CIBC ASSET MANAGEMENT

SUSTAINABLE INVESTMENT SOLUTIONS

CIBC Sustainable Balanced Solution

Portfolio commentary as of March 31, 2025

Market overview:

As has been the case all year so far, questions around US-implemented tariffs; When? Where? How high? And for How long?-drove sentiment in March. Answers to these questions were still murky by month's end, but many corners of the market soured on the waiting, with US equity markets in particular taking the brunt of a risk-off tone. Global infrastructure stocks, emerging market stocks and value stocks in developed foreign markets were bright spots in an otherwise down month. Short-term bonds rose, with other parts of the bond market flat to down, albeit providing some protection against greater equity market volatility. Broad diversification continues to be a prudent approach to navigate uncertainty. The implementation of large-scale tariffs simultaneously on multiple trading partners poses a risk of slowing down the US and global economy. Tariffs are being utilized as a tool to address multiple economic and geo-political objectives. Importantly, recent communications from President Trump and other senior members of his cabinet suggests a more ideological approach instead of a pragmatic one. The Trump administration appears to be willing to tolerate more pain to achieve their objectives.

Tactical tilting:

- Given the volatility and uncertainty of the tariffs policy agenda, we maintain a neutral stance on equities versus bonds. While our baseline scenario remains cautiously optimistic, we believe that the balance of risks is skewed to the downside for the Canadian economy, more so than for our global outlook.
- A downside risk for Canada is a recession while for the US is it a more pronounced growth slowdown. Markets are expected to trade sideways amid high volatility, driven by rising uncertainty and a slowdown in economic activity. This environment is likely to result in low single-digit earnings growth, as companies could face reduced sales growth and slowing expansion in profit margins.
- Conversely, bond markets are well-positioned to benefit from the prevailing conditions. Additionally, most major central banks have significant capacity to implement easing measures, which would support bonds.

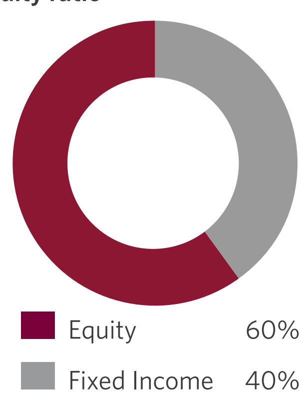
Asset allocation

Asset class	Strategic weight	Current weight[1]	Relative to last quarter
Cash	0%	0.5%	Unchanged
Canadian Bond	40%	39.5%	Unchanged
Canadian Equity	15%	16.5%	Unchanged
Global Equity	45%	43.5%	Unchanged

CIBC's Sustainable Investment Solutions are actively managed portfolios designed to align investors' wealth objectives with a values-based approach focused on responsible investing. The portfolios offer access to a broad range of investment opportunities through a mix of CIBC Sustainable Investment top funds.

For more information, visit the CIBC Sustainable Investment Strategies page.

Debt to equity ratio



SAA: 60% Equity / 40% Fixed Income

Volatility

Underlying fund performance:

- Markets were dominated by fears surrounding President Trump's tariffs, causing short term yields to fall and credit spreads to widen in March. Bond yields across the entire yield curve moved lower on both a quarter-over-quarter and year-over-year basis, however the move was greater in the shorter part of the yield curve, with shorter dated bonds continuing to move lower based on expectations of further rate cuts. While the portfolio remains overweight the corporate sector, risk has been materially reduced, with both medium term and long-term credit being underweight. The yield of the portfolio is above the benchmark, due to the sector allocation strategy and duration is modestly long relative to the benchmark.
- The Sustainable Global Equity fund marginally underperformed the MSCI World Index in Q1. Headwinds from the fund's sector positioning, coupled with underperformance of the fund's Health Care and Communications holdings were the biggest factors contributing to underperformance this quarter. Within the Health Care sector, allocations to Novo Nordisk and Danaher were the biggest headwinds, as the Pharmaceuticals and Devices subindustries broadly lagged other peer groups within Health Care. Within Communications, Alphabet underperformed peers as the market saw sweeping selloffs across all of the magnificent seven stocks. Collectively, Q1 was the worst quarter on record for the group, with all seven companies posting negative returns. The fund's underweight to other magnificent 7 names (Apple, NVIDIA, Tesla) helped boost relative performance across multiple sectors.
- The Sustainable Canadian Equity fund outperformed the S&P/TSX Composite Index in Q1, mainly driven by strong relative performance from the fund's holdings across several sectors, including Materials, Industrials, Consumer Staples, and Communication Services. Within Materials, overweight allocations to gold producers was a significant tailwind, outperforming during the quarter as gold prices rose to record highs. Impacts of the fund's sector positioning was negligible in Q1, despite Energy being the third-best performing sector.

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

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