

# CI CANADIAN BALANCED FUND

## Q4-2024 Commentary



FUND	1 YEAR	3 YEAR	5 YEAR	10 YEAR	S.I.
CI Canadian Balanced Fund, Series F*	13.6%	4.7%	7.6%	6.1%	6.5%
Benchmark: 30% MSCI ACWI Index/30% S&P/TSX Composite Index/40% FTSE Canada Universe Overall Bond Index	16.1%	5.4%	7.4%	7.0%	N/A

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

Source: CI Global Asset Management, as at December 31, 2024.

### PERFORMANCE SUMMARY

- Over the fourth quarter of 2024, CI Canadian Balanced Fund, Series F (the Fund) returned 2.6% compared with its 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 2.7%.
- The Fund underperformed its benchmark primarily as a result of its underweight exposure to the information technology sector. Currency hedging against the U.S. dollar also detracted from the Fund's performance.

### CONTRIBUTORS TO PERFORMANCE

The Fund's position in Shopify Inc. contributed to performance. The company's stock rose strongly following the release of the company's third-quarter 2024 results, which reported better-than-expected revenue and a positive update on its outlook.

Another contributor to the Fund's performance was a holding in Manulife Financial Corp. Its stock benefited from the company's ongoing improvement in return on equity and its reasonable valuation.

### DETRACTORS FROM PERFORMANCE

A holding in Advanced Micro Devices Inc. detracted from the Fund's performance. The company released a lacklustre third-quarter 2024 financial report. There were also concerns around the company's competitive positioning against other microchip manufacturers.

Another detractor from the Fund's performance was a holding in TELUS Corp., which was affected by concerns around competitive intensity in the Canadian telecommunications market.

### PORTFOLIO ACTIVITY

During the quarter, we increased an existing Fund position in ARC Resources Ltd. based on its reasonable valuation and the favourable backdrop for natural gas pricing, particularly in the company's core region of Western Canada.

A Fund holding in Bank of Montreal was trimmed in favour of adding additional Fund exposure to The Toronto-Dominion Bank.

## **MARKET OVERVIEW**

It is clear to us that global markets are entering 2025 with quite a bit of uncertainty, including the downward path of inflation, geopolitics, interest rates, economic strength and global trade policies. This will all unfold against a backdrop of elevated valuations in the world's largest equity market, the United States.

Despite the uncertainty and valuation backdrop, we have a positive view on the path forward for markets. While equity gains of 2024 may be difficult to replicate, conditions do not warrant an overly cautious approach. Put simply, we do not see the economic, monetary or market preconditions for a major drawdown in equities. Moderate economic growth should continue, and it is expected that central banks will continue to cut interest rates, albeit at a slower pace than expected earlier in 2024. Within this context, equity markets have a chance to perform well on both a relative and absolute basis.

For the Fund's Canadian equity allocation, many investors are focused on trade concerns for Canada's economy. While this may be a challenge, we see strong positive trends, from moderate valuations to declining interest rates and a troughing of Canadian consumer weakness brought on by higher mortgage interest rates. These factors should be supported by increasing flows from Canadian and international investors, which leaves us positive on the Canadian backdrop, particularly on a relative basis.

Within the Fund's fixed income portion, the market is pricing in two more interest rate cuts from the Bank of Canada, with the potential for more. At current yield levels, bonds look attractive. We believe that investment-grade credit should provide very good absolute returns in 2025, although uncertainty should pick up as the year progresses. We expect the current favourable environment for credit to continue in the first half of 2025. Continuing strong market supply, increased mergers and acquisitions activity triggered by a looser regulatory regime in the United States and uncertain political developments should all drive a small increase in risk premia. Attractive all-in yields and low but stable economic growth are expected to keep spread-widening modest.

Source: CI Global Asset Management

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

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