

CIBC Conservative Fixed Income Pool

as at March 31, 2025

Market overview

- Markets were dominated by fears surrounding President Trump’s tariffs and his “Liberation Day” (April 2nd), causing short term yields to fall and credit spreads to widen in the month. Further exacerbating the problem were threats related to global counter tariffs, which of course would have material implications to GDP, inflation, and economic policy.
- In Canada, the Liberals now led by Mark Carney, finally called an election. And while earlier in the year it seemed the Conservative party was dominating, the Liberal party’s “elbows up” strategy appears to have made up significant ground in the polls. As of the start of April, the election is too close to call.
- Bond yields were mixed in March, with shorter dated bonds continuing their move lower based on expectations of further rate cuts, while longer dated bond yields moved higher on fears of increased supply being needed to support the economy. Still, bond yields across the entire yield curve were lower on a q/q and y/y basis, with the move being greater in the shorter part of the yield curve.
- The yield curve, defined as the difference in yield between 2-year and 30-year government bonds, continued to steepen in the month, now sitting at 77 bps in Canada and 68 bps in the US. Its worth highlighting that over the past quarter the Canadian yield curve has out steepened the US yield curve by 0.23%, reflective of a more pronounced move in shorter dated Canadian bonds attributed to higher concerns related of a slowdown in Canada attributed to a trade war. This is not surprising given the Canadian economy is far more dependent on US trade (both exports and imports), and this also means the implications of counter tariffs would have much larger negative implications to Canadians than Trump’s tariffs on US consumers.
- Consistent with the risk off trade, credit spreads continued to widen in the month, in March by 5 bps to 113 bps (reflective of the FTSE Canada Universe Corporate Index). Quarter/quarter the corporate index widened by 15 bps and y/y is only down -1 bps. While new issues continue to be oversubscribed, new issues are coming to market with increasing concessions and continue to move secondary spreads wider. U.S. high yield spreads were also wider due to the risk off, now at 351 bps compared to 289 bps at the end of 2024.
- The pools continue to maintain a more defensive stance and in March we continued to modestly increase duration in anticipation of seeing lower yields partially attributed to fears surrounding tariffs and the market pricing in additional rate cuts for Canada.

Asset allocation

Underlying Funds	Strategic weight	Current weight
Short-Term Debt	50.0%	46.8%
Cash and Money Market	0.0%	0.0%
Renaissance Short-Term Income Fund	15.0%	13.5%
CIBC Active Investment Grade Floating Rate Bond ETF	10.0%	11.0%
CIBC Short-Term Income Fund	25.0%	22.4%
Canadian, Global Government and Corporate Debt	35.0%	39.3%
CIBC Canadian Bond Fund	10.0%	14.2%
CIBC Global Bond Private Pool	5.0%	3.5%
CIBC Canadian Fixed Income Private Pool	16.0%	15.2%
CIBC Active Investment Grade Corporate Bond ETF	4.0%	6.5%
High-Yield and Multi-Sector Debt	7.0%	9.8%
CIBC Global Credit Fund	1.0%	2.5%
Renaissance High-Yield Bond Fund	1.5%	0.5%
Renaissance Floating Rate Income Fund	1.0%	2.5%
Renaissance Flexible Yield Fund	1.5%	0.5%
Ares Strategic Income Fund	1.0%	0.9%
CIBC Alternative Credit Strategy	1.0%	3.0%
Emerging Markets Debt and Currency	8.0%	4.0%
iShares J.P. Morgan EM Corporate Bond ETF	3.0%	0.0%
CIBC Emerging Markets Local Currency Bond Fund	4.0%	2.0%
CIBC Active Global Currency Pool	1.0%	2.0%

Due to rounding, amounts presented herein may not add up precisely to the total.

Pool characteristics as at March 31, 2025

Characteristic	Pool
Average yield to maturity	3.7%
Average duration (years)	4.3

Country	Pool
Canada	76.4%
United States	15.2%
United Kingdom	1.2%
Japan	1.4%
Europe	1.2%
Other EMEA	1.8%
APAC	-0.2%
Latin America	2.1%

Currency	Pool
Canadian dollar	94.2%
US dollar	2.2%
Euro	-0.6%
Pound Sterling	0.3%
Japanese Yen	0.6%
Emerging Markets	2.9%
Other	-0.6%

Duration Contribution	Pool
Canada	83.8%
United States	7.3%
Europe	1.5%
United Kingdom	2.1%
Japan	0.3%
Other	4.9%

Asset Class	Pool
Developed Market Government	35.8%
Emerging Market Investment Grade Government	1.7%
Emerging Market High Yield Government	0.8%
Developed Market Investment Grade Corporates	42.1%
Developed Market High Yield Corporates	4.1%
Emerging Market Investment Grade Corporates	0.1%
Emerging Market High Yield Corporates	0.1%
Global Currency	2.0%
Cash & Short Term Equivalents	0.9%
Loans	2.1%
Collateral Loan Obligation	0.1%
Mortgage-Backed Securities/ Asset-Backed Securities	8.3%
Other	1.0%

Credit Quality	Pool
AAA	30.3%
AA	8.7%
A	23.0%
BBB	26.9%
BB	3.5%
B	2.6%
<CCC	0.3%
Non-rated	1.8%
Global Currency	2.0%

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