

CIBC CORE FIXED INCOME POOL

as at November 30, 2020

Market overview

- The month of November produced solid returns for bond markets, with both investment grade and high yield bonds outperforming safer government bonds on positive vaccination developments that boosted investor sentiment. Three vaccines are at various stages of readiness and we're waiting for distribution before we can return to whatever the new normal may be.
- In the meantime, the virus is spreading more forcefully, lockdowns are being reimplemented, and consumers are likely to turn more cautious until they have their vaccine date booked. While some economists may reduce their GDP forecasts for the current quarter or the next, we remain comfortable with our above-consensus call, as we expect successful progress on vaccines. The forecast for next year may be back-end loaded (i.e. the latter two quarters could be stronger than this quarter and the next), but the consumer firepower in the form of elevated savings should be unleashed next year.
- Within the Pools, our absolute return currency strategy was the top performing holding over the month, benefiting from its short positions in U.S. dollar and Thai baht and long Mexican peso and Russian ruble positions. The Pools also benefited from their high yield bond exposure, as spreads within the sector declined 99 bps to 433 bps at the end of November. This brought high yield spreads to February 2020 levels.
- Looking ahead, we continue to prefer investment grade corporate bonds and emerging market debt, which are expected to outperform as the economic outlook continues to improve. Regarding interest rates, we anticipate short-term rates will remain anchored at current near-zero levels but anticipate some volatility in long-term rates.

Asset Allocation

Underlying Funds	Strategic weight	Current weight
Short-Term Debt	28%	24%
CIBC Active Investment Grade Floating Rate Bond ETF	8%	4%
CIBC Short-Term Income Fund	20%	20%
Canadian, Global Government and Corporate Debt	47%	51%
CIBC Canadian Bond Fund	9%	12%
Renaissance Global Bond Private Pool	6%	5%
Renaissance Canadian Fixed Income Private Pool	16%	16%
CIBC Active Investment Grade Corporate Bond ETF	16%	18%
High-Yield Debt	14%	13%
Renaissance High-Yield Bond Fund	5%	5%
Renaissance Floating Rate Income Fund	1%	1%
Renaissance Flexible Yield Fund	8%	7%
Emerging Markets Debt and Currency	11%	12%
iShares J.P. Morgan EM Corporate Bond ETF	4%	5%
Van Eck Vectors J.P. Morgan EM Local Currency Bond ETF	4%	4%
Horizons Absolute Return Global Currency ETF	3%	3%

Pool characteristics as at November 30, 2020

Characteristic	Pool
Average yield to maturity	2.1%
Average duration (years)	5.4

Country	Pool
Canada	68.8%
United States	13.9%
United Kingdom	0.5%
Japan	0.3%
Europe	1.9%
Other EMEA	7.0%
APAC	3.5%
Latin America	4.1%

Currency	Pool
Canadian dollar	89.2%
U.S. dollar	3.5%
Euro	0.0%
Pound Sterling	0.2%
Japanese Yen	0.0%
Emerging Markets	7.3%
Other	-0.2%

Duration Contribution	Pool
Canada	77.0%
United States	8.7%
Europe	2.0%
United Kingdom	0.5%
Japan	0.6%
Other	11.3%

Asset Class	Pool
Developed Market Government	26.9%
Emerging Market Investment Grade Government	3.5%
Emerging Market High Yield Government	1.1%
Developed Market Investment Grade Corporates	28.0%
Developed Market High Yield Corporates	7.8%
Emerging Market Investment Grade Corporates	2.1%
Emerging Market High Yield Corporates	1.3%
Global Currency	3.0%
Cash & Short Term Equivalents	2.3%
Loans	1.2%
Collateral Loan Obligation	1.7%
Mortgage-Backed Securities/ Asset-Backed Securities	5.3%
Other	15.9%

Credit Quality	Pool
AAA	17.6%
AA	13.2%
A	15.5%
BBB	20.8%
BB	7.2%
B	5.0%
<CCC	1.2%
Non-rated	16.6%
Global Currency	3.0%

This material was prepared for investment professionals only and is not for public distribution.

The views expressed in this document are the personal views of the author and should not be taken as the views of CIBC Asset Management Inc. This document is provided for general informational purposes only and does not constitute financial, investment, tax, legal or accounting advice, it should not be relied upon in that regard or be considered predictive of any future market performance, nor does it constitute an offer or solicitation to buy or sell any securities referred to. Individual circumstances and current events are critical to sound investment planning. All opinions and estimates expressed in this document are as of the date of publication unless otherwise indicated, and are subject to change. Any information or discussion about the current characteristics of this fund or how the portfolio manager is managing the fund that is supplementary to information in the prospectus is not a discussion about material investment objectives or strategies, but solely a discussion of the current characteristics or manner of fulfilling the investment objectives and strategies, and is subject to change without notice. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated.

Certain information that we have provided to you may constitute "forward-looking" statements. These statements involve known and unknown risks, uncertainties and other factors that may cause the actual results or achievements to be materially different than the results, performance or achievements expressed or implied in the forward-looking statements.

©CIBC Asset Management and the CIBC logo are registered trademarks of Canadian Imperial Bank of Commerce (CIBC), used under license. The material and/or its contents may not be reproduced without the express written consent of CIBC Asset Management Inc.