

CI SYNERGY GLOBAL CORPORATE CLASS

Q3-2024 Commentary



FUND	1 YEAR	3 YEAR	5 YEAR	10 YEAR	S.I.
CI Synergy Global Corporate Class, Series F*	32.5%	10.0%	13.0%	10.6%	6.2%
Benchmark: MSCI World Total Return Index (C\$)	32.9%	12.0%	14.1%	12.8%	6.5%

* Inception date: November 30, 2000. Formerly Synergy Global Corporate Class, renamed effective July 29, 2021.
Source: Picton Mahoney Asset Management, as at September 30, 2024.

PERFORMANCE SUMMARY

- Over the third quarter of 2024, CI Synergy Global Corporate Class, Series F (the Fund) returned 3.4% compared with its benchmark, the MSCI World Total Return Index, which returned 5.1% (in Canadian-dollar terms).
- The Fund underperformed its benchmark largely as a result of an underweight exposure to the materials sector and overweight exposure to the information technology sector.
- An underweight position in the energy sector and overweight position in the industrials sector contributed to the Fund's performance.

CONTRIBUTORS TO PERFORMANCE

A holding in Howmet Aerospace Inc. contributed to the Fund's performance. The company produces engine blades. Given the industry's focus on fuel efficiency, longer length of haul with increased demand from emerging market participants, and quieter engines, precise metallurgical knowledge is required to prevent increased heat as the blades rotate faster. The engines are now getting serviced more frequently, which could benefit after-market players like Howmet Aerospace. This comes at a time when main competitor Precision Castparts Corp. seems to be struggling with these issues.

A holding in The Progressive Corp. also contributed to the Fund's performance.

DETRACTORS FROM PERFORMANCE

Alphabet Inc.'s shares were lower as there was a broader sell-off in the information technology sector.

A holding in Dexcom Inc. also detracted from the Fund's performance after its second-quarter 2024 results were announced. The company's 16% growth trailed its forecasted 20% and missed forecasts in both the United States and internationally. Dexcom also revised its forecast downward for 2024. The company cited several issues, ranging from salesforce disruptions and rebate dynamics to execution shortfalls in its relationships with the durable medical equipment distribution channel. The holding in Dexcom was eliminated from the Fund.

PORTFOLIO ACTIVITY

We added to the Fund a new position in Adobe Inc.

We sold the Fund's position in Pandora AS after strong performance. The company's shares have rebounded over 200% over the past two years on the back of strong execution on its Phoenix strategy (increase brand desirability, use customer-centric insights in

innovative design, better personalized service and focusing on its core markets). The company benefited from improved channel mix as well as growth in demand for its lab-grown diamonds, which was a major contributor to lifting the reported average selling price and margins. Given the company's stock performance and emerging input cost challenges from rising silver prices, we shifted to better investment opportunities.

MARKET OVERVIEW

In September, the U.S. Federal Reserve Board had to choose between stimulating a slowing U.S. economy and remaining firm in its fight against potential inflationary forces. The central bank chose the former, and further interest rate cuts have been priced in to interest rate markets, some of which could be larger or come sooner than expected. We believe the decision to cut interest rates this soon could stoke inflation given the structural issues in U.S. housing and labour supply, as well as challenging supply-side dynamics in certain key commodities. This, in turn, could have implications that investors need to remain conscious of in relation to portfolio construction.

On equity markets, as expected, the reaction to lower short-term interest rates was a burst of risk-on sentiment. We have taken the opportunity to increase cyclical equity portfolios at the margin. That said, we do remain cautious toward ebullient sentiment, but we believe that the balance of probabilities remains positive on a medium-term, forward-looking view.

Source: Picton Mahoney Asset Management research based on raw data from Morningstar Research Inc. and Bloomberg Finance L.P.

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

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