CI CANADIAN BOND FUND

Q3-2024 Commentary

FUND	1 YEAR	3 YEAR	5 YEAR	10 YEAR	S.I.
CI Canadian Bond Fund, Series F*	13.4%	-0.1%	0.9%	2.0%	3.7%
Benchmark: FTSE Canada Universe Bond Total Return Index	12.9%	-0.1%	0.6%	2.3%	N/A

* Inception date: August 8, 2000. Formerly Signature Canadian Bond 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 Bond Fund, Series F (the Fund) returned 4.6% compared with its benchmark, the FTSE Canada Universe Bond Total Return Index, which returned 4.7%.
- The Fund slightly underperformed its benchmark primarily as a result of its overweight allocation to Canadian corporate bonds.

CONTRIBUTORS TO PERFORMANCE

A holding of Canada Housing Trust No. 1 4.25% Mar. 15, 2034 bonds contributed to the Fund's performance. This security was eliminated in the second half of September when yields were near their lows for the period. It was part of the extension trade into Canada Housing Trust No. 1 3.5% Dec. 15, 2034 bonds.

Another notable contributor to the Fund's performance was a holding of Government of Canada 2.5% Dec. 1, 2032 bonds. This security benefited from its relatively large weighting in the Fund and the decline in yields over the period.

DETRACTORS FROM PERFORMANCE

A Fund holding in Canada Housing Trust No. 1 3.5% Dec. 15, 2034 bonds detracted from performance. This security was a new position added in the second half of September when yields were rising. It was part of the extension trade out of Canada Housing Trust No. 1 4.25% Mar. 15, 2034 bonds.

A holding in Province of Ontario 4.7% Jun. 2, 2037 bonds detracted from the Fund's performance as yields rose after it was added to the Fund's portfolio.

PORTFOLIO ACTIVITY

We purchased a new Fund position in Canada Housing Trust No. 1 3.5% Dec. 15, 2034 bonds to replace a holding in Canada Housing Trust No. 1 4.25% Mar. 15, 2034 bonds.

A holding in Stella-Jones Inc. 4.312% Oct. 1, 2031 bonds was also added to the Fund during the period based on strong credit metrics. The company has demonstrated a more than 20-year track record of steady sales growth and margin expansion and benefits from recurring revenue through long-term contracts as well with cost pass-through features that helps mitigate commodity price volatility and results in stable profit margins through the cycle. The bond is BBB-rated, and this was its inaugural Canadian-dollar investment-grade issue.

MARKET OVERVIEW

Economic conditions in Canada remain weak. The Canadian economy faces challenges from rising unemployment, consumers stressed by higher interest rates and likely lower demand as immigration moderates. The Bank of Canada (BoC) began cutting interest rates in June 2024 and completed three cuts through September, lowering its overnight lending rate from 5.00% to 4.25%. The market expects the BoC to further cut its overnight lending rate at each of its next two meetings into year-end. The BoC has indicated that it is reasonable to expect more cuts if economic data progresses as expected.

The U.S. Federal Reserve Board (Fed) started its interest rate cutting cycle in September with a relatively large 50-basis-point cut to its overnight lending rate. The market expects more cuts before year-end. Given rising unemployment in both Canada and the United States, the BoC and the Fed are increasingly sensitive to downside risks now that there is a line of sight on inflation returning to target.

To manage risk, we are maintaining for the Fund a relatively higher duration in government bonds and focusing on high-quality corporate bonds to add yield.

Inflows continue to occur into bond funds in Canada, albeit at a somewhat slower pace than earlier in the year. 2024 is on track to reach a record amount of corporate bond issuance and yet year-to-date spreads have still tightened, which is indicative of continued demand for yield products.

Corporate balance sheets are not showing signs of weakness yet, but second-quarter 2024 corporate earnings calls have pointed to a slowdown in the purchase of big-ticket items and a much more cost-conscious consumer overall.

It takes some time for interest rate cuts to begin taking effect on individuals and businesses, but most are still operating from a position of balance sheet strength. As long as this continues, lower borrowing costs should drive better performance in the coming year in the form of stronger growth.

We have decreased the Fund’s credit position slightly and increased quality where applicable. However, the Fund maintains an overweight allocation to credit as we still believe there is value in the asset class at this time.

Sources: CI Global Asset Management and Bloomberg Finance L.P.

For more information, please visit ci.com.

IMPORTANT DISCLAIMERS

Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus before investing. The indicated rates of return are the historical annual compounded total returns net of fees and expenses payable by the fund (except for figures of one year or less, which are simple total returns) including changes in security value and reinvestment of all dividends/distributions and do not take into account sales, redemption, distribution or optional charges or income taxes payable by any securityholder that would have reduced returns. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated.

This document is provided as a general source of information and should not be considered personal, legal, accounting, tax or investment advice, or construed as an endorsement or recommendation of any entity or security discussed. Every effort has been made to ensure that the material contained in this document is accurate at the time of publication. Market conditions may change which may impact the information contained in this document. All charts and illustrations in this document are for illustrative purposes only. They are not intended to predict or project investment results. Individuals should seek the advice of professionals, as appropriate, regarding any particular investment. Investors should consult their professional advisors prior to implementing any changes to their investment strategies.

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.

Certain names, words, titles, phrases, logos, icons, graphics, or designs in this document may constitute trade names, registered or unregistered trademarks or service marks of CI Investments Inc., its subsidiaries, or affiliates, used with permission. All other marks are the property of their respective owners and are used with permission.

Certain statements contained in this communication are based in whole or in part on information provided by third parties and CI Global Asset Management has taken reasonable steps to ensure their accuracy. Market conditions may change which may impact the information contained in this document.

Certain statements in this document are forward-looking. Forward-looking statements ("FLS") are statements that are predictive in nature, depend upon or refer to future events or conditions, or that include words such as "may," "will," "should," "could," "expect," "anticipate," "intend," "plan," "believe," or "estimate," or other similar expressions. Statements that look forward in time or include anything other than historical information are subject to risks and uncertainties, and actual results, actions or events could differ materially from those set forth in the FLS. FLS are not guarantees of future performance and are by their nature based on numerous assumptions. Although the FLS contained herein are based upon what CI Global Asset Management. and the portfolio manager believe to be reasonable assumptions, neither CI Global Asset Management nor the portfolio manager can assure that actual results will be consistent with these FLS. The reader is cautioned to consider the FLS carefully and not to place undue reliance on FLS. Unless required by applicable law, it is not undertaken, and specifically disclaimed that there is any intention or obligation to update or revise FLS, whether as a result of new information, future events or otherwise.

CI Global Asset Management is a registered business name of CI Investments Inc.

© CI Investments Inc. 2024. All rights reserved.

Published November 8, 2024.