

CI CANADIAN BALANCED FUND

Q3-2024 Commentary



FUND	1 YEAR	3 YEAR	5 YEAR	10 YEAR	S.I.
CI Canadian Balanced Fund, Series F*	18.9%	5.6%	7.7%	6.0%	6.4%
Benchmark: 30% MSCI ACWI Index/30% S&P/TSX Composite Index/40% FTSE Canada Universe Overall Bond Index	22.4%	6.0%	7.4%	6.9%	N/A

* Inception date: August 8, 2000. Formerly Signature Canadian Balanced Fund, renamed effective July 29, 2021.

Source: CI Global Asset Management, as at September 30, 2024.

PERFORMANCE SUMMARY

- Over the third quarter of 2024, CI Canadian Balanced Fund, Series F (the Fund) returned 5.4% compared with its blended benchmark (30% MSCI ACWI Total Return Index, 30% S&P/TSX Composite Total Return Index and 40% FTSE Canada Universe Overall Bond Index), which returned 6.6%.
- The Fund underperformed its benchmark primarily as a result of its exposure to the energy sector. The Fund's allocation to private assets also detracted from performance given the strong performance of public equity markets.

CONTRIBUTORS TO PERFORMANCE

The Fund's position in Manulife Financial Corp. contributed to performance. The company's shares rebounded from very moderate valuation as strong earnings results bolstered market confidence, lifting the company's valuation from low levels.

Another contributor to the Fund's performance was a holding in The Bank of Nova Scotia. The bank's stock rebounded amid optimism for further interest rate cuts within Canada, which the market sees as reducing fears of an adverse credit cycle.

DETRACTORS FROM PERFORMANCE

A holding in Cenovus Energy Inc. detracted from the Fund's performance as the company continued to struggle with its downstream operations against a backdrop of generalized weakness in global energy prices.

Another detractor from the Fund's performance was a holding in Canadian Natural Resources Ltd., which was affected by broad-based weakness within the energy sector.

PORTFOLIO ACTIVITY

During the period, we trimmed the Fund's holding in Agnico Eagle Mines Ltd., with the proceeds added to the Fund's holding in Barrick Gold Corp. in order to increase gold exposure, but at a lower valuation.

MARKET OVERVIEW

We remain positive about global equity markets, believing that economies will likely experience an economic "soft landing" without severe recession. While recent concerns around inflation and interest rates have challenged economies, fiscal, economic and monetary supports are likely to continue.

Challenges remain for the Canadian economy, with mortgage renewals continuing to occur at higher interest rates than existing loans, stressing many indebted consumers. However, we believe that lower interest rates should be adequate to allow a reasonable level of Canadian economic growth at moderate inflation levels.

Within the Fund, allocations continue to reflect a concern that U.S. equity markets are somewhat overvalued relative to other global opportunities, particularly that of Canada. This view is reflected in the Fund's overweight allocation to Canadian equities.

From a sectoral perspective, there is an equity underweight exposure to the information technology sector, which we view as highly vulnerable to a pullback from extended valuation metrics and high growth expectations. In contrast, fear around a Canadian recession has provided attractive valuations for Canadian financial services stocks, where we retain for the Fund an overweight exposure.

Within fixed income, it seems clear that interest rate cuts are likely to support bond prices, particularly in Canada, with potential for price appreciation in addition to yield. The Fund maintains an overweight allocation to corporate credit, where the spread and carry rate are attractive. This is somewhat balanced by a slightly longer duration (sensitivity to interest rates) positioning, which would be expected to benefit the Fund's portfolio should the Canadian economy weaken, or interest rates decline more than anticipated.

Source: CI Global Asset Management

For more information, please visit [ci.com](https://www.ci.com).

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The comparison presented is intended to illustrate the Mutual Fund's historical performance as compared with the historical performance of widely quoted market indexes or a weighted blend of widely quoted market indexes. There are various important differences that may exist between the Mutual Fund and the stated indexes that may affect the performance of each. The objectives and strategies of the Mutual Fund result in holdings that do not necessarily reflect the constituents of and their weights within the comparable indexes. Indexes are unmanaged and their returns do not include any sales charges or fees. It is not possible to invest directly in market indexes.

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