CIBC

A CONCISE FRAMEWORK FOR CONNECTING CLIENT GOALS, ADVICE AND PORTFOLIO DESIGN

Guide to Investment Principles and Portfolio Construction

SUMMARY OF LONG-FORM GUIDE



A framework for turning ambition into action

An investment portfolio is not an end in itself. It is a tool for funding the outcomes that matter to a client, such as retirement, education, a home, financial security or a legacy. CIBC's investment philosophy therefore begins with the client's ambitions and connects them to a disciplined investment strategy, rather than beginning with products or short-term market forecasts.

The framework is organized around three distinct but reinforcing pillars.

- The Investor Impact focuses on the decisions and habits within an investor's control.
- The Advice Differentiator explains how advice can turn goals and circumstances into practical investment choices.
- The Firm's Best Thinking describes the portfolio-construction capabilities, investment expertise and oversight that support those choices.

Keeping these pillars separate makes their roles clear: the investor contributes discipline, the advisor contributes context and guidance, and CIBC's investment teams contribute portfolio design and implementation expertise.

The central idea
Better outcomes are supported when disciplined investor behaviour, relevant advice, and thoughtful portfolio construction work together.

Pillar 1 | The Investor Impact

Long-term investment success depends in meaningful part on actions the investor can control. Markets will rise and fall, and no process can remove uncertainty. Investors can, however, define what they are trying to achieve, save at a level that supports those goals, give their capital time to compound, and contribute consistently. These four principles create the foundation on which advice and portfolio construction can build.

1. Have a clear investment plan

A clear, documented set of goals gives investment decisions a purpose and provides a reference point during periods of uncertainty. Goals-based investing shifts the primary measure of success away from beating a market index and toward the progress required to fund a client's ambitions. Market benchmarks remain useful for evaluating investments, but the client's ultimate question is whether the strategy remains aligned with the return, time horizon and level of volatility associated with the goal.

This perspective is especially valuable when markets decline. A client who sees short-term fluctuations only as a loss may be more likely to abandon a sound strategy. A client who understands the portfolio's purpose can assess market movements in the context of a longer journey. The plan becomes an anchor for rational decisions, while still allowing the strategy to be updated when the client's needs, resources or priorities change.

2. Invest enough

Every goal has a cost. Understanding that cost in today's terms, and how it may change over time, makes the goal more actionable. Comparing the projected value of existing assets and planned savings with the amount required can reveal a potential gap or surplus. If a gap exists, the investor can consider practical levers, including increasing contributions, changing the timing of the goal or reprioritizing competing objectives.

Savings behaviour is therefore as important as investment selection. Even modest increases in contributions can improve the probability of reaching a long-term goal. Prioritization is also essential because clients often pursue several ambitions at once. A defined hierarchy helps guide trade-offs and protects the most important outcomes when resources are limited.

3. Maximize time invested

Time allows investment returns to compound. When returns are reinvested, they may generate additional returns, creating cumulative growth over a longer period. Starting earlier gives this process more time to work and reduces the amount that may need to be contributed later. Delaying can shorten the compounding period and may require larger future contributions or a higher-return strategy, which could also involve greater volatility.

The practical lesson is not to pursue risk for its own sake, but to begin as early as circumstances allow and keep money aligned with the time horizon of the goal. Time can support a more growth-oriented strategy for long-term objectives, while near-term goals generally require greater emphasis on principal protection and liquidity.

4. Invest regularly

Regular investing turns saving into a repeatable habit. With dollar-cost averaging, a fixed amount is invested at regular intervals, buying fewer units when prices are higher and more when prices are lower. Regular investing's central value in this framework is behavioural: it supports continued participation and reduces the temptation to wait for the "right" moment to invest.

Automation can make saving the default rather than a recurring decision vulnerable to competing spending priorities or market noise. The account selected should also reflect the goal and the client's circumstances. Together, consistency, automation and an appropriate account structure can help keep invested capital dedicated to its intended purpose.

Pillar 2 | The Advice Differentiator

Advice connects the investor's goals and behaviour to an appropriate investment strategy. The advisor's role is to understand the client's circumstances, explain relevant trade-offs, organize complex choices and provide recommendations within the advisor's licensing and available solutions. Advice is most useful when it is grounded in purpose and revisited as the client's life changes.

Start with the client's full context

A suitable investment approach depends on more than a general willingness to take risk. Relevant considerations include the client's financial goals, comfort with volatility, financial situation, time horizons, income requirements, liquidity needs, tax considerations and unique circumstances. These factors work together. A client may have a long-term goal but limited capacity for near-term losses; another may have substantial financial resources but require liquidity for an upcoming purchase. Advice helps translate these facts into a coherent portfolio objective.

Goal horizon	Typical range	Portfolio emphasis
Short term	Less than 3 years	Emphasize principal protection and access to funds.
Medium term	3 to 10 years	Balance growth, stability and periodically reassessed liquidity needs.
Long term	More than 10 years	Allow greater emphasis on long-term growth, consistent with comfort with volatility.



Match the strategy to purpose and profile

CIBC aligns clients to investment profiles that range from Safety through Growth. The profiles express progressively different balances between capital preservation, income, liquidity, growth potential and tolerance for fluctuations. More defensive profiles rely more heavily on cash equivalents and fixed income. Balanced profiles combine fixed income and equities. Growth-oriented profiles emphasize equities and require a longer horizon and greater financial and emotional capacity to withstand short-term declines.

The profile is not a label applied in isolation. It should reflect the client's goal, required return, time horizon and comfort with volatility. In this sense, risk is not only the movement of portfolio values; it also includes the possibility that the client will not achieve the intended goal. A well-matched strategy balances both dimensions.

Help clients navigate behaviour and complexity

Investors can be influenced by overconfidence, loss aversion, herd behaviour and recency bias. These tendencies may lead to buying after strong performance, selling after declines, or changing strategies in response to short-term news. The result can be a "behavioural gap" between the return generated by an investment and the return actually experienced by an investor because of the timing of contributions, withdrawals or switches.

Advice can help by framing choices clearly, providing context and connecting a contemplated action back to the client's longer-term strategy. The advisor acts as a choice architect by organizing options, explaining implications and encouraging disciplined implementation. Examples may include establishing regular contributions or discussing portfolio rebalancing where appropriate and available. The objective is not to remove emotion, but to reduce the likelihood that a temporary market event causes a permanent impairment of capital or a departure from the client's plan.

Advice adds context

The value of advice is not limited to choosing an investment. It includes helping clients understand trade-offs and make decisions consistent with their goals.

Explain what each asset class is there to do

Clear advice also helps clients understand why a portfolio holds different asset classes.

- Equities are the growth engine, supporting long-term capital appreciation and inflation protection while introducing greater short-term fluctuation.
- Fixed income is the stabilizer, contributing income and generally moderating portfolio volatility, although bond values can change as interest rates move.
- Cash is the safety net, providing liquidity and reducing the need to sell other assets during market stress, but excessive long-term cash holdings may lose purchasing power to inflation.
- Alternatives are diversifiers, adding sources of return that may behave differently from stocks and bonds, while often involving distinct liquidity and complexity considerations.



Pillar 3 | The Firm's Best Thinking

The third pillar describes how expertise from across CIBC supports portfolio construction. CIBC Global Asset Management contributes investment management, research, manager selection, and oversight. CIBC Capital Markets contributes capital-markets expertise and product development through its Wealth Solutions Group. CIBC Fixed Term Investing provides principal-protected GIC and Market-Linked GIC solutions across a range of structures and maturities. Together, these capabilities help translate client needs into investable solutions.

Purpose, Structure and Fulfillment

CIBC Global Asset Management's Total Investment Solutions team uses an open-architecture framework organized around three stages. Purpose establishes the portfolio's intended outcome and strategic asset allocation. Structure determines how that allocation should be implemented, including considerations such as currency policy, rebalancing and themes. Fulfillment selects the managers and strategies used to deliver the intended outcome.

Open architecture allows internal capabilities and external sub-advisors to be considered. Potential managers and strategies are assessed using factors such as return potential, volatility, diversification, investment skill, process discipline and alignment with portfolio objectives. Ongoing oversight monitors performance, volatility and governance, while providing access to specialized expertise and broader global perspectives.

Strategic allocation first, tactical flexibility where appropriate

Strategic asset allocation sets the portfolio's long-term mix of asset classes. It uses forward-looking expectations for return and risk, as well as the relationships between asset classes, to pursue the targeted outcome while respecting client objectives and constraints. Diversification is central because combining assets that respond differently to market conditions can improve the overall balance between expected return and volatility.

Some portfolio solutions may also use tactical asset allocation. Tactical changes adjust portfolio weights in response to shorter-term market views, such as changing equity and bond exposure or shifting geographic allocations. These adjustments supplement the long-term strategic mix; they do not replace it.



Diversify across multiple dimensions

Effective diversification extends beyond holding both stocks and bonds. Portfolio construction may consider exposure to economic growth, individual securities, sectors, countries, currencies, interest rates, inflation, and the correlation between investments. It also considers reinvestment risk for maturing fixed-term investments and the opportunity cost of choosing one investment over another.

This broader approach matters for Canadian investors because the domestic equity market has significant exposure to financials, energy and materials and more limited exposure to several other global sectors. Investing across regions and asset classes can broaden the sources of return and reduce reliance on one economy or market segment. Diversification also addresses the reality that performance leadership rotates: an asset class, sector or region that leads in one period may lag in another. A diversified portfolio does not depend on consistently identifying the next winner.

Maintain the intended portfolio through rebalancing

Market movements cause portfolio weights to drift over time. Rebalancing reduces positions that have moved above their target weights and adds to those that have moved below target, restoring the strategic mix and intended risk profile. Some portfolio solutions rebalance internally; in other situations, rebalancing may be considered through the client's ongoing monitoring and review process with their advisor.

Rebalancing can feel counterintuitive because it involves trimming recent winners and adding to weaker performers. Its purpose, however, is not to predict the next market move, it is to maintain the portfolio structure selected for the client's goals, time horizon and comfort with volatility.

A partnership for ambition

CIBC's investment philosophy brings together three pillars to long-term success. The investor provides purpose and disciplined behaviour by setting goals, saving adequately, staying invested and contributing regularly. Advice translates the client's needs and circumstances into clear choices and an appropriate strategy. CIBC's investment capabilities provide portfolio structure, diversification, implementation and oversight.

This framework does not depend on predicting markets or avoiding all declines. It is designed to help clients navigate uncertainty through a repeatable process: connect investments to goals, choose a suitable portfolio objective, diversify across meaningful sources of risk and return, monitor alignment and rebalance when appropriate. The result is an investment approach focused not on products in isolation, but on helping clients make progress toward the ambitions their portfolios are intended to support.

All information in this material is as of November 1, 2026 unless otherwise indicated and it is subject to change.

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