CI CANADIAN INCOME & GROWTH FUND

Q4-2024 Commentary

FUND	1 YEAR	3 YEAR	5 YEAR	10 YEAR	S.I.
CI Canadian Income & Growth Fund, Series F*	15.6%	5.9%	8.1%	6.6%	7.6%
Benchmark: 35% S&P/TSX Composite Index, 25% MSCI ACWI Index, 20% FTSE Canada Universe Overall Bond Index, 20% BofAML U.S. High Yield Index	16.7%	6.0%	8.0%	7.8%	N/A

* Inception date: November 11, 2000. Formerly Signature Income & Growth Fund, renamed effective July 29, 2021.
Source: CI Global Asset Management, as at December 31, 2024.

PERFORMANCE SUMMARY

- Over the fourth quarter of 2024, CI Canadian Income & Growth Fund, Series F (the Fund) returned 3.2% compared with its blended benchmark (35% S&P/TSX Composite Index, 25% MSCI ACWI Index, 20% FTSE Canada Universe Overall Bond Index, 20% BofAML U.S. High Yield Index), which returned 2.7%.

- The Fund outperformed its benchmark primarily as a result of its overweight exposure to the financials sector and security selection within that sector.

CONTRIBUTORS TO PERFORMANCE

The Fund's position in Shopify Inc. contributed to performance. The company's stock rose strongly following the release of its third-quarter 2024 results, which reported better-than-expected revenue and a positive update on its outlook.

Another contributor to the Fund's performance was a holding in Manulife Financial Corp. Its stock benefited from the company's ongoing improvement in return on equity and its reasonable valuation.

DETRACTORS FROM PERFORMANCE

A holding in Advanced Micro Devices Inc. detracted from the Fund's performance. The company released a lacklustre third-quarter 2024 financial report. There were also concerns around the company's competitive positioning against other microchip manufacturers.

Another detractor from the Fund's performance was a holding in TELUS Corp., which was affected by concerns around competitive intensity in the Canadian telecommunications market.

PORTFOLIO ACTIVITY

During the quarter, we increased an existing Fund position in The Toronto-Dominion Bank due to its declining share price. The market sold off the bank's stock to a level that was, in our view, out of proportion to its earnings challenges from U.S. regulatory issues.

A holding in Canadian Western Bank was eliminated from the Fund after the bank's shares reached our target price after its acquisition by National Bank of Canada.

MARKET OVERVIEW

It is clear to us that global markets are entering 2025 with quite a bit of uncertainty, including the downward path of inflation, geopolitics, interest rates, economic strength and global trade policies. This will all unfold against a backdrop of elevated valuations in the world's largest equity market, the United States.

Despite the uncertainty and valuation backdrop, we have a positive view on the path forward for markets. While equity gains of 2024 may be difficult to replicate, conditions do not warrant an overly cautious approach. Put simply, we do not see the economic, monetary or market preconditions for a major drawdown in equities. Moderate economic growth should continue, and it is expected that central banks will continue to cut interest rates, albeit at a slower pace than expected earlier in 2024. Within this context, equity markets have a chance to perform well on both a relative and absolute basis.

For the Fund's Canadian equity allocation, many investors are focused on trade concerns for Canada's economy. While this may be a challenge, we see strong positive trends, from moderate valuations to declining interest rates and a troughing of Canadian consumer weakness brought on by higher mortgage interest rates. These factors should be supported by increasing flows from Canadian and international investors, which leaves us positive on the Canadian backdrop, particularly on a relative basis. As such, the Fund holds an overweight position in Canadian equities at the onset of 2025.

Within the Fund's fixed income portion, the market is pricing in two more interest rate cuts from the Bank of Canada, with the potential for more. At current yield levels, bonds look attractive. We believe that investment-grade credit should provide very good absolute returns in 2025, although uncertainty should pick up as the year progresses. We expect the current favourable environment for credit to continue in the first half of 2025. Continuing strong market supply, increased mergers and acquisitions activity triggered by a looser regulatory regime in the United States and uncertain political developments should all drive a small increase in risk premia. Attractive all-in yields and low but stable economic growth are expected to keep spread-widening modest. High-yield corporate bonds tell a similar story, with potential for positive excess returns coming from high all-in yields to start the year, low defaults from moderate economic growth and corporate debt reduction, and the opportunity for yield declines to contribute to price appreciation for the bonds.

Source: CI Global Asset Management

For more information, please visit 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 indices or a weighted blend of widely quoted market indices or another investment fund. There are various important differences that may exist between the mutual fund and the stated indices or investment fund, 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 indices or investment fund. Indices are unmanaged and their returns do not include any sales charges or fees. It is not possible to invest directly in market indices.

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