

CI CANADIAN EQUITY CORPORATE CLASS

Q3-2024 Commentary



FUND	1 YEAR	3 YEAR	5 YEAR	10 YEAR	S.I.
CI Canadian Equity Corporate Class, Series F*	30.9%	12.6%	12.3%	9.5%	9.7%
Benchmark: S&P/TSX Composite Total Return Index	26.7%	9.5%	11.0%	8.1%	6.5%

* Inception date: December 31, 2007. Formerly Cambridge Canadian Equity Corporate Class, 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 Equity Corporate Class, Series F (the Fund) returned 8.4% compared with its benchmark, the S&P/TSX Composite Total Return Index, which returned 10.5%.
- The Fund underperformed its benchmark as a result of stock selection within the information technology and consumer discretionary sectors.

CONTRIBUTORS TO PERFORMANCE

A holding in Colliers International Group Inc. contributed to the Fund's performance. The company's stock outperformed as a result of improved investor sentiment that lower interest rates will stimulate transaction activity for the purchase and leasing of commercial properties, including office and retail, which have experienced recent pressure. We remain shareholders of the company because Colliers International Group is well-positioned to gain share when commercial real estate activity recovers and to accelerate growth through strategic mergers and acquisitions.

Another notable contributor to the Fund's performance was a holding in Meta Platforms Inc., which outperformed because the company improved its advertising targeting engine while diligently managing its cost structure. The company also benefited from a stabilization in advertising demand and better user engagement with new features such as Reels. We remain owners of Meta Platforms because of the structural shift in advertising spending towards digital channels, the company's stable user base and the company's pivot to short-form video monetization.

DETRACTORS FROM PERFORMANCE

A holding in Alphabet Inc. detracted from the Fund's performance because of a deceleration in advertising activity on the company's YouTube platform and elevated capital expenditures to support its artificial intelligence (AI) initiatives. However, we believe that Alphabet is well-positioned given its leading market share in search, the structural shift in advertising spending towards digital channels and growing demand for the company's cloud-computing services.

Another detractor from the Fund's performance was a holding in Amazon.com Inc. Its stock underperformed because cloud backlog growth did not accelerate, and retail margins were weaker than expected. We remain invested in Amazon.com because of the company's unparalleled scale and distribution network. The company's advertising division continues to grow, and AI should increase demand for its cloud-computing services.

PORTFOLIO ACTIVITY

We added to the Fund a new position in Barrick Gold Corp. to increase the Fund's exposure to gold prices, which we expect will continue to rise.

A holding in Bank of Montreal was eliminated from the Fund as we see better value and growth prospects with other Canadian financial institutions.

MARKET OVERVIEW

We expect inflation will further moderate but remain at an elevated level, and thus we favour businesses that have sustainable competitive advantages that allow them to exercise pricing power. We expect that lower inflation will lead central banks to ease monetary policy and cut interest rates. This should benefit the valuation of companies that operate in cyclical industries. We are more cautious towards companies that sell discretionary goods because consumers remain pressured by inflation. However, we also believe that consumers will prioritize spending on services and experiences.

We expect stimulus spending under the U.S. *Infrastructure Investment and Jobs Act*, *Inflation Reduction Act* and *CHIPS and Science Act* should partially offset slower economic activity in the private sector related to higher interest rates. Adoption of AI should continue to increase, driving demand for semiconductor chips and data centre capacity. We are also invested in companies exposed to higher military and defence spending in response to recent conflicts across the world. These conflicts will likely increase volatility in oil prices, and as such, we remain selective within the energy sector.

The Fund holds companies that we believe can endure any economic environment and businesses with short-term challenges that are trading at prices well below our estimate of their intrinsic value. We continue to place an emphasis on balance sheet resilience and liquidity, which enables businesses to continue investing through an economic downturn and ultimately emerge stronger when economic conditions recover.

Source: CI Global Asset Management

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

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