CI SYNERGY GLOBAL CORPORATE CLASS

Q2-2025 Commentary

FUND	1 YEAR	3 YEAR	5 YEAR	10 YEAR	S.I.
CI Synergy Global Corporate Class, Series F*	16.8%	21.5%	14.6%	10.3%	6.5%
Benchmark: MSCI World Total Return Index (C$)	16.4%	21.1%	15.1%	12.2%	6.8%

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

PERFORMANCE SUMMARY

- Over the second quarter of 2025, CI Synergy Global Corporate Class, Series F (the Fund) returned 8.2% compared with its benchmark, the MSCI World Total Return Index (C$), which returned 5.8% over the same period.
- The Fund outperformed its benchmark largely as a result of underweight exposures to the energy and consumer staples sectors, and overweight exposures to the health care and financials sectors.

CONTRIBUTORS TO PERFORMANCE

The Fund's position in NVIDIA Corp. (NVIDIA) contributed to performance. After a volatile start to April amid trade tensions, NVIDIA's stock rebounded along with the overall market recovery as tariff implementation was later delayed. Reassuring first-quarter capital expenditure commentary from hyper-scalers soothed worries that a significant reduction in artificial intelligence (AI) spending lay ahead. Sentiment for AI proxies also improved following the U.S. President's visit to the Middle East, where large sovereign deals were announced that likely had not been built into their models.

A holding in Microsoft Corp. (Microsoft) was another contributor to the Fund's performance. Microsoft reported a strong quarter, which quickly shifted the narrative around the company. The all-important Azure segment delivered 35% constant currency revenue growth, far exceeding the 31% estimate and demonstrated a strong acceleration from the 31% growth reported last quarter. AI contributed 16 basis points of the growth versus 13 basis points in the previous quarter. The company indicated that its forecast for the June quarter called for 34-35% growth as demand signals through April remained consistent, which was much better than expectations of roughly 30-31%. The company mentioned that AI demand increased through the quarter and, while it had previously hoped to be in AI supply-demand balance by the end of June, the company now expects some AI capacity constraints beyond June given higher demand.

DETRACTORS FROM PERFORMANCE

A holding in Apple Inc. (Apple) detracted from the Fund's performance. The company was impacted by several issues, caught in the crossfire of the U.S. administration's tariff plans. Both its large manufacturing footprint in China and a still-unclear trade resolution acted as an overhang. Additionally, with multiple fits and starts with respect to its AI strategy, none of them successful, the market is beginning to worry about the company's future direction and whether it might get left behind. Finally, the market awaits a potentially negative ruling in the Department of Justice's case against Google, which could result in high margin payments to Apple being curtailed for exclusivity as the iPhone's default search engine.

A holding in UnitedHealthcare Group Inc. was another notable detractor from the Fund's performance. The company underperformed given a combination of operational, regulatory and reputational challenges. In mid-April, the company reported lower-than-expected earnings and reduced its full-year forecast. The primary driver of underperformance was higher-than-expected medical costs, particularly in its Medicare Advantage business where utilization increased at twice the anticipated rate. This was attributed to increased physician and outpatient services, and a surge in demand for health care services among Medicare Advantage enrollees. In mid-May, the company's CEO stepped down for personal reasons. The announcement was coupled with the withdrawal of its 2025 earnings forecast. Later in the month, the *Wall Street Journal* suggested that the company was under a Department of Justice criminal probe for alleged fraudulent billing practices in its Medicare Advantage program.

PORTFOLIO ACTIVITY

Netflix Inc. (Netflix) was added to the Fund using the April "Liberation Day" tariff dip as an opportunity to purchase a high-quality company. We view Netflix as relatively unexposed to the tariff controversy. We liked Netflix's sticky user base and pricing power. Its quarterly results in mid-April were solid, with revenues up 16% and a second-quarter forecast of a 17% revenue increase. The company took a prudent approach by reiterating its full-year forecast but acknowledged that at current foreign exchange rates, the company would be above the midpoint of its full-year revenue forecast.

Salesforce Inc. was eliminated from the Fund. We felt there were too many moving parts to justify allocating capital to the stock and decided to exit in favour of a better idea. The company reported an in-line quarter that led to a sell-off when its current remaining performance obligation forecast was deemed light. It was then followed up with an US$8 billion acquisition of Informatica Inc. Ultimately, there are persistent worries about software-as-a-service applications eventually being disrupted by AI. While this is an exciting prospect, the company's Agentforce initiative is currently too small to offset the core's deceleration. It is also worth noting that the company has three-year average contracts, with 80-85% of their bookings forecast coming from what is up for renewal.

MARKET OVERVIEW

The ongoing trade war and policy uncertainty continues to weigh on markets and business activity as the U.S. Federal Reserve Board awaits further data on the economic impacts before making monetary policy decisions. All the while, increased inflation expectations, weakness in the housing market and an increasingly "tapped out" U.S. consumer points to elevated recession risk. We have positioned the Fund for a wider range of outcomes given the uncertainty, continuing to focus on companies with idiosyncratic growth prospects that would be sought after in a slowing growth environment.

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

For more information, please visit ci.com.

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