# CI U.S. EQUITY FUND

## Q1-2025 Commentary

| FUND | 1 YEAR | 3 YEAR | 5 YEAR | 10 YEAR | S.I. |
|---|---|---|---|---|---|
| CI U.S. Equity Fund, Series F* | 15.3% | 13.2% | 17.0% | 11.2% | 14.3% |
| Benchmark: S&P 500 Total Return Index | 15.1% | 14.3% | 18.9% | 14.0% | 16.3% |

* Inception date: May 31, 2011. Formerly Sentry U.S. Growth and Income Fund, renamed effective June 25, 2021.
Source: CI Global Asset Management, as at March 31, 2025.

### PERFORMANCE SUMMARY

- Over the first quarter of 2025, CI U.S. Equity Fund, Series F (the Fund) returned -4.4% compared with its benchmark, the S&P 500 Total Return Index, which returned -4.2%.
- The Fund underperformed its benchmark primarily as a result of stock selection in the consumer discretionary sector and allocation to the information technology sector.

### CONTRUBUTORS TO PERFORMANCE

A holding in Visa Inc. contributed to the Fund's performance. The company's stock outperformed on strong cross-border transaction volumes and growth in value-added services. We remain shareholders of the company due to the shift towards card payments and Visa's attractive runway to expand in international markets.

Another notable contributor to the Fund's performance was a holding in Berkshire Hathaway Inc., which outperformed due to strong insurance underwriting. With excess cash on its balance sheet, the company is well positioned to take advantage of the sell-off in public equities. We appreciate its management's exemplary capital allocation and the positive potential in its subsidiaries.

### DETRACTORS FROM PERFORMANCE

The Fund's position in Alphabet Inc. detracted from performance. The company's stock underperformed as capital spending to support artificial intelligence was higher than expected, yet cloud-computing growth decelerated. We continue to believe the company is well positioned considering its leading market share in search, the structural shift in advertising spending towards digital channels and growing demand for its cloud-computing services.

Another detractor from the Fund's performance was a holding in KKR & Co. Inc. The company's stock underperformed because the recent downturn in public equity markets made it more difficult to monetize portfolio holdings and could leave potential investors with limited liquidity to invest in new private funds offered by KKR. We continue to invest in the company because KKR's performance track record positions it to capture an outsized portion of new flows into alternative asset classes.

### PORTFOLIO ACTIVITY

We increased an existing Fund holding in Thermo Fisher Scientific Inc. because we believe new drug development should accelerate from depressed levels, and we expect the company to capture a significant portion of this demand.

A holding in CSX Corp. was eliminated from the Fund. CSX is a Class 1 railway company that moves commodities, industrial and consumer freight across the eastern United States. We eliminated the holding because we believe Canadian Pacific Kansas City Ltd. has better growth prospects due to its unique network spanning across Canada, the United States and Mexico.

## MARKET OVERVIEW

We expect trade tariffs imposed by the United States will place upward pressure on inflation, and thus, we favour businesses that have competitive advantages that allow them to exercise pricing power. Consumer spending will likely decline due to 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 due to 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 expect geopolitical conflicts to increase volatility in oil prices, but we remain selective within the energy sector due to 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

## 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.

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## IMPORTANT DISCLAIMERS



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