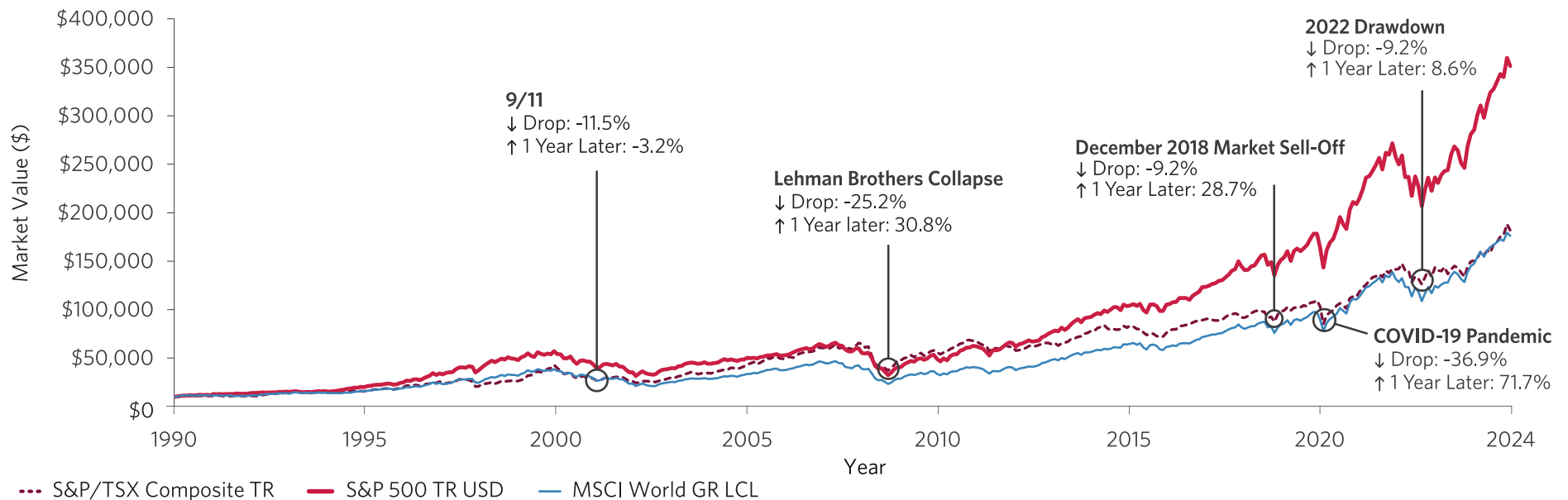




Managing volatility by investing for the long term

Market volatility makes some people feel uneasy, particularly during the events of heightened volatility over the past number of years.

The illustration below demonstrates how major indices declined during different global crises and how capital markets improved a year later. History has shown that investing for the long term helps to capture opportunities when the market rallies. CIBC Smart Investment Solutions offer a long-term, diversified approach to global asset allocation – as a result, investors can have peace of mind during unpredictable market movements.



Source: Morningstar Research Inc. Data as of December 31, 2024.
All market returns are calculated and displayed in CAD.

As we can see from the chart above:

- Short-term volatility caused by political events, trade wars or other crises is completely normal
- Long-term investing allows investors to participate in market rallies that typically follow sharp drops in the market
- A key element to successful investing is having well-diversified portfolios, such as CIBC Smart Investment Solutions, to help achieve long-term financial goals

The importance of staying invested

The chart below shows several significant events that caused major market dips over the last 20+ years. Despite volatility, almost all markets rebounded within a year, showing the importance of staying invested.

Crisis events, market declines and subsequent performance as expressed in CAD

Event	Reaction dates	S&P/TSX Composite Index % Gain/Loss	S&P/TSX Composite Index % Gain/Loss 3 months later	S&P/TSX Composite Index % Gain/Loss 1 year later	S&P 500 Index % Gain/Loss	S&P 500 Index % Gain/Loss 3 months later	S&P 500 Index % Gain/Loss 1 year later	MSCI World Index % Gain/Loss	MSCI World Index % Gain/Loss 3 months later	MSCI World Index % Gain/Loss 1 year later
1997-1998 Currency Crisis	1998-04-23 to 1998-10-05	-31.2	25.3	33.1	-4.6	23.9	26.3	-3.4	22.0	25.1
9/11	2001-09-10 to 2001-09-21	-11.5	16.1	-3.2	-10.6	20.1	-11.0	-11.4	17.3	-9.4
Lehman Brothers collapse	2008-09-29 to 2008-10-10	-25.2	1.3	30.8	-15.1	0.5	7.7	-16.7	2.7	13.7
Bloody Friday	2008-10-21 to 2008-10-27	-16.7	3.7	34.2	-6.5	-4.7	5.9	-8.6	-2.1	15.2
DOW Jones falls to lowest level since 1997	2008-11-19 to 2008-11-20	-12.5	3.9	55.2	-7.5	0.7	23.2	-5.4	-1.6	26.8
2015-2016 Stock Market Sell-Off	2015-08-18 to 2016-02-24	-9.1	10.4	25.6	-2.4	2.8	19.1	-6.7	3.5	17.0
December 2018 Market Sell-Off	2018-12-03 to 2018-12-24	-9.2	17.8	28.7	-12.8	18.1	35.4	-9.6	15.3	29.6
COVID-19 Pandemic	2020-02-24 to 2020-03-23	-36.9	39.9	71.7	-26.2	30.6	53.5	-26.5	30.5	53.3
2022 Drawdown	2021-12-29 to 2022-06-16	-9.2	2.8	8.6	-22.0	8.7	24.6	-21.4	6.3	23.9

Source: Morningstar Research Inc. Data as of December 31, 2024.

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