

# CIBC Conservative Fixed Income Pool

as at December 31, 2024

## Market overview

- The US Federal Reserve (Fed) dropped the overnight rate by another 25 basis points in December, taking the rate down to 4.50%. The accompanying statement expressed a shift in the pace of further easing from the committee. Stronger economic data, coupled with the potential inflationary impact of the new administration policies on trade and immigration lead the committee to reduce the amount of rate cuts to 50 basis points in 2025, from 100 in the previous meeting. The Bank of Canada (BoC) cut the overnight rate by another 50 basis points, as concern about economic growth persist.
- The move down in yields we saw in November was quickly reversed as markets got more clarity as to President Trump’s willingness to enact quick legislation with regards to trade and immigration policies. Impositions of tariffs on trading partners, coupled with deportation of illegal immigrants has increased the probability of a new wave of inflation. The 10 year note increased by close to 40 basis points to 5.57%. Canadian yields’ reaction was more muted, increasing by about 20 basis points.
- Domestic corporate spreads performed well during the month as markets expect corporate profits to rise under the new administration. The search for yield also favors corporate bonds, as shown by the strong demand for new issues. Global credit underperform as market still are uncertain as to the effects of tariffs on global trade.
- As yields moved up quite dramatically in December, strategies with a longer duration such as the CIBC Canadian Bond Fund underperformed. Global strategies, such as the Global Bond Private Pools and the CIBC Global Credit Fund showed negative performance under the current environment. Shorter term strategies with a focus on domestic assets such as the CIBC Alternative Credit Strategy had a good month.
- No major change in asset allocation was executed after the defensive stance taken in November. Even though the increase the CIBC Canadian Bond Fund might have been somewhat early, the decrease in international exposure toward shorter domestic strategies showed quite timely.

## Asset allocation

Underlying Funds	Strategic weight	Current weight
<b>Short-Term Debt</b>	<b>50.0%</b>	<b>51.4%</b>
Cash and Money Market	0.0%	1.0%
Renaissance Short-Term Income Fund	15.0%	15.1%
CIBC Active Investment Grade Floating Rate Bond ETF	10.0%	10.5%
CIBC Short-Term Income Fund	25.0%	24.7%
<b>Canadian, Global Government and Corporate Debt</b>	<b>35.0%</b>	<b>36.8%</b>
CIBC Canadian Bond Fund	10.0%	16.1%
CIBC Global Bond Private Pool	5.0%	1.0%
CIBC Canadian Fixed Income Private Pool	16.0%	13.1%
CIBC Active Investment Grade Corporate Bond ETF	4.0%	6.5%
<b>High-Yield and Multi-Sector Debt</b>	<b>7.0%</b>	<b>7.8%</b>
CIBC Global Credit Fund	1.0%	0.0%
Renaissance High-Yield Bond Fund	1.5%	0.5%
Renaissance Floating Rate Income Fund	1.0%	2.9%
Renaissance Flexible Yield Fund	1.5%	0.5%
Ares Strategic Income Fund	1.0%	0.9%
CIBC Alternative Credit Strategy	1.0%	2.9%
<b>Emerging Markets Debt and Currency</b>	<b>8.0%</b>	<b>4.0%</b>
iShares J.P. Morgan EM Corporate Bond ETF	3.0%	0.0%
CIBC Emerging Markets Local Currency Bond Fund	4.0%	2.0%
CIBC Active Global Currency Pool	1.0%	2.0%

## Pool characteristics as at December 31, 2024

Characteristic	Pool
Average yield to maturity	4.1%
Average duration (years)	4.2

Country	Pool
Canada	78.0%
United States	13.8%
United Kingdom	1.2%
Japan	1.6%
Europe	1.2%
Other EMEA	2.1%
APAC	-0.8%
Latin America	1.9%

Currency	Pool
Canadian dollar	95.8%
US dollar	1.0%
Euro	-0.4%
Pound Sterling	0.1%
Japanese Yen	0.6%
Emerging Markets	3.2%
Other	-1.2%

Duration Contribution	Pool
Canada	86.0%
United States	6.5%
Europe	0.6%
United Kingdom	2.3%
Japan	0.1%
Other	4.5%

Asset Class	Pool
Developed Market Government	32.6%
Emerging Market Investment Grade Government	1.4%
Emerging Market High Yield Government	0.7%
Developed Market Investment Grade Corporates	45.9%
Developed Market High Yield Corporates	3.7%
Emerging Market Investment Grade Corporates	0.1%
Emerging Market High Yield Corporates	0.1%
Global Currency	2.0%
Cash & Short Term Equivalents	2.7%
Loans	2.5%
Collateral Loan Obligation	0.1%
Mortgage-Backed Securities/ Asset-Backed Securities	5.2%
Other	2.0%

Credit Quality	Pool
AAA	31.6%
AA	6.8%
A	23.2%
BBB	27.1%
BB	3.6%
B	2.5%
<CCC	0.3%
Non-rated	1.7%
Global Currency	2.0%

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

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