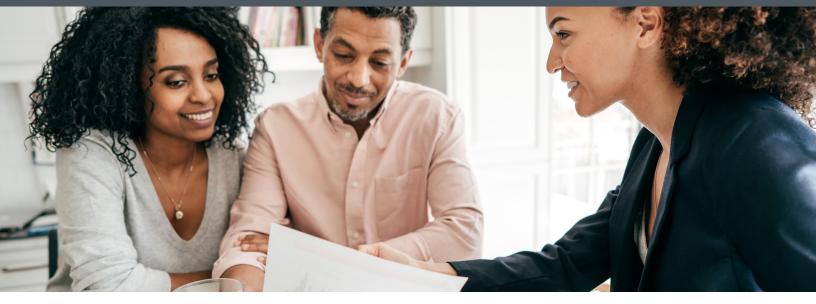


CIBC WOOD GUNDY

FEBRUARY 2019



WE'LL SEE YOU THROUGH MARKET UPS AND DOWNS

Last year, financial markets were volatile. As a smart investor, you may have questions about how that volatility affected the overall performance of your investments in 2018. A conversation with us can help you better understand your investments and short-term volatility, and stay on track to meeting your long-term financial goals.

Year-end account reports

By now, you've received a Year-end Account Report for each investment account you hold. The report provides a clear picture of how your investment accounts are performing and the fees paid to us in connection with your accounts during 2018. Given recent market volatility, you may see negative returns on your report. Let's talk about how market volatility may be an opportunity for you over the long term.

It's encouraging to note that mutual fund investors appreciate their reports and find them useful. In fact, a recent Investment Funds Institute of Canada (IFIC) survey found that 72% of investors who have read their year-end mutual fund statements rate them as "excellent" or "good" in terms of ease of understanding, comprehensiveness and clearly stating rate of return.¹

2018—Looking back and ahead

"A number of factors caused the volatility in 2018," says Stephen Carlin, Managing Director and Head, CIO Global Equities, CIBC Asset Management. Carlin says that trade tensions between the United States and China, and concern about overall global growth were a couple of key issues. In addition, rising interest rates by the U.S. Federal Reserve (Fed) caused investor concern about whether rising rates will impact economic growth. These and other factors combined to cause the volatility seen in 2018.

However, it's important to remember that volatility is a normal part of investing. In fact, it can be a very *important* part of investing. When volatile markets lead to lower securities prices, it's your opportunity to buy additional securities.

"As long-term investors, we welcome volatility; it's something we can take advantage of," says Colum McKinley, CIO North American Equities, CIBC Asset Management. "We look for opportunities where the current stock price of a company doesn't reflect the long-term earnings value embedded in that company."

Also, keep in mind that volatility is often short-lived, and that prudent investing takes a long-term approach. It's over the long term that markets, and returns, balance out. Looking forward, Ben Tal, CIBC Deputy Chief Economist is optimistic that the U.S.-China trade dispute will be resolved in 2019. This, along with more muted rate hike trajectories by the Fed and the Bank of Canada, may help equity markets find their footings this year.



ONE-TO-ONE INSIGHTS

FEBRUARY 2019

The value of an advisor

According to a recent Pollara survey commissioned by IFIC, the vast majority of mutual fund investors continue to see value in their advisor's services.¹ Remember, we're focused on your financial goals so that you can spend time on the things that matter most to you.

We provide portfolio rebalancing expertise by choosing the right asset mix, building your portfolio of investments, reviewing it regularly, and rebalancing it. We also take an integrated approach to your wealth needs by collaborating with a team of experts to offer you:

- A personalized financial plan to help you achieve your unique goals.
- **Tailored advice on your full range of needs,** including retirement planning, investment planning, education planning and wealth protection.

The value of good advice can greatly exceed your fees. We're always happy to discuss how we can better help you.

The dollars and sense of fees

Most of the fees you pay are for an investment's day-to-day management, and cover services like investment research, portfolio management and operating expenses. A portion of your fees also pays for our advice and ongoing service, guidance on suitability, risk tolerance and portfolio selection.

We understand that it's hard to pay fees when you see negative returns. However, we provide services that help your portfolio take advantage of market fluctuations. We:

- Help mitigate market downturns with investment strategies like dollar-cost-averaging and tax-loss selling.
- Research and validate investment opportunities for you.
- Work with CIBC partners to help you with financial and estate planning, tax services, business succession planning and more.

Research reveals the significant benefits of advice:

- **1) Enhances investment growth over time**—Investors who work with advisors for 15+ years accumulate more financial assets.²
- **2) Positively impacts retirement preparation**—Financial advice helps build higher household savings and boosts retirement readiness.³
- **3) Eases long-term saving habits**—Advised investors are more likely to maintain a long-term investment strategy.³

If you have questions about your Year-end Account Report or need help understanding the performance of your investments, please call us.

1 https://www.ific.ca/wp-content/uploads/2018/09/2018-Pollara-Mutual-Fund-Investor-Survey-September-2018.pdf/20751/

2 The Gamma Factor and the Value of Financial Advice, CIRANO, August 2016

Clients are advised to seek advice regarding their particular circumstances from their personal tax and legal advisors.

This information, including any opinion, is based on various sources believed to be reliable, but its accuracy cannot be guaranteed and is subject to change. This article is provided for information purposes only. It is not intended to be and does not constitute investment advice.

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³ Value of Advice Report, IFIC, 2012