Staying the course

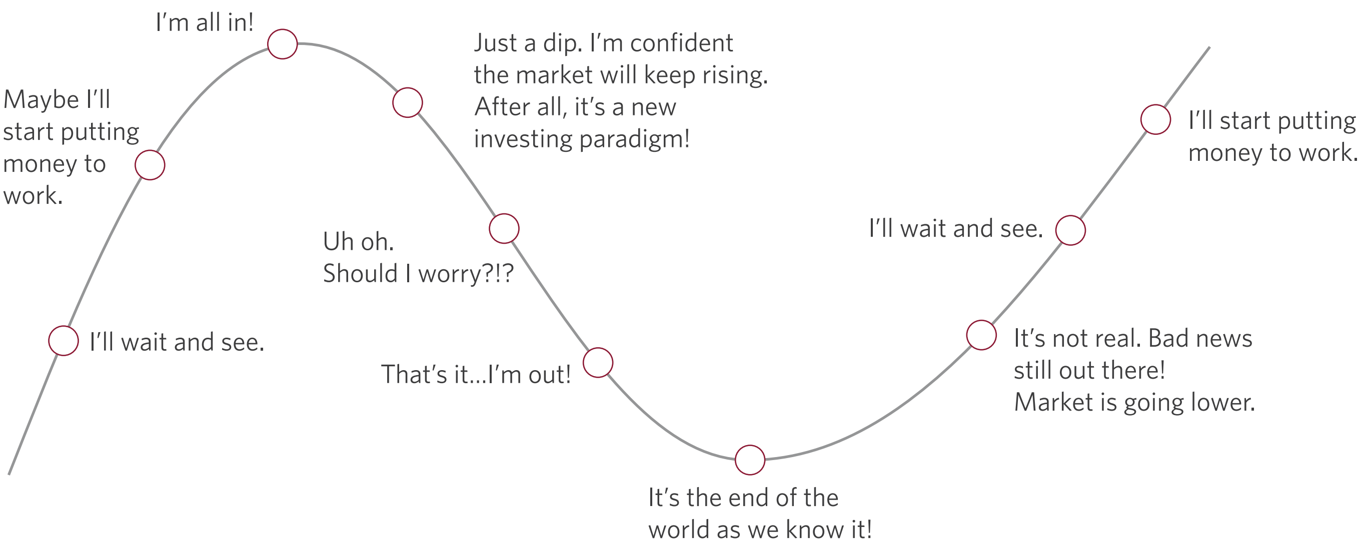
Master 3 fundamental rules for investment success

March 2026

Some investors — particularly those who may be new to investing — often worry about making a bad investment decision. Which is completely understandable. You have ambitions and want to make sure you take the right steps to achieve them. When building wealth, investors can benefit from following three fundamental rules:

1. Ignore the noise and manage emotions

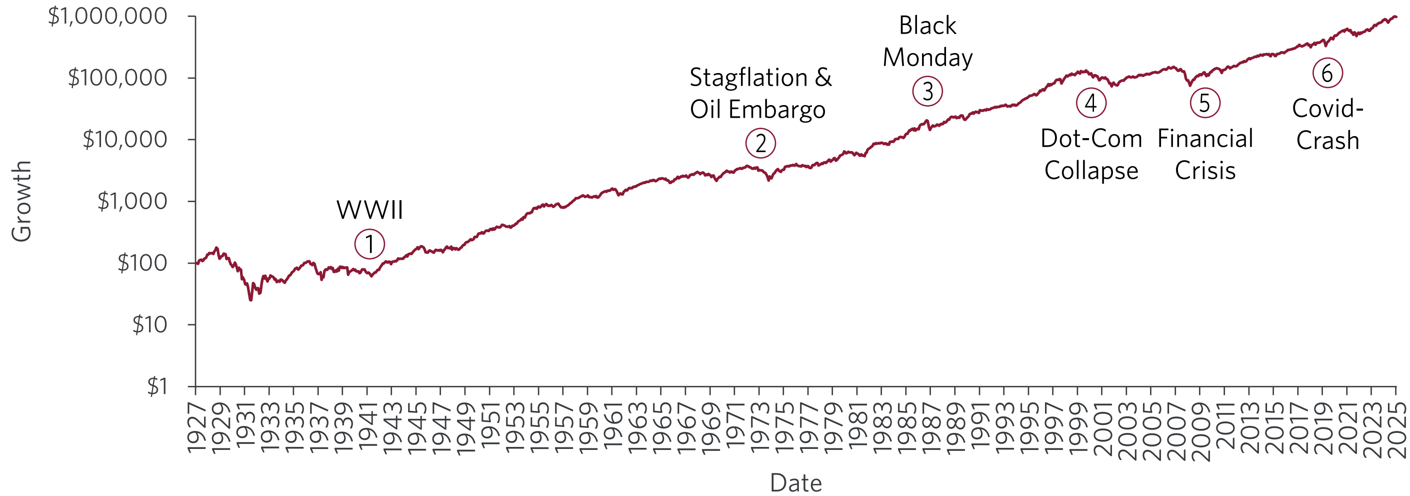
These days — especially with 24-hour investment news and social media constantly inundating us with opinions — noise can be unnerving and lead to poor investment decisions. What's more, wherever we are in the investment cycle a temptation, a justification, is always there to get you second-guessing yourself about investing or staying invested:



Unfortunately, noise and temptation will always be whispering in your ear, they've been the curse of investors for time immemorial. The trick is learning how to get past them and not let them control your decision making. One way of doing this is to remind yourself that while markets fluctuate daily — and even frequently suffer larger setbacks — their overall, long-term trend is one of growth.

Don't let temporary pain distract from long-term gain

Growth of $100 investment into S&P 500 Total Returns Index



Data Sources: Bloomberg and Morningstar Direct, December 31, 2025. © 2026 Morningstar Research Inc. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete, or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results.

As you can see in the following case study, investment decisions driven by emotion can lead to unfavourable outcomes:

For sake of argument, let's assume markets are down 15% and you decide to sell. Even if markets continue to decline, depending on when you decide to reinvest, you may have a disappointing result because markets tend to recover even as bad news continues to flow.

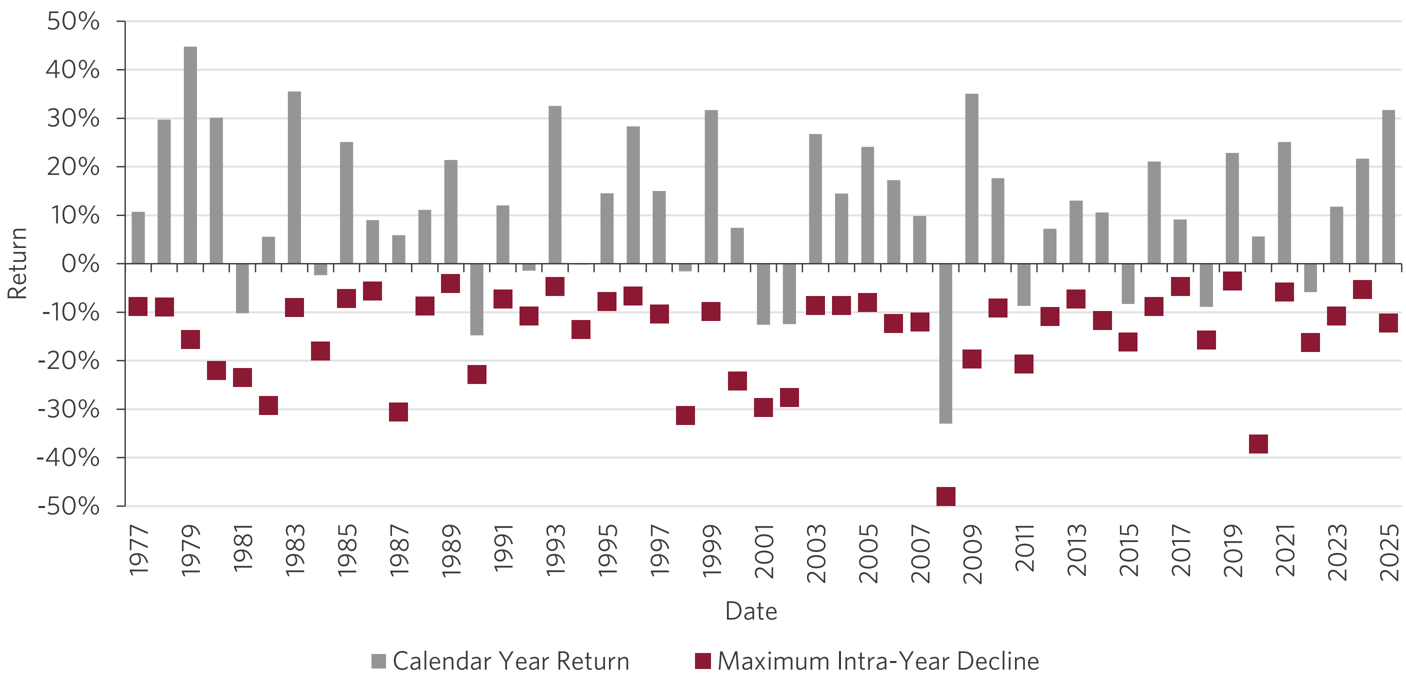
This is why you'll often hear advisors say that time in the market is better than trying to time the market. Volatility is a short-term phenomenon and the longer you stay invested, the more predictable your returns become.

2. Expect market volatility

Every year is going to have its down periods. Looking at the S&P/TSX Composite Total Return Index, between 1977 and 2025 the average maximum intra-year decline was 15%. 37% of years had an intra-year decline larger than 15%, but 39% of those years ended up with a positive full-year return. The average calendar-year return for all years with a drawdown of -15% or worse was 1%. The average calendar-year return for all years was 12%. Simply put, volatility is to be expected in any given year, but those who remain invested benefit the most from long-term compounding.

Intra-year downside not always an indication of full-year performance

Calendar and intra-year returns for S&P/TSX Composite TR Index



Still, putting ongoing market fluctuations into perspective isn't always easy to do, especially when experiencing periods of drastic or extended market volatility. While we think we may be mentally prepared for an underperforming quarter or two, doubt can creep in.

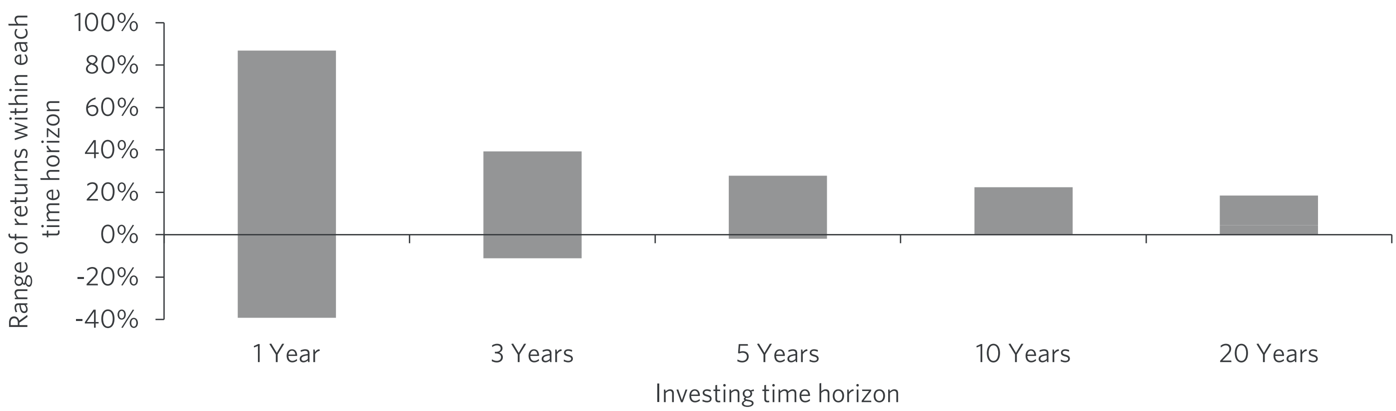
This isn't to say you should never sell an investment. But when you do choose to sell an investment, make sure you're doing it for the right reason and not just in response to short-term noise.

3. Focus on the long term

Successful investors look at the world using appropriate time horizons that align with their objectives. For example, if you're retiring in 20 years, it doesn't make sense to look at the world in 1-year increments. A longer view adds perspective to market fluctuations, with a decreasing likelihood of a negative return, as can be observed in the following chart:

Returns become more predictable over longer time horizons

Range of returns for S&P/TSX Composite between January 1956 and December 2025

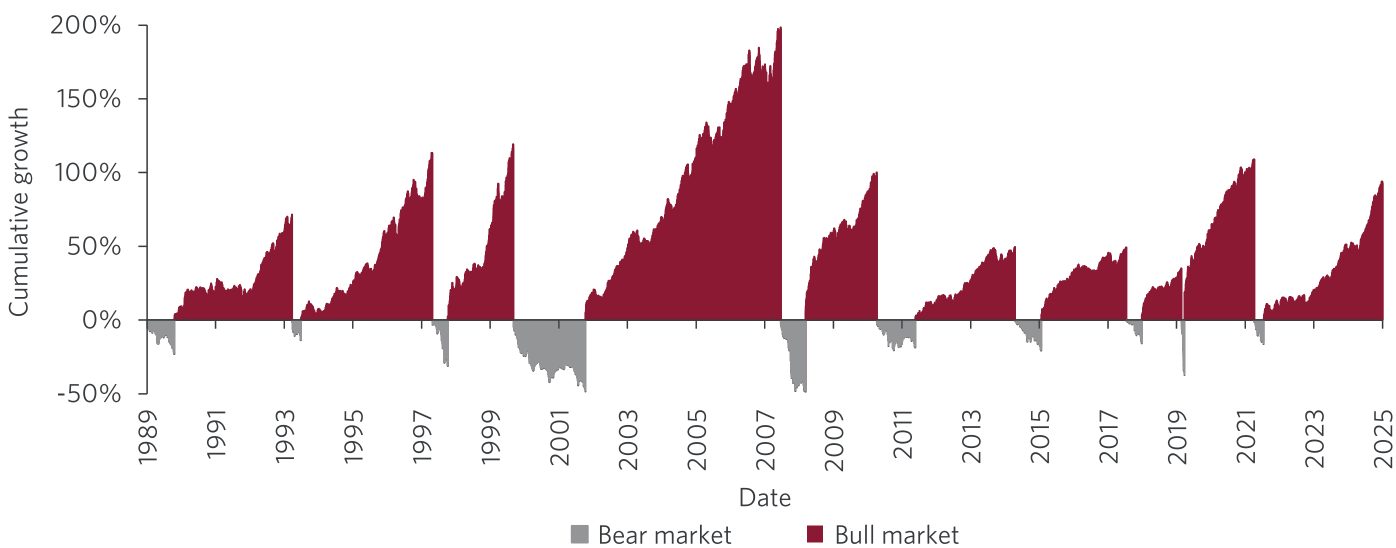


Data Sources: Bloomberg and Morningstar Direct, December 31, 2025. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete, or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results.

Becoming comfortable and confident with the notion that volatility is a short-term phenomenon is even more important when you consider that markets typically recover quickly from market declines.

Bull markets overpower bear markets

S&P/TSX Composite Total Returns



Data Sources: Morningstar Direct, December 31, 2025. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete, or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results.

On top of that, history shows market recoveries last longer and are more powerful than bear markets. You can't benefit from a rebound or take advantage of a bull market if your money isn't invested.

Work with a trusted partner

One way to minimize the uncertainty and stress that can come with investing is to work with a trusted advisor. Changing market conditions don't change your goals. Whether it's saving for a home, a child's education or investing for retirement, an advisor can help you develop an investment plan with the solutions that work best for you, carefully construct your portfolio, and guide you in making investment decisions that embrace market opportunities while preparing for the unexpected.

About CIBC Asset Management

At CIBC Asset Management, we believe that every customized investment solution begins with research and rigour. We specialize in a variety of investment solutions such as equities, fixed income, currency management, liability-driven investments, asset allocation, and responsible investments.

Across a spectrum of investment solutions, we commit to robust research. Dedicated sector and regional analysts focus on industry research and security-specific idea generation. Our investment professionals leverage deep and diverse expertise by sharing proprietary research across asset-class teams. By sharing insight across asset class teams, we maximize opportunities to add value to our client portfolios.

Contact us anytime

To learn more about CIBC Asset Management and our investment solutions, please contact your advisor or your CIBC representative. For more insights, connect with us on LinkedIn.

The views expressed in this material are the views of CIBC Asset Management as of March 2026 unless otherwise indicated, and are subject to change at any time. CIBC Asset Management Inc. does not undertake any obligation or responsibility to update such opinions.

This material 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; anyone wishing to act on this material should consult with their advisor. The material and/or its contents may not be reproduced without the express written consent of CIBC Asset Management Inc. Past performance may not be repeated and is not indicative of future results.

Forward-looking statements include statements that are predictive in nature, that depend upon or refer to future events or conditions, or that include words such as "expects", "anticipates", "intends", "plans", "believes", "estimates", or other similar wording. In addition, any statements that may be made concerning future performance, strategies, or prospects and possible future actions taken by the fund, are also forward-looking statements. Forward-looking statements are not guarantees of future performance. These statements involve known and unknown risks, uncertainties, and other factors that may cause the actual results and achievements of the fund to differ materially from those expressed or implied by such statements. Such factors include, but are not limited to: general economic, market, and business conditions; fluctuations in securities prices, interest rates, and foreign currency exchange rates; changes in government regulations; and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. CIBC Asset Management Inc. does not undertake, and specifically disclaims, any obligation to update or revise any forward-looking statements, whether as a result of new information, future developments, or otherwise prior to the release of the next management report of fund performance.