

CI NORTH AMERICAN SMALL/MID CAP EQUITY FUND

Q2-2025 Commentary



FUND	1 YEAR	3 YEAR	5 YEAR	10 YEAR	S.I.
CI North American Small/Mid Cap Equity Fund, Series F*	12.8%	12.7%	11.9%	7.3%	11.3%
Benchmark: 70% S&P/TSX Completion Total Return Index, 30% S&P MidCap 400 Total Return Index	20.7%	17.6%	15.0%	9.2%	8.3%

* Inception date: July 28, 2005. Formerly Sentry Small/Mid Cap Fund, renamed effective June 25, 2021.
Source: CI Global Asset Management, as at June 30, 2025.

PERFORMANCE SUMMARY

- Over the second quarter of 2025, CI North American Small/Mid Cap Equity Fund, Series F (the Fund) returned 8.8% compared with its benchmark, the 70% S&P/TSX Completion Total Return Index, 30% S&P MidCap 400 Total Return Index, which returned 9.0% over the same period.
- The Fund underperformed its benchmark largely as a result of security selection in the industrials and information technology sectors.

CONTRIBUTORS TO PERFORMANCE

CACI International Inc. contributed to the Fund's performance. The stock rebounded after a sharp decline in the fourth quarter of 2024, once the market realized the Department of Government Efficiency was not targeting CACI's contracts given their mission-critical nature. The Department of Defense also released a favourable budget for next year that should support demand for CACI's services.

Another notable contributor was Live Nation Entertainment Inc., which benefited from consumers continuing to prioritize spending on in-person events. Live Nation also expanded advertising partnerships and its presence internationally.

DETRACTORS FROM PERFORMANCE

A holding in The Cooper Cos. Inc. detracted from the Fund's performance. The company's stock underperformed as contact lens volumes were weaker than expected given distributor destocking and a slower pace of new product launches relative to competitors. We remain invested in the company because it has consistently expanded its market share and benefits from the trend of more people looking to address vision problems as a result of prolonged screen usage.

A holding in Pool Corp. also detracted from the Fund's performance. The company's stock underperformed as high interest rates pressured new pool construction activity. We continue to invest in the company because we think the business is at a cyclical trough and that its dominant competitive position should allow it to continue consolidating the pool industry.

PORTFOLIO ACTIVITY

We added a new Fund position in Gitlab Inc. The company's platform serves the entire software development lifecycle, from planning, building, securing and deploying code. We added a position because we expected Gitlab to upgrade free users to its premium packages while benefiting from increase software development related to artificial intelligence.

A holding in Dun & Bradstreet Holdings Inc. was eliminated from the Fund as it was acquired by Clearlake Capital Group L.P.

MARKET OVERVIEW

We expect trade tariffs imposed by the United States will place upward pressure on inflation, and thus, we favour businesses with competitive advantages that allow them to exercise pricing power. Consumer spending will likely decline amid weaker sentiment and higher prices reflecting the added cost of tariffs. We are cautious towards companies that manufacture discretionary goods. We believe that the U.S. Federal Reserve Board may pull forward interest rate cuts but remain cautious about the magnitude of those cuts given the upside risk to inflation presented by tariffs.

We expect the renewal of corporate tax cuts and general deregulation. We expect stimulus spending under the U.S. Infrastructure Investment and Jobs Act , Inflation Reduction Act and CHIPS and Science Act will partially offset slower activity in the private sector. We also expect geopolitical conflicts to increase volatility in oil prices, but we remain selective within the energy sector given its poor track record for capital allocation through the cycle.

We continue to position the Fund in companies that can endure any economic environment as well as businesses with short-term challenges that are trading at prices well below our estimate of their intrinsic value. We place an emphasis on balance sheet resilience and liquidity, which enables businesses to continue investing through an economic downturn and ultimately emerge stronger when economic conditions recover.

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 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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Published July 17, 2025.