CI GLOBAL BOND FUND

Q4-2024 Commentary

FUND	1 YEAR	3 YEAR	5 YEAR	10 YEAR	S.I.
CI Global Bond Fund, Series F*	3.9%	-1.0%	-0.4%	1.4%	2.7%
Benchmark: J.P. Morgan Global Government Bond Total Return Index	5.1%	-1.9%	-1.2%	1.6%	2.8%

* Inception date: August 8, 2000. Formerly Signature Global Bond 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 Global Bond Fund, Series F (the Fund) returned -0.5% compared with its benchmark, the J.P. Morgan Global Government Bond Total Return Index, which returned 0.2%.
- The Fund underperformed its benchmark for the quarter.
- The Fund's higher-than-benchmark duration (sensitivity to interest rate changes) in U.S. bonds detracted from performance and more than offset contributions from the Fund's positioning in other markets. Interest rates rose during the quarter as expectations for further U.S. Federal Reserve Board (Fed) interest rate cuts diminished amid a resilient U.S. job market and slower-than-expected disinflation.
- The Fund's net currency exposure detracted from performance. An underweight position in the U.S. dollar more than offset gains from underweight positions in the Japanese yen and the euro, both of which declined in value against the Canadian dollar. The U.S. dollar appreciated against the Canadian dollar as U.S. interest rates rose.

CONTRIBUTORS TO PERFORMANCE

Holdings in U.S. Treasury 3.63% May 31, 2028 bonds and U.S. Government 4.125% Oct. 31, 2026 bonds contributed to the Fund's performance as the U.S. dollar strengthened against the Canadian dollar. During the period, the economic growth and monetary policy outlooks for both countries diverged, with the U.S. economy showing continued resilience and persistent above-target inflation, while the Canadian inflation was close to target and economic activity slowed.

DETRACTORS FROM PERFORMANCE

Holdings in Government of Australia Series 166 3% Nov. 21, 2033 bonds detracted from the Fund's performance as the Australian dollar weakened against the Canadian dollar. During the quarter, China's economic weakness and uncertainty around potential U.S. tariffs on Chinese goods weighed on the Australian dollar.

Holdings in U.K. Treasury 3.75% Oct. 22, 2053 bonds detracted from the Fund's performance as U.K. interest rates rose during the quarter. Resilient economic growth, stubborn inflation, persistent wage pressures and fiscal expansion from the U.K. government's autumn 2024 budget resulted in lower expectations for interest rate cuts as well as higher long-term yields.

PORTFOLIO ACTIVITY

We added to the Fund a new position in Government of Germany 2.6% Aug. 15, 2034 bonds owing to rising yields amid lower expectations for U.S. interest rate cuts and a weakening outlook for economic growth and inflation in Europe. We increased the

Fund’s interest rate exposure within Europe with the view that a weaker macroeconomic backdrop should encourage the European Central Bank (ECB) to cut interest rates and also produce lower yields.

We sold the Fund’s position in Government of Australia Series 159 0.25% Nov. 21, 2024 bonds to eliminate short-term bond exposure to the Australian dollar given uncertainty around China’s economic outlook and potential U.S. tariffs on Chinese goods.

MARKET OVERVIEW

The global monetary easing cycle is expected to extend into 2025, although at a more gradual pace across most G10 economies except Japan. With policy interest rates now significantly lower and inflation nearing target levels, central banks face the complex task of determining the appropriate terminal interest rate and the timeline for reaching it. This pursuit of the neutral interest rate should be a key theme throughout 2025 and is likely to reflect significant geographical divergences. A relatively weak economic outlook points to deeper interest rate cuts by the ECB and the Bank of Canada, while the Fed, the Reserve Bank of Australia and the Bank of England (BoE) are expected to follow much shallower paths.

The Fund retains an underweight duration stance in Japan and the United Kingdom. The Bank of Japan is continuing its interest rate hiking cycle, and fiscal concerns and inflation persistence within the United Kingdom are clouding the prospects for meaningful easing by the BoE. The Fund’s U.S. duration exposure remains overweight as recent data point to very gradual monetary easing by the Fed. Additionally, there is an asymmetry in the Fed’s expected responses such that policy interest rates could fall steeply if the U.S. economy falters, whereas interest rates would likely remain steady if disinflation stalls.

The Fund retains an overweight allocation to corporate and emerging markets sovereign credit. Strong demand is expected to continue for investment-grade credit as investors are attracted by the higher yields. It takes some time for interest rate cuts to begin taking effect on individuals and businesses, but most are still operating from a position of balance sheet strength. If this continues, lower borrowing costs should drive stronger growth. Source: Source: CI Global Asset Management

For more information, please visit ci.com.

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Published February 6, 2025.