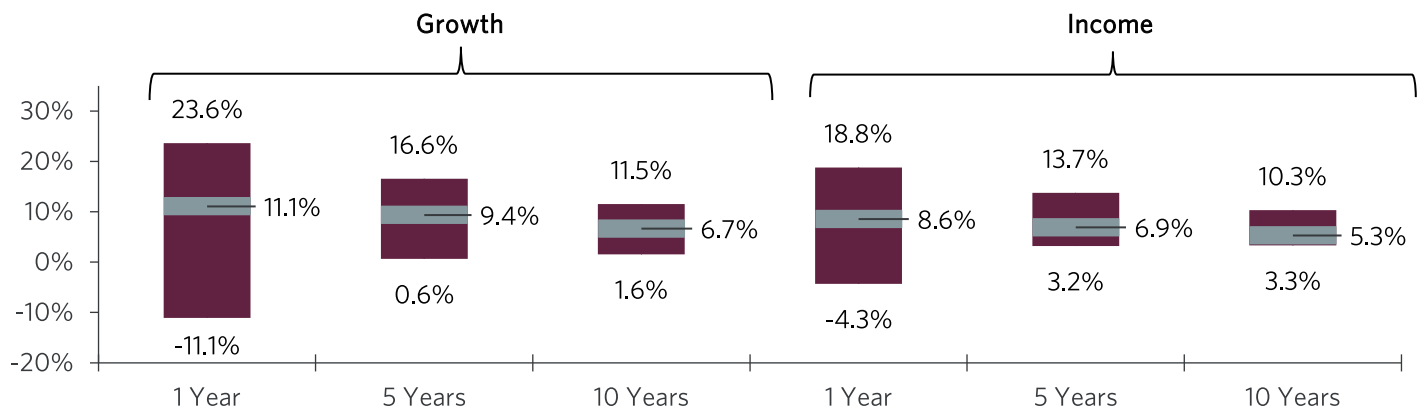
Source: CIBC Global Asset Management, Bloomberg. Data from September 1988 to December 2025.

### 5th, 50th and 95th annual return percentiles



Source: CIBC Global Asset Management, Bloomberg. Data from September 1988 to December 2025.

### 5th, 50th & 95th annualized return percentile over time: Growth and Income profiles



Source: CIBC Global Asset Management, Bloomberg. Data from September 1988 to December 2025.

## Annualized return variability (not annualized if less than 1 year)

Profiles	1 month		3 months		6 months		1 year		3 years		5 years		10 years		% Negative Months
	Best	Worst	Best	Worst	Best	Worst	Best	Worst	Best	Worst	Best	Worst	Best	Worst	
Capital Preservation	5.57%	-4.69%	9.17%	-8.37%	14.70%	-12.11%	23.77%	-10.48%	18.10%	-1.02%	14.12%	1.93%	10.17%	3.00%	30.36%
Income	6.35%	-6.41%	9.97%	-13.15%	16.90%	-15.74%	25.63%	-14.55%	18.91%	-2.44%	15.08%	1.01%	11.14%	2.54%	30.80%
Income & Growth	7.51%	-8.90%	12.59%	-17.64%	21.75%	-22.73%	29.07%	-21.45%	19.68%	-6.63%	16.74%	-0.69%	12.49%	1.39%	32.14%
Growth	8.46%	-10.89%	15.32%	-20.20%	24.88%	-27.09%	32.61%	-25.89%	20.41%	-9.82%	18.19%	-1.62%	13.27%	0.72%	33.26%
Growth Plus	9.56%	-12.83%	18.25%	-23.37%	28.92%	-31.67%	35.96%	-30.68%	21.76%	-13.21%	19.82%	-2.90%	14.09%	-0.26%	34.38%

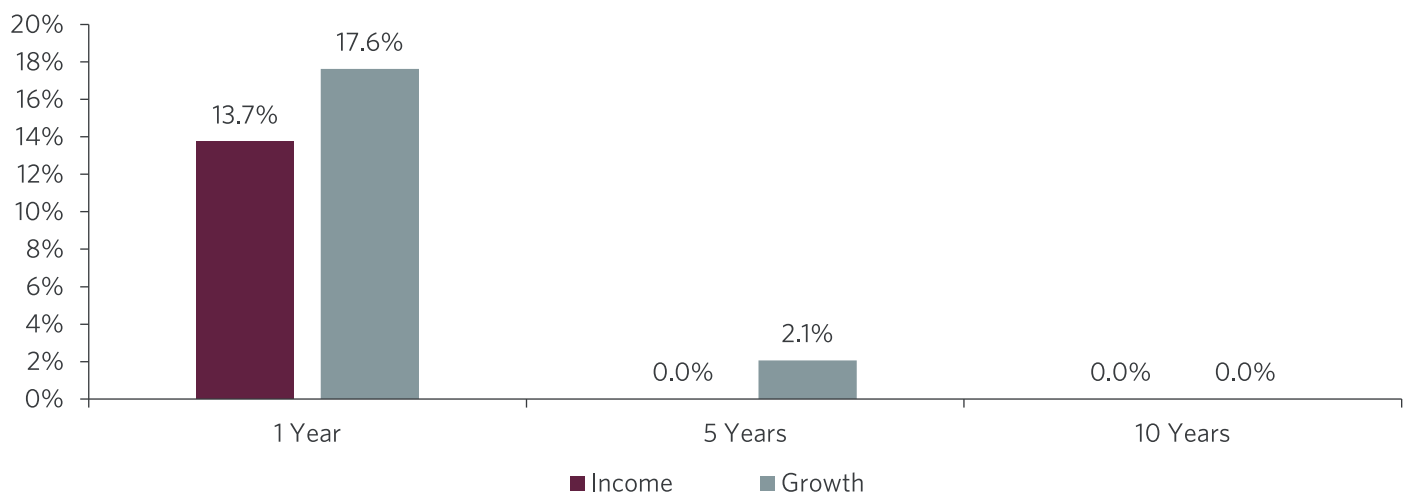
Source: CIBC Global Asset Management, Bloomberg. Data from September 1988 to December 2025.

## Drawdown analysis

Drawdown breakdown	Capital Preservation	Income	Income & Growth	Growth	Growth Plus
Maximum drawdown	-12.48%	-17.29%	-26.03%	-31.69%	-37.87%
Maximum drawdown period	Jan-2022 to Sep-2022	Jun-2008 to Feb-2009	Jun-2007 to Feb-2009	Jun-2007 to Feb-2009	Jun-2007 to Feb-2009
Months to recover from max drawdown to previous peak	21	10	20	24	46
Average of the largest 5 drawdowns	-8.56%	-11.44%	-16.81%	-20.55%	-24.44%
Longest drawdown length (#)	8	24	24	31	31
Longest drawdown period)	Jun-2008 to Feb-2009	Sep-2000 to Sep-2002	Sep-2000 to Sep-2002	Sep-2000 to Mar-2003	Sep-2000 to Mar-2003

Source: CIBC Global Asset Management, Bloomberg. Data from September 1988 to December 2025.

## Percentage of negative annualized returns for the Income and the Growth profiles



Source: CIBC Global Asset Management, Bloomberg. Data from September 1988 to December 2025.

## Trailing performance of LTSAA portfolios

*Canadian assets only*

<b>Risk profile</b>	<b>1 year</b>	<b>3 years</b>	<b>5 years</b>	<b>7 years</b>	<b>10 years</b>	<b>20 years</b>	<b>Since inception</b>	<b>Inception date</b>
<b>Capital Preservation</b>	9.71%	8.89%	4.10%	5.56%	4.80%	4.90%	8.11%	1981-01-31
<b>Income</b>	13.79%	11.27%	6.40%	7.51%	6.36%	5.66%	8.39%	1981-01-31
<b>Income &amp; Growth</b>	19.48%	14.58%	9.55%	10.16%	8.47%	6.65%	8.71%	1981-01-31
<b>Growth</b>	23.98%	17.15%	12.02%	12.18%	10.07%	7.37%	8.90%	1981-01-31
<b>Growth Plus</b>	28.64%	19.79%	14.52%	14.21%	11.68%	8.06%	9.06%	1981-01-31

*Traditional global assets*

<b>Risk profile</b>	<b>1 year</b>	<b>3 years</b>	<b>5 years</b>	<b>7 years</b>	<b>10 years</b>	<b>20 years</b>	<b>Since inception</b>	<b>Inception date</b>
<b>Capital Preservation</b>	7.97%	8.73%	3.57%	5.26%	4.66%	5.08%	7.18%	1988-09-30
<b>Income</b>	10.77%	11.32%	5.81%	7.28%	6.35%	6.13%	7.80%	1988-09-30
<b>Income &amp; Growth</b>	14.39%	14.81%	8.84%	9.99%	8.54%	7.45%	8.64%	1988-09-30
<b>Growth</b>	17.28%	17.15%	10.78%	11.72%	9.89%	8.21%	9.08%	1988-09-30
<b>Growth Plus</b>	20.17%	19.68%	12.82%	13.53%	11.34%	9.04%	9.56%	1988-09-30

*Diversified portfolio with alternatives*

<b>Risk profile</b>	<b>1 year</b>	<b>3 years</b>	<b>5 years</b>	<b>7 years</b>	<b>10 years</b>	<b>20 years</b>	<b>Since inception</b>	<b>Inception date</b>
<b>Safety</b>	3.72%	4.90%	1.51%	2.48%	2.10%	3.11%	3.32%	2003-01-31
<b>Most Conservative</b>	3.15%	4.94%	0.23%	2.25%	2.18%	3.57%	3.95%	2003-01-31
<b>Capital Preservation</b>	8.15%	9.21%	4.48%	5.80%	5.07%	5.36%	5.61%	2003-01-31
<b>Income</b>	10.19%	11.00%	6.25%	7.40%	6.45%	6.24%	6.45%	2003-01-31
<b>Income &amp; Growth</b>	13.57%	14.08%	9.12%	9.94%	8.54%	7.50%	7.66%	2003-01-31
<b>Growth</b>	16.05%	16.27%	11.25%	11.78%	10.03%	8.35%	8.46%	2003-01-31
<b>Growth Plus</b>	18.43%	18.51%	12.93%	13.30%	11.21%	8.95%	9.00%	2003-01-31

Source: CIBC Global Asset Management, Bloomberg, as of December 31, 2025. Historical hypothetical performance is calculated on the 2026 recommended asset allocations.

## Calendar year returns of LTSAAs portfolios

*Canadian assets only*

<b>Risk profile</b>	<b>2025</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
<b>Capital Preservation</b>	9.71%	8.90%	8.06%	-9.12%	4.21%	8.08%	10.53%	-1.15%	4.01%	6.46%
<b>Income</b>	13.79%	11.30%	8.79%	-8.45%	8.12%	7.83%	12.91%	-2.69%	5.00%	9.22%
<b>Income &amp; Growth</b>	19.48%	14.64%	9.81%	-7.63%	13.55%	7.34%	16.23%	-4.76%	6.38%	13.06%
<b>Growth</b>	23.98%	17.29%	10.56%	-6.87%	17.83%	6.77%	18.69%	-6.31%	7.39%	16.05%
<b>Growth Plus</b>	28.64%	20.01%	11.36%	-6.25%	22.22%	6.11%	21.28%	-7.87%	8.47%	19.16%

*Traditional global assets*

<b>Risk profile</b>	<b>2025</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
<b>Capital Preservation</b>	7.97%	9.05%	9.17%	-10.22%	3.23%	8.77%	10.46%	0.06%	5.43%	4.43%
<b>Income</b>	10.77%	12.10%	11.09%	-10.06%	6.91%	9.04%	13.04%	-0.57%	7.47%	5.90%
<b>Income &amp; Growth</b>	14.39%	16.77%	13.30%	-9.75%	11.82%	9.80%	16.15%	-1.19%	9.75%	7.48%
<b>Growth</b>	17.28%	19.70%	14.52%	-9.59%	14.79%	10.29%	18.02%	-1.77%	11.49%	8.01%
<b>Growth Plus</b>	20.17%	22.88%	16.08%	-9.51%	17.84%	10.74%	20.07%	-2.32%	13.64%	8.55%

*Diversified portfolio with alternatives*

<b>Risk profile</b>	<b>2025</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
<b>Safety</b>	3.72%	5.54%	5.45%	-5.51%	-1.19%	5.99%	3.90%	1.80%	0.61%	1.25%
<b>Most Conservative</b>	3.15%	4.83%	6.86%	-10.61%	-2.08%	8.22%	6.76%	1.42%	2.43%	2.19%
<b>Capital Preservation</b>	8.15%	10.52%	8.97%	-8.22%	4.12%	8.03%	10.31%	0.33%	5.49%	4.46%
<b>Income</b>	10.19%	12.74%	10.09%	-7.92%	7.54%	8.39%	12.28%	0.13%	7.04%	5.78%
<b>Income &amp; Growth</b>	13.57%	16.83%	11.88%	-7.29%	12.40%	9.17%	14.93%	-0.18%	9.33%	7.10%
<b>Growth</b>	16.05%	19.94%	12.92%	-6.69%	16.18%	9.71%	16.61%	-0.28%	10.89%	7.88%
<b>Growth Plus</b>	18.43%	22.64%	14.60%	-6.85%	18.47%	10.74%	17.83%	-0.64%	12.72%	7.79%

Source: CIBC Global Asset Management, Bloomberg, as of December 31, 2025. Historical hypothetical performance is calculated on the 2026 recommended asset allocations.

## Endnotes

<sup>1</sup> Expected returns and expected standard deviations for the component asset classes are based on CIBC Global Asset Management's 2026 long-term expected returns for capital markets report, available in [English](#) and [French](#). Expected Returns are calculated by CIBC Global Asset Management using data from the following third-party providers: Bloomberg, and PitchBook. Calculations based on data available as of December 31, 2025. Private credit and private equity assumptions assume 75% investment in the US and 25% in Canada. The volatility figures for private alternatives are lowered by infrequent reporting that leads to artificial return smoothing compared with public market equivalents. Volatility are calculated based on historical data. Local currency for Liquid Alternatives is CAD. Volatility for High Yield is calculated on excess returns over treasuries, in local currency.

<sup>2</sup> Performance proxy indices for the global asset allocation are: Canadian short-term fixed income: FTSE Canada Short Term Overall Bond Index (CAD); Canadian universe bonds: FTSE Canada Universe Bond Index (CAD); Canadian corporate bonds: FTSE Canada Universe Bond Index (CAD); Global fixed income (hedged to CAD): FTSE World Government Bond Index (Hedged to CAD); Emerging markets bonds: JP Morgan GBI-EM Global Diversified Composite LC Index (CAD); US high yield (hedged to CAD): Bank of America Merrill Lynch BB-B US Cash Pay High Yield Index (100% hdg) (CAD); Canadian equity: S&P/TSX Composite Index (CAD); US equity: S&P 500 Index (CAD); International equity: MSCI EAFE Index (CAD); Emerging markets equity: MSCI Emerging Markets Index (CAD); Global infrastructure: Dow Jones Brookfield Global Infrastructure Index (CAD); Private equity: Private Equity Buyout Index (converted to monthly series using Denton method) since April 2010, 75% S&P500 Index (CAD), 25% Credit Suisse Leveraged Loan Index (CAD) prior to April 2010; Private credit: Credit Suisse Leveraged Loan Index (USD); Private real estate: NPPIODCE Index (CAD) (converted to monthly series using Denton method); Unconstrained fixed income, Liquid alternatives (equity), Uncorrelated Alternatives (multi-strategy) and Uncorrelated Alternatives (single strategy): Equal Weighted HFR Fund of Funds Index (HFRIFOF), HFR Equity Market Neutral Index (HFRIEMNI) and HFRI Equity Hedge: Long/Short Directional Index (HFRIELD) for Jan 2008 - Dec 2025, Equal Weighted HFRIFOF and HFRIEMNI index prior to Jan 2008.

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