

# CI GLOBAL ASSET ALLOCATION PRIVATE POOL

## Q1-2025 Commentary



FUND	1 YEAR	3 YEAR	5 YEAR	10 YEAR	S.I.
CI Global Asset Allocation Private Pool, Series F*	8.6%	6.3%	9.8%	N/A	7.7%
Benchmark: 60% MSCI ACWI Total Return Index, 25% J.P. Morgan Global Government Bond Total Return Index and 15% ICE BofAML U.S. High Yield Total Return Index	13.0%	9.5%	9.8%	7.7%	9.1%

\* Inception date: October 29, 2018.

Source: CI Global Asset Management, as at March 31, 2025.

### PERFORMANCE SUMMARY

- Over the first quarter of 2025, CI Global Asset Allocation Private Pool, Series F (the Fund) returned -0.8% compared with its blended benchmark (60% MSCI ACWI Total Return Index, 25% J.P. Morgan Global Government Bond Total Return Index and 15% ICE BofAML U.S. High Yield Total Return Index), which returned 0.2%.
- The Fund underperformed its benchmark primarily as a result of stock selection in the industrials, information technology and consumer staples sectors. Underweight allocations to the real estate and utilities sectors also detracted from the Fund's performance.
- On an asset class level, outperformance came from the Fund's underweight exposure to equities, an overweight exposure to investment-grade bonds and its U.S.-dollar cash allocation.

### CONTRIBUTORS TO PERFORMANCE

The rise of policy uncertainty and increased worries about U.S. trade tariffs during the first few months after U.S. President Donald Trump took office saw a shift in investor sentiment and a weakening of the U.S. dollar. This, together with gold buying by central banks, pushed gold prices higher. The Fund's holding in gold miner Agnico Eagle Mines Ltd. contributed to performance as the company benefited from rising gold prices.

A holding in Rakuten Group Inc. also contributed to the Fund's performance. Rakuten Bank is taking market share from traditional banks due to a lower cost base, lower interest rates charged and higher interest rates offered. It has the unique advantage of being able to access Rakuten Group customers, who are spread all over the retail segments, including mobile, ecommerce, insurance and securities activities.

A lack of ownership in Tesla Inc. was another notable contributor to the Fund's performance as the company's stock fell 26% during the quarter.

### DETRACTORS FROM PERFORMANCE

A holding in ServiceNow Inc. detracted from the Fund's performance, partly due to a technical pullback after the prior quarter, but also in line with the broader sell-off of information technology stocks.

Other notable detractors from the Fund's performance were holdings in NVIDIA Corp., Microsoft Corp. and Alphabet Inc. The launch of DeepSeek in late January 2025 marked the high-water mark for Western artificial intelligence (AI)-related stocks, and many of the

leaders over the last two years saw aggressive profit taking as the market adjusted to the reality that AI large language models might be run more cost effectively and with less computing power than originally thought.

## **PORTFOLIO ACTIVITY**

We made a number of changes to the Fund to shift weighting from the United States to the rest of the world. We added new holdings in European companies Air Liquide SA and Heidelberg Materials AG to the Fund. Similarly, exposure to Latin America was increased by adding new Fund positions in MercadoLibre Inc. and Vista Energy SAB de CV. Following the equity sell-off, we also added a small exposure to small-capitalization stocks via an exchange-traded fund. Due to liquidity constraints, it is not practical for the global mandates to gain small-cap exposure through individual companies.

We eliminated a Fund position in PT Bank Mandiri (Persero) TBK ahead of significant changes to the bank's board as the political backdrop continued to weaken in Indonesia. As the initial investment optimism about the new U.S. administration dissipated, the valuation of KKR & Co. Inc. became problematic to justify, and the Fund's position in the company was eliminated.

## **MARKET OVERVIEW**

The Trump administration's policy proposals and tariff threats are leading to a rise in uncertainty and financial market volatility, negatively impacting investor and consumer confidence.

Following a period of above-trend growth, the U.S. economy faces risks from slower consumer spending and higher inflation. The front-loading of inventories driven by tariff-related concerns is also likely to weigh on economic activity in the coming quarters.

Canada faces heightened recession risks if broad U.S. tariffs are implemented, impacting consumption, housing, business investment and longer-term growth potential, despite the Bank of Canada's aggressive easing of monetary policy.

China's economy is stabilizing, while Europe's growth remains sluggish. Fiscal stimulus offers cautious optimism, though the overall outlook hinges on easing U.S.-led trade tensions.

We remain cautious on discretionary spending as U.S. consumer spending is expected to slow in 2025, and we maintain for the Fund an underweight allocation to the information technology sector. Following the regional realignment, the Fund holds overweight allocations to Europe and Japan as both markets offer, tactically, better alternatives in terms of positioning and valuation.

Source: CI Global Asset Management

## **GLOSSARY OF TERMS**

**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.

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

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