



CIBC ASSET MANAGEMENT

# Global Markets Compass

Quarterly market and economic breakdown to help guide you in the right direction

Winter 2026 | As of December 31, 2025



# Table of contents

Portfolio Solutions Research Forum. . . . . 3

Economic review . . . . . 4

Market review. . . . . 6

Summary in charts. . . . . 7

Portfolio Solutions Research Forum Commentary . . . . . 8

Our asset allocation views. . . . . 10

Economic review . . . . . 11

Fixed income, currency and commodities markets . . . . . 17

Equity markets . . . . . 25

Asset allocation . . . . . 34

Appendix – Index returns. . . . . 38

About CIBC Asset Management . . . . . 46



## Portfolio Solutions Research Forum

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



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## Economic review

Into year-end, policy stances and growth rhythms diverged across major economies with Canada steady, the US easing, Europe pausing, Japan tightening, and China stabilizing. This set the stage for nuanced regional updates on inflation, labour, and the outlook.

### Canada

The Bank of Canada (BoC) kept its policy rate at 2.25% on December 10, following a 25 basis point (bp) cut in October. The hold reflects a measured stance amid a complex global and domestic backdrop—one that blends resilience with ongoing uncertainty.

- **Stronger than expected economic growth:** Canada's economy expanded by a stronger-than-expected 2.6% in Q3, even as final domestic demand was flat. The headline gain was driven largely by trade volatility. Growth is expected to pick up in 2026, but elevated uncertainty and big swings in trade could keep quarterly results choppy.
- **Easing inflation:** The Consumer Price Index (CPI) eased to 2.2% in October and has hovered near the 2% target for more than a year. Looking through near-term noise, the BoC expects economic slack to offset trade-related cost pressures, keeping inflation close to target.
- **Resilient labour market:** Canada's labour market has improved: employment posted solid gains over the past three months and unemployment declined to 6.5% in November. Conditions remain uneven—trade-sensitive sectors are still soft and hiring intentions across the economy are subdued.

### US

In contrast, on December 10, the US Federal Reserve (Fed) lowered the target range for the federal funds rate by 25 basis points to 3.50%–3.75%. This followed a 25bp cut in October. The move reflects a different balance of risks relative to the Canadian economy:

- **Moderate economic growth:** Available indicators suggest that economic activity has been expanding at a moderate pace.
- **Sticky inflation:** Inflation has moved up since earlier in the year and remains somewhat elevated.
- **Deteriorating labour market:** Job gains have slowed this year, and the unemployment rate has edged up through September. More recent indicators are consistent with these developments.

The Fed noted that it stands prepared to adjust policy if emerging risks threaten achievement of its goals: its dual mandate of maximum employment and 2% inflation.

## Europe

In its 18 December 2025 meeting, the Governing Council kept all three key ECB interest rates unchanged for the fourth consecutive time. The deposit facility rate remained at 2.0%, following eight cuts between June 2024 and June 2025.

Euro area GDP grew by 0.1% in Q3 2025, with employment up 0.2% quarter-on-quarter, reflecting modest but positive economic momentum across the region. The European Union overall saw slightly higher GDP growth at 0.2% and employment growth at 0.2% for the same period.

## Japan

To help curb inflation, the Bank of Japan (BoJ) raised rates at its December meeting by 25 basis points to 0.75%, the highest level since 1995. We see BoJ tightening and continued corporate reform in Japan attracting patient capital supporting selective exposure to cash-generative cyclicals and improving governance stories.

## China

China showed tentative stabilization supported by targeted stimulus and subdued inflation. While property-sector risks lingered, incremental improvements in activity helped sentiment and kept the near-term path constructive.

Industrial production and retail sales improved from summer lows, while exports showed modest gains. Meanwhile, price pressures remained very low, affording policy flexibility as stabilization efforts took hold.

## Market review

Global fixed income markets saw divergent results, with UK Gilts outperforming, US Treasuries delivering modest gains, and Japanese government bonds declining, while high yield bonds outperformed. Equity markets generally posted positive returns, led by Canadian commodity sectors and financials, strong performance in Europe and emerging markets, but with notable weakness in Japan and China.

### Fixed income markets

Global government bond markets diverged in Q4 2025. UK Gilts outperformed, supported by a positive market response to the November Budget and a smaller gilt issuance, which eased fiscal concerns. US Treasuries delivered modest returns, with the yield curve steepening, largely being driven by with short-term yields falling as the 10Y was left mostly unchanged QoQ. Meanwhile, Japanese government bonds saw a sharp selloff, with yields reaching multi-decade highs. However, credit spreads widened briefly on growth worries and then stabilized into December.

Core bond performance over the quarter reflected this divergence, with the FTSE Canada Universe Index returning -0.32%, on the back of a rise in yields. Meanwhile, the FTSE World Government Bond Index (hedged to CAD) delivered 0.22%, while the Bloomberg US Aggregate ended the quarter with 1.10% return in USD terms. FTSE Canada All Corporate Bond Index returns of 0.34%, while high yields bonds outperformed.

### Equity markets

#### Canada

The S&P/TSX Composite traded range-bound in the first half of the quarter, but the end of November rally drove Quarter-to-Date (QTD) returns up to 6.25%. Commodity-linked sectors drove market strength with Materials returning 11.91% while the uncertain economic backdrop weighed on rate-sensitive areas, with Real Estate delivering -5.83%, Communications Services returning -1.68% and Utilities up only 1.85%. Financials strengthened (10.48%) on the back of robust corporate earnings.

#### US

US equities traced a rates-driven rotation that tested risk appetite in October and broadened markets. The S&P 500 returned 1.13% QTD, while the Nasdaq-100 rose 0.79%. Style market broadening echoed the sentiment shift, with the Russell 1000 Growth (-0.38%) underperforming the Russell 1000 Value (2.27%). Sector performance was largely consistent with style performance: Information Technology returned -0.09%, Consumer Discretionary -0.79%, while Health Care delivered 10.02%.

#### International

Developed markets outside North America reflected divergent economic policies and growth profiles. MSCI EAFE® returned 3.35% , driven by 4.69% in Europe and -2.30% in Japan. Within Europe, value (7.64%) outperformed growth (1.61%).

#### Emerging markets

Emerging Markets (EM) were led by materials (9.96%) and technology (14.66%), while Consumer Discretionary (-10.48%), Health Care (-8.11%) and Communication Services (-8.01%). Regional performance highlighted dispersion: MSCI EM returned 3.23%, EM Latin America 6.76%, with MSCI China down 8.72%.

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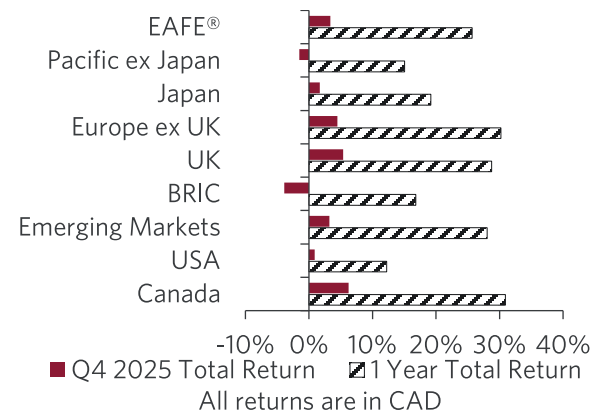
All performance stated in CAD unless otherwise stated.

# Summary in charts

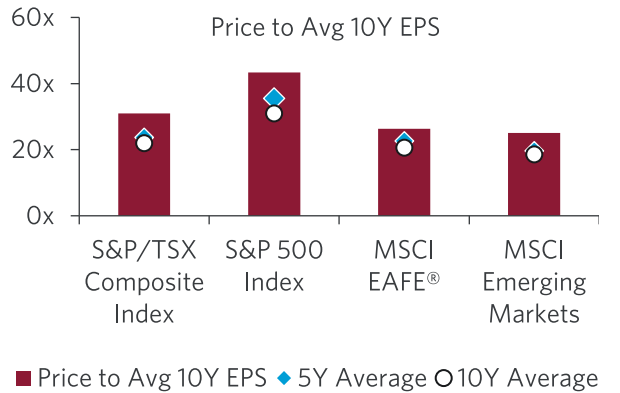
A traditional 60/40 equity and fixed income balanced portfolio continues to demonstrate the benefits of diversification across investments.

3 Months	6 Months	1 Year
Canadian Equities 6.25%	Canadian Equities 19.53%	Canadian Equities 31.68%
Canadian Dividend 5.64%	Emerging Market Equities 16.79%	Canadian Dividend 28.49%
International Equities 3.35%	Canadian Dividend 16.42%	Emerging Market Equities 28.05%
Emerging Market Equities 3.23%	U.S. Equities 11.50%	International Equities 25.70%
Balanced Portfolio 1.69%	Global Equities 11.30%	Global Equities 15.90%
Global Equities 1.67%	International Equities 10.48%	U.S. Equities 12.35%
Canadian High Yield 1.44%	Balanced Portfolio 7.62%	Balanced Portfolio 11.74%
U.S. Equities 1.13%	Canadian High Yield 4.30%	Canadian High Yield 7.61%
Cash 0.63%	Canadian Corporate Bonds 2.16%	Canadian Corporate Bonds 4.48%
Canadian Corporate Bonds 0.34%	Cash 1.34%	Cash 2.84%
Canadian Gov Bonds -0.54%	Canadian Gov Bonds 0.87%	Global Bonds 2.50%
Global Bonds -1.38%	Global Bonds 0.72%	Canadian Gov Bonds 2.05%

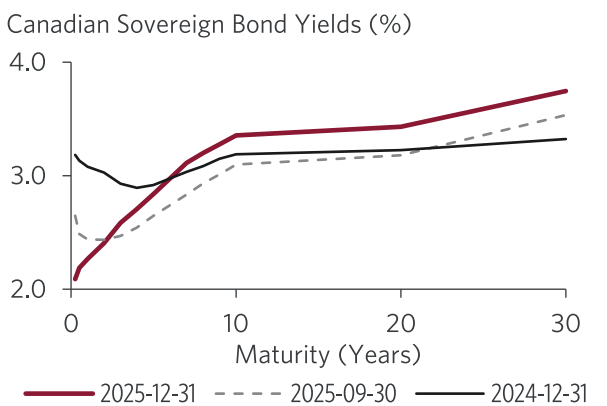
Equity markets remain robust amid easing tariff concerns and resilient corporate earnings.



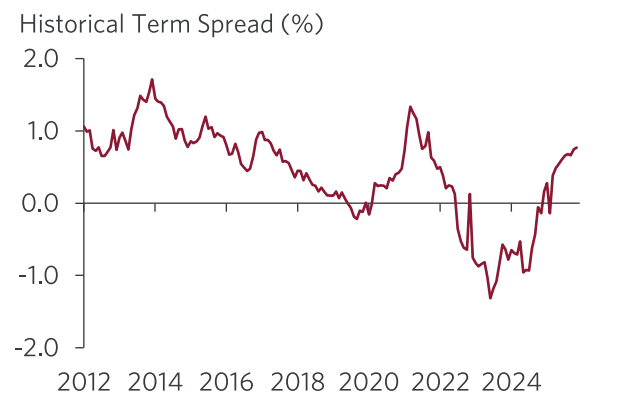
US equities trade at higher relative valuations but are expected to deliver higher earnings growth than the rest of the world.



The Canadian bond yield shifted upwards and steepened over the quarter, bringing the Term Spread closer in line with history.



With the yield curve steepening further, the Term Spread (%), measured by the 10-year yield minus the 2-year yield, returned to levels more in line with history.



Canadian Dollar Total Returns. Performance of CIBC Smart Balanced is used to illustrate the performance of a balanced, multi-asset portfolio. Sources: PC Bond Analytics, FTSE Global Debt Capital Markets Inc., Zephyr Associates Inc., Rimes Technologies Inc., Bloomberg.  
Benchmark Proxies: MSCI EAFE® (EAFE®), MSCI Pacific ex Japan (Pacific ex Japan), MSCI Japan (Japan), MSCI Europe ex UK (Europe ex UK), MSCI UK (UK), MSCI BRIC (BRIC), MSCI Emerging Markets (Emerging Markets). Sources: MSCI Indices, TSX © Copyright 2025 TSX Inc. All rights reserved., Bloomberg, Rimes Technologies Inc. Data as of December 31, 2025.

## Portfolio Solutions Research Forum Commentary

### Stay invested, act with purpose

Looking back at 2025, the relative calmness of markets surprised many. However, calm is not the same as certainty. Beneath the surface of strong equity indices, we continue to see vulnerable foundations: credit spreads are tight; valuations in select AI linked segments are stretched; and sentiment seems to be edging toward euphoria. History reminds us that low volatility can reflect investor comfort more than fundamental improvement.

Our key guidance heading into 2026 is to stay diversified, and act with purpose. We expect continued economic uncertainty, which underpins the potential for heightened volatility as policy paths diverge and market performance broadens. That backdrop argues for balance—participating in upside while protecting portfolios from potential air pockets.

### Global divergence - what it means to us

Into year end, policy rhythms diverged with Canada steady, the U.S. easing, Europe pausing, Japan tightening, and China stabilizing. This is important because it sets the macro context for 2026 and influences how risk is priced across assets, which is central to portfolio construction.

The Bank of Canada held at 2.25% in December after October's cut, acknowledging resilience tempered by uncertainty. Q3 growth surprised to the upside, driven by a strengthening trade balance; inflation hovered near 2% and labour trends improved into November. We expect choppy near-term growth that gradually improves into 2026, favouring quality and patience over aggressive cyclical bets.

In the US, measured Fed easing reflects the expectation of moderate activity, somewhat elevated inflation, and softer labour data. In our view, the U.S. equity market remains a strong anchor in portfolios, but its outperformance edge is narrowing as the past decade's margin expansion and multiple gains are becoming less reliable. We anticipate lower long-term forward returns and broader leadership beyond the "Magnificent 7," reinforcing the importance of ensuring portfolios have diversified exposures.

Elsewhere, we see a lack of softening economic data and steady inflation in Europe supporting an European Central Bank (ECB pause). Meanwhile, Bank of Japan (BoJ) tightening and continued corporate reform in Japan continues to attract patient capital supporting selective exposure to cash-generative cyclicals and improving governance stories.

In China, targeted stimulus and low inflation underpin a modest activity improvement even as property sector risks linger. Overall in Emerging Markets, Asia remains a bright spot, with India's momentum and improving external balances bolstering sentiment. Here, right-sized exposures and country-aware positioning are essential.

### How we're positioned: balance, quality, and patience

Our positioning is intentionally simple and empirically grounded: balance, quality, and patience. We remain fully invested and diversified across equities and fixed income, relying on active management to navigate market concentration, valuation, liquidity and credit cycles. We believe that continued economic uncertainty sets the stage for potential heightened market volatility in 2026. To help smooth near term fluctuations without sacrificing long term compounding, our portfolios complement broad equity

market investments with modest low volatility equity strategies. This keeps investors in the market, while dampening drawdown sensitivity when volatility spikes.

In equities, we also maintain a balanced stance across regions and styles, reducing reliance on the most stretched AI-linked segments and leaning into durable cash flow, prudent capital allocation, and pricing power:

- **Canada:** We remain constructive, supported by relatively attractive valuations, dividend yield, and broader sector contribution to market performance than in the US. High quality dividend payers, defensive franchises and disciplined capital allocators across Energy, Materials which stand to benefit from global stimulus, infrastructure spending, and robust demand for technology, remain central to our portfolios.
- **United States:** We prefer profitable growth at reasonable valuations over momentum-heavy concentration, although do acknowledge that momentum can persist.
- **Overseas:** In Europe and Japan, quality franchises and defensives align with the cautious growth pulse; in EM, we emphasize Asia and reform-led stories sized to budgets and policy variability.

In fixed income, higher all-in yields support stronger expected bond returns. Unlike the low-yield backdrop heading into 2022, when stocks and bonds fell together, today's higher starting yields give bonds a sturdier income base and greater capacity to cushion portfolios if equities weaken.

- **Duration:** We remain balanced across domestic and international markets with room to add incrementally if easing cycles re-accelerate or growth disappoints.
- **Credit:** We prefer conservative and selective positioning in credit given tight spreads and a softening macro pulse. Also, we are more positive on shorter duration credit (7-year and under) than 30-year term.

Our objective is pragmatism: use coupon income and policy-sensitive duration to stabilize portfolios when equities wobble without making heroic rate calls.

We hold private assets in applicable portfolios to enhance diversification and access opportunities unavailable in public markets. Illiquidity is inherent, so allocations remain modest and aligned with long-term objectives and liquidity needs. Selection and communication are critical:

- **Selection:** Avoid vehicles designed primarily to offload risk; favour assets underwritten to rigorous standards.
- **Communication:** Ensure investors understand redemption mechanics, liquidity limits, and how performance can diverge from fundamentals during periods of stress.

Thoughtfully sized and selected, private assets can improve risk-adjusted outcomes without compromising resilience.

Gold remains a selective safeguard. It can diversify portfolios when policy uncertainty rises, falling interest rate lower the opportunity cost of holding the metal, or geopolitical risks elevate demand for stores of value. We express gold views through disciplined equity stock selection in quality producers and adjust sizing tactically.

## **Our asset allocation approach: Preparation and purposeful action, not prediction**

The balanced portfolio delivered another strong year of returns, supported by equity market strength and robust all-in-bond yields. Despite uncertainty heading into 2026, it's important to remember that markets tend to climb the Wall of Worry over the long term.

Volatility often tests discipline. Our response is preparation, not prediction. We stay anchored to strategic asset allocation, which is set to serve long term goals, while using tactical tilts to exploit dislocations and incrementally improve outcomes:

- Trim where euphoria compresses forward returns.
- Add to high-quality income when spreads widen.
- Lean into duration when policy support strengthens or growth disappoints.

This is about maintaining a robust process that adapts to changing signals without overreacting to noise. It's also about staying invested, staying diversified, and trusting that disciplined construction and active risk management can help investors participate in long-term growth while managing the bumps along the way. Our commitment is to balance participation and protection, communicate clearly, and act with purpose as the cycle evolves.



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Managing Director & CIO  
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## Our asset allocation views



### Strategic

**There are no changes to our long-term views, or base probability estimates, of relative asset class performance.**

#### Our strategic views:

- Equities will remain the cornerstone of wealth generation and will continue to reward investors for additional volatility over risk-free assets.
- Similar to equities, over the long term, corporate bonds will reward investors for additional risk, such as default risk.
- Higher growth in Emerging Markets relative to developed markets will drive a higher relative return.
- Market-impacting events can unfold unpredictably; our priority is to continue to identify diversifying assets that will create value for our clients.



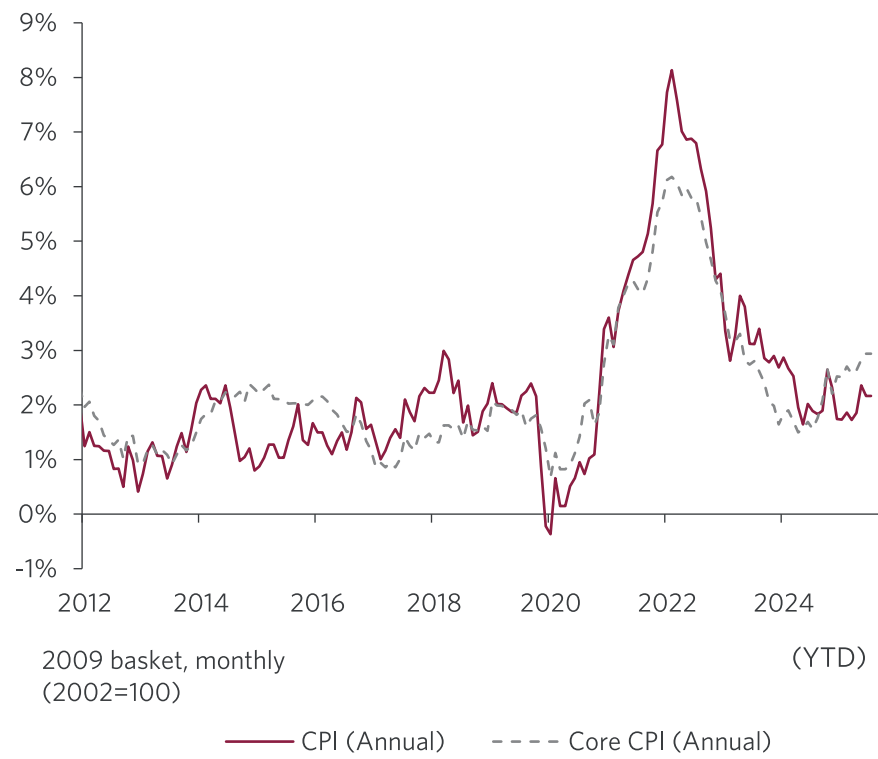
# Economic review

Winter 2026 Global Markets Compass

# Inflation

Canadian inflation edged up 2.4% in December, up from 2.2% in November. A decrease in gasoline prices in December helped slow the overall rise in the headline Consumer Price Index (CPI). Without factoring in gasoline, the CPI increased by 3.0% in December, compared to a 2.6% increase in November.

Canada consumer price index (CPI)



Canadian consumer price inflation

Categories	12-month inflation	Change from previous quarter
CPI	2.4%	0.1%
Core CPI	3.6%	0.8%
Food	2.5%	-1.28%
Energy	-10.2%	-7.6%
Shelter	2.9%	0.3%
Transportation	0.0%	-1.5%
Health and personal care	2.6%	0.1%
Recreation, education and reading	2.8%	1.1%
Clothing and footwear	1.8%	1.1%
Alcoholic beverages and tobacco products	1.5%	-0.1%
Household operations, furnishings and equipment	4.5%	2.2%

Sources: Statistics Canada, Bank of Canada. Data as at December 31, 2025.

## Canada export growth

Non commodity exports are projected to remain below 2024 levels, reinforcing the Bank of Canada's (BoC) weak but realistic trade assumptions; near term growth is resilient on domestic demand, but structural headwinds—productivity, competitiveness, housing—point to a potential slowdown in 2026 and justify a cautious policy stance with limited leeway to cut.

### Canada export growth

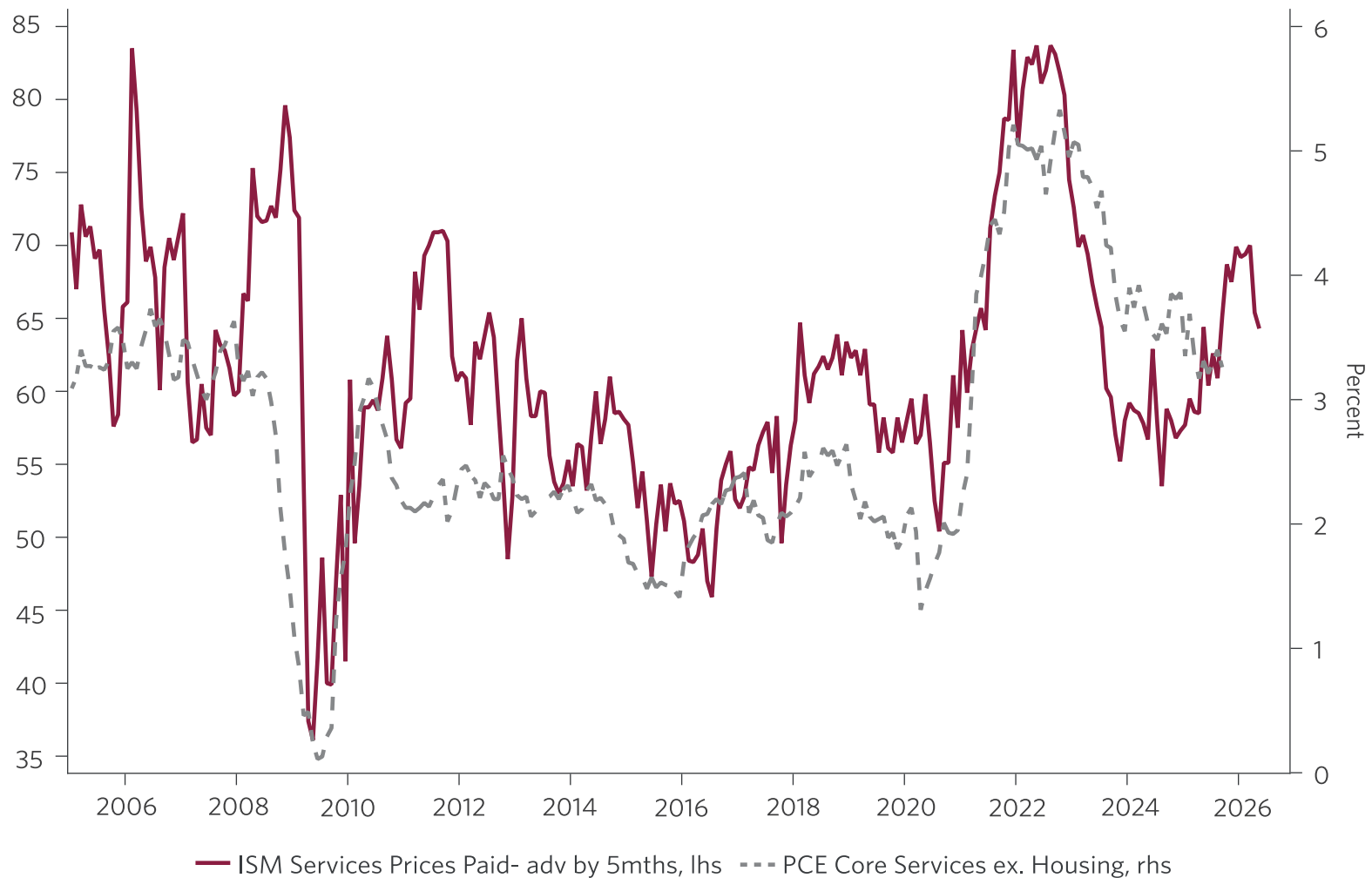


Source: Statistics Canada. As of January 15, 2026.

## ISM Service Prices vs. Supercore PCE

ISM Services Prices Paid leading Supercore PCE underscores sticky service inflation pressures that could re intensify in 2026. While CAM revised up our US growth outlook supported by investment and fiscal tailwinds, persistent service price pressures and emerging labor shortage risks raise the odds of higher inflation.

ISM Service Prices vs. Supercore PCE



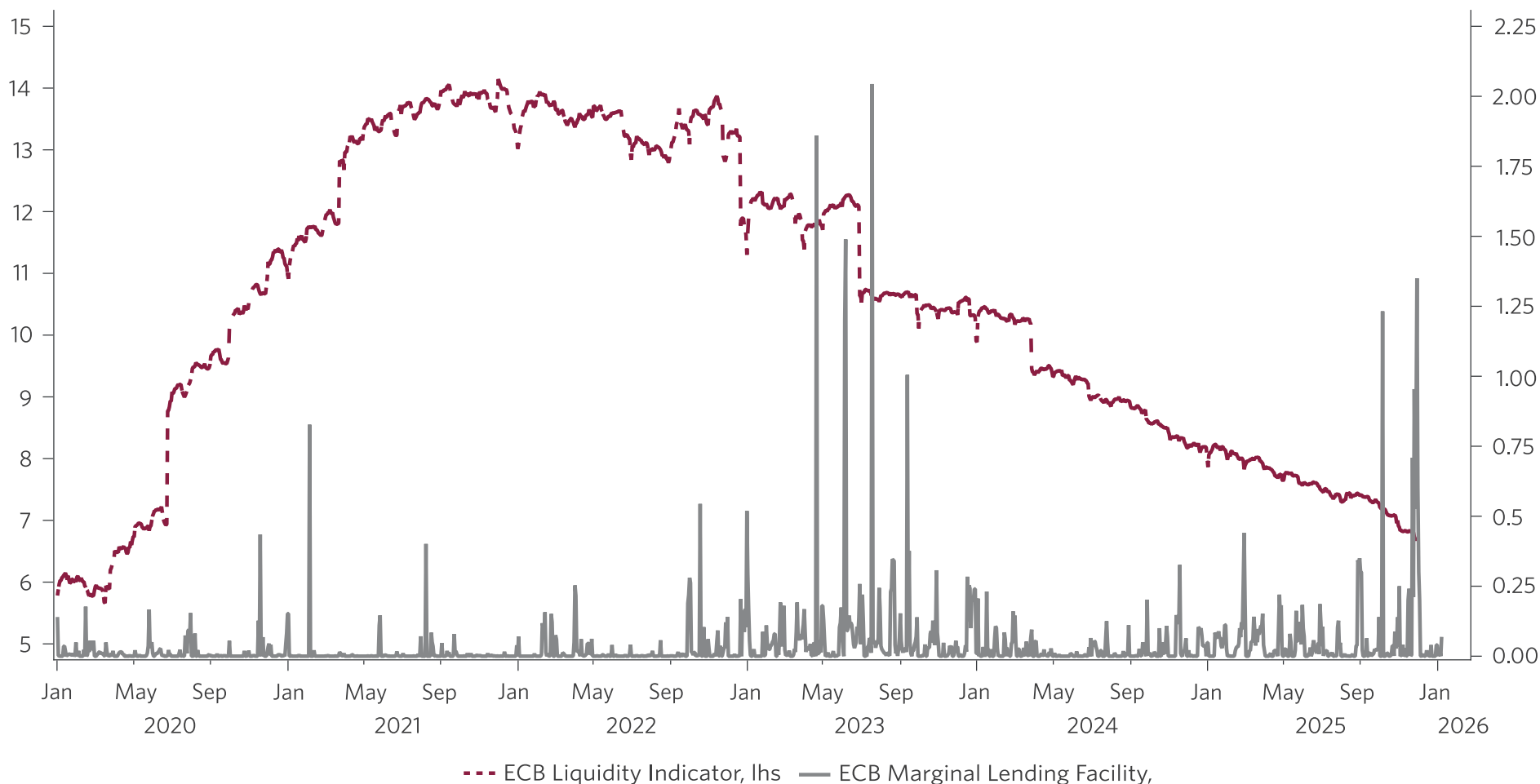
Source: Institute for Supply Management (ISM), Federal Reserve Bank of San Francisco. As of January 15, 2026.

## Excess reserves & liquidity

An European Central Bank (ECB) likely to halt QT in 2026—while increasing liquidity support to banks—signals a shift toward more accommodative monetary conditions that, together with broad fiscal easing (core budgets, defense and infrastructure outlays, NGEU disbursements), fading tariff headwinds, and deregulation that lowers business burdens, underpins the re acceleration of domestic activity.

### ECB Has Tightened Liquidity Conditions, Likely To End QT In 2026

*Bank Excess Reserves to Domestic Bank Assets (in %) & Marginal Lending Facility (Bn €)*

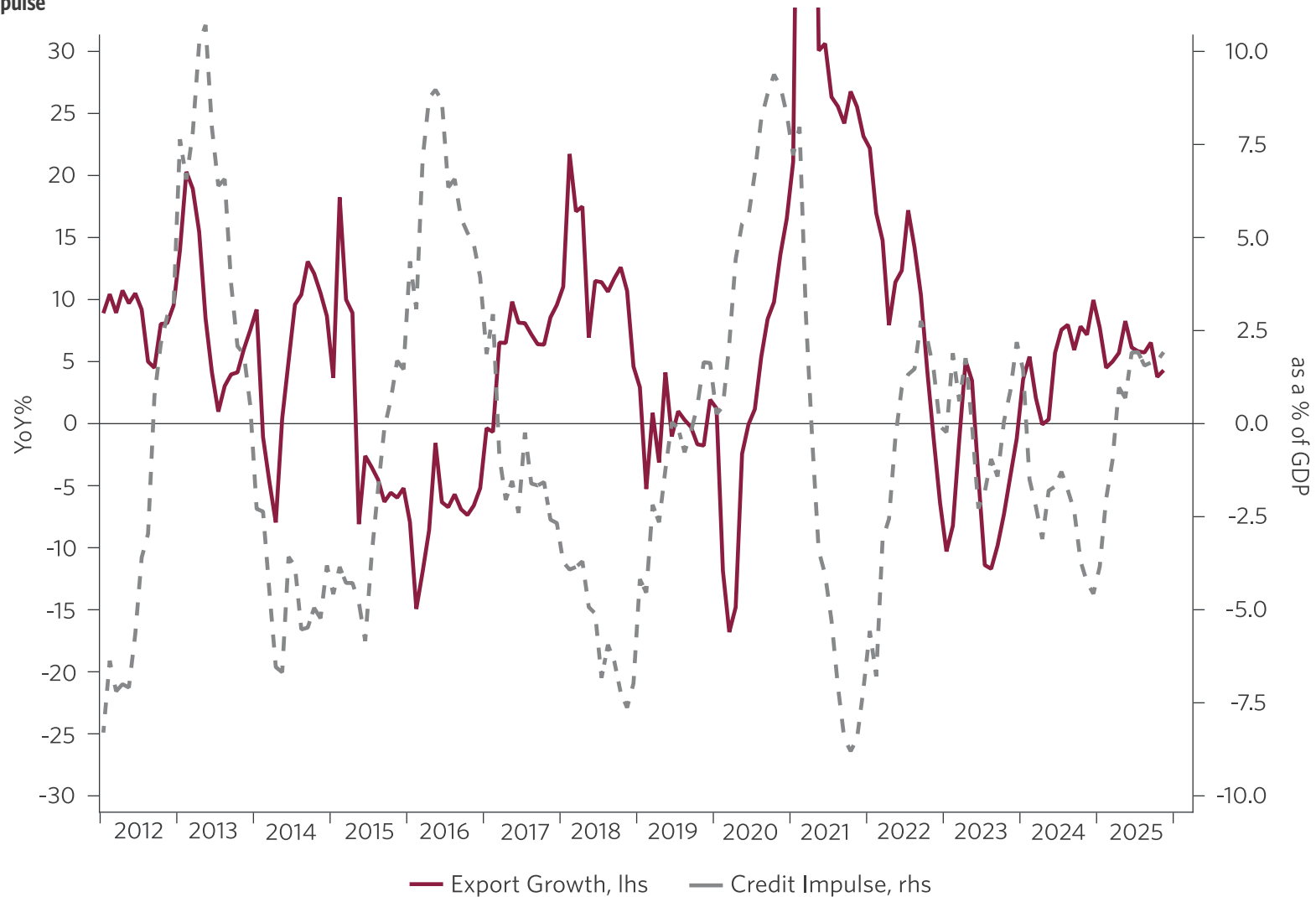


Source: European Central Bank. As of January 15, 2026.


## China credit impulse

The simultaneous alignment of positive foreign demand and a measured fiscal impulse creates a “sweet spot” that supports China growth. Together with SOE driven innovation in tech and robotics and increased social spending, these policy and external tailwinds offset moderating consumption and fading housing headwinds.

### China credit impulse



Source: China General Administration of Customs (GAC). As of January 15, 2026.

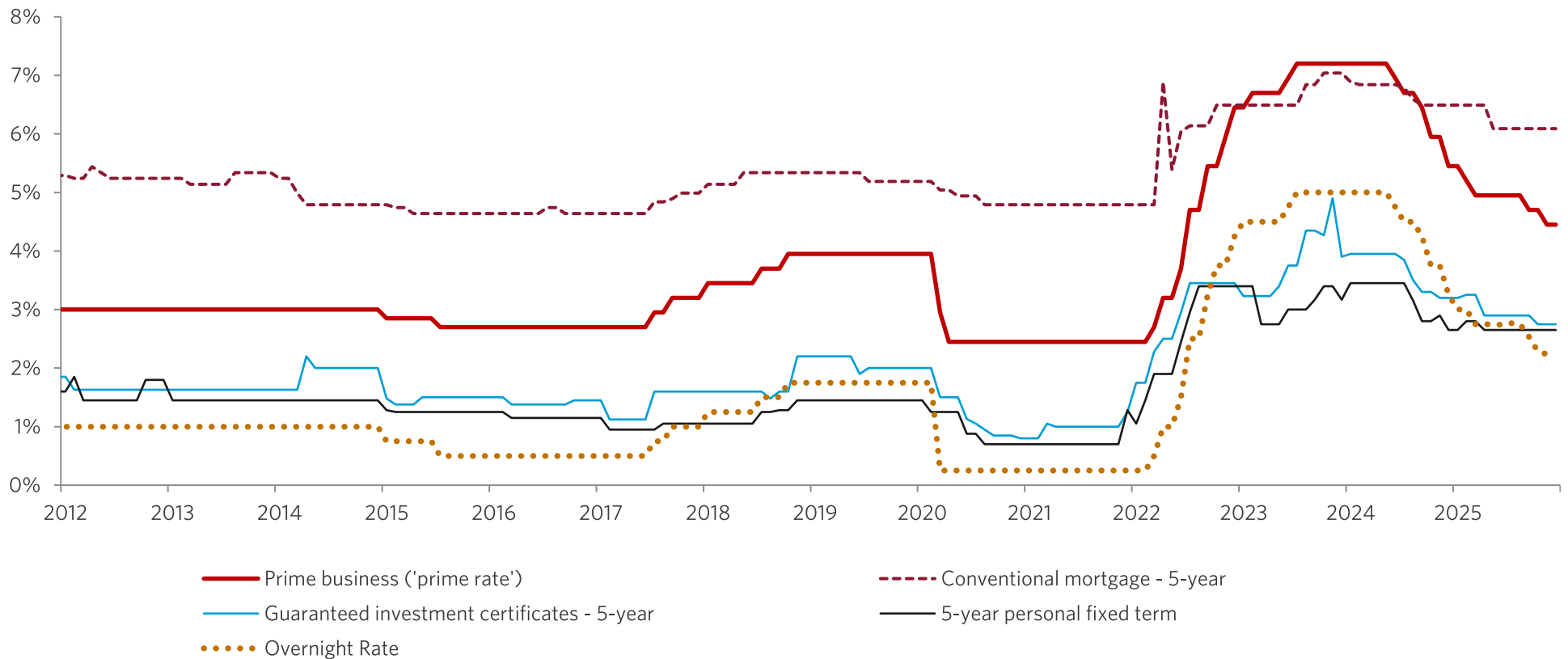


# Fixed income, currency and commodities markets

Winter 2026 Global Markets Compass

## Canadian key interest rates

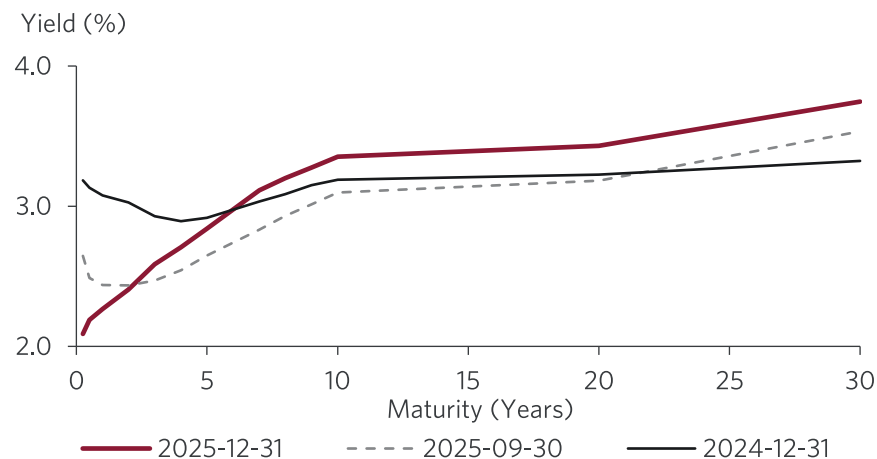
The Bank of Canada maintained its policy rate at 2.25% on December 10, after a 25 basis point cut in October. The decision reflects a cautious approach in response to a mix of resilience and continued uncertainty in both global and domestic conditions. We continue to believe the long-term direction of travel for the overnight lending rate is downwards, however the timing of this remains dependent on inflation and unemployment over the coming months.



Source: Bank of Canada. Data as of December 31, 2025.

## Canadian sovereign bond yields

The yield curve shifted upwards and steepened further over the quarter, bringing the Term Spread closer in line with longer-term history. We expect short-term Canadian bond yields should continue to decline from current levels as the Bank of Canada continues to reduce its policy rate.



### Canadian bond yields (%)

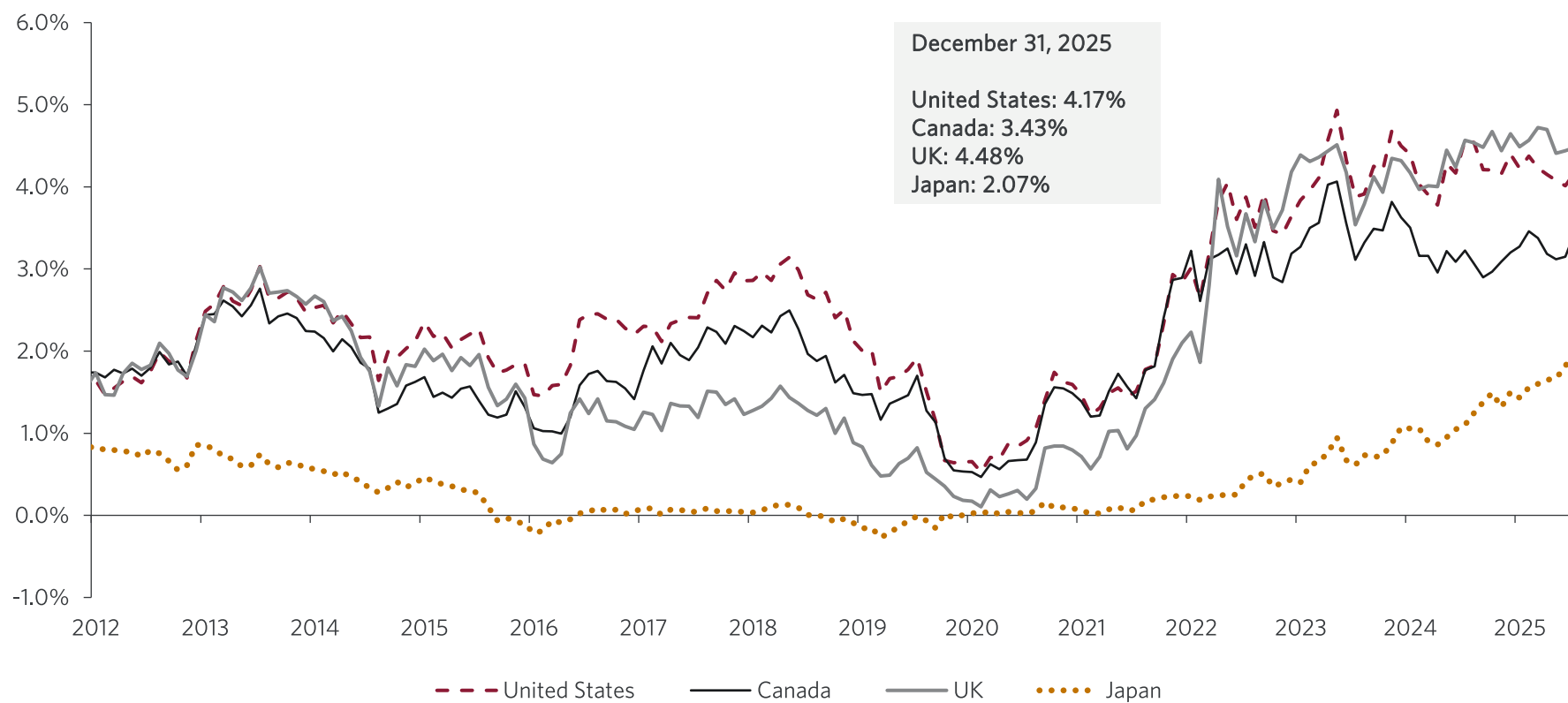
Period	3 mo	6 mo	1 yr	2 yr	3 yr	4 yr	5 yr	7 yr	8 yr	9 yr	10 yr	20 yr	30 yr
2025-12-31	2.09	2.19	2.27	2.41	2.59	2.71	2.84	3.11	3.20	3.28	3.35	3.43	3.75
2025-09-30	2.65	2.49	2.44	2.44	2.47	2.54	2.65	2.83	2.93	3.01	3.10	3.18	3.53
2024-12-31	3.18	3.13	3.08	3.03	2.93	2.89	2.92	3.03	3.09	3.15	3.19	3.23	3.32

Source: Bloomberg. Data as of December 31, 2025.

# Global government bond yields

10-year government bond yields across most major economies remain at very attractive levels relative to longer-term history.

## Global government bond yields

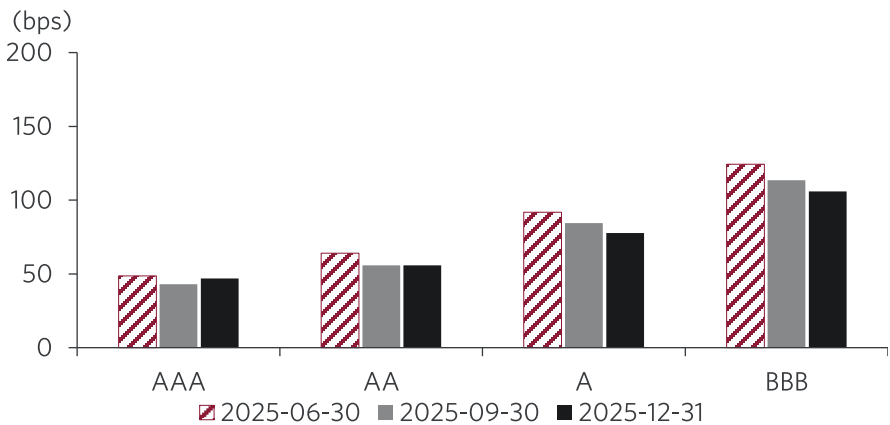


Source: Bloomberg. Data as of December 31, 2025.

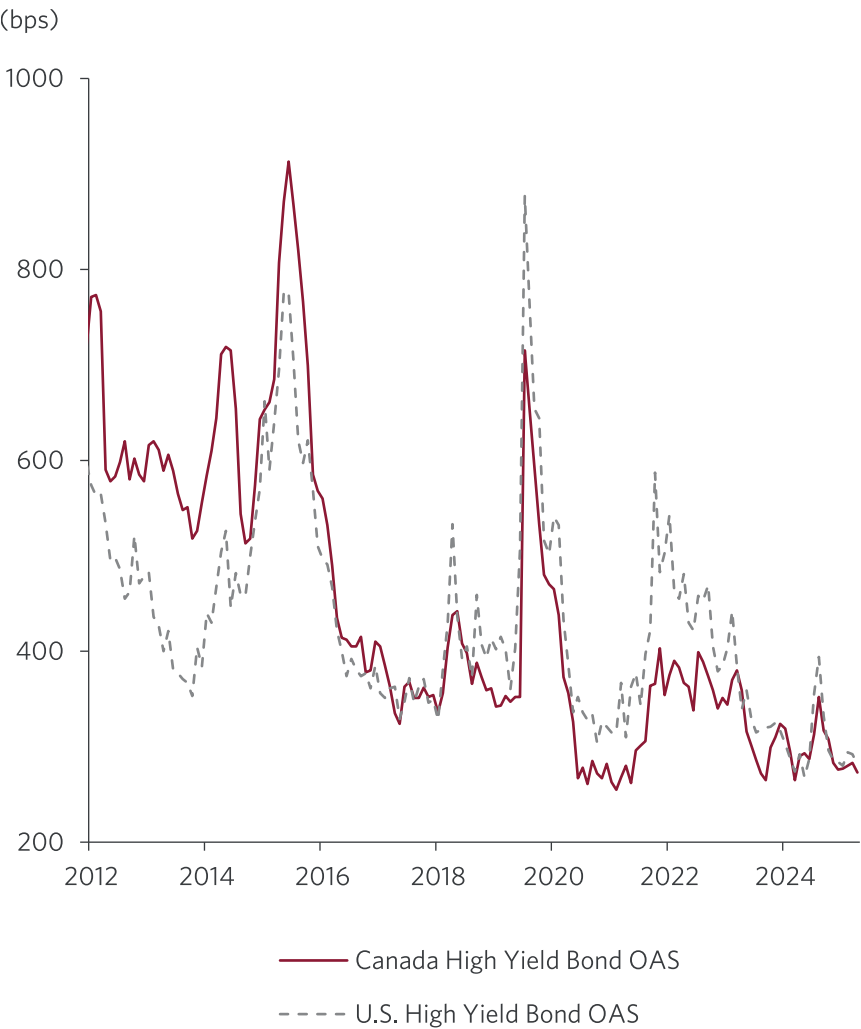
# Credit spreads

Credit spreads widened marginally over the quarter as the macro outlook became more uncertain, but tightened again by year end.

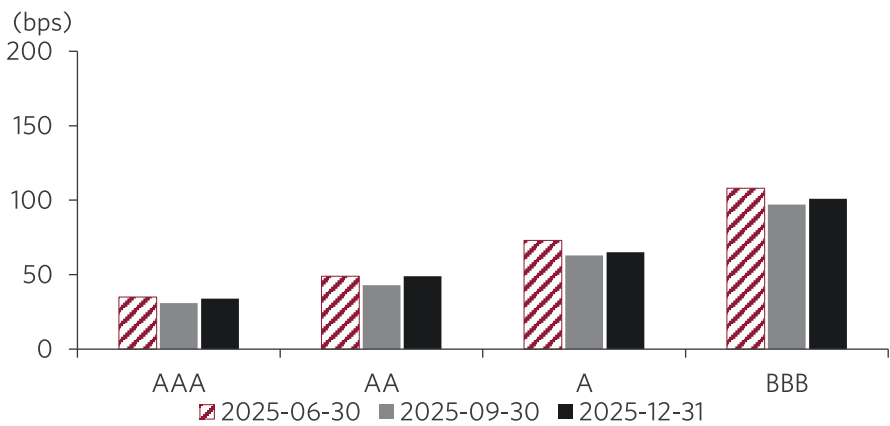
FTSE Canada all corporate bond index corporate bond spreads



High-yield corporate bond spreads



















The BofA Merrill Lynch US corporate index corporate bond spreads



High-yield bond sectors represented by Merrill Lynch Canada High Yield Index and Merrill Lynch U.S. High Yield Master II Index. Investment grade corporate bond sectors represented by FTSE Canada Universe Corporate Index and BofA Merrill Lynch U.S. Corporate Index. Source: Bloomberg, Bank of America Merrill Lynch Bond Indices, PC Bond Analytics, FTSE Global Debt Capital Markets Inc. Data as of December 31, 2025.

## Key Canadian dollar (CAD) exchange rates

	Currency	Exchange	12-31-25	9-30-25
	US Dollar	CAD-USD	0.73	0.72
	Euro	CAD-EUR	0.62	0.61
	Japanese Yen	CAD-JPY	114.26	106.25
	Pound Sterling	CAD-GBP	1.85	1.87
	Australian Dollar	CAD-AUD	1.09	1.09
	Swiss Franc	CAD-CHF	0.58	0.57
	Hong Kong Dollar	CAD-HKD	5.67	5.59
	Chinese Yuan	CAD-CNY	5.09	5.12
	Swedish Krona	CAD-SEK	6.71	6.76
	New Zealand Dollar	CAD-NZD	1.27	1.24
	South Korean Won	CAD-KRW	1052.70	1008.68
	Singapore Dollar	CAD-SGD	0.94	0.93
	Norwegian Krone	CAD-NOK	7.35	7.18
	Mexican Peso	CAD-MXN	13.12	13.15
	Brazilian Real	CAD-BRL	4.01	3.82
	Indian Rupee	CAD-INR	65.59	63.81

USD was relatively flat versus CAD over the quarter. On a Year-to-Date (YTD) basis, CAD has performed relatively strong compared to USD.



Source: MSFX Indices, Rimes Technologies Inc. Data as of December 31, 2025.

## Canadian bonds: Performance

Over the quarter, long-term bonds underperformed mid- and short-term bonds as the yield curve steepened and shifted upwards. Over the 1Y, the risk-on theme still dominated market sentiment as high yield and corporate bonds were the strongest performers.

3 Months	6 Months	1 Year	3 Year	5 Year	7 Year	10 Year
High Yield 1.44%	High Yield 4.30%	High Yield 7.61%	High Yield 9.68%	High Yield 5.79%	High Yield 6.30%	High Yield 7.25%
Corporate 0.34%	Corporate 2.16%	Corporate 4.48%	Corporate 6.60%	Short Term 1.85%	Corporate 3.42%	Corporate 3.21%
Short Term 0.33%	Mid Term 1.69%	Mid Term 4.03%	Mid Term 4.93%	Corporate 1.49%	Short Term 2.51%	Mid Term 2.07%
Core -0.32%	Short Term 1.65%	Short Term 3.88%	Short Term 4.86%	Mid Term 0.17%	Mid Term 2.32%	Short Term 2.06%
Mid Term -0.35%	Core 1.19%	Core 2.64%	Core 4.51%	Core -0.35%	Core 1.90%	Core 1.89%
Federal -0.50%	Government 0.87%	Federal 2.19%	Government 3.81%	Federal -0.40%	Real Return 1.85%	Real Return 1.65%
Government -0.54%	Federal 0.77%	Government 2.05%	Federal 3.55%	Government -0.99%	Government 1.38%	Government 1.43%
Long Term -1.36%	Long Term -0.18%	Real Return 0.88%	Long Term 3.28%	Real Return -1.41%	Federal 1.25%	Long Term 1.34%
Real Return -1.85%	Real Return -0.34%	Long Term -0.75%	Real Return 2.20%	Long Term -3.82%	Long Term 0.53%	Federal 1.13%

Source: PC Bond Analytics, FTSE Global Debt Capital Markets Inc. Canadian dollar total returns. Data as of December 31, 2025.

## Currency returns relative to the Canadian dollar

The Chinese Yuan strengthened the most versus CAD over the quarter. Over the 1-year period, the Mexican Peso was the strongest, while the Japanese Yen was the weakest.

3 Months	6 Months	1 Year	3 Year	5 Year	7 Year	10 Year
Chinese Yuan 0.56%	Mexican Peso 4.96%	Mexican Peso 10.27%	Swiss Franc 5.71%	Swiss Franc 3.76%	Swiss Franc 3.20%	Swiss Franc 2.29%
Mexican Peso 0.26%	Chinese Yuan 3.26%	Swiss Franc 9.26%	Pound Sterling 4.12%	Mexican Peso 3.69%	Mexican Peso 1.42%	Singapore Dollar 0.92%
Australian Dollar -0.53%	Australian Dollar 2.24%	Euro 8.25%	Euro 3.56%	Singapore Dollar 2.08%	Singapore Dollar 0.94%	Euro 0.70%
Swiss Franc -0.94%	Hong Kong Dollar 1.72%	Australian Dollar 2.85%	Mexican Peso 3.29%	U.S. Dollar 1.52%	Pound Sterling 0.88%	U.S. Dollar -0.08%
Singapore Dollar -1.07%	Swiss Franc 0.89%	Pound Sterling 2.73%	Singapore Dollar 1.87%	Hong Kong Dollar 1.44%	Euro 0.43%	Hong Kong Dollar -0.12%
Pound Sterling -1.22%	U.S. Dollar 0.85%	Singapore Dollar 1.35%	Hong Kong Dollar 0.52%	Pound Sterling 1.22%	Hong Kong Dollar 0.19%	Mexican Peso -0.48%
Euro -1.32%	Euro 0.48%	Chinese Yuan -0.46%	U.S. Dollar 0.42%	Euro 0.72%	U.S. Dollar 0.09%	Chinese Yuan -0.82%
U.S. Dollar -1.41%	Singapore Dollar -0.25%	Japanese Yen -4.25%	Chinese Yuan -0.06%	Chinese Yuan 0.15%	Chinese Yuan -0.16%	Australian Dollar -0.94%
Hong Kong Dollar -1.41%	Pound Sterling -1.06%	U.S. Dollar -4.59%	Australian Dollar -0.23%	Australian Dollar -1.31%	Australian Dollar -0.67%	Pound Sterling -0.97%
Japanese Yen -6.91%	Japanese Yen -7.30%	Hong Kong Dollar -4.75%	Japanese Yen -5.39%	Japanese Yen -6.62%	Japanese Yen -4.90%	Japanese Yen -2.70%

Source: MSFX Indices, Rimes Technologies Inc. Data as of December 31, 2025.

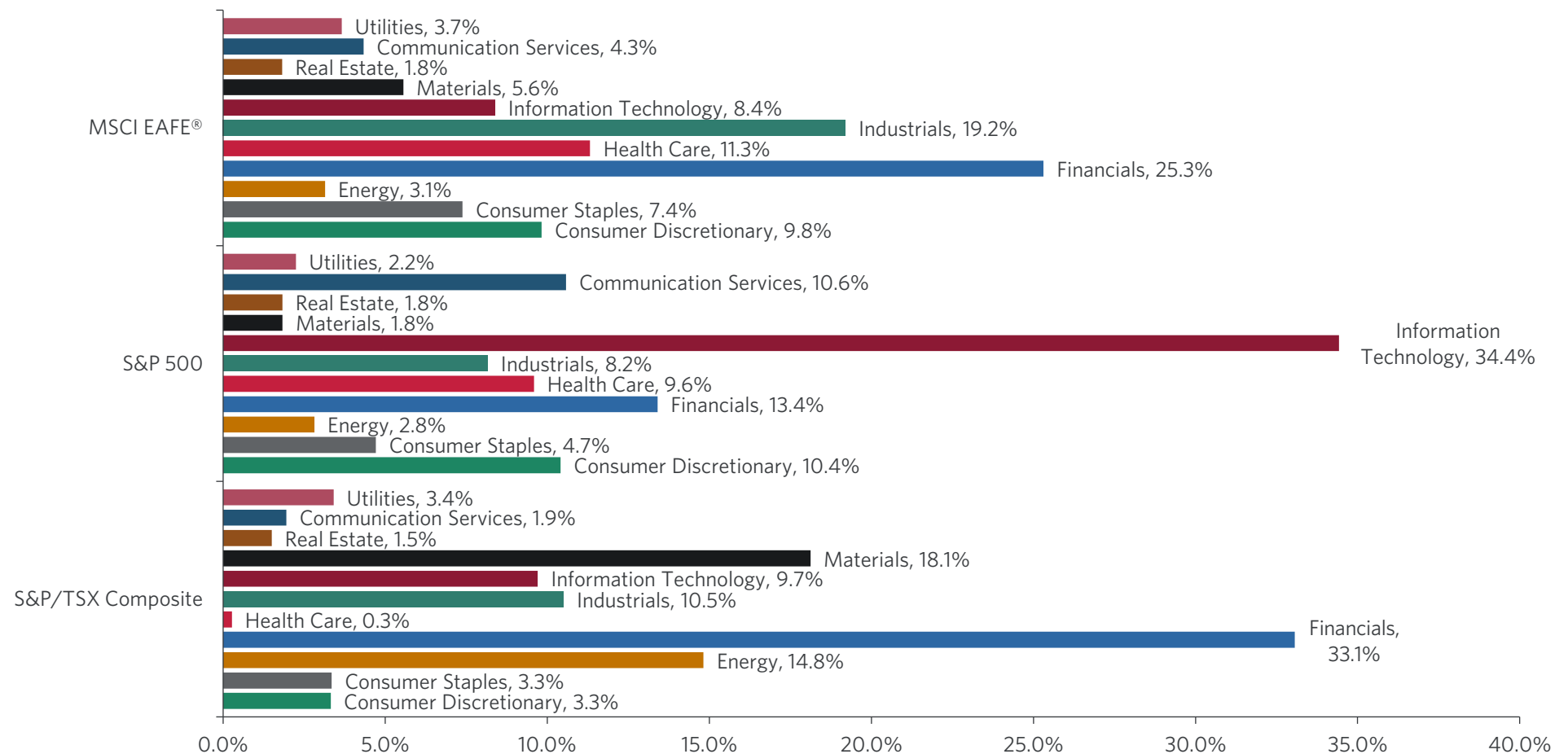
# Equity markets

Winter 2026 Global Markets Compass

## Canadian equities

The Canadian equity market is comprised of more cyclical industries like Financials, Energy, Materials and Industrials than non-domestic markets. The difference in sector composition is a large driver of relative performance.

### GICS sector breakdown across equity markets



Source: S&P/TSX GICS Indices, TSX® Copyright 2026 TSX Inc. All rights reserved. Due to rounding totals may not always equal 100%. Data as of December 31, 2025.

## Global equities: GICS sector returns

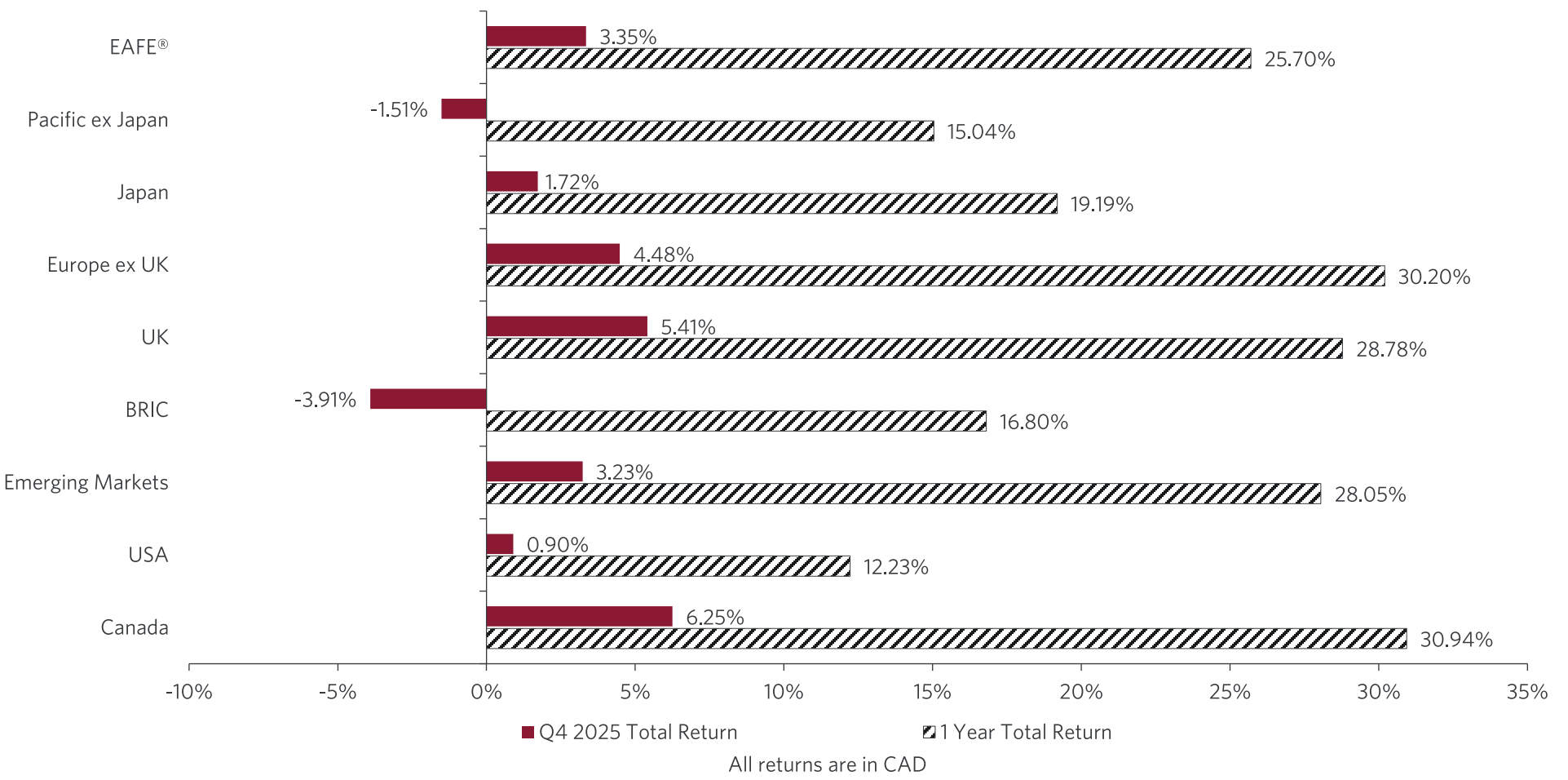
Global equity markets navigated a dynamic landscape in the fourth quarter, marked by shifting interest rate expectations, evolving macroeconomic conditions, and divergent regional performance. Health Care, Materials and Financials delivered the strongest returns, while Consumer Discretionary and Information Technology delivered the weakest.

3 Months	6 Months	1 Year	3 Year	5 Year	7 Year	10 Year
Health Care 9.05%	Communication Services 16.72%	Communication Services 26.18%	Communication Services 37.95%	Energy 22.54%	Information Technology 25.50%	Information Technology 22.03%
Materials 3.70%	Materials 14.87%	Financials 23.41%	Information Technology 36.79%	Information Technology 19.72%	Communication Services 16.92%	Financials 12.33%
Financials 3.30%	Health Care 14.67%	Materials 20.37%	Financials 25.00%	Financials 19.31%	Financials 15.78%	Industrials 12.15%
Communication Services 3.29%	Information Technology 14.45%	Utilities 19.87%	Consumer Discretionary 22.01%	Communication Services 15.18%	Industrials 14.68%	Communication Services 11.74%
Utilities 0.90%	Financials 11.15%	Industrials 19.57%	Industrials 21.32%	Industrials 14.17%	Consumer Discretionary 13.85%	Consumer Discretionary 11.53%
Energy 0.75%	Consumer Discretionary 9.81%	Information Technology 17.91%	Utilities 13.63%	Utilities 10.68%	Materials 11.70%	Materials 10.99%
Consumer Staples 0.05%	Energy 9.38%	Health Care 10.01%	Materials 11.82%	Materials 9.26%	Utilities 10.59%	Utilities 9.63%
Industrials 0.04%	Utilities 8.42%	Energy 9.03%	Energy 7.48%	Consumer Discretionary 8.82%	Energy 10.52%	Energy 8.54%
Information Technology -0.10%	Industrials 6.90%	Consumer Staples 4.31%	Health Care 7.35%	Health Care 8.52%	Health Care 10.29%	Health Care 8.53%
Consumer Discretionary -0.64%	Consumer Staples 0.08%	Consumer Discretionary 3.55%	Consumer Staples 6.65%	Consumer Staples 6.74%	Consumer Staples 8.18%	Consumer Staples 6.40%

Source: PC Bond Analytics, FTSE Global Debt Capital Markets Inc. Canadian dollar total returns. Data as of December 31, 2025.

# Global equities performance

Global equity markets recorded another strong quarter (1.84%), with major regions—including Canada, the US, EAFE, and Emerging Markets—extending their multi-month rallies and achieving new highs.



Source: MSCI Indices, Bloomberg. All returns are in CAD.  
Benchmark Proxies: MSCI ACWI (Global), MSCI EAFE® (EAFE®), MSCI Pacific ex Japan (Pacific ex Japan), MSCI Japan (Japan), MSCI Europe ex UK (Europe ex UK), MSCI UK (UK), MSCI BRIC (BRIC), MSCI Emerging Markets (Emerging Markets).  
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Data as of December 31, 2025.

## S&P/TSX Composite Index: Annual returns

Canadian equities delivered exceptional returns in 2025, driven by strong performance in the Materials sector, namely Precious Metals, as investors fled to gold amid tariff uncertainty and the risk of USD debasement. Over the last 97 years, there were only 8 calendar years where Canadian equities delivered negative 20% or less.

**33% negative annual returns**

**67% positive annual returns**

-20% or less	-20% to -10%	-10% to 0%	0% to +10%	+10% to +20%	+20% to +30%	+30% to +40%	+40% or more
2008	2002	2022	2020	2023	2024	2025	1933
1974	2001	2018	2017	2014	2021	2009	
1957	1990	2015	2012	2013	2019	1999	
1940	1981	2011	2007	2010	2016	1993	
1937	1966	1998	2000	2006	2005	1983	
1932	1962	1994	1991	2004	2003	1979	
1931	1929	1992	1988	1997	1996	1954	
1930		1984	1987	1995	1985	1950	
		1973	1986	1989	1980	1945	
		1970	1982	1975	1978		
		1969	1977	1968	1972		
		1960	1976	1967	1964		
		1953	1971	1963	1961		
		1952	1965	1951	1958		
		1947	1959	1949	1955		
		1941	1956	1944	1936		
		1934	1948	1943	1935		
			1946		1928		
			1942				
			1939				
			1938				

Source: Bloomberg. Data as of December 31, 2025.

# S&P 500 Composite Index: Annual returns

US equities underperformed several major markets over the year, but still delivered a strong year of returns. Over the last 97 years, there were only 6 calendar years where US equities delivered negative 20% or less.

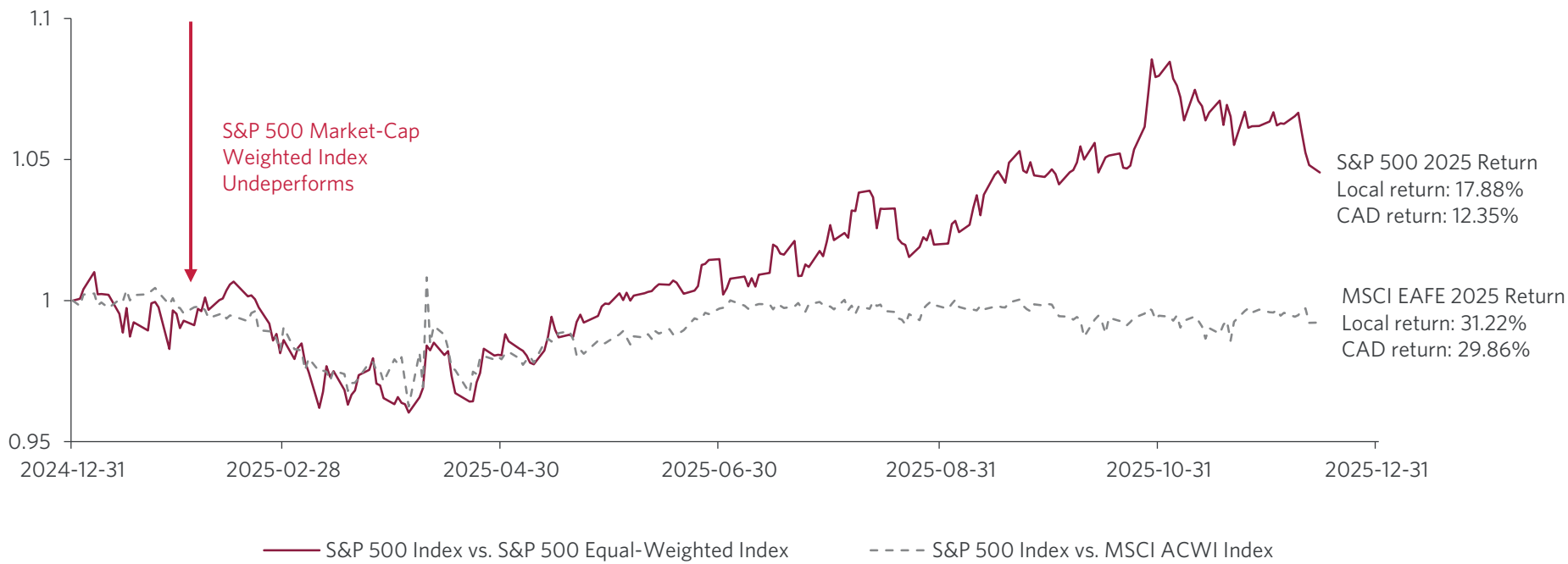
33% negative annual returns			67% positive annual returns				
-20% or less	-20% to -10%	-10% to 0%	0% to +10%	+10% to +20%	+20% to +30%	+30% to +40%	+40% or more
2008	2022	2018	2015	2025	2024	2019	1958
2002	2001	2000	2011	2020	2023	2013	1954
1974	1973	1990	2007	2016	2021	1997	1935
1937	1957	1981	2005	2014	2017	1995	1933
1931	1941	1977	1994	2012	2009	1989	
1930	1932	1969	1993	2010	2003	1985	
	1929	1966	1992	2006	1999	1980	
		1962	1987	2004	1998	1975	
		1953	1984	1988	1996	1955	
		1946	1978	1986	1991	1950	
		1940	1970	1979	1983	1945	
		1939	1960	1972	1982	1936	
		1934	1956	1971	1976	1928	
			1948	1968	1967		
			1947	1965	1963		
				1964	1961		
				1959	1951		
				1952	1949		
				1944	1943		
				1942	1938		

Source: Bloomberg. Data as of December 31, 2025.

# Market breadth

Over the first quarter of 2025, we saw the S&P 500 Index underperform MSCI ACWI and the S&P Equal-Weighted Index, demonstrating broader market participation across the globe. While the post-liberation day rally drove mega-cap outperformance, that has since retreated as the S&P 500 Equal-Weighted index has outperformed in Q4.

Market Returns Relative to the S&P 500 Index  
Indexed at 1 on December 31, 2024



Source: Bloomberg, as of December 30, 2025.

# Market breadth: Long-term trend

Based on long-term data, the S&P 500 continues to outperform the MSCI ACWI, maintaining record-high levels. Additionally, the S&P 500 Index relative to the S&P 500 Equal-Weighted Index is trending near its 10- and 20-year highs.

## Market Returns Relative to the S&P 500 Index Indexed at 1 on December 31, 1998

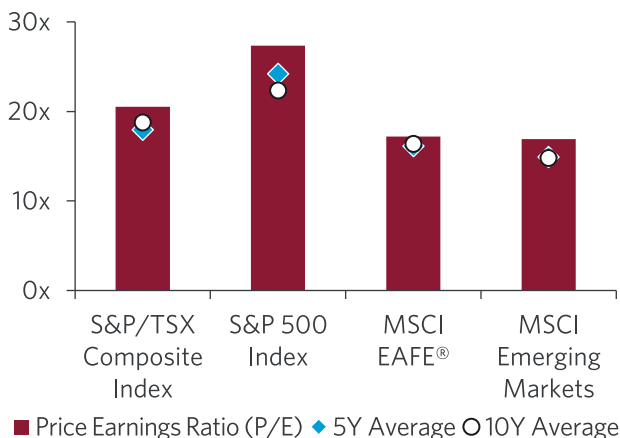


Source: Bloomberg, as of December 30, 2025.

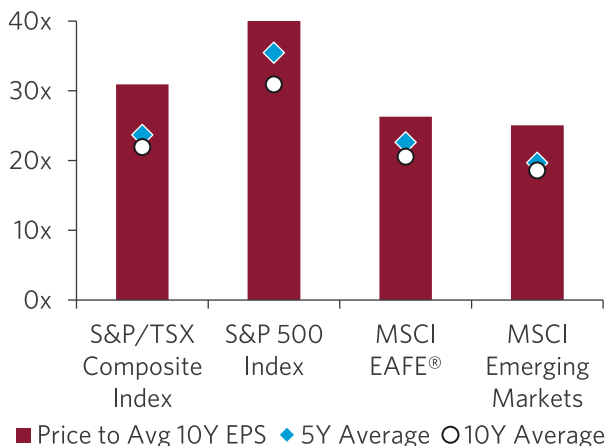
## Equity valuation measures

US equities trade at higher relative valuations but are expected to deliver stronger earnings growth than the rest of the world.

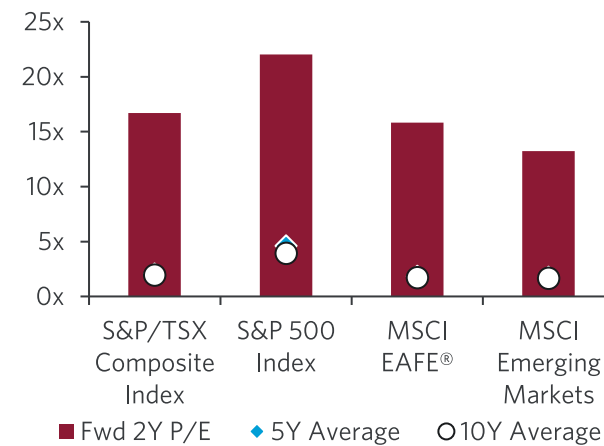
**Price earnings ratio (P/E)**



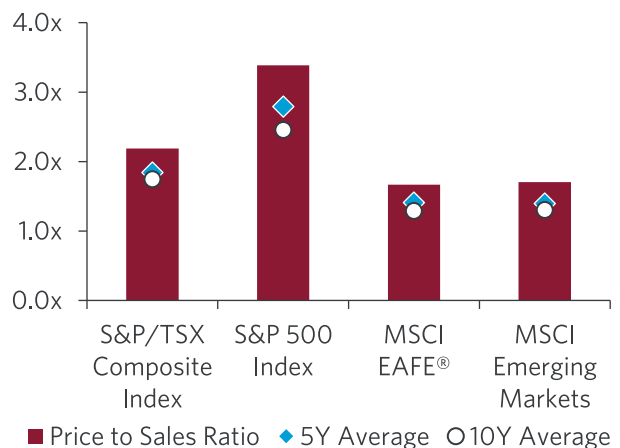
**Price to avg 10Y EPS**



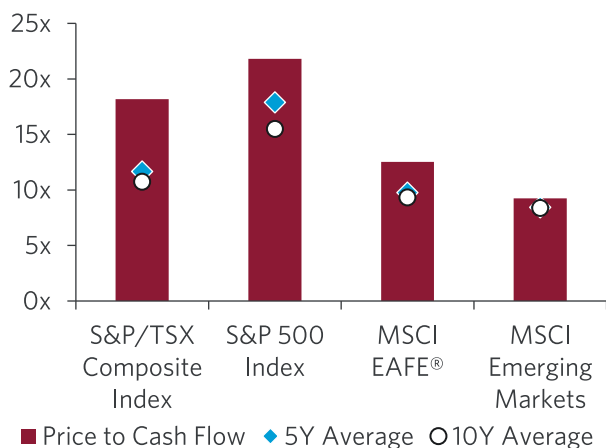
**Forward 2Y price earnings ratio**



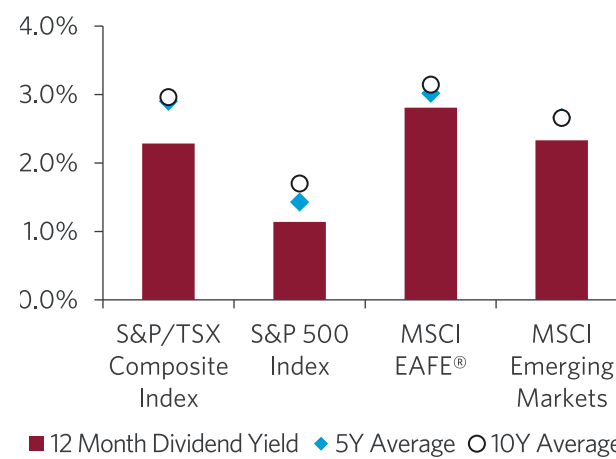
**Price to sales ratio**



**Price to cash flow**



**12-month dividend yield**



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December 31, 2025.

# Asset allocation

Winter 2026 Global Markets Compass

# Balanced portfolio histogram

Over the past 39 years, the balanced portfolio has generated negative calendar-year returns on just seven occasions.

18% Negative Annual Returns  
Ave. Negative Annual Return: -5.6%

82% Positive Annual Returns  
Ave. Positive Annual Return: +11.6%

-15% to -10%	-10% to -5%	-5% to 0%	0% to +5%	+5% to +10%	+10% to +15%	+15% to +20%	+20-25%
2008	2022	2018	2011	2020	2025	2024	1993
	2002	2007	2000	2017	2023	2019	1991
		2001	1994	2016	2021	2013	
		1990		2015	2014	1998	
				2012	2009	1997	
				2010	2006	1996	
				2005	1999	1995	
				2004	1989		
				2003			
				1992			
				1988			
				1987			

Performance proxy indices for the global asset allocation are: 4% FTSE Canada Short-term Bond Index, 20% FTSE Canada Universe Bond Index, 7% FTSE World Government Bond Index (Hedged to CAD); 9% Bank of America Merrill Lynch BB-B US Cash Pay High Yield Index since inception (Sep 1988),Merrill Lynch US High yield Master II Index (Hedged) for Sept. 1986 to Aug. 1988; 16.5% S&P/TSX Composite Index for Canadian Equity; 25% S&P 500 Index (CAD); 15% MSCI EAFE Index (CAD); 3.5% MSCI Emerging Markets Index (CAD) up to Jan 1,1988 with MSCI World Index (CAD) used as a proxy for earlier data.

Source: Bloomberg, FTSE Canada. Data as of December 30, 2025.

## Asset class returns

Asset class leadership varies over time based on a variety of factors. Investing in a broadly diversified portfolio will ensure at least some participation in the highest performing asset classes at any given time and is an appropriate prescription for uncertain timing. This approach, proxied by a balanced portfolio, continued to provide superior returns versus cash in Q425.

3 Months	6 Months	1 Year	3 Year	5 Year	7 Year	10 Year
Canadian Equities 6.25%	Canadian Equities 19.53%	Canadian Equities 31.68%	U.S. Equities 23.48%	Canadian Dividend 16.61%	U.S. Equities 17.35%	U.S. Equities 14.67%
Canadian Dividend 5.64%	Emerging Market Equities 16.79%	Canadian Dividend 28.49%	Global Equities 22.19%	U.S. Equities 16.11%	Canadian Equities 15.46%	Canadian Equities 12.65%
International Equities 3.35%	Canadian Dividend 16.42%	Emerging Market Equities 28.05%	Canadian Equities 21.41%	Canadian Equities 16.09%	Global Equities 15.40%	Canadian Dividend 12.64%
Emerging Market Equities 3.23%	U.S. Equities 11.50%	International Equities 25.70%	Canadian Dividend 19.07%	Global Equities 14.32%	Canadian Dividend 14.95%	Global Equities 12.59%
Balanced Portfolio 1.69%	Global Equities 11.30%	Global Equities 15.90%	International Equities 18.28%	International Equities 11.08%	International Equities 11.15%	Emerging Market Equities 8.71%
Global Equities 1.67%	International Equities 10.48%	U.S. Equities 12.35%	Emerging Market Equities 17.43%	Balanced Portfolio 7.27%	Emerging Market Equities 8.58%	International Equities 8.57%
Canadian High Yield 1.44%	Balanced Portfolio 7.62%	Balanced Portfolio 11.74%	Balanced Portfolio 13.26%	Emerging Market Equities 6.21%	Balanced Portfolio 8.39%	Balanced Portfolio 7.32%
U.S. Equities 1.13%	Canadian High Yield 4.30%	Canadian High Yield 7.61%	Canadian High Yield 9.68%	Canadian High Yield 5.79%	Canadian High Yield 6.30%	Canadian High Yield 7.25%
Cash 0.63%	Canadian Corporate Bonds 2.16%	Canadian Corporate Bonds 4.48%	Canadian Corporate Bonds 6.60%	Cash 2.88%	Canadian Corporate Bonds 3.42%	Canadian Corporate Bonds 3.21%
Canadian Corporate Bonds 0.34%	Cash 1.34%	Cash 2.84%	Cash 4.15%	Canadian Corporate Bonds 1.49%	Cash 2.41%	Cash 1.93%
Canadian Gov Bonds -0.54%	Canadian Gov Bonds 0.87%	Global Bonds 2.50%	Canadian Gov Bonds 3.81%	Canadian Gov Bonds -0.99%	Canadian Gov Bonds 1.38%	Canadian Gov Bonds 1.43%
Global Bonds -1.38%	Global Bonds 0.72%	Canadian Gov Bonds 2.05%	Global Bonds 3.59%	Global Bonds -2.11%	Global Bonds -0.32%	Global Bonds 0.40%

Source: PC Bond Analytics, FTSE Global Debt Capital Markets Inc. Canadian dollar returns. Data as of December 31, 2025.

# Asset class correlations

Currency: CAD	Cash	Canadian Equities	Canadian Dividend	Canadian Bond	Canadian High Yield	US Equities	Global Equities	International Equities	Emerging Market Equities	Global Bonds	Benchmark
Cash	1.00	0.03	-0.06	0.55	0.03	0.20	0.27	0.56	0.39	0.61	FTSE Canada 91 Day T-Bill Index
Canadian Equities	-0.08	1.00	0.95	0.39	0.74	0.77	0.80	0.65	0.42	0.16	S&P/TSX Composite Index
Canadian Dividend	-0.11	0.98	1.00	0.32	0.64	0.60	0.63	0.56	0.22	0.09	S&P/TSX Composite Dividend Index
Canadian Bonds	0.14	0.51	0.45	1.00	0.44	0.42	0.45	0.56	0.43	0.83	FTSE Canada Universe Bond Index
Canadian High Yield	-0.02	0.71	0.68	0.50	1.00	0.88	0.86	0.54	0.67	0.29	FTSE Canada High Yield Overall Bond Index
US Equities	0.05	0.79	0.73	0.52	0.53	1.00	0.99	0.60	0.76	0.26	S&P 500 Index
Global Equities	0.06	0.84	0.79	0.55	0.59	0.98	1.00	0.71	0.74	0.27	MSCI World Index
International Equities	0.08	0.81	0.78	0.52	0.59	0.76	0.86	1.00	0.41	0.32	MSCI EAFE® Index
Emerging Market Equities	0.05	0.55	0.50	0.39	0.59	0.54	0.60	0.65	1.00	0.47	MSCI Emerging Markets Index
Global Bonds	0.31	-0.13	-0.18	0.61	-0.04	0.06	0.06	0.07	0.08	1.00	Citigroup World Government Bond Index

□ 1-Year Correlations

▤ 7-Year Correlations

Source: PC Bond Analytics, FTSE Global Debt Capital Markets Inc., Zephyr Associates Inc, Rimes Technologies Inc, Bloomberg. Canadian currency. Data as of December 31, 2025.

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# Appendix – Index returns

Winter 2026 Global Markets Compass

## Canadian bonds: Returns

2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
High Yield 7.61%	High Yield 11.48%	High Yield 10.00%	Short Term -4.04%	High Yield 6.18%	Real Return 13.02%	Long Term 12.71%	MBS 2.47%	High Yield 9.94%	High Yield 16.93%
Corporate 4.48%	Corporate 6.97%	Long Term 9.51%	High Yield -5.44%	Real Return 1.84%	Long Term 11.90%	High Yield 8.48%	Federal 2.39%	Long Term 7.03%	Corporate 3.73%
Mid Term 4.03%	Short Term 5.70%	Corporate 8.37%	MBS -5.69%	MBS -0.76%	Mid Term 10.08%	Corporate 8.05%	High Yield 2.15%	Corporate 3.38%	Real Return 2.86%
Short Term 3.88%	MBS 4.67%	Core 6.69%	Federal -9.34%	Short Term -0.93%	Corporate 8.74%	Real Return 8.02%	Short Term 1.91%	Core 2.52%	Long Term 2.47%
Core 2.64%	Mid Term 4.65%	Mid Term 6.13%	Corporate -9.87%	Corporate -1.34%	Government 8.69%	Core 6.87%	Mid Term 1.91%	Government 2.18%	Core 1.66%
Federal 2.19%	Core 4.23%	Government 6.11%	Mid Term -10.29%	Core -2.54%	Core 8.68%	Government 6.42%	Government 1.53%	MBS 0.97%	Mid Term 1.61%
Government 2.05%	Real Return 3.73%	Short Term 5.02%	Core -11.69%	Federal -2.62%	Federal 7.28%	Mid Term 5.75%	Core 1.41%	Mid Term 0.96%	MBS 1.24%
Real Return 0.88%	Federal 3.48%	Federal 5.00%	Government -12.34%	Mid Term -2.69%	High Yield 6.69%	Federal 3.73%	Corporate 1.10%	Real Return 0.72%	Short Term 1.01%
Long Term -0.75%	Government 3.31%	MBS 4.15%	Real Return -14.32%	Government -2.97%	MBS 5.95%	MBS 3.21%	Long Term 0.31%	Federal 0.13%	Government 0.89%
	Long Term 1.35%	Real Return 1.99%	Long Term -21.76%	Long Term -4.52%	Short Term 5.29%	Short Term 3.10%	Real Return -0.05%	Short Term 0.08%	Federal 0.00%

Source: PC Bond Analytics, FTSE Global Debt Capital Markets Inc. Canadian dollar total returns. Data as of December 31, 2025.

## Global equities: GICS sector returns

2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Communication Services 26.18%	Communication Services 46.44%	Information Technology 49.53%	Energy 58.33%	Energy 40.57%	Information Technology 41.73%	Information Technology 40.66%	Health Care 12.33%	Information Technology 29.63%	Energy 23.16%
Financials 23.41%	Information Technology 45.18%	Communication Services 42.08%	Utilities 3.11%	Information Technology 29.04%	Consumer Discretionary 34.59%	Industrials 22.00%	Utilities 12.16%	Materials 20.98%	Materials 18.79%
Materials 20.37%	Financials 39.01%	Consumer Discretionary 31.89%	Health Care 1.94%	Financials 27.60%	Communication Services 21.27%	Communication Services 21.46%	Information Technology 6.55%	Industrials 17.62%	Industrials 9.62%
Utilities 19.87%	Consumer Discretionary 32.98%	Industrials 20.49%	Consumer Staples 1.31%	Health Care 19.32%	Materials 18.38%	Consumer Discretionary 20.69%	Consumer Discretionary 3.45%	Consumer Discretionary 16.06%	Financials 9.26%
Industrials 19.57%	Utilities 24.26%	Financials 13.86%	Financials -2.99%	Consumer Discretionary 17.17%	Health Care 12.10%	Financials 20.02%	Communication Services -0.94%	Financials 15.30%	Information Technology 8.10%
Information Technology 17.91%	Industrials 23.94%	Materials 12.24%	Materials -3.80%	Industrials 16.07%	Industrials 10.22%	Materials 17.67%	Consumer Staples -1.34%	Health Care 12.51%	Utilities 3.19%
Health Care 10.01%	Consumer Staples 15.99%	Health Care 1.48%	Industrials -6.42%	Materials 15.79%	Consumer Staples 6.62%	Health Care 17.63%	Industrials -6.36%	Consumer Staples 10.06%	Communication Services 2.86%
Energy 9.03%	Energy 13.03%	Energy 0.75%	Information Technology -25.56%	Communication Services 13.81%	Utilities 3.78%	Consumer Staples 17.34%	Energy -7.55%	Utilities 7.08%	Consumer Discretionary 0.06%
Consumer Staples 4.31%	Health Care 10.82%	Consumer Staples 0.26%	Consumer Discretionary -28.28%	Consumer Staples 12.76%	Financials -3.89%	Utilities 17.33%	Financials -8.94%	Communication Services -0.26%	Consumer Staples -1.26%
Consumer Discretionary 3.55%	Materials 3.48%	Utilities -1.51%	Communication Services -32.14%	Utilities 9.81%	Energy -31.74%	Energy 6.79%	Materials -9.04%	Energy -1.08%	Health Care -9.56%

Source: PC Bond Analytics, FTSE Global Debt Capital Markets Inc. Canadian dollar total returns. Data as of December 31, 2025.

## Canadian equities: Returns

3 Months	6 Months	1 Year	3 Year	5 Year	7 Year	10 Year
Small Cap 10.22%	Small Cap 33.22%	Small Cap 50.19%	Value 23.88%	Value 21.32%	Value 16.92%	Value 13.47%
Core 6.25%	Value 22.16%	Value 35.01%	Small Cap 23.21%	Dividend 16.61%	Core 15.46%	Large Cap 12.78%
Large Cap 5.72%	Core 19.53%	Core 31.68%	Core 21.41%	Equity Income 16.46%	Large Cap 15.27%	Core 12.65%
Dividend 5.64%	Large Cap 17.90%	Large Cap 29.06%	Large Cap 20.52%	Core 16.09%	Small Cap 15.05%	Dividend 12.64%
Value 5.38%	Equity Income 16.60%	Dividend 28.49%	Growth 19.83%	Large Cap 16.01%	Dividend 14.95%	Small Cap 12.00%
Growth 5.25%	Dividend 16.42%	Equity Income 26.38%	Dividend 19.07%	Small Cap 15.33%	Equity Income 13.96%	Equity Income 11.91%
Equity Income 5.13%	Growth 14.97%	Growth 18.83%	Equity Income 16.08%	Growth 12.82%	Growth 13.54%	Growth 11.43%
Preferred 2.23%	Preferred 5.12%	REIT 10.04%	Preferred 8.55%	REIT 4.39%	REIT 4.08%	REIT 6.16%
REIT -2.76%	REIT 1.33%	Preferred 9.57%	REIT 3.37%	Preferred 2.46%	Preferred 1.46%	Preferred 0.64%

Source: PC Bond Analytics, FTSE Global Debt Capital Markets Inc. Canadian dollar total returns. Data as of December 31, 2025.

## Canadian equities: Returns

2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Small Cap 50.19%	Growth 28.99%	Growth 12.27%	Value 1.51%	Value 36.18%	Small Cap 12.87%	Equity Income 25.81%	REIT 6.29%	Growth 13.06%	Small Cap 38.48%
Value 35.01%	Value 27.43%	Large Cap 12.05%	Equity Income 0.65%	Equity Income 36.10%	Growth 10.53%	Value 22.93%	Growth -6.05%	REIT 9.85%	Equity Income 28.49%
Core 31.68%	Core 21.65%	Core 11.83%	Dividend -0.09%	REIT 35.22%	Core 5.60%	Core 22.84%	Large Cap -7.58%	Large Cap 9.78%	Value 27.01%
Large Cap 29.06%	Large Cap 21.04%	Value 10.51%	Core -5.75%	Large Cap 28.05%	Large Cap 5.56%	REIT 22.79%	Dividend -8.59%	Dividend 9.33%	Dividend 24.00%
Dividend 28.49%	Dividend 19.85%	Dividend 9.63%	Large Cap -6.24%	Dividend 27.82%	Dividend 1.08%	Large Cap 21.93%	Core -8.88%	Core 9.08%	Large Cap 21.36%
Equity Income 26.38%	Small Cap 18.83%	Equity Income 6.97%	Growth -7.53%	Core 25.15%	Preferred 0.05%	Dividend 21.71%	Equity Income -10.77%	Preferred 8.34%	Core 21.08%
Growth 18.83%	Preferred 17.58%	Small Cap 4.79%	Small Cap -9.29%	Small Cap 20.27%	Equity Income -7.39%	Growth 20.44%	Value -11.86%	Equity Income 7.61%	REIT 17.63%
REIT 10.04%	Equity Income 15.68%	REIT 2.80%	REIT -16.99%	Growth 14.84%	Value -7.55%	Small Cap 15.84%	Preferred -12.21%	Value 5.84%	Growth 14.20%
Preferred 9.57%	REIT -2.36%	Preferred -0.73%	Preferred -22.31%	Preferred 13.65%	REIT -13.08%	Preferred -2.02%	Small Cap -18.17%	Small Cap 2.75%	Preferred 1.25%

Source: PC Bond Analytics, FTSE Global Debt Capital Markets Inc. Canadian dollar total returns. Data as of December 31, 2025.

# Asset class returns

2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Canadian Equities 31.68%	US Equities 36.36%	US Equities 22.90%	Cash 1.82%	Canadian Dividend 27.82%	Emerging Market Equities 16.60%	US Equities 24.84%	Global Bonds 8.09%	Emerging Market Equities 28.70%	Canadian Dividend 24.00%
Canadian Dividend 28.49%	Global Equities 30.01%	Global Equities 21.08%	Canadian Dividend -0.09%	US Equities 27.61%	US Equities 16.32%	Canadian Equities 22.84%	US Equities 4.23%	International Equities 17.36%	Canadian Equities 21.08%
Emerging Market Equities 28.05%	Canadian Equities 21.65%	International Equities 15.66%	Canadian High Yield -5.44%	Canadian Equities 25.15%	Global Equities 14.45%	Global Equities 21.91%	Canadian High Yield 2.15%	Global Equities 14.99%	Canadian High Yield 16.93%
International Equities 25.70%	Canadian Dividend 19.85%	Balanced Portfolio 12.77%	Canadian Equities -5.84%	Global Equities 21.31%	Balanced Portfolio 9.91%	Canadian Dividend 21.71%	Canadian Gov Bonds 1.53%	US Equities 13.83%	US Equities 8.09%
Global Equities 15.90%	Emerging Market Equities 17.85%	Canadian Equities 11.73%	International Equities -7.76%	International Equities 10.82%	Canadian Corporate Bonds 8.74%	International Equities 16.45%	Cash 1.38%	Canadian High Yield 9.94%	Emerging Market Equities 7.74%
U.S. Equities 12.35%	Balanced Portfolio 15.31%	Canadian High Yield 10.00%	Balanced Portfolio -9.09%	Balanced Portfolio 7.53%	Canadian Gov Bonds 8.69%	Emerging Market Equities 12.87%	Canadian Corporate Bonds 1.10%	Canadian Dividend 9.33%	Balanced Portfolio 6.33%
Balanced Portfolio 11.74%	International Equities 13.81%	Canadian Dividend 9.63%	Canadian Corporate Bonds -9.87%	Canadian High Yield 6.18%	Global Bonds 8.18%	Balanced Portfolio 12.56%	Global Equities 0.06%	Balanced Portfolio 9.27%	Global Equities 4.41%
Canadian High Yield 7.61%	Canadian High Yield 11.48%	Canadian Corporate Bonds 8.37%	Global Equities -11.75%	Cash 0.17%	Canadian High Yield 6.69%	Canadian High Yield 8.48%	Balanced Portfolio -0.76%	Canadian Equities 9.08%	Canadian Corporate Bonds 3.73%
Canadian Corporate Bonds 4.48%	Canadian Corporate Bonds 6.97%	Emerging Market Equities 7.31%	US Equities -12.16%	Canadian Corporate Bonds -1.34%	International Equities 6.38%	Canadian Corporate Bonds 8.05%	International Equities -5.55%	Canadian Corporate Bonds 3.38%	Canadian Gov Bonds 0.89%
Cash 2.84%	Global Bonds 5.94%	Canadian Gov Bonds 6.11%	Global Bonds -12.32%	Canadian Gov Bonds -2.97%	Canadian Equities 5.60%	Canadian Gov Bonds 6.42%	Emerging Market Equities -6.52%	Canadian Gov Bonds 2.18%	Cash 0.51%
Global Bonds 2.50%	Cash 4.92%	Cash 4.71%	Canadian Gov Bonds -12.34%	Emerging Market Equities -3.06%	Canadian Dividend 1.08%	Cash 1.61%	Canadian Dividend -8.59%	Cash 0.56%	Global Bonds -1.91%
Canadian Gov Bonds 2.05%	Canadian Gov Bonds 3.31%	Global Bonds 2.36%	Emerging Market Equities -13.90%	Global Bonds -7.76%	Cash 0.90%	Global Bonds 0.54%	Canadian Equities -8.88%	Global Bonds 0.43%	International Equities -2.00%

Source: PC Bond Analytics, FTSE Global Debt Capital Markets Inc., Zephyr Associates Inc. Canadian dollar total returns. Data as of December 31, 2025.

## US equity performance

3 Months	6 Months	1 Year	3 Year	5 Year	7 Year	10 Year
Large Cap Value 3.81%	Small Cap Value 16.27%	Large Cap Growth 18.56%	Large Cap Growth 31.15%	Large Cap Growth 15.32%	Large Cap Growth 21.25%	Large Cap Growth 18.13%
Small Cap Value 3.26%	Small Cap Core 14.86%	Large Cap Core 17.37%	Large Cap Core 22.74%	Large Cap Core 13.59%	Large Cap Core 17.03%	Large Cap Core 14.59%
Large Cap Core 2.41%	Small Cap Growth 13.56%	Large Cap Value 15.91%	Mid Cap Growth 18.64%	Large Cap Value 11.33%	Mid Cap Growth 14.20%	Mid Cap Growth 12.49%
Small Cap Core 2.19%	Large Cap Growth 11.75%	Small Cap Growth 13.01%	Small Cap Growth 15.59%	Mid Cap Value 9.83%	Mid Cap Core 12.75%	Mid Cap Core 11.01%
Mid Cap Value 1.42%	Large Cap Core 10.60%	Small Cap Core 12.81%	Mid Cap Core 14.36%	Small Cap Value 8.88%	Large Cap Value 12.10%	Large Cap Value 10.53%
Small Cap Growth 1.22%	Large Cap Value 9.34%	Small Cap Value 12.59%	Large Cap Value 13.90%	Mid Cap Core 8.67%	Mid Cap Value 11.41%	Mid Cap Value 9.78%
Large Cap Growth 1.12%	Mid Cap Value 7.69%	Mid Cap Value 11.05%	Small Cap Core 13.73%	Mid Cap Growth 6.65%	Small Cap Core 10.60%	Small Cap Core 9.62%
Mid Cap Core 0.16%	Mid Cap Core 5.49%	Mid Cap Core 10.60%	Mid Cap Value 12.27%	Small Cap Core 6.09%	Small Cap Growth 10.59%	Small Cap Growth 9.57%
Mid Cap Growth -3.70%	Mid Cap Growth -1.03%	Mid Cap Growth 8.66%	Small Cap Value 11.73%	Small Cap Growth 3.18%	Small Cap Value 10.09%	Small Cap Value 9.27%

Source: PC Bond Analytics, FTSE Global Debt Capital Markets Inc. Canadian dollar total returns. Data as of December 31, 2025.

## US equity performance

2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Large Cap Growth 18.56%	Large Cap Growth 33.36%	Large Cap Growth 42.68%	Large Cap Value -7.54%	Mid Cap Value 28.34%	Large Cap Growth 38.49%	Large Cap Growth 36.39%	Large Cap Growth -1.51%	Large Cap Growth 30.21%	Small Cap Value 31.72%
Large Cap Core 17.37%	Large Cap Core 24.51%	Large Cap Core 26.53%	Mid Cap Value -12.03%	Small Cap Value 28.27%	Mid Cap Growth 35.59%	Mid Cap Growth 35.47%	Mid Cap Growth -4.75%	Mid Cap Growth 25.27%	Small Cap Core 21.31%
Large Cap Value 15.91%	Mid Cap Growth 22.10%	Mid Cap Growth 25.87%	Small Cap Value -14.48%	Large Cap Growth 27.60%	Small Cap Growth 34.63%	Large Cap Core 31.43%	Large Cap Core -4.78%	Small Cap Growth 22.14%	Mid Cap Value 20.00%
Small Cap Growth 13.01%	Mid Cap Core 15.34%	Small Cap Growth 18.66%	Mid Cap Core -17.32%	Large Cap Core 26.46%	Large Cap Core 20.96%	Mid Cap Core 30.54%	Large Cap Value -8.27%	Large Cap Core 21.69%	Large Cap Value 17.34%
Small Cap Core 12.81%	Small Cap Growth 15.15%	Mid Cap Core 17.23%	Large Cap Core -19.13%	Large Cap Value 25.16%	Small Cap Core 19.96%	Small Cap Growth 28.48%	Mid Cap Core -9.06%	Mid Cap Core 18.52%	Mid Cap Core 13.80%
Small Cap Value 12.59%	Large Cap Value 14.37%	Small Cap Core 16.93%	Small Cap Core -20.44%	Mid Cap Core 22.58%	Mid Cap Core 17.10%	Mid Cap Value 27.06%	Small Cap Growth -9.33%	Small Cap Core 14.65%	Large Cap Core 12.05%
Mid Cap Value 11.05%	Mid Cap Value 13.07%	Small Cap Value 14.65%	Small Cap Growth -26.36%	Small Cap Core 14.82%	Mid Cap Value 4.96%	Large Cap Value 26.54%	Small Cap Core -11.01%	Large Cap Value 13.66%	Small Cap Growth 11.28%
Mid Cap Core 10.60%	Small Cap Core 11.54%	Mid Cap Value 12.71%	Mid Cap Growth -26.72%	Mid Cap Growth 12.73%	Small Cap Value 4.63%	Small Cap Core 25.52%	Mid Cap Value -12.29%	Mid Cap Value 13.34%	Mid Cap Growth 7.33%
Mid Cap Growth 8.66%	Small Cap Value 8.05%	Large Cap Value 11.46%	Large Cap Growth -29.14%	Small Cap Growth 2.83%	Large Cap Value 2.80%	Small Cap Value 22.39%	Small Cap Value -12.84%	Small Cap Value 7.82%	Large Cap Growth 7.08%

Source: PC Bond Analytics, FTSE Global Debt Capital Markets Inc. Canadian dollar total returns. Data as of December 31, 2025.

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**\$288  
billion**

of assets under  
management<sup>2</sup>

**160+**

highly qualified investment  
professionals with an average  
of **over 17 years** of industry  
experience<sup>3</sup>

**50+**

years of experience  
in actively managing  
investment mandates

# Disclosure

Released January 2026

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