CI NORTH AMERICAN DIVIDEND FUND

Q3-2024 Commentary

FUND	1 YEAR	3 YEAR	5 YEAR	10 YEAR	S.I.
CI North American Dividend Fund, Series F*	36.7%	11.1%	12.3%	9.2%	10.2%
Benchmark: 25% S&P/TSX Composite Index & 75% S&P 500 Index	31.6%	12.0%	13.8%	11.9%	10.4%

* Inception date: August 21, 2008. First Asset Canadian Dividend Opportunity Fund merged into CI North American Dividend Fund effective April 16, 2021, and this change may impact performance. Had these changes been in effect prior to this date, the performance of the Fund could have been different. Please refer to the disclosure documents of CI North American Dividend Fund for more information on ci.com.
Source: CI Global Asset Management, as at September 30, 2024.

PERFORMANCE SUMMARY

- Over the third quarter of 2024, CI North American Dividend Fund, Series F (the Fund) returned 3.3% compared with its benchmark (25% S&P/TSX Composite Index & 75% S&P 500 Index), which returned 7.5%.
- The Fund underperformed its benchmark as a result of an overweight exposure to the health care sector.
- Stock selection and an underweight allocation to the consumer discretionary sector also detracted from the Fund's performance.

CONTRIBUTORS TO PERFORMANCE

Holdings in Royal Bank of Canada and Apple Inc. contributed to the Fund's performance. Apple benefited from rising anticipation for its next iPhone product cycle.

DETRACTORS FROM PERFORMANCE

Holding shares of CrowdStrike Holdings Inc. detracted from the Fund's performance as a software glitch pushed through to the company's customers, causing a global outage of critical systems.

Another detractor from the Fund's performance was a holding in Alphabet Inc. The U.S. government succeeded in its antitrust case against the company, raising the prospect of an eventual break-up of Alphabet. In addition, spending cycles have been complicated as heavy artificial intelligence (AI) infrastructure spending draws away from software spend in the near term.

PORTFOLIO ACTIVITY

We added a new Fund position in Booking Holdings Inc. The company's stock was being punished unduly through summer volatility that provided an attractive entry point.

A position in Visa Inc. was eliminated from the Fund during the period. We prefer the outlook for Mastercard Inc. into the foreseeable future and consolidated the Fund's holdings in the latter company.

MARKET OVERVIEW

Looking forward over the next three years, we anticipate an environment similar to what we saw prior to the COVID-19 pandemic. Excess savings from pandemic lockdowns are now spent, oil production is nearing pre-pandemic highs, and wage growth is slowing or stalling altogether. These drivers lead us to anticipate a continued downward trend in inflation.

Interest rate cuts will likely provide a near-term boost to low-value cyclical stocks, but we expect this to be short-lived. Longer term, the rapid reduction in excess savings and overall higher cost of living should lead to higher consumer price elasticity than we saw in 2021-2022. Without the ability to take price at will, companies in slow-growth sectors should return to normalized growth rates, ending the ubiquity of growth we saw during the pandemic era.

With growth once again scarce, we expect a premium to be paid for true organic growth. This growth will likely be generated through societal productivity gains or demographic trends. While the market ebbs and flows, we expect the Fund's core allocations in U.S. stocks to benefit from a long-term rising tide.

Sources: CI Global Asset Management, Bloomberg Finance L.P. and FactSet Research Systems Inc.

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.

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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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