

CIBC US All-Cap Core Equity Strategy – Q326 Commentary

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US equity market performance

The third quarter of 2026 represented a more constructive environment for the US All-Cap Core Equity Strategy. Following the exceptionally narrow, semiconductor-led rally in Q2, market leadership broadened in Q3 as many of the commodity-oriented semiconductor stocks that had surged earlier in the year pulled back, while a wider group of growth and software companies advanced. This rotation created a healthier backdrop for active management and was supportive of the strategy's positioning.

The All-Cap Core Strategy delivered strong relative performance in the quarter, outperforming by more than 250 basis points. The portfolio benefited from exposure to high-quality software and growth-oriented businesses that participated in the quarter's shift in leadership. Holdings such as Microsoft, Workday, ServiceNow, Palantir, and Shopify were among the areas that contributed positively as investors rotated toward companies with strong fundamentals and attractive long-term growth profiles.

More broadly, the fundamental backdrop for US equities remained supportive. Despite continued political headlines and cautious media sentiment, the US economy showed resilience throughout the quarter. Consumer balance sheets remained healthy, supported by rising wages, steady employment growth, and manageable debt-service levels. Retail spending also remained firm, reinforcing the view that the underlying economic environment remains stronger than headline sentiment might suggest. In our view, recession concerns remain overstated relative to the current data.

Even after the quarter's strong performance, we continue to believe the All-Cap Core Strategy remains attractively valued, with the portfolio trading at approximately 75 cents on the dollar relative to our assessment of intrinsic value.

Portfolio trades during the quarter

During Q3, several notable transactions and portfolio adjustments were made within the All-Cap Core Strategy:

- Amer Sports was initiated as a new position. We view the company as an attractive mid-cap growth opportunity trading at a meaningful discount to intrinsic value. Amer Sports benefits from a portfolio of strong global brands including Arc'teryx, Salomon, and Wilson, supported by expanding direct-to-consumer capabilities and strong growth in Asia. The company's improving balance sheet, margin expansion, and experienced management team further support the investment thesis.

- First Hawaiian Bank was added to as the shares weakened and valuation became more compelling. We continue to view the company favorably due to its conservative management team, strong market position in Hawaii, and the strategic logic behind its acquisition of TriCo Bancshares. We believe the transaction should enhance the bank's long-term growth profile while preserving its disciplined operating approach.
- Tesla was increased during the quarter. We continue to see an attractive opportunity based on the company's leadership in electric vehicles and full self-driving capabilities, along with a demand backdrop that remains supportive. We also believe Tesla retains meaningful long-term strategic value through its assets in autonomy, robotics, and mobility.
- Microsoft was trimmed modestly during the quarter. While Microsoft remains a high-quality business and an important portfolio holding, we reduced the position based on valuation and portfolio-sizing discipline following recent strength in the shares.

There were no eliminations during the quarter.

Outlook

Looking ahead, we remain constructive on the outlook for the All-Cap Core Strategy. While market sentiment continues to be influenced by political developments and negative headlines, we believe the more important underlying drivers—consumer health, employment, earnings growth, and corporate fundamentals—remain supportive.

The US economy continues to show resilience, and we do not currently see evidence of an imminent recession. As the market moves through earnings season, we expect fundamentals to remain more durable than broader sentiment suggests. We also view the broadening in market leadership during Q3 as encouraging, particularly after the unusually concentrated conditions seen in Q2.

The strategy remains focused on companies with durable competitive advantages, strong management teams, secular growth drivers, and attractive valuations. With the portfolio still trading at a meaningful discount to our estimate of intrinsic value, we believe the All-Cap Core Strategy is well positioned for continued progress through the balance of the year.

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Sandy Sanders is an investment adviser representative with CIBC Private Wealth Advisors Inc., a sub-adviser to the CIBC US All-Cap Core Equity Strategy offered by CIBC Global Asset Management.

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