CI LIQUID ALTERNATIVE INVESTMENT STRATEGIES

CI Marret Alternative Enhanced Yield Fund

DECEMBER 2024

CI Marret Alternative Enhanced Yield Fund (the Fund) seeks to provide income with low volatility regardless of market conditions. The Fund invests primarily in fixed income across the credit spectrum including cash and cash equivalents. The Fund's active management targets low correlation with both equity and traditional fixed income.

PERFORMANCE SUMMARY (as of December 31, 2024)

	1 MONTH	3 MONTHS	YTD	1 YEAR	2 YEAR	3 YEAR	SINCE INCEPTION
CI MARRET ALTERNATIVE ENHANCED YIELD FUND SERIES F	**0.03%**	**1.13%**	**5.53%**	**5.53%**	**5.50%**	**2.54%**	**3.03%**
FTSE CANADA SHORT CORPORATE BOND INDEX	0.45%	1.04%	7.26%	7.26%	6.97%	3.03%	2.79%

Source: Morningstar Research Inc. Inception date: May 14, 2020.

GLOBAL MACRO UPDATE

In 2024, market narratives shifted several times as investors balanced economic resilience, a slower than expected disinflationary process, and a softening labor market. Central banks grappled with tough decisions on potential rate cuts in the face of these mixed economic signals.

Early in the year, strong labor data from the U.S. and Canada—including robust non-farm payrolls and rising wages—kept inflation concerns front and center. Despite markets pricing in multiple rate cuts in the U.S., the Federal Reserve ("Fed") remained cautious, emphasizing the need for more data before adjusting policy. The Fed's cautious stance shaped investor sentiment and worked to drive rates higher until the end of April.

Throughout the second quarter, inflation remained sticky, complicating the outlook in the U.S. While the Fed acknowledged some progress on inflation, it remained more cautious than peers about easing monetary policy. The Bank of Canada ("BoC") led the Group of Seven by cutting rates in June, just ahead of the European Central Bank. By contrast, the Fed only revised its 2024 rate cut projections. Gradually, concerns about a potential global slowdown grew and a cooling U.S. labor market appeared to be taking shape. August began with a notable risk-off episode, driven by concerns over Japanese carry trades and disappointing U.S. payrolls data.

In the latter half of the year, market volatility increased due to political uncertainty, especially in the U.S. The presidential election introduced additional unpredictability, with President Biden's decision to withdraw from the race and Kamala Harris's subsequent entry. Despite a risk-on tone early in the second half, weaker data, including softer job numbers and rising unemployment, spurred the Fed to lower rates in September, though it refrained from committing to an aggressive easing cycle. Through to year end, the Fed and BoC both lowered rates further, signaling caution considering evolving economic and geopolitical risks.

FUND SUMMARY

KEY FACTS	
NAV/UNIT (SERIES F)	$9.70
MANAGEMENT FEE (SERIES F)	0.80%
PERFORMANCE FEE	10% of returns (net of MER) above the hurdle rate subject to a high-water mark
HURDLE RATE	Yield on FTSE Canada Short Term Government Bond Index +1%
YTM	6.03%
AVERAGE CREDIT RATING	BBB
AVERAGE DURATION	2.98 years
LIQUIDITY	Daily
SERIES F FUND CODE	CIG 4195 (C$) CIG 4196 (US$)
SERIES A FUND CODE	CIG 2195 (C$) CIG 2196 (US$)
ETF TICKER	TSX: CMEY (C$ hedged) CMEY.U (US$ hedged)

USE OF LEVERAGE

GROSS EXPOSURE	125.1%
NET EXPOSURE	104.7%

Source: Marret Asset Management Inc.as of December 31, 2024.

Overall, 2024 was a year of cautious central bank maneuvering due to mixed data signals and competing hard/soft landing narratives. Typical of periods where central banks transition from a sustained hold in rates to initial cuts, investors faced conflicting data and volatile market reactions. On the surface, the economic backdrop remained resilient but ongoing restrictive policy methodically exerted its influence and achieved it's intended effect – namely a disinflationary path and a better balance of risks with respect to price stability and maximum employment.

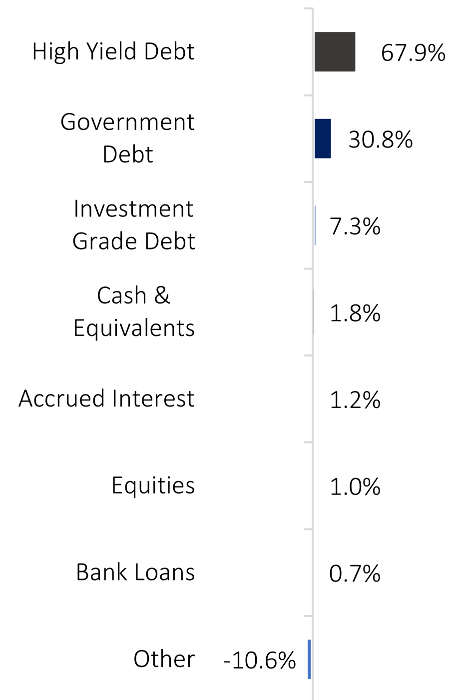
POSITIONING UPDATE

The Fund generated a positive return but underperformed its benchmark. Underperformance was primarily driven by a more conservative risk profile with less exposure to tightening credit spreads, partially offset by tactical curve and duration positioning in interest rates. With central banks expected to ease monetary policy from a "Tight Pause" to the "Initial Cuts" phase, we believed late-cycle, flexible positioning balanced between government bonds and credit was appropriate. This approach was designed to prepare the Fund for either a hard or soft landing. While the strategy is primarily credit-focused, we retained around a 30% government exposure to benefit from anticipated rate cuts and preserve capital for potential credit opportunities, as credit spreads were likely to widen from historically rich levels. Our credit risk was concentrated in the front end, with credit duration generally ranging from half a year to just over one year in 2024. This positioning allowed us to capture attractive front-end yields, especially while yield curves remained inverted, helping us avoid broader credit market volatility. By year-end, with U.S. base rates offering strong relative value, we increased the Fund's duration to ~3 years, closer to its maximum of 4. We also extended credit duration modestly to lock in more attractive yields as government curves normalized. Although the strategy underperformed slightly in 2024, we believe our positioning leaves us well-placed for outperformance through the cycle. With the portfolio's yield-to-worst close to 6% to start the year, and the set up for 2025 looking quite constructive, we anticipate attractive opportunities in the year ahead.

OUTLOOK

The market is now fully pricing in a "higher for longer" interest rate environment, with 2-year to 30-year yields ending the year above the Fed Funds rate and only 1-2 rate cuts expected in the U.S. during 2025. These rates suggest that the recession premium has been fully priced out of bonds. The term premium has also returned, increasing a little over 100bps in 2024, reaching its highest level in the post-COVID era after spending most of the decade in negative territory. Inflation expectations, as reflected in interest rate swaps, have stabilized around 2.25-2.5%, down from over 3% in 2022.

ASSET CLASS BREAKDOWN



FUND EXPOSURE

ISSUER COUNTRY	GROSS EXPOSURE*
CANADA	31.8%
U.S.	62.9%
OTHER	5.3%

TOP FIVE HOLDINGS

HOLDING	WEIGHT
U.S. TREASURY BOND 0 03/31/25	10.6%
U.S. TREASURY BOND 4 3/8 12/31/29	8.8%
U.S. TREASURY BOND 4 1/4 11/15/34	3.7%
ATKINSREALIS GROUP INC 7 06/12/26	2.5%
AIR CANADA 3 7/8 08/15/26	2.5%

Source: Marret Asset Management Inc., as of December 31, 2024.
*Does not include cash holdings.

Markets are now focused on the trajectory of interest rates in both Canada and the U.S. Strong growth in the U.S. and resilience in the labor market will likely lead the Federal Reserve to adopt a more cautious and gradual approach to rate cuts. In contrast, Canada's economic outlook appears more vulnerable, suggesting the BoC may need to adopt a stimulative policy stance and lower rates further. The BoC's path will be shaped by both domestic conditions and U.S. trade actions, as tariffs could hurt already weakened Canadian growth. A retaliatory tariff response could also fuel inflationary pressures in Canada.

Geopolitical risks remain a key concern for markets, with ongoing issues in North Korea, Ukraine, Israel, and Iran likely to persist. Global leaders often test new administrations during transitions, which could add uncertainty to the economic outlook. On the political front, incoming president Donald Trump is the largest wild card. To begin 2025, his offbeat remarks—such as suggesting the U.S. could buy Greenland, annex the Panama Canal, or exert economic force over Canada— have contributed to volatility and market unease. With nothing seemingly off the table, we expect his actions and rhetoric to continue amplifying both opportunities and risks in the year ahead.

Monetary policy uncertainty, fiscal policy uncertainty, and geopolitical uncertainty all lead us to expect further volatility in the coming year. While credit investors remain relatively complacent, areas of fixed income have become more attractive given the significant rise in interest rates. However, recent sharp moves across government bond markets also highlight the need to trade tactical ranges while being selective with curve positioning. Both will be crucial for managing risk and generating alpha in 2025. Our current focus remains primarily on harvesting front end yield in addition to building exposure to higher quality credit, while we await broader market spreads to adjust to better compensate for some of these uncertainties. We have been active using credit to rebuild some of our structural yield, given interest rate volatility has led to modest spread widening and rising all-in yields have provided more attractive opportunities. Looking forward, our bias is to continue to add duration if yields rise further due to fiscal policy or inflation concerns as we feel the term premium offered is becoming quite attractive. At the same time, if rates rise abruptly from here, we feel risk markets will most likely stumble which may provide an opportunity to broaden our exposure to credit if it were to become sufficiently attractive.

GLOSSARY OF TERMS

Alpha: A measure of performance often considered the active return on an investment. It gauges the performance of an investment against a market index or benchmark which is considered to represent the market's movement as a whole. The excess return of an investment relative to the return of a benchmark index is the investment's alpha.

Correlation: A statistical measure of how two securities move in relation to one another. Positive correlation indicates similar movements, up or down, while negative correlation indicates opposite movements (when one rises, the other falls).

Duration: A measure of the sensitivity of the price of a fixed income investment to a change in interest rates. Duration is expressed as number of years. The price of a bond with a longer duration would be expected to rise (fall) more than the price of a bond with lower duration when interest rates fall (rise).

Credit rating/risk: An assessment of the creditworthiness of a borrower in general terms or with respect to a particular debt or financial obligation. Credit risk is the risk of default on a debt that may arise from a borrower failing to make required payment.

Leverage: An investment strategy of using borrowed money - specifically, the use of various financial instruments or borrowed capital - to increase the potential return of an investment.

Liquidity: The degree to which an asset or security can be quickly bought or sold in the market without affecting the asset's price. Cash is considered to be the most liquid asset, while things like fine art or rare books would be relatively illiquid.

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.

Yield curve: A line that plots the interest rates of bonds having equal credit quality but differing maturity dates. A normal or steep yield curve indicates that long-term interest rates are higher than short-term interest rates. A flat yield curve indicates that short-term rates are in line with long-term rates, whereas an inverted yield curve indicates that short-term rates are higher than long-term rates.

Yield to maturity (YTM): The total expected return from a bond when it is held until maturity – including all interest, coupon payments, and premium or discount adjustments.

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CI Liquid Alternative investment funds have the ability to invest in asset classes or use investment strategies that are not permitted for conventional mutual funds. The specific strategies that differentiate these investment funds from conventional fund structure include: increased use of derivatives for hedging and non-hedging purposes; increased ability to sell securities short; and the ability to borrow cash to use for investment purposes. While these strategies will be used in accordance with the investments funds' investment objectives and strategies, during certain market conditions they may accelerate the pace at which your investment decreases in value.

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Published January 24, 2025.