

# CI SYNERGY GLOBAL CORPORATE CLASS

## Q1-2025 Commentary



FUND	1 YEAR	3 YEAR	5 YEAR	10 YEAR	S.I.
CI Synergy Global Corporate Class, Series F*	13.7%	12.2%	16.1%	9.4%	6.3%
Benchmark: MSCI World Total Return Index (C\$)	14.3%	13.3%	16.9%	11.5%	6.6%

\* Inception date: November 30, 2000. Formerly Synergy Global Corporate Class, renamed effective July 29, 2021.  
Source: Picton Mahoney Asset Management, as at March 31, 2025.

### PERFORMANCE SUMMARY

- Over the first quarter of 2025, CI Synergy Global Corporate Class, Series F (the Fund) returned -3.4% compared with its benchmark, the MSCI World Total Return Index (C\$), which returned -1.6%.
- The Fund underperformed its benchmark largely as a result of an underweight exposure to the energy sector and overweight exposure to the information technology sector.
- An overweight allocation to the health care sector and underweight allocation to the consumer discretionary sector contributed to the Fund's performance.

### CONTRIBUTORS TO PERFORMANCE

A holding in The Progressive Corp. (Progressive) contributed to the Fund's performance. Amid the chaos within the S&P 500 Index during the quarter, the consistency in operations at Progressive, along with its low-volatility trading dynamics led to standout performance. The company demonstrated resilience and growth in its core property and casualty and auto insurance segments. February 2025 monthly results showed a 17% increase in net premiums written and a 26% rise in net income. These results suggest Progressive has been able to maintain strong pricing power along with cost management.

A holding in Rheinmetall AG also contributed to the Fund's performance. The company was positioned on the right side of geopolitical tensions related to Ukraine, seeing a surge in demand. First, the North Atlantic Treaty Organization (NATO) advocated for member states to raise defence spending to 3% of gross domestic product from the current 2% target. Then, the new German government proposed to exempt defence spending greater than 1% from the constitutional debt brake, potentially removing any limits on defence spending. What was once thought of as a one-off gain has become a more self-sustaining story given the geopolitical situation around NATO and Europe's deteriorating relationship with the United States. As a result, the company could see a significant revenue ramp-up in coming years, as one of the biggest beneficiaries of defense supercycle and European rearmament.

### DETRACTORS FROM PERFORMANCE

A holding in NVIDIA Corp. detracted from the Fund's performance. The company experienced a large drawdown in January 2025 amid concerns over competition from Chinese artificial intelligence (AI) startup DeepSeek, which claimed it developed advanced AI models using less powerful NVIDIA chips at a fraction of the cost of Western counterparts. This created worries that there would be a shift away from NVIDIA's high-end graphics processing units and would result in eroding demand.

A holding in Apple Inc. was another notable detractor from the Fund's performance. The company's stock was affected by weakness in iPhone sales, particularly in China, where sales declined 11% year over year. This was the result of mounting competition from local

players such as Huawei, which are gaining market share. Additionally, the company has disappointed with regards to progress in AI. The absence of an AI offering in China due to regulatory hurdles is likely leading to the weaker local demand.

## **PORTFOLIO ACTIVITY**

During the quarter, we added a new Fund position in Intuit Inc. (Intuit) after meeting with the company's management. The company's core business is consumer tax automation and QuickBooks Online (QuickBooks). Intuit's key growth drivers are higher average selling prices in assisted tax for complex filings and a move into mid-market businesses for QuickBooks. The company is also witnessing strong attach rates for payments and financings in QuickBooks, which could lead to higher full-year margins. Intuit is a defensive company in a complex market backdrop. The company's product is used by all customers regardless of the economic backdrop, and it is not reliant on large enterprise deals, nor does it have any exposure to the federal government.

After generating significant return on the Fund's position in Reddit Inc. (Reddit), we sold the Fund's holding in Reddit to take profits. In addition, during the quarter, we learned that there was some uncertainty related to potential algorithm changes at Google that could impact domestic engagement, which is an important measure for the company.

## **MARKET OVERVIEW**

In the midst of equity market weakness associated with escalating trade and tariff issues, the indiscriminate sell-off has left few, if any, places to hide. For some time, we have been cautious on expensive sectors and themes in the market and have sought to avoid these more broadly. No doubt, some mechanical form of seller exhaustion or news headlines may present a shorter-term tactical opportunity to participate in a relief rebound, but the larger question persists as to what level of damage has been done to global growth, and thus, earnings prospects across the board. The situation is fluid, but we are biased toward letting the evidence speak for itself via a fundamental positive change. We note that such large equity market swings, both down and up, tend to take place in downward-trending markets. Therefore, we remain unwilling to proverbially "catch the falling knife" on a shorter-term basis.

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

## **GLOSSARY OF TERMS**

**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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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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