

CI EMERGING MARKETS FUND

Q3-2024 Commentary



FUND	1 YEAR	3 YEAR	5 YEAR	10 YEAR	S.I.
CI Emerging Markets Fund, Series F*	22.9%	2.0%	7.7%	6.6%	5.9%
Benchmark: MSCI Emerging Markets Total Return Index (C\$)	26.4%	3.0%	6.6%	6.4%	6.8%

* Inception date: August 8, 2000. Formerly Signature Emerging Markets 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 Emerging Markets Fund, Series F (the Fund) returned 5.1% compared with its benchmark, the MSCI Emerging Markets Total Return Index, which returned 7.5% over the same period.
- The Fund underperformed its benchmark as a result of stock selection, particularly in the information technology and consumer discretionary sectors. The Fund's cash allocation also detracted from performance in a strong equity market.
- Outperformance resulting from an overweight allocation to the consumer discretionary sector was offset by underweight allocations to the health care and communication services sectors, which detracted from the Fund's performance.
- Underweight exposures to mainland China and Hong Kong slightly detracted from the Fund's performance, as did stock selection of higher-quality companies since lower-quality, depressed-valuation stocks in China rebounded more aggressively towards the end of the quarter.

CONTRIBUTORS TO PERFORMANCE

The Fund's holdings in Alibaba Group Holding Ltd. and Tencent Holdings Ltd. were the largest contributors to performance following interest rate cuts and liquidity injections in China late in the quarter. These decisions were also followed by a promise of more fiscal support early in the fourth quarter of 2024. Alibaba Group Holding and Tencent Holdings often acts as an expression of macroeconomic developments in China.

Another notable contributor to the Fund's performance was a holding in MercadoLibre Inc. As the foremost ecommerce company in Latin America, MercadoLibre trades closely in line with the global ecommerce trends, especially Amazon.com Inc. Apart from the broader ecommerce rebound during the period, MercadoLibre continued to expand its fulfillment centres in Brazil, and actively pursued fintech opportunities in Mexico, including applying for a full banking licence.

DETRACTORS FROM PERFORMANCE

A position in Samsung Electronics Co. Ltd. detracted from the Fund's performance. The company suffered from several concerns, including a slowdown in the excitement of artificial intelligence (AI)-related investments as investors adjusted expectations about the future demand of AI-related hardware. Samsung Electronics has also failed to close the gap in producing leading-edge HBM3E (high bandwidth) memory.

Other notable detractors from the Fund's performance were holdings in SK Hynix Inc. and Taiwan Semiconductor Manufacturing Co. Ltd. These companies' stocks were affected by similar AI-related issues as Samsung Electronics, which are noted above. SK Hynix, as

the leading manufacturer of HBM3 memory, suffered additional losses because of the expected cyclical slowdown in memory demand.

PORTFOLIO ACTIVITY

We added a new Fund position in Anglo American PLC, a mining conglomerate known for its iron ore, copper, platinum group of metals and diamond holdings. It was added based on the company's strategy to unlock shareholder value by spinning off non-core assets and on our expectation that base metals should find better support as the Chinese economy regains momentum.

We eliminated a Fund position in Wal-Mart de Mexico SAB de CV to reduce exposure to Mexico.

The Fund's holding in Bumrungrad Hospital PCL was also sold from the Fund after it reached our target level.

MARKET OVERVIEW

Two countries, the United States and China, warrant closer than usual monitoring as macroeconomic developments in these countries could impact emerging market equity returns meaningfully into year-end.

We expect China to add more economic stimulus early in the fourth quarter of 2024, not only supporting the rebound in Chinese equities but also providing broader support to emerging market equities, especially those in countries surrounding China (Thailand, Vietnam, Indonesia and South Korea) and commodity-producing countries (Brazil, South Africa, Chile and Indonesia).

There are possible risks of a slowdown in the U.S. economy, though we do not expect a recession. We will monitor increased signs of U.S. labour market weakness and slowing consumer spending and re-calibrate this risk accordingly. The U.S. presidential election is a clear event risk, and the outcome could have a binary impact on certain industries, such as energy and heavily regulated industries. A drawn-out process to declare a winner post the election poses an additional risk.

The war in the Middle East has escalated and needs close monitoring as Iran is coming under increased pressure to react to recent attacks on Hezbollah in Lebanon and the Houthis in Yemen.

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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