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ASSET MANAGEMENT

Why we're bullish on Canadian energy

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Key takeaways

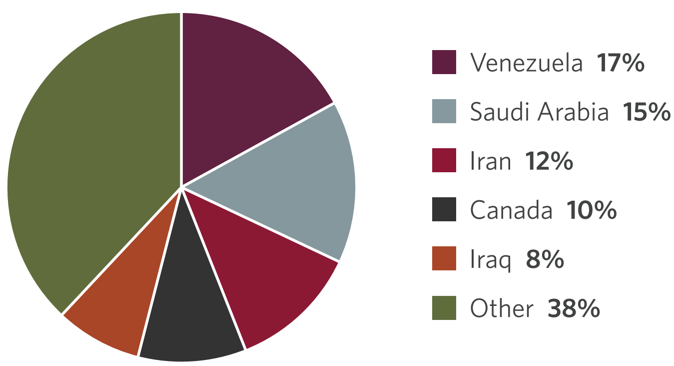
- Canada is fourth-largest oil producer in the world and possesses the fourth-largest proven oil reserves in the world
- Global oil demand is forecasted to reach 105.5 million barrels a day by 2030
- Canadian energy companies are relatively inexpensive
- Canadian energy companies are shareholder friendly
- New export markets for Canadian liquified natural gas (LNG) are emerging

The Canadian energy sector has performed exceptionally well this year. Though many might be tempted to attribute this success solely to the geopolitical situation in the Middle East which has kept the price of brent crude oil well above USD$60 a barrel, there are five structural reasons why we're bullish on the Canadian energy sector.

1. A stable source and long-life supply

Canada is fourth-largest oil producer in the world and possesses the fourth-largest proven oil reserves in the world.[1] The oil sands alone produce 3.5 million barrels per day (mb/d) — approximately 57% of Canada's total production — and about 18.8 billion cubic feet of natural gas per day.[2] In the US, maintaining production of natural gas from shale requires constant discovery, capital expenditure, and drilling. In contrast, while Canadian oil sands production requires significant upfront capital investment, it benefits from a minimal production decline rate and a 50-year runway for growth. Canadian energy companies don't need to invest in new growth initiatives to be profitable. Even if we never have another oil sands project approved in Canada, Canadian energy producers have decades of supply available with little marginal cost.

Proved reserves as % of global total

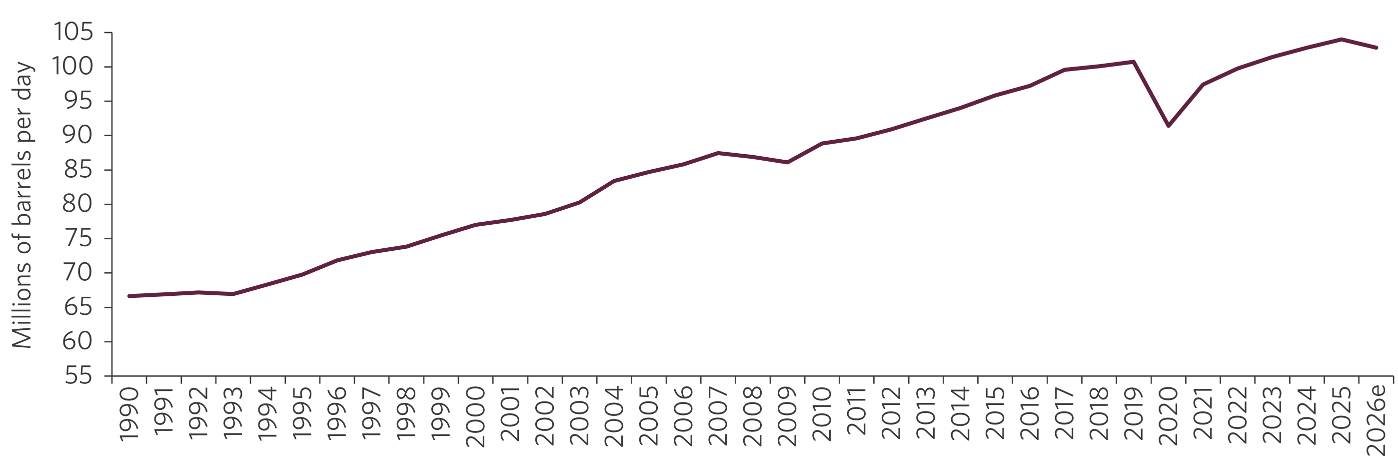


Source: Natural Resources Canada, Energy Fact Book, Spring 2026 Edition.

2. Global demand continues to grow

While energy supply from renewables is growing at a rapid rate — the International Energy Agency (IEA) anticipates global renewable power capacity will increase to almost 4,600 GW between 2025 and 2030[3] — global oil demand is also forecasted to increase. Indeed, the IEA anticipates the demand for oil will increase by an aggregate 2.5 mb/d a year between 2024 and 2030 to reach 105.5 mb/d.[4] Couple this with some of the critical national growth projects and the Canada Strong Fund — which are unleashing an anticipated $1.8 trillion investment opportunity across energy, minerals, and manufacturing — and Canada stands to directly benefit from helping satisfy this growing demand.

Total world petroleum consumption – Consistent oil demand growth

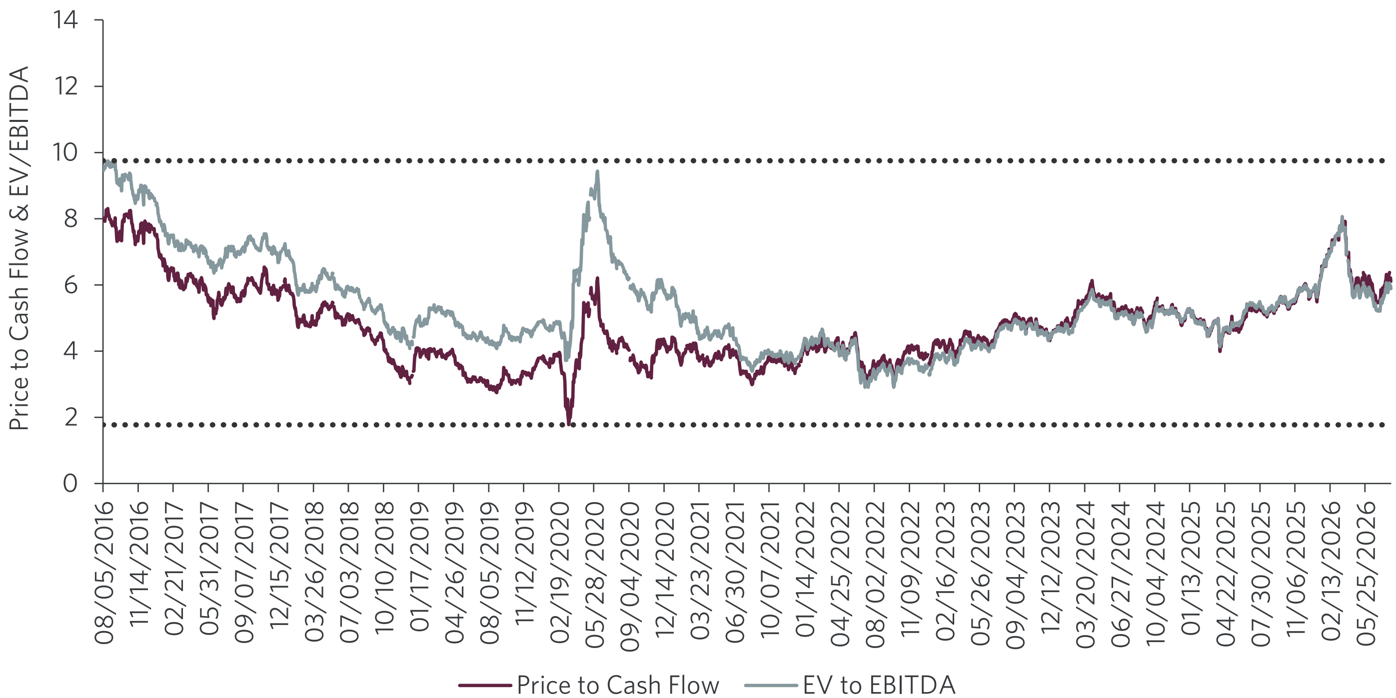


Source: US Energy Information Administration, July 2026. For illustrative purposes only.

3. Canadian energy equities are relatively inexpensive

Canadian energy companies generally trade at relatively low valuation multiples — such as Enterprise Value to Earnings Before Interest, Taxes, Depreciation, and Amortization (EV/EBITDA) and price to cashflow — relative to broader market sectors and their own historical asset values, despite strong free cash flow generation. Investors appear to be less willing to reflect higher energy prices in the equity valuations for energy producers at this time. What investors will ultimately not be able to ignore is cash flow generation and the use of that free cash flow as it comes onto the balance sheets at the current oil price. Boards and management teams have, for the most part, found discipline and the energy producers are living within their means and funding operations and growth with internally generated cash flow. As a result, balance sheets are in great shape, organic growth has been measured and rational, M&A has been sensible and free cash flow is being returned to shareholders. Despite this discipline, the valuations for the sector still remain attractive.

Historical valuations of Canadian E&P sector as at the end of 2023

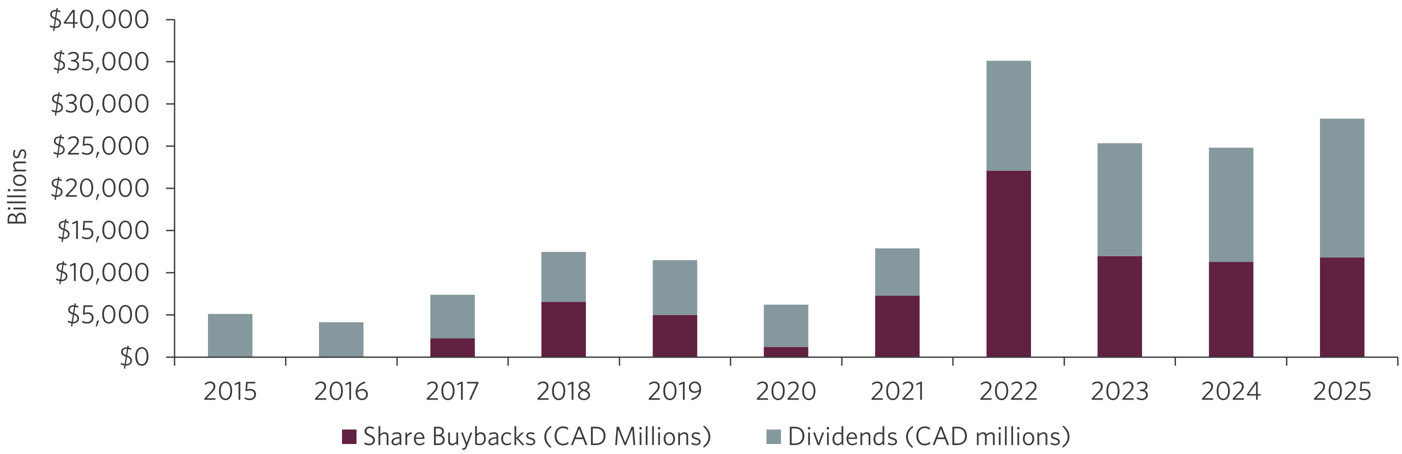


Source: Bloomberg as at August 5, 2026.

4. Shareholder friendly

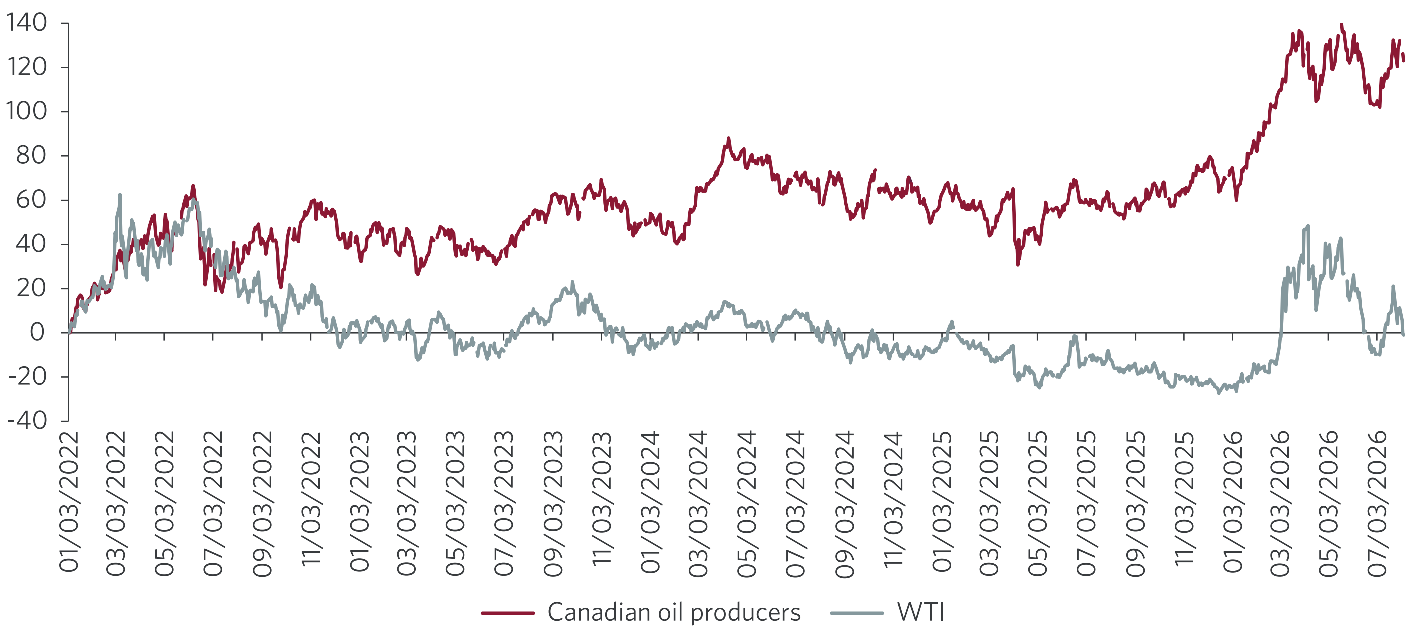
Canadian energy companies are also increasingly shareholder friendly, with free cash flow often returned to shareholders in the form of share buybacks, base dividends, and special dividends. In other words, investors get paid to wait, even if share prices underperform. The result of these buybacks and growing dividends has been relative outperformance in the stocks even when the commodity price has been challenged. The chart below shows the Canadian oil producers share price performance vs. West Texas Intermediate (WTI) since 2022, which is when shareholder returns really started to ramp up. Over that time period the oil price has effectively been flat, but the equities have outperformed by +20%. Canadian energy companies also tend to benefit from strong margins and conservative balance sheets, as opposed to overinvesting in new capacity.

Energy sector: Returning cashflow to shareholders



Source: Bloomberg as at December 31, 2025.

Canadian oil producers vs. WTI



Source: Bloomberg as at August 6, 2026.

5. New export markets for Canadian liquified natural gas (LNG)

The war in the Middle East and future uncertainty about passage through the Strait of Hormuz stands to benefit Canada as a global supplier of LNG. Canada currently has seven LNG export projects and one related infrastructure project at different points in development. Together, they could attract close to $109 billion in capital investment and add potential LNG production capacity of 50.3 million tonnes per year.[5]

How CIBC Global Asset Management can help you add Canadian energy to your investment portfolio

CIBC Global Asset Management manages three funds that seek to take advantage of the current and projected growth of Canadian energy.

Renaissance Canadian Growth Fund – Pure allocation of roughly 15% (as at 12 August 2026), with indirect additional exposure via banking sector which lends to Canadian energy producers. Canadians underexposed to Canada in general might benefit from a broader allocation that includes direct and indirect diversified exposure.

CIBC Canadian Resources Fund – Diversified exposure to Canadian resources, including approximately 50% in the Energy sector. Investors with existing broad-based Canadian equity exposure who wish to increase exposure to Canadian resources, including Energy and Materials.

CIBC Energy Fund – Pure play exposure to oil and gas producers, pipelines, and other energy-related products and services. Investors with existing exposure to broad Canadian equities may want to specifically dial up allocation to the energy sector.

About CIBC Global Asset Management

CIBC Global Asset Management (CIBC GAM), the asset management subsidiary of CIBC, is one of Canada's largest asset managers. Established in 1972[6], CIBC GAM offers a broad range of investment solutions, including mutual funds, ETFs, portfolio solutions, alternative investments, discretionary investment management services for high-net-worth individuals, and institutional portfolio management. With teams across Canada and the US, CIBC GAM serves retail, high-net-worth and institutional clients in North America and institutional clients worldwide.

Contact us anytime

To learn more about CIBC Global Asset Management and our investment solutions, please contact your advisor or your CIBC representative. For more information, visit cibc.com/gam or follow us on LinkedIn and YouTube.

[1] https://natural-resources.canada.ca/energy-sources/fossil-fuels/crude-oil-industry-overview

[2] https://www.capp.ca/en/oil-natural-gas-you/oil-natural-gas-canada/#how-much-oil-and-natural-gas-does-canada-produce

[3] https://www.iea.org/reports/renewables-2025/renewable-electricity

[4] https://iea.blob.core.windows.net/assets/c0087308-f434-4284-b5bb-bfaf745c81c3/Oil2025.pdf

[5] https://ressources-naturelles.canada.ca/source-energie/combustibles-fossiles/projets-canadiens-gnl-canada

[6] CIBC Global Asset Management (previously known as TAL Global Asset Management Inc.) was founded in 1972 as a privately-owned investment manager. CIBC took an ownership stake in 1994, eventually assuming 100% in 2001.