

CI CANADIAN DIVIDEND FUND

Q4-2024 Commentary



PORTFOLIO	1 YEAR	3 YEAR	5 YEAR	10 YEAR	S.I.
CI Canadian Dividend Fund, Series F*	19.0%	7.4%	10.2%	9.6%	8.8%
Benchmark: S&P/TSX Composite Dividend Total Return Index	19.8%	9.5%	11.1%	9.0%	7.8%

* Inception date: June 12, 2006. Formerly Cambridge Canadian Dividend 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 Dividend Fund, Series F (the Fund) returned 3.0%, outperforming the S&P/TSX Composite Dividend Total Return Index, which returned 2.0%.
- The Fund's outperformance was driven by an underweight allocation to the materials sector, an overweight position in the information technology sector and overall stock selection.

CONTRIBUTORS TO PERFORMANCE

A holding in Brookfield Asset Management Inc. contributed to the Fund's performance during the quarter for three reasons:

- Earnings results showed continued strong fundraising.
- Management continued to signal the possibility of getting S&P 500 Index inclusion in the near future, with plans to address key hurdles, including moving the company's headquarters.
- The election of Donald Trump dramatically improved the outlook for increased merger and acquisition activity due to a more business-friendly U.S. administration and less restrictive regulatory environment.

A holding in Enbridge Inc. also contributed to the Fund's performance during the quarter, supported by a more attractive outlook for growth in the company's U.S. gas pipeline and distribution assets. Rising power demand expectations in the U.S., including demand for natural gas, should drive future growth for Enbridge. In addition, aggressive interest rate cutting by the Bank of Canada (BoC) continues to enhance Enbridge's dividend yield and create a compelling means for investors to redeploy assets sitting in money market securities.

DETRACTORS FROM PERFORMANCE

A holding in Canadian Pacific Kansas City Ltd. detracted from the Fund's performance during the quarter as geopolitical concerns with the new Mexican administration and potential U.S. tariff increases from the incoming Donald Trump administration began to be priced into the outlook for the company's medium-term growth.

A holding in TELUS Corp. stock also detracted from the Fund's performance as the wireless industry in Canada remains undisciplined, leading to growth and earnings pressures. Wireless industry net assets continue to weaken, while average revenue per customer is also declining due to pricing competition.

PORTFOLIO ACTIVITY

During the quarter, we added to the Fund positions in ARC Resources Ltd., Brookfield Infrastructure Partners L.P. and National Bank of Canada, while eliminating Fund positions in Tourmaline Oil Corp. and Nutrien Ltd.

MARKET OVERVIEW

Canadian equities in 2025 present both opportunities and challenges. After a strong 2024, with the S&P/TSX Composite Index hitting an all-time high fuelled by better-than-expected corporate earnings, declining interest rates and a weaker Canadian dollar, the focus shifts to potential risks from a second Trump administration and associated tariff implications.

The macroeconomic environment in Canada is improving. Inflation is within the BoC's target range, easing pressure on consumer spending. Lower interest rates, expected to continue declining in early 2025, should support the housing market and alleviate debt concerns. And consumer confidence is recovering, signalling the potential for increased spending.

Despite these positive trends, we see heightened near-term market risks. To navigate increased uncertainty and volatility, we're prioritizing diversification in the Fund's portfolio. Overall, while challenges persist, we remain cautiously optimistic for 2025, driven by improving economic conditions, lower interest rates and a rebound in earnings growth.

Source: CI Global Asset Management

GLOSSARY

Volatility - Measures how much the price of a security, derivative, or index fluctuates. The most commonly used measure of volatility when it comes to investment funds is standard deviation.

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